

# Highways and Growth Select Committee

18 October 2018



## Overview of Highways Contracts

### Purpose of report:

To provide members with an overview of the current contract arrangements across Highway services and improvements made to date. The report will also outline the Service's journey towards retendering when the current contracts come to an end many of which do so in April 2021.

### Introduction:

- 1) In 2011, following a series of competitive tenders Surrey County Council's Highway Service entered into new contracts to deliver a number of services on behalf of the Council. Many of these contracts were let for a period of up to 10 years (including extensions where awarded).
- 2) The majority of the arrangements will come to an end in 2021 and will require significant planning and investment of resource to ensure any future model is fit for purpose, addresses the needs and objectives of the council and residents whilst allowing sufficient flexibility for future changes in budget, scope of services and council priorities.
- 3) To that end, work has recently commenced supported by the Council's procurement team to identify strengths in the current arrangements which we would want to keep and maximise whilst seeking opportunities to make improvements in any new set of arrangements.

### Current Position

- 4) Just prior to the above contract awards (paragraph 1), the Council had entered into a Public Finance Initiative (PFI) contract for Street lighting and this was excluded from the remaining contracts. It should be noted that at the time of the award, budgets for Highways maintenance and particularly for new infrastructure such as traffic calming, junction improvements and so on were reducing and in some cases forecast to cease and contracts were let accordingly. The current contracts are as follows:

Contractor	Service Areas
Kier Highways	Core Maintenance Contract covering: <ul style="list-style-type: none"> <li>• Immediate and Emergency Response</li> <li>• Safety Defects</li> <li>• Minor Planned Maintenance</li> <li>• Micro surfacing</li> <li>• Footway surfacing</li> <li>• Footway reconstruction</li> <li>• Carriageway reconstruction including Local Strategic Repair (LSR)</li> <li>• Civil engineering (ITS, Sustainable Transport Improvements and Major Schemes)</li> <li>• Structures Inspections and Maintenance</li> <li>• Structures Repairs/construction</li> <li>• Traffic Sign repairs</li> </ul>
Kier Highways (in partnership with Flowline)	Flood Prevention covering: <ul style="list-style-type: none"> <li>• Gully cleansing and maintenance</li> <li>• Soakaway maintenance</li> <li>• Drainage Jetting and CCTV investigation</li> </ul>
Hazel and Jeffries, Kiely Bros RMS	Surface Dressing
Advanced Tree Services Burleys City Suburban Tree Services Connick Tree Services County Tree Services Elmbridge Tree Services Glendale Maydencroft	Arboriculture Maintenance
Wilson & Scott	Lines and Marking refresh
Siemens	Traffic Signals <ul style="list-style-type: none"> <li>• Traffic Signal inspection and repairs</li> <li>• Infrastructure Upgrades</li> </ul>
District & Borough Councils	Environmental Maintenance <ul style="list-style-type: none"> <li>• Grass cutting</li> <li>• Weed control</li> </ul>
Atkins	Professional Services including design

### Contractor Performance

- 5) In general terms, supplier performance across all areas would be considered to be good with very strong examples of performance such as 96% of immediate response events attended within 2 hours in July and August, 100% of high risk safety defects repaired within 5 days in the same months and in excess of 99% of street lights in operation every month over the past year.
- 6) Inevitably there are areas to improve which at present include elements such as the end to end Commissioning and Delivery of Committee funded improvement schemes, increasing the number of gullies cleaned on the first visit (by avoidance of parked cars etc.)

and reducing some of the manual steps in the payment process with Kier through automation where possible.

- 7) The nature of the arrangements has changed over the past 8/9 years with many improvements made. These improvements coupled with Highways' commitment to delivering continuous improvement puts the Council in a strong position to use this as a solid foundation for developing a solution for 2021 and beyond incorporating opportunities for improvement.
- 8) One of the key successes of the current arrangements was relocating the majority of officers within Highways from a number of non-operational locations to co-locate with the main contractors (Kier – formerly May Gurney and Skanska) at Merrow<sup>1</sup>. This goes beyond simply being based in the same location but extends to functional teams of each organisation often working in the same room and has removed some of the conflicts that might naturally arise when working remotely from the other party and has led to increased collaboration with the contractors and with other council teams.
- 9) A number of improvements have been made since this suite of contracts began in 2011, some of which have arisen from challenges in delivering the services either on the part of the Council, the Service provider or a combination of both. Other improvements have come about through innovation on the part of Council Officers or within the Service Provider and supply chain.

#### **Re-procurement:**

- 10) There are a number of contract model options available to the Council in the future. Analysis over the coming months for each of the contracted activities will evaluate current performance, any recent improvements and any opportunities we might seek to explore to make improvements. This could lead to similar approach in the future for an activity to how it is currently delivered. Equally there could be a benefit to doing things differently with a greater or lesser set of activities delivered within that model.
- 11) Initial analysis will focus on the activities provided by Kier Highways as this forms the bulk of the contract spend within Highways and cover a wider variety of activities.

#### **Conclusions:**

- 12) The Council set out to address a number of objectives in transitioning from the previous contract arrangements (pre-2011) to the model it currently works to. These included increasing access to specialist suppliers delivering certain work, adopting emerging technologies to save time and cost in delivering services to ultimately improve the outcomes on the network for residents and the travelling public.

---

<sup>1</sup> There are satellite offices of SCC Officers at both Godstone Depot and Bagshot Depot where teams including Area High Teams are better placed to serve the local area than being based centrally

- 13) Despite having the option to extend most of these contracts from the initial 6 year term up to the maximum 10 years, the Council has not always done so if this was not in the it's best interest. Where the decision to extend has been taken, it has resulted from a review of the services being delivered and seeking improvements which have been embedded into the extension agreement(s) – in addition Highways Officers have sought external validation of the ongoing Value for Money of the contracts through a combination of audit, benchmarking and market testing.
- 14) Highways has a “good handle” on its contracts and is well placed to develop a robust strategy for the delivery of services from 2021 and beyond. Not only have recently delivered improvements provided a solid base upon which to build, but there is time to explore alternative options to deliver aspects either where they are currently under performing or simply to enjoy an improved outcome from a different approach whether it be through different delivery model or through wider innovation in the sector.
- 15) Whilst there are 2½ years before the existing arrangements come to an end, allowing for a sufficient mobilisation period and time to properly complete a competitive tender, it is an appropriate time to begin asking these questions.

<b>Recommendations:</b>
-------------------------

- 16) Note the content of the report and associated presentation delivered at the Select Committee meeting.
- 17) Agree the role that the Select Committee will have in supporting, scrutinising and assuring the Highways Service development and procurement of new contract solutions for 2021 and beyond.
- 

**Report contact:** Lucy Monie – Head of Highways and Transport – 0208 541 9896

**Contact details:** Paul Wheadon – Business Improvement and Consultancy Manager – 07875 650975

**Sources/background papers:**

**ANNEX A** – Examples of Service Improvements

**Glossary of acronyms:**

LSR – Local Structural Repair  
ITS – Integrated Transport Scheme  
PFI – Private Finance Initiative