

**MINUTES** of the meeting of the **HIGHWAYS AND GROWTH SELECT COMMITTEE** held at 10.00 am on 18 October 2018 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 6 December 2018.

**Elected Members:**

- \* Mr Stephen Cooksey
- \* Mr Paul Deach
- \* Mr Matt Furniss
- \* Mr Bob Gardner (Chairman)
- \* Mr Andy MacLeod
- Mrs Tina Mountain
- \* Mr John O'Reilly (Vice-Chairman)
- \* Dr Peter Szanto
- \* Ms Barbara Thomson
- \* Mr Richard Walsh

**1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

There were no apologies for absence received.

**2 MINUTES OF THE PREVIOUS MEETING: 10 MAY 2018 [Item 2]**

The minutes of the previous meeting were agreed as a true and accurate record of proceedings.

**3 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**4 QUESTIONS & PETITIONS [Item 4]**

There were none.

**5 RESPONSE FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]**

There were none.

**6 SURREY EMPLOYMENT AND SKILLS [Item 6]**

**Witnesses:**

Paula Neal, Relationship Manager Skills for Business  
Bob Pickles, Chairman of the Employment and Skills Board, Head of Corporate & Government Affairs Canon UK & Ireland  
Tracie Evans, Executive Director of Economy, Growth and Commercial

**Key points raised in the discussion:**

1. Officers provided context to the formation of the Employment and Skills Board (ESB) in 2013, noting that it was aimed to encourage

economic growth in partnership with the local authority, employers, higher education authorities and other key stakeholders. It was stressed that this was a volunteer, employer led body. It was noted, however, that the ESB had received dedicated officer support from Surrey County Council as of early 2018.

2. The Chairman of the Employment and Skills Board highlighted that one of the key assets of the ESB was its capability to create a network of employers, local authorities, higher education authorities, and others which would work to identify skills gaps and provide a collective voice to suggest resolutions to these skills gaps.
3. Members questioned whether there was a significant gap between public and private sector ways of working. The Chairman of the Employment and Skills Board noted that there was a difference in working cultures, but that the public sector had been changing to more match private sector ways of working, which ensured that this issue was not acute. It was noted, however, that there was still a cultural difference in the way that schools work, but that the ESB had worked to outreach to schools to bridge the gap.
4. Members questioned how the ESB could outreach more to businesses and to improve its visibility. The Chairman of the Employment and Skills Board noted that it had been working with the Relationship Manager, Skills for Business to further develop the digital reach of the ESB, and that more work needed to be done to improve upon this.
5. Members questioned whether disability groups were represented sufficiently on the ESB and whether there was any opportunity to outreach to these groups to potentially engage with a project to improve disabled employability. The Chairman of the Employment and Skills Board stressed that all representatives of the ESB dealt with issues relating to disability on a regular basis, but that there was no specific representative. The Chairman of the ESB did note that he would like to see improved engagement with disability groups, and welcomed input from the Committee as to how to potentially engage better with these groups. Members offered to provide suggestions to the Chairman of the ESB after the meeting.
6. Members questioned gaps in membership and outreach, asking whether there was scope to include NHS and school organisations more. The Chairman of the ESB explained that it was working to regain school representation on the Board; it was noted that it had been the case historically that there was a representative of schools on the Board, which the Board was hoping to rectify. It was also stressed that the Board was currently seeking a representative from the NHS. The Chairman of the ESB asked the Committee whether it could provide information or contacts for NHS organisations to help with outreach.

