

## Economic Prosperity, Environment and Highways Board- 21 October 2015

### Item 4: Members questions

Submitted by: Cllr Nikki Barton

1. At a recent meeting of the Waverley Local Committee it was reported that there are some highway improvement schemes that have been sitting in pricing with Kier since June 2015, some of which have been carried over from last year. It was reported that this was widespread across the county. I would like to ask the board for some more information regarding this issue.

In particular I would like to understand what is causing this log jam within Kier, and the steps that are being taken to resolve these issues. I understand that Kier's pricing schedules are highly complex and that the costing is high relative to other counties. I would like to request a full explanation of Kier's pricing rates for highways schemes, and how these compare/benchmark with other county councils.

Furthermore I understand that Kier, unable to deliver the schemes with their own workforce is subcontracting work out, with significant cost implications for the county. I would also like to request a full breakdown of both how much work Kier is contracting out annually (in terms of manpower and costs) and the marginal increase in costs added to any highways scheme as a result of this subcontracting.

#### Response:

1. In response to this question, attached is a report detailing performance and progress of this years ITS programme. This provides an overview of works to date of the £4m 15/16 ITS programme, and confirms good progress with over 54% of schemes already constructed. However, it also identifies areas for improvement including how schemes are commissioned and delivered and improving efficiency within the Transport Infrastructure team.

The report also provides details of Kier's resources and pricing. In summary all of the ITS programme is delivered via a range of ten specialist sub-contractors and there are currently no issues with resource availability. Sub-contracting is the normal practice for ITS works, as it requires a degree of specialism and the resource requirement varies from month to month. To ensure value for money, the majority of schemes are priced using a fixed "Price List" The price list was tendered on the open market and Kier proved to be best value when compared to their national competitors. The fixed "price list" must be used by all of Kier's specialist supply chain and can only be adjusted each year by inflation, with no additional cost permitted. We are currently undertaking a detailed value for money exercise of the Kier contract, which will be reported to the December EPEH Board, however, if you have any concerns about scheme costs please share with the Area Highway Manager and we will include this cost data with our own value for money exercises.

We recognise that the delivery of ITS schemes remains an area of concern with members, and would be keen to work with the Local Committee Chairs to see how these can be delivered more effectively in the future.

**David Harmer**  
**Chairman of the Economic Prosperity, Environment and Highways Board**

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