

Overview of Delivery of Integrated Transport Schemes (including Developer Funded Schemes)



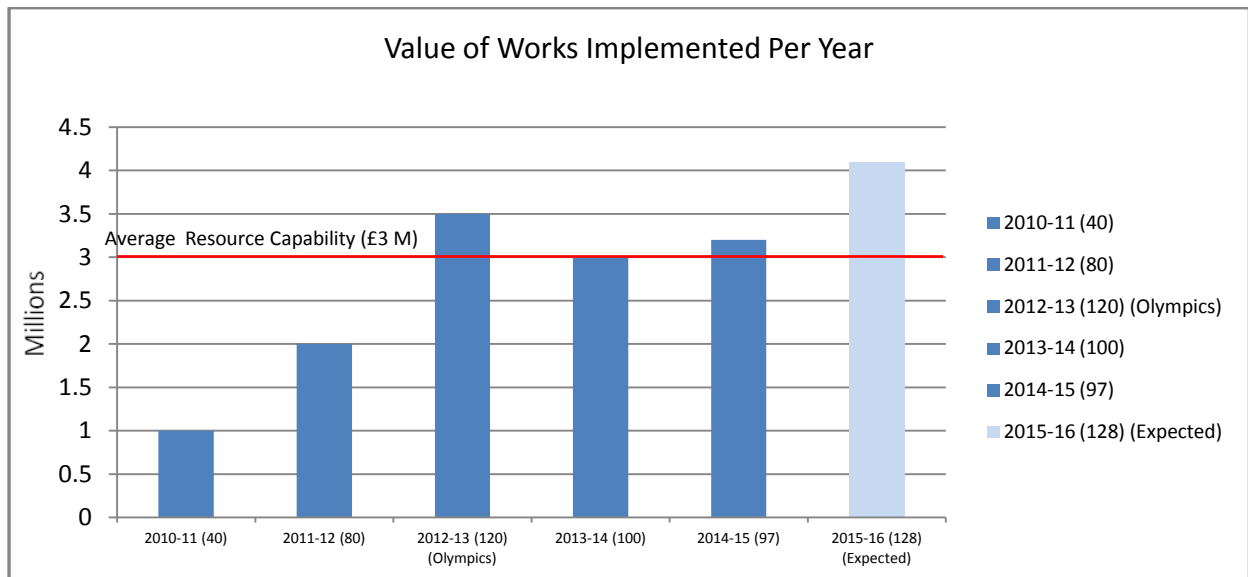
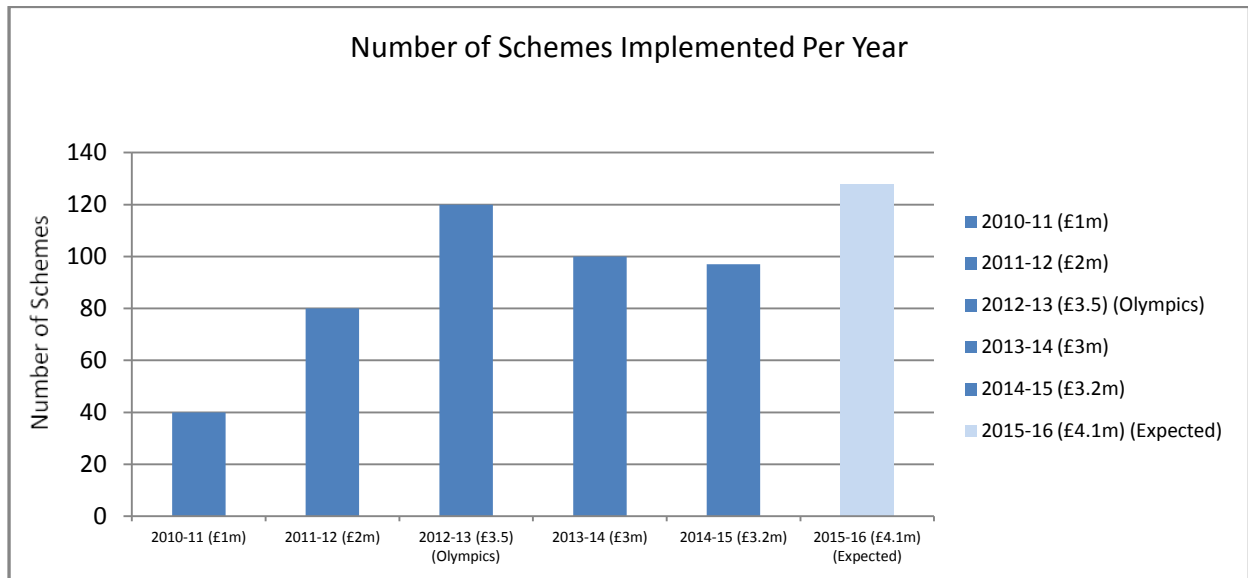
SURREY
COUNTY COUNCIL
Surrey County Council