7. The Chairman of the Employment and Skills Board explained that a key work stream of the ESB through 2018 had been work undertaken on the “debug” of the apprenticeship levy from a business perspective.
8. Members noted that the take-up of apprenticeships had dropped in the county from implementation of the apprenticeship levy and questioned why this was the case and if there was any reputation work for apprenticeships that the ESB could engage with. Officers noted that the Board was working to understand the inhibitions towards utilisation of the apprenticeship levy by businesses.
9. Officers explained that there was work underway in businesses to design apprenticeship standards to clarify what is required from an apprenticeship and increase take-up. It was stressed by the Chairman of the Employment and Skills Board that the Relationship Manager, Skills for Business had undertaken work to organise an event to analyse more thoroughly reasons for lower uptake.
10. Officers explained that the Deputy Leader had implemented an Apprenticeship Task Force to analyse issues preventing the Local Authority from maximising the use of apprenticeships.
11. Officers noted that improved links with schools, Higher Education authorities and the Local Enterprise Partnerships (LEPs) was important in enhancing the reputation of apprenticeships. It was noted that secondary schools were becoming more active, and were required to appoint a dedicated career leader, as part of the Gatsby benchmarks, in September 2018. It was also noted that the ESB supported the work of the LEPs on a work stream to recruit volunteer business leaders to work strategically with school leadership teams to improve career advice, which was aimed to improve links between businesses and schools and close skills gaps.
12. Members questioned whether there was more scope to further outreach to Small and Medium Enterprises (SMEs). The Chairman of the Employment and Skills Board noted that the Board included the Federation of Small Businesses, and others, and that it did work to network with small businesses as much as possible to gain their views. It was noted that the ESB would welcome further views on how to outreach to SMEs better in future and encouraged Members to outreach to SMEs on behalf of the Board to improve outreach and visibility.
13. Members questioned the return of investment of the ESB and what the overall costs and outcomes for the Board are. The Chairman of the Employment and Skills Board offered to provide this information to the Board at a later date.
14. Members asked whether there was any scope for the ESB to work to encourage development of skills for older workers. The Chairman of the Employment and Skills Board noted that there was no longer a cap

on age for apprenticeships, which would serve to encourage development at all ages. It was also noted that work to improve the reputation of apprenticeships would also aid with the resolution of this issue.

15. Members questioned the work undertaken by the ESB in the apprenticeship debug, and whether suggestions made would be utilised. Officers noted that the suggestions that they had made were well received by the Local Government Association (LGA) and that suggestions were in line with what the LGA were hoping to achieve.
16. Members questioned the funding for the ESB and asked whether the funding for the work of the ESB was secure. It was noted that, beyond volunteer time, the funding resource was supplied by Surrey County Council. Officers noted that the ESB would be looking to see whether there were additional funding opportunities that the Board could engage with from the LEPs to help improve their project work and impact. It was noted that officers were looking at alternative sources of funding for projects, as well as utilising partner organisations resources in order to undertake these projects.
17. Officers outlined the projects planned for the ESB over the next year, noting that there was planned work with East Surrey College regarding the implementation of T-Levels, as well as other projects. Members questioned the implementation of T-Levels and whether these will work to alleviate the skills gaps from the perspective of businesses. Officers suggested that T Levels may work to alleviate the gender gap in Science, Technology, Engineering and Maths (STEM) subjects better than the current system.
18. Officers offered to share the forward plan of the Board for the next year with the aim of reporting on progress of these activities in the next year.
19. Officers explained that the Board had good relations with the LEPs and that they were active in seeking support from the Board on developing their Strategic Economic Plans. It was also noted that the LEPs wanted to develop their own Skills Boards in a similar model to the Surrey one. The Chairman of the ESB had concerns regarding duplication, but saw opportunities for linkage with the LEPs.
20. Members questioned whether there were links with schemes for training and development of skills in Boroughs and Districts, noting that some areas had schemes that were underway that the ESB could link into. Officers noted that there was evidence of good programmes and that the ESB was linked in with them, but that there was significant work to do to encourage similar programmes across Surrey.

## **RECOMMENDATIONS:**

1. That the Deputy Leader includes a work stream in the Apprenticeship task force that looks at the challenges presented in the apprenticeship levy from a business perspective, and on findings relating to issues preventing the Local Authority from maximising the use of apprenticeships and that this is reported to the Committee upon its conclusion.
2. That the Deputy Leader ensures that sufficient resource is allocated to the Employment and Skills Board to guarantee that it can effectively outreach to businesses and partners and that it can successfully undertake the work in its forward programme.
3. That officers provide information on the return of investment from Surrey County Council for the ESB.
4. That the ESB shares its forward plan of work with the Committee and that progress on this is reviewed by the Committee in September 2019.

