

**SURREY COUNTY COUNCIL****CABINET MEMBER FOR TRANSPORT, HIGHWAYS AND ENVIRONMENT****DATE: 9 JULY 2013****LEAD OFFICER: TREVOR PUGH – STRATEGIC DIRECTOR; ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: AWARD OF A CONTRACT FOR CONSULTANCY SERVICES – HIGHWAYS MAINTENANCE EFFICIENCY PROGRAMME (HMEP)****SUMMARY OF ISSUE:**

The Highways Maintenance Efficiency Programme (HMEP) is a sector-led programme, funded by the Department for Transport (DfT), which aims to improve the efficiency and effectiveness of local highway authorities.

The Assistant Director, Highways, is leading the business change elements of the Highways Maintenance Efficiency Programme on behalf of the DfT. This includes: the development of a peer review; the development of a network of advocates to drive change in the sector; changing the relationship between the public and private sectors; and an enabling change initiative to help deliver improvements in individual authorities.

The services that this contract will provide are for consultancy support in these areas. There will be no cost to Surrey for these services, as all costs are being funded by DfT.

**RECOMMENDATIONS:**

It is recommended that a contract is awarded to the preferred bidder for a period of 2 years commencing on 1 August 2013 for the provision of consultancy support services to the HMEP programme.

**REASON FOR RECOMMENDATIONS:**

Surrey's involvement in HMEP brings a number of benefits to Surrey, including: enhancing our reputation; increasing our influence with Government; and helping ensure that Surrey is leading good practice in England.

Surrey's involvement in HMEP has already provided benefits to our residents. These include the application of the peer review and the development of the 5-year capital programme.

The preferred bidder submitted a good proposal with clear methodology which demonstrated that they have a strong project team with the broad range of skills required to support the different elements of the HMEP programme. In particular, the skills need to support the change management and benefit monitoring elements of the programme.

## **DETAILS:**

### **Business Case**

1. Surrey County Council faces a number of challenges. Our traffic volumes are significantly higher than the national average and Surrey is the most densely populated County in England and the second biggest contributor to the exchequer outside of London. A good quality road network is vital to ensuring the vibrancy of Surrey's economy and the national economy.
2. In response to these challenges, Surrey is leading the way in creating new, innovative solutions to improving the maintenance and management of the highway. We have developed effective relationships with private sector partners, neighbouring authorities and Government, which are enabling us to deliver effective and efficient services to our residents, and provide a positive example that other authorities can follow.
3. Since 2009, Surrey has implemented a number of changes to the delivery of highway services, including creating and tendering a new contract strategy, developing collaborative arrangements with neighbouring authorities through the South East 7, and delivering localism through empowering District and Borough Councils and Parish and Town Councils to determine local priorities and deliver local services.
4. These changes have enabled us to reduce our costs by approximately £10m per annum, the equivalent of 15%, and consistent with the Government's ambitions to reduce the cost of construction by 15% - 20% over the term of this parliament. At the same time we have been able to improve the quality of work delivered.
5. For the last two years Surrey has been leading the South East 7 Highway Maintenance Workstream. This initiative has led to the development of an MSc in Highway Engineering, designed to ensure that the county has access to the skills needed to deliver effective services in the future, and to the creation of an innovative supply chain management group, a public/private partnership that brings together all those involved in delivering highway services in the South East.
6. We are currently working with the DfT, leading the Highway Maintenance Efficiency Programme (HMEP), and also working with the Government Construction Board Joint Programme, through the Trial Projects Delivery Group.
7. HMEP is a sector-led improvement programme whose purpose is to drive efficiencies in highways maintenance and is concerned with the big strategic imperatives facing all local authorities as well as operational and process improvements.
8. To date the HMEP programme has been delivered in two phases. Phase 1 ran from September 2011 to May 2012 and phase 2 ran from June 2012 to March 2013 and HMEP has developed a number of ways to engage the sector in bringing forward efficiency savings.
9. A recent review of the HMEP programme has identified the need for a shift of emphasis of its activities from developing guidance to an approach that could

be characterised as an *organisation focused on enabling change across the maintenance sector*. The new approach has three aims which are to build capacity, encourage leadership and enable change.

10. HMEP is looking for a supplier to support these three aims and can demonstrate significant experience in programme management with multi disciplinary support in benefits management, business modelling, organisation design, policy development, business change, marketing and communications. This support is required for both the transitional activities taking place in 2013/14 and the business as usual phase in 2014/15.

#### **CONSULTATION:**

11. In preparation for this recommendation key stakeholders from the DfT and the HMEP Programme Board were consulted and had input into the specification and tender evaluation process.
12. Colleagues from Surrey County Council including the Assistant Director-Highways, the Major Change Programme Manager and Procurement officers also had input into the specification.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

13. Should Council priorities change this contract can be terminated at any time by giving a minimum of 30 days notice.
14. There is a reputational risk to Surrey as failure to deliver this programme to a high standard would damage the reputation of the Council and could put at risk future DfT funding.

#### **Financial and Value for Money Implications**

15. The cost breakdown is set out in Annex 1 (confidential item 7)
16. The Council has received written confirmation from the DfT that grant funding is available for the entire contract term.
17. The contract will make specific reference to payments being conditional on receipt of funding.
18. Rates are fixed for the duration of the contract.
19. Work completed will be reviewed by the HMEP Programme Board through a gateway review process before invoices are paid.
20. The performance of the supplier will be monitored through a series of review meetings to ensure that the contract continues to deliver value for money throughout the contract term.

#### **Section 151 Officer Commentary**

21. The Section 151 Officer confirms that the expenditure on the contract will be covered by specific grant funding from the Department for Transport. In addition the grant allows for the recovery of reasonable officer costs including travel and subsistence expenses. .

## **Legal Implications – Monitoring Officer**

22. There are no legal implications/legislative requirements arising directly from this report on the basis (a) the HMEP Program Board and the DfT have each agreed to the specification, (b) a competitive tendering procedure was undertaken in accordance with each of the PSOs and the Public Contracts Regulations 2006 and (c) funding is coming exclusively from the DfT.

## **Equalities and Diversity**

23. An Equalities Impact Assessment is not required for these services.

## **WHAT HAPPENS NEXT:**

24. Once Cabinet Member approval is given to the recommendation in this report SCC Officers will formally award the contract to the preferred bidder.
25. The new contract will commence on 1 August 2013 for a period of 2 years.
26. Supplier performance will be monitored for the duration of the contract through a series of review meetings and by the HMEP Programme Board.

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### **Consulted:**

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Laura Langstaff – Acting Head of Procurement and Commissioning  
Ross Duguid – Category Manager – Corporate, Environment and Communities  
Alison Gruet - Senior Category Specialist – Environment and Communities  
Jason Russell – Assistant Director Highways  
Sam Cunningham – Major Change Project Manager  
David Kelly - Corporate Group Legal Services Manager

### **Annexes:**

Annex 1: Part 2 - Award of A contract for consultancy services – highways maintenance efficiency programme (HMEP)

### **Sources/background papers:**

- All background papers used in the writing of the report should be listed, as required by the Local Government (Access to Information) Act 1985.