10/14/2015

COUNTY WIDE OVERVIEW 2015/16

The Transport Infrastructure Division, along with their delivery partners Kier and Skanska, are responsible for designing and building new transport schemes on behalf of Local Committees and/or Developers.

The graph below demonstrates the historical data in respect of the number of schemes completed in Surrey per year by the overall Project team (SCC/Kier/Skanska). Table 2 shows the schemes in terms of value of works on the ground.



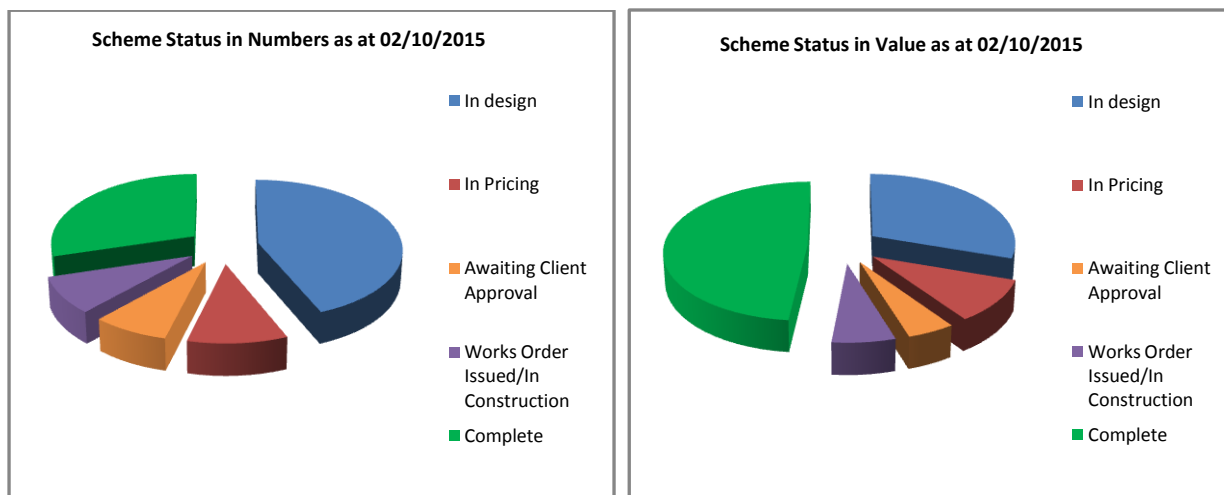
The graph demonstrates the Project Team have consistently delivered an increased programme value, from £1m of works in 2010 to over £3.5m of works in 2012 which was due to the number of schemes associated with the Olympics.

The Project Team are resourced to construct approximately £3m worth of works per year of schemes, across approximately 100 schemes. However, due to the increased demand from local committees, this current financial year looks set to be the most productive year yet in respect of

both scheme completion numbers and value of works. This continual growth means that there is an overall target in 2015/16 to deliver 120 schemes at an overall cost of £4m, with no increase in resources.