## **7 OVERVIEW OF HIGHWAYS CONTRACTS [Item 7]**

### **Witnesses:**

Paul Wheadon, Business Improvement & Consultancy Team Manager  
Lucy Monie, Head of Highways and Transport  
Bernard Hodgkinson, General Manager, Kier

Colin Kemp, Lead Cabinet Member for Place

### **Key points raised in the discussion:**

1. The Lead Cabinet Member for Place explained that the aim of the session was to consider the complexities of the Highways contracts to understand the development of the current contract structure, with the aim of informing future understanding of the development of the future Highways contracts upon re procurement in 2021.
2. The Lead Member and Officers provided an overview of the current contract, highlighting the background of the contract, value, scope, functions, high level performance information and improvements to the contract. The representative from Kier explained that Kier had secured an extension to the contract in 2016 with some changes to how the contract was delivered, which had provided some cost savings. It was also explained how the service operated and the hubs that the service utilised to effectively maintain the network.
3. On behalf of the Committee, the Chairman voiced disappointment that this was the first time the Select Committee members had the opportunity of seeing the presentation slides. It was stressed that, for the Committee is to perform its scrutiny role effectively, it was essential that all notes and presentation material be made available to

the Committee in advance for members to have adequate time to prepare questions and comment in an informed manner.

4. The representative from Kier and the Lead Member noted that the service was undergoing a “managed deterioration” of the network based on current funding levels. It was stressed that this was not an acute problem at present and that the road network quality of Surrey compared favourably to other authorities. Members asked Keir and the Lead Member to provide a comparison of Surrey road quality compared to other authorities to help design how the contract will be designed in future, as well as understand the value for money of the contract and whether there is good return on investment in light of the managed deterioration of the asset.
5. The representative from Kier noted that the current model was a transparent and open model which allowed for good partnership work. The Officers agreed to supply the key indicators.
6. Officers highlighted the performance measures and the Key Performance Indicators (KPIs) for the contractor. It was noted that the contractor did measure its own performance, but that Surrey County Council officers audited and monitored the accuracy of these measures. It was noted that, generally, the contractor had performed well against these KPIs. Members did note that there was a low measure of resident satisfaction, which could be improved with better communication with residents regarding disruptions. The Lead Member noted that he had undertaken a significant amount of work on this, but that there was more that could be done to improve resident’s perception. It was also suggested that how the service works to communicate better as part of the new contract needed to be examined and improved for future use in future.
7. It was explained that there was an increased pressure on performance during the winter months, and that this was taken into account in performance measurements. Members commented that they had no evidence of this and wanted to have a visibility of KPI’s
8. Officers stressed that performance measures were designed to be open and honest about the performance of the service. The red rated performance measures were discussed and officers noted that this was a snapshot of a specific period, which were in flux.
9. Officers noted that the service held officer led panels, chaired by Surrey County Council Managers, which were utilised to measure the performance of the contractor which fed into the KPI dashboard. It was noted that Surrey County Council officers and Kier managers were both involved in these panels. It was also stressed that these panels looked at the KPIs labelled red and questioned the reasons for performance figures, which has led to continuous improvement of

performance by the contractor.

10. Members questioned whether it was possible to compare the performance figures that were highlighted with other comparable local authorities, and whether the performance of the Surrey system compared favourably with other authorities. Officers and the Lead Member suggested that they could provide some examples of this information to the Committee as part of its update in December.
11. Members questioned whether there were any penalties for poor performance or overrun of the permit scheme. It was noted that penalties for poor performance and overrunning works are applied to utility companies as the legislation allows.
12. Officers noted that the Safety Defect service was mostly reactive in its response, rather than preventative. It was explained that this was a requirement to ensure that the road was safe for users. It was also stressed that not all road defects could be resolved, but that the service had to effectively manage risk against cost. It was highlighted that there were dedicated teams that undertook this work.
13. The representative from Kier highlighted that some innovative preventative solutions were used which worked to deal with defects on local roads. It was stressed that this work was impactful as it had a positive effect for residents and also prolonged the life of the road asset.
14. Members questioned the life and quality of repairs to the network. Officers stressed that there was an expectancy that repairs would last for two years and that there was monitoring in place to ensure that these were logged and monitored for quality.
15. Members questioned the changes in value of the contract, from £10-15 million, to approximately £40 million, and asked for a factor analysis which led to these increases, and whether this was considered good value for money. Officers noted that activities had changed which modified the scope, noting that work, such as Project Horizon, had involved significant amounts of additional resource.
16. Members noted that some minor repairs seemed to be costed highly, through use of fixed rates or day rates, and questioned whether this could be reviewed in any future contract. The Lead Member and officers noted that the cost arrangements and value for money of the safety defect service, had been reviewed and that they were of benefit and a good way of managing risk, but that the service will look at these arrangements for the future contract based on best value.
17. Members were informed that information regarding the key weaknesses and strengths of the contract in its current format were being analysed, including value for money, and that a follow up on this could be brought to the committee at its meeting in December 2018.

The Lead Member noted that he felt that resident's perception of performance was an area of key concern.

**RECOMMENDATIONS:**

1. That the Head of Highways conducts a benchmarking exercise with other comparable local authorities, detailing the state of Surrey Highways in comparison with other local authorities, and provide this as an update in December 2018.
2. That the Head of Highways provides a monetary comparison of the contract with other comparable LAs to ensure SCC is obtaining Value for Money out of spend.
3. That the Head of Highways provides a clear visibility of KPI at the December meeting of the current contract Verses the new proposed contract and a bench mark of one or two similar LA to establish value for money for the Surrey Public Purse.
4. That the Committee establish a Task and Finish Group with the aim of aiding in development of the Highways Contract to be developed for 2021 and that this be included as part of the Highways improvement contract in December 2018.

**8 FORWARD WORK PROGRAMME [Item 8]**

Members approved the forward work programme of the Committee.

Members questioned whether it was possible to involve Borough and District authorities in the discussion regarding affordable housing.

The Lead Cabinet for Place noted that there was work that could be considered in future regarding lane rental.

The Chairman noted that there was future work reagrding the Surrey Investment Strategy and how the service will manage this in future.

**9 DATE OF THE NEXT MEETING [Item 9]**

It was noted that the date of the next meeting would be 6 December 2018 at County Hall.

Meeting ended at: 12.35 pm

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**Chairman**

# Highways Core Maintenance Contract

Lucy Monie – Head of Highways and Transport

Paul Wheadon – Business Improvement and Consultancy Manager

Bernard Hodgkinson – General Manager (Kier Highways Ltd)

# Contract Overview

## Contract Length

- Commenced in April 2011 for maximum of 10 years
- 1 year extension (until April 18) agreed in 2015 aligned to development of longer term extension plan
- Final 3 year extension (up to April 2021) agreed in 2016

## Contract Value

- Initially estimated to be £10-15 million per annum
- Following increased budgets, including Project Horizon, currently £35-40 million per annum



# Contract Scope

- One of a number of contracts let to start in 2011. It covers multiple services including:

Immediate &  
Emergency  
Response

Safety Defects

Minor Planned  
Maintenance

Winter  
Maintenance

Structures  
Inspections and  
Maintenance

Carriageway Resurfacing  
(including Local Structural  
Repair)

Micro  
Surfacing

Footway  
Surfacing

Civil Engineering/  
Improvement Schemes (ITS,  
STP, Major Schemes)

Structures Repairs/  
Construction

Capital

Revenue



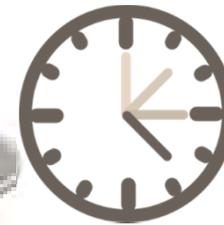
SURREY

# Contract Scope

Performance for the last year (October 2017 – September 2018):