SCHEME STATUS OVERVIEW AS AT 2ND OCTOBER 2015

The chart below confirms current status of all schemes within the county as at the beginning of October 2015. Around half of the programme (in works value) has been delivered on the ground.



	GRAND TOTAL (approx)	North West (Woking, Runnymede & Surrey Heath)	North East (Spelthorne, Elmbridge and Epsom & Ewell)	South West (Waverley and Guildford)	South East (Mole Valley, Reigate & Banstead and Tandridge)
In design	£1,239,000 (56)	£213,000 (9)	£350,000 (12)	£413,000 (18)	£263,000 (17)
In Pricing	£412,500 (13)	£10,500 (2)	£105,000 (5)	£187,000 (4)	£110,000 (2)
Awaiting Client Approval	£199,500 (10)	£4,500 (1)	£15,000 (1)	£3,000 (4)	£177,000 (4)
Works order issued /In Construction	£265,000 (11)	£1,000 (1)	£6,000 (1)	£208,000 (7)	£50,000 (2)
Complete	£1,984,000 (38)	£534,000 (5)	£140,000 (7)	£560,000 (10)	£750,000 (16)
Total	£4,100,000 (128)	£763,000 (18)	£616,000(26)	£1,371,000 (43)	£1,350,000 (41)

() = number of schemes

Overview

- By end of September, 54% (£2.27m) of the programme, totalling 49 schemes was either complete or in construction. Given that this is one of the largest programmes of ITS in recent years, this is significant progress.
- Processes Review Workshops have led to greater efficiencies to remove blockers and consider improved ways of working.
- Of the remaining schemes, approximately half (25% of the programme) are a low risk status of not being delivered and half (25% of the programme) have a high risk status.
- From the above data it can be seen that there is an ongoing disparity between areas, in the type of programmes requiring delivery. The southern areas of the county are wishing to progress over double the number of schemes that their northern counterparts wish to.

RESOURCE MANAGEMENT

The newly formed Transport Infrastructure Division has a Design Programme Team, managed by Michelle Armstrong (Design Programme Manager). The Kier Asset Construction Manager is Darren O'Connor and these two key delivery teams progress the majority of the works:

1. SCC Design Team

Led by the Design Team Leader (Damian Hulse) the team is composed of:

- Senior Designer x 3
- Senior Designer* x 1
- Design Engineer* x 3
- Assistant Design Engineer* x 1
- Lead Designer x 1
- Asst Project Technician x 1

*Post currently vacant and filled by external contractor. Further vacancies also exist. The team also utilises the services of other specialists (e.g Traffic Signals Team)

2. Kier Compliance and Construction Team

The following lists the resource available to Kier to manage the delivery of the ITS committed works programme, including Early Contractor Involvement (ECI) and validation of schemes prior to GW3 (issuing of works order):

- Design and Compliance Manager
- Schemes Engineer
- Schemes Engineer
- Works Supervisor
- Quantity Surveyor
- The above are supported by a Technical Administrator, a Managing Quantity Surveyor and a Service Coordinator.

Due to the complexity of the ITS programme, the programme is resource intensive with Kier investing the equivalent of 13% of the total budget spend against the delivery overhead. The overarching commercial model of the contract is to assign the equivalent of 8% of total turnover to investable overhead. Thus Kier are currently investing in a greater than average overhead (c40% above average) to service the ITS programme.

3. Specialist Supply Chain

Due to the complexity of the ITS programme versus standard maintenance operations (e.g. responsive maintenance pothole repairs / handlay patching / drainage investigation and repairs / other cyclical maintenance activities) delivery of the programme relies on specialist intervention, thus the majority of the programme is delivered currently via specialist contractors. This is industry standard practice for large constructing firms delivering a wide spread of highway related work activities under a single contract.

The available supply chain resource has been increased in 2015/16 over that which was available in 2014/15. In 2014/15, Kier had 3 or 4 large sized specialist contractors at their disposal. In 2015/16 this has been increased to include small and medium local contractors.

The increased supply chain resource gives Kier flexibility to deliver multi-disciplined works in a controlled manner to an agreed annual works programme with scope to react and contract with peaks and troughs in workload. However as with any operational delivery function, the key to an efficient works programme is to have sustainable continuity of works with minimal peaks and troughs in works flow, to assist the supply chain in maximising efficiency of delivery.

Specialist Company	Annual Turnover of Company
Marshall Surfacing	c£15m
Rockhopper Infrastructure Services	c£10m
Harlequin Civil Engineering	c£10m
AR Cook and Sons	c£10m
Irvine Grenson	c£5m
CGR Ltd	c£5m
Associated Asphalt	c£5m
Svetofor Traffic Signals	c£5m
Keanes Maintenance	TBC
RTP	TBC

VALUE FOR MONEY

Value for Money is secured for the Client using four control measures:

Agreed 'price list' – In 2010 SCC issued an agreed price list to the UK marketplace as part of the competitive tender process that led to the award of the Kier contract. Over 10 of the UKs largest transport construction firms submitted prices, with Kier costs evaluated to be the best value using rates and quality. Under the contract, Kier are not able to change these prices, with costs only allowed to increase by an annual inflation. All Kier scheme prices must be compiled using these rates, SCC therefore has cost certainty, regardless of how Kier deliver the programme, whether it be through direct labour resourcing, or through the supply chain. The risk of an inflated supply chain / subcontract cost therefore lies with Kier **not** SCC.

Tender of Specialist Rates – Any items not included in the agreed price list is tendered on the open market. SCC officers can be part of an evaluation panel to ensure returned rates represent best value. Tenders can also be targeted at specialist or local contractors.

Value Engineering – Opportunities are taken with all schemes during the design and construction to reduce unnecessary costs where possible.

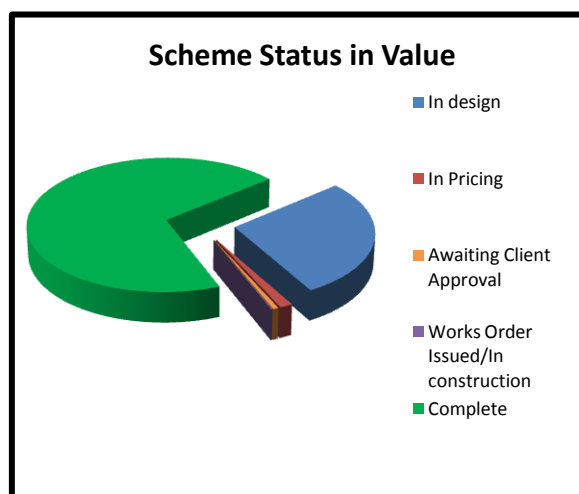
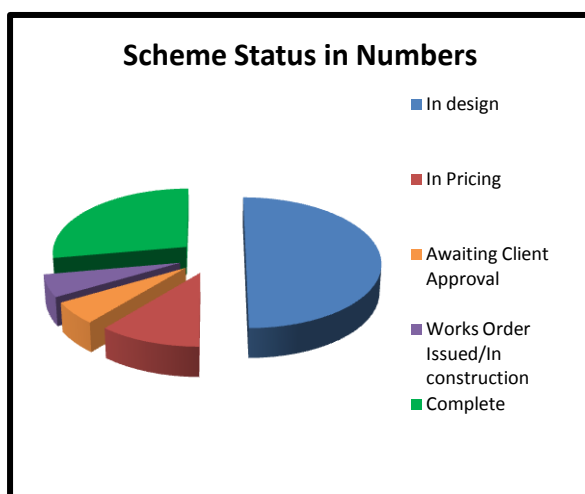
Benchmarking – As part of the wider Kier contract extension, a number of benchmarking activities have been completed. This has shown overall that Kier rates are 3% cheaper than comparable rates being submitted on other tenders and they remain competitive in the marketplace. As part of the ongoing commitment to best value, an expansion of the annual benchmarking process is planned from 2016.