**99.7% of works  
working with a valid  
permit**



**99% of customer  
enquiries  
responded to on  
time**

**93% of Immediate &  
Emergency Response  
events responded to  
within 2 hours**



**8.2 miles of Major  
Maintenance  
resurfacing**

**82,792 Safety  
Defects repaired on  
time**



**97.5% of works  
completed within  
timescales**

# Safety Defect Service

Reactive Repairs to keep the network safe

Managing risk and liability

Compliance to policy is important

- Not every defect can be repaired
- Lots of monitoring

Identified by inspections and public reported defects

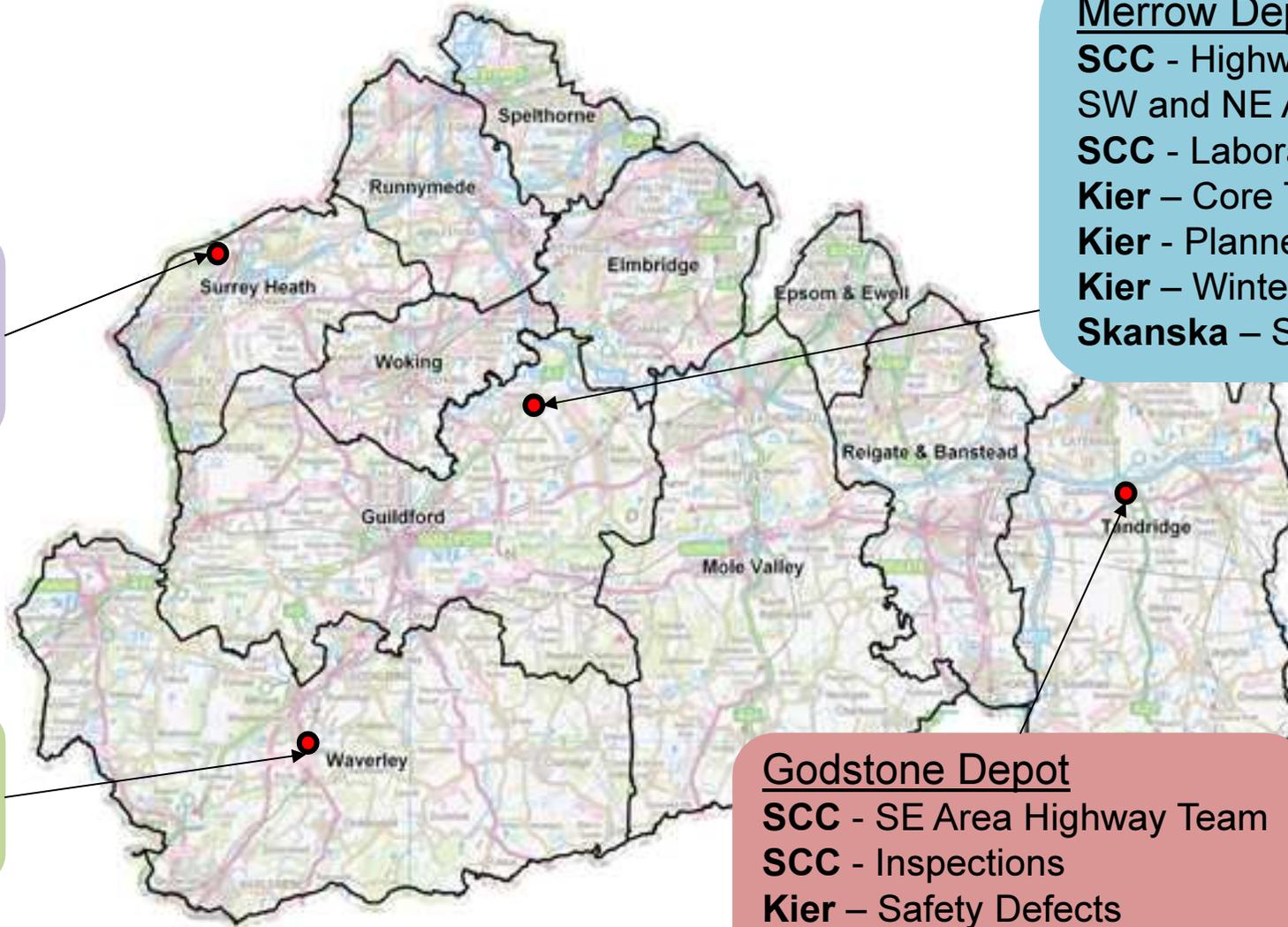
Right first time approach

- Preventative Programme
- Treats larger areas of road to deal with defects and prevent others forming
- Targeted on local roads
- Identified from inspections and Local Highway Officers
- Range of treatments, mostly patching

# Depot/Office Locations

Shot Depot  
- NW Area  
- Highway Team  
- Winter Gritting

Witley Depot  
Kier – Winter  
Gritting



Merrow Depot  
SCC - Highways Headquarters including  
SW and NE Area Highway Teams  
SCC - Laboratory  
Kier – Core Team  
Kier - Planned Work  
Kier – Winter Gritting  
Skanska – Street Lighting

Godstone Depot  
SCC - SE Area Highway Team  
SCC - Inspections  
Kier – Safety Defects  
Kier – Winter Gritting