AREA OVERVIEW AS AT 2ND OCTOBER 2015

The below provide an overview of the status of schemes in each District or Borough. The number of schemes that are currently being designed are shown in blue.

Once schemes are designed, they are sent for pricing (red) and once the client has agreed the price, a works order to construct the scheme or agreement (Gateway 3) is then issued to the supply chain. This stage is shown in purple. The schemes that are complete on site are represented by the green segment. The approximate value of works on the ground (or likely works on the ground) is shown below each chart.

NORTH WEST (Woking, Runnymede & Surrey Heath)



NORTH WEST	Total £ (approx)	Woking	Runnymede	Surrey Heath
In design	£213,000.00 (9)	£175,000.00 (4)	£20,000.00 (2)	£18,000.00 (3)
In Pricing	£10,500.00 (2)	£9,500.00 (1)	£0.00	£1,000.00 (1)
Awaiting Client Approval	£4,500.00 (1)	£4,500.00 (1)	£0.00	£0.00
Works Order Issued/In construction	£1,000.00 (1)	£1,000.00 (1)	£0.00	£0.00
Complete	£534,000.00 (5)	£145,000.00 (2)	£380,000.00 (2)	£9,000.00 (1)
Total	£763,000.00 (18)	£335,000.00 (9)	£400,000.00 (4)	£28,000.00 (5)

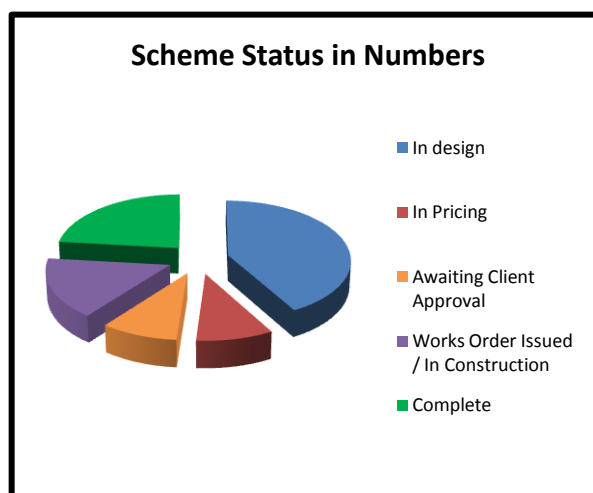
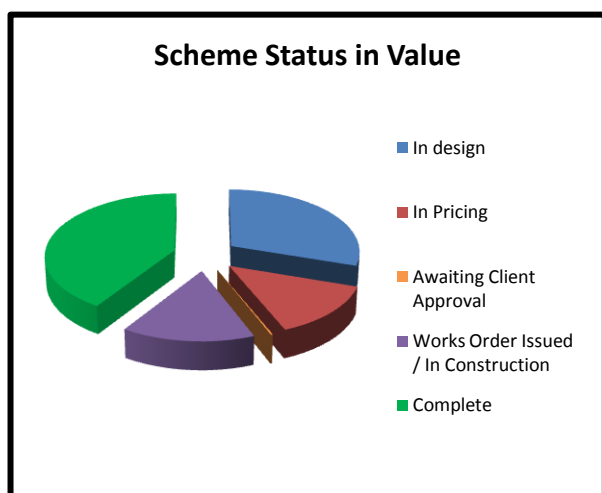
Comments

Significant schemes left to deliver in this area are;

Vicarage Road, Woking (approximate value £100k) – New Pedestrian Crossing. This is a developer funded scheme and the client has instructed the Design Team not to prioritise this scheme in front of committee funded schemes. So whilst the design is progressing, the works could be programmed for the last quarter of the year if possible.

Queen Marys Drive, New Haw – Traffic Calming. The Design Team have only recently been instructed to progress this scheme and the likely value is at this stage unknown. Whilst the design is progressing well there is a potential delay due to the legal process for vertical traffic calming which could impact final construction date.