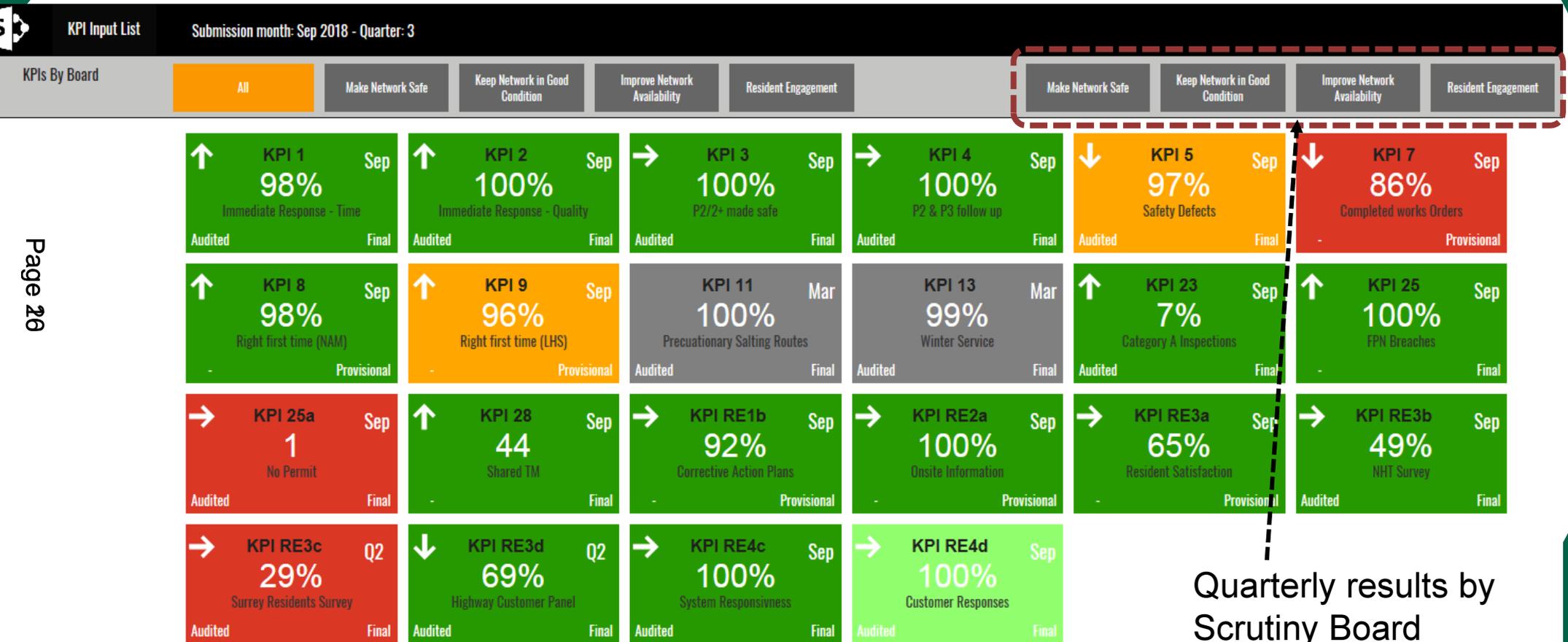
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# CONTRACTOR PERFORMANCE



# Contractor Performance

## KPI Dashboard



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Dashboard is a live view – each measure confirms Provisional/Final results and whether they have been audited by SCC Officers



SURREY

# Contractor Performance

- The 4 scrutiny boards cover the following aspects:
  - Make the Network Safe
  - Keep the Network in Good Condition
  - Improve Network Availability
  - Resident Engagement
  - Winter Service (held from Oct to April during active season)
- Performance is reported by Kier and then checked by SCC to validate the results and where appropriate challenge them.
- Performance outcomes are directly linked to the level of profit paid – higher overall performance, higher profit (capped at 4%) or lower performance, lower profit

# Contractor Performance

## Make the Network Safe

KPIs focussed on proportion of immediate response events and safety defects attended to within agreed timescales and; quality of repairs carried out

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May to August	Immediate Response (time)	Immediate Response (quality*)	Safety Defects (time)	Safety Defects (quality*)
Defects/Incidents Repaired	1061	155	19,110	534
Number completed correctly/on time	1018	149	18,623	525
% completed correctly/on time	96%	96%	97%	98%