SOUTH WEST (Waverley & Guildford)



SOUTH WEST	£ (approx)	Waverley	Guildford
In design	£413,000.00 (18)	£220,000.00 (11)	£193,000.00 (7)
In Pricing	£187,000.00 (4)	£37,000.00 (1)	£150,000.00 (3)
Awaiting Client Approval	£3,000.00 (4)	£3,000.00 (4)	£0.00
Works Order Issue / In Construction	£208,000.00 (7)	£195,000.00 (6)	£13,000.00 (1)
Complete	£560,000.00 (10)	£450,000.00 (6)	£110,000.00 (4)
Total	£1,371,000.00 (43)	£905,000.00 (28)	£466,000.00 (15)

Comments

Overall, delivery in Waverley has been steady and in monetary terms approximately half of the works value is already delivered on the ground with the other half being either committed or on site (1/4) or in design (1/4).

Due to the volume of promoted schemes in Waverley area, it is proposed to introduce a prioritised scheme list. That way the Design Team could focus on delivering the schemes that are most important to the committee, whereas currently schemes are progressed sequentially with no consideration to local priorities. This is currently been explored with Area Highways Manager and Local Chairman.

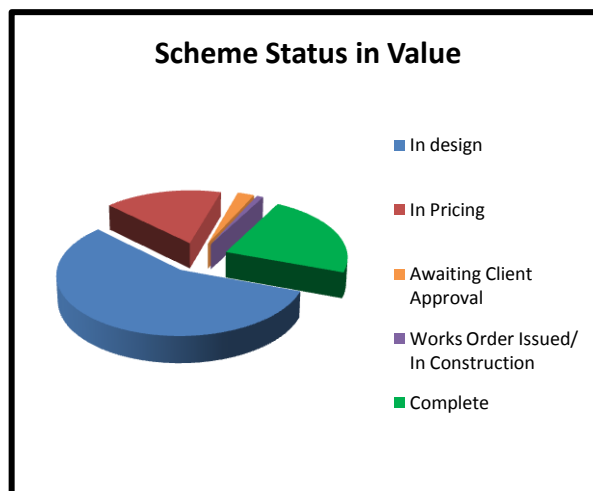
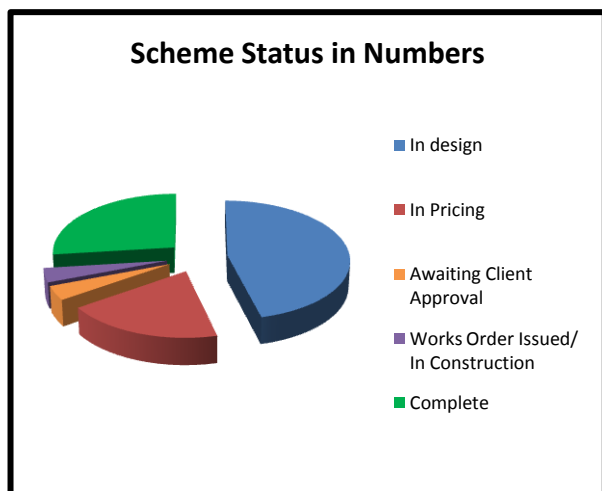
Significant schemes left to deliver in this area are;

In total there is at least £300k worth of works in this area that are not directly funded by the Local Committee

Station Road, Bramley – Zebra Crossing (£30k approx). This scheme is not being funded by the local committee although it is recognised the Local Highway Service would like to proceed with this scheme with a view to delivering it this financial year. This puts this scheme in direct competition for the resources to deliver the committee funded schemes.

In Guildford area the most significant scheme in terms of value (approx £90k) is Boxgrove Lane area safety scheme. This has already been sent for pricing and so at this stage, delivery does not appear to be at risk. There are still a significant number of schemes in detailed design, although a number are non complex and should be relatively easy to progress.

NORTH EAST (Spelthorne, Elmbridge & Epsom and Ewell)



NORTH EAST	£ (approx)	Spelthorne	Elmbridge	E&E
In design	£350,000 (12)	£70,000 (4)	£220,000 (3)	£60,000 (5)
In Pricing	£105,000 (5)	£65,000 (2)	£0.00	£40,000 (3)
Awaiting Client Approval	£15,000 (1)	£15,000 (1)	£0.00	£0.00
Works Order Issues / In Construction	£6,000 (1)	£6,000 (1)	£0.00	£0.00
Complete	£140,000 (7)	£90,000 (2)	£20,000 (3)	£30,000 (2)
Total	£616,000.00 (26)	£246,000 (10)	£240,000 (6)	£130,000 (10)

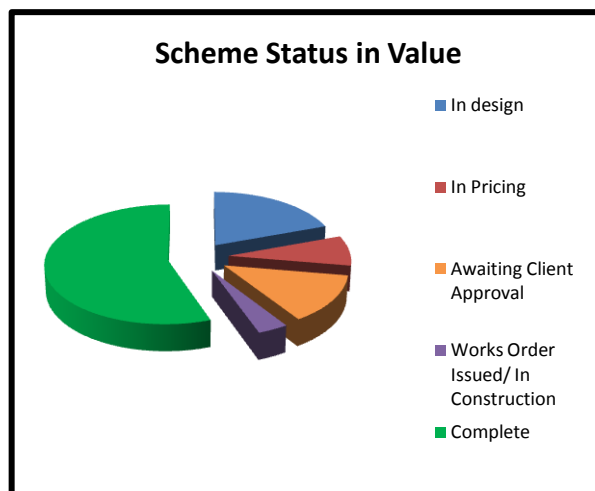
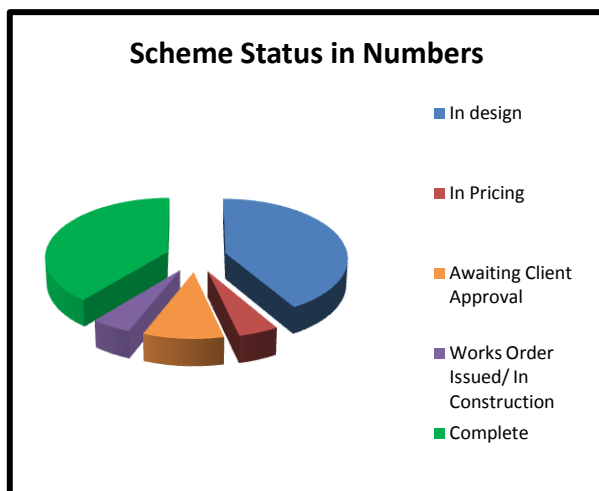
Comments

The Spelthorne Committee provide a prioritised realistic programme that supports delivery.

In Elmbridge there are only 6 schemes to complete this financial year and there have been some changes in scope, as directed by the Local Highway Service, which have had an effect on progress.

In the Epsom and Ewell Borough, scheme briefs have been received later in the year than ideal although careful consideration is given to the funding source in order to prioritise schemes. The most significant schemes in this area are the cycling facilities for the Ewell Bypass and Scott's Farm Road. The former is complete and the latter was sent for pricing in August.

SOUTH EAST (Mole Valley, Reigate and Banstead & Tandridge)



SOUTH EAST	£ (approx)	Mole Valley	R&B	Tandridge
In design	£263,000 (17)	£150,000 (11)	£53,000 (2)	£60,000 (4)
In Pricing	£110,000 (2)	£90,000 (1)	£20,000 (1)	£0.00
Awaiting Client Approval	£177,000 (4)	£160,000 (2)	£12,000 (1)	£5,000 (1)
Works Order Issued/ In Construction	£50,000 (2)	£0.00	£50,000 (2)	£0.00
Complete	£750,000 (16)	£380,000 (6)	£210,000 (8)	£160,000 (2)
Total	£1,350,000 (41)	£780,000 (20)	£345,000 (14)	£225,000 (7)

Comments

Relatively good progress has been made in Mole Valley although a number of schemes have been re-scoped considerably, impacting delivery. There is currently one relatively large scheme (£153k) that cannot proceed until decision at the December Local Committee. This is accounted for in the table above under 'In pricing'.