\* Quality of repairs is carried out by means of a 5% sample each month



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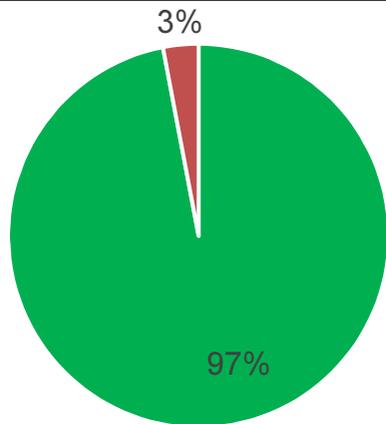
# Contractor Performance

## Keep the Network in Good Condition

KPIs focussed on planned work being completed to programme \* and; ensuring work is completed right first time

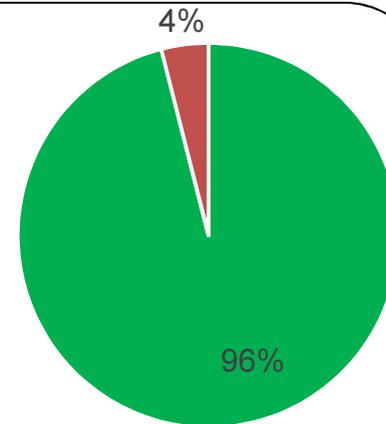
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KPI 7 – delivered to Programme (June to August)



■ Pass ■ Fail

KPI 8&9 – work completed right first time (June to August)



■ Pass ■ Fail

Programme dates are set once the design solution is confirmed. The measures allow for reasonable extensions of time where events such as poor weather or changes in requirement once started are beyond the contractor's control



SURREY

# Contractor Performance

## Improve Network Availability

KPIs focussed on elements that help to reduce traffic disruption during SCC's work

These include

- Direct measures of Kier's performance such as compliance with the Permit Scheme and any conditions specified for each job
- Actions Kier take to share lane and road closures with other contractors

\* Quality of repairs is carried out by means of a 5% sample each month



SURREY

# Contractor Performance

## Resident Engagement

KPIs focussed on a number of measures to determine resident satisfaction and gain feedback to help inform improvements

Measures include:

- Results in the National Highways and Transport Network (NHT) Annual Survey
- Quality and Timeliness of any Customer response and effective implementation of any Corrective Action Plans
- Provision of agreed customer information ahead of work programmes including advance warning signs, letter drops and where required, attendance at public events

\* Quality of repairs is carried out by means of a 5% sample each month



SURREY

# CONTRACT IMPROVEMENTS



# Contract Improvements

## Supply Chain/Subcontractors

- As part of the extension it was agreed to re-procure the supply chain aimed at reducing costs by 5%
- A new Alliance contract form was introduced to increase collaboration between SCC, Kier as the Principal Contractor and subcontractors where they deliver work
- SCC now pay the actual price provided by each individual subcontractor rather than an average rate to Kier
- New performance structures jointly managed by SCC and Kier have been introduced for the supply chain



# Contract Improvements

## Principal Contractor Costs

- At the outset of the contract with an estimated annual spend of £10-15 million, the Council agreed a % uplift to all work to cover cost of delivering the contract such as Supervisors, design, cost and financial management and depots
- As the annual spend increased, those costs in reality to Kier increased at a much lower proportion
- Since April 2016, the Council has paid Kier actual costs for staff and depot overheads to provide a reduced cost and increased transparency

# Contract Improvements

## Longer Term Maintenance Programmes

- Longer term maintenance programmes e.g. Horizon
  - Annual programme determined and joint solutions identified
- Certainty of work enables greater collaboration with contractors
- Leads to price reduction via volume discount and programming efficiencies

# Next steps

- Work commencing on what the future contract arrangements might look like
- Need to ensure any future model is;
  - fit for purpose
  - addresses the needs and objectives of the council and residents
  - allows sufficient flexibility for future changes in budget, scope of services and council priorities
- Request to establish a Member Task Group
  - Commence December
  - Test and scrutinise emerging proposals
- Need to determine what is required for the next Select Committee – currently planned for December if still required



# QUESTIONS?



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