It can be seen that good progress has been made in Reigate and Banstead, with there just being three schemes still being designed. There are three schemes above that were carried over from last year. There is also a scheme that is awaiting the resolution of land negotiations.

Whilst only two out of the seven schemes have been implemented in the Tandridge area, the value of works installed is a significant percentage of the overall budget for this area. Opportunities have been taken to progress schemes through the project Horizon route (e.g Farleigh Road Traffic Calming).

Significant schemes left to deliver in this area are;

Outwood Lane, Chipstead – Pedestrian Improvements (approx £80k). This scheme is progressing although there are issues around land ownership and working on / near a SSSI.

Woodfield Lane, Ashted – Congestion Reduction (approx £150k). This scheme has been designed and priced by Kier. However it is being taken back to committee in December for a final decision. The timing of decisions on this scheme may well result in the scheme being pushed back to the following financial year if the works cannot be resourced.

ITS EFFICIENCY PROGRAMME

To support and improve the delivery of ITS programme a joint efficiency programme is being jointly led by both the Client and Delivery team. The Efficiency programme has identified **six** critical issues that are preventing the Project Team from delivering schemes in the most effective way possible.

These can be divided into two areas of improvement

Client Approvals – Improving the way Local Highways/Committees commission and allocate their ITS programme

Delivery Approvals – Improving the way the Transport Infrastructure Division and Partners design and build schemes following Client Commission

CLIENT – AREAS FOR IMPROVEMENT

1. **Local Committee Pipeline** – Although improved, the majority of schemes are still being requested to be designed and built in a single 12 month period. As highlighted at previous workshops it is vital for Local Committees to agree a two year ITS programmes to enable improved value for money and programme management. Until this is resolved resources are working at “peaks and troughs” with high resource demand in the winter and limited ability to deliver schemes in the summer. The 12 month budget cycle is a particular blocker in relation to this. It is proposed to convene meeting with Local Chairman to review how this issue could be addressed.
2. **Scheme Prioritisation** – A number of local committees do not provide a prioritised list of schemes, thus schemes are designed on a “first come first base”. This prevents the design team from prioritising resources and as a result, critical local schemes can be deferred without the design team realising the impact.
3. **Transport strategy** – A transport ‘strategy’, perhaps with a common 5 year focus, is not reflected in the overall programme. The south of the county prefers small, high volume transport measures and the north of the county focuses on larger more significant transport scheme interventions. The volume of schemes in the south of the county can lead to an unequal focus of resources (due to multiple concurrent schemes) at the expense of single, large schemes in the north. A forward pipeline of schemes and a clear overall transport strategy would support the delivery team in understanding if trends are part of a long term local transport strategy in order to adjust full time resource, skills and capability to fit needs of local committee.

WORKS DELIVERY – AREAS FOR IMPROVEMENT

4. **Design Resource**– In summer 2015 the Service underwent a major restructure resulting in a significant office move and many vacancies impacting on team productivity. The team has been managing 60% vacancies.

5. **Pricing** - There are a small number of schemes that have taken several months to be priced. This is due to a number of issues, including Quantity Surveyor resource and the sheer number of individual items that are non standard, but are required to agree final scheme costs. As part of the contract extension, the Contract Team are looking to rationalise and refine the schedules to simplify process and also reviewing level of QS resource.

6. **Tendering & Standardised unit rates** – A large proportion of the ITS programme is still required to be tendered on a scheme by scheme basis, adding a number of weeks to the process. A key improvement would be to have a greater list of standardised prices, enabling schemes to be costed without the need for external tendering to Kier’s supply chain.