

**Open Report on behalf of Richard Wills,
Executive Director for Environment and Economy**

Report to:	Highways and Transport Scrutiny Committee
Date:	18 September 2017
Subject:	Highways 2020 Update Report (September 2017)

Summary:

This report provides an update on the work being carried out to replace the Lincolnshire Highways Alliance. The three contracts relationships which form the Alliance are due to reach their full term on 31st March 2020.

Actions Required:

Members of the Highways and Transport Scrutiny Committee are invited to review the work done to date, the work proposed for the following period and propose any changes or additions for consideration.

1. Background

This report provides an update on the work to replace the current Highway Service Contracts that form the Lincolnshire Highways Alliance which are due to reach full term on 31st March 2020. The scope of work covers (as a minimum) and considers

- Highway Works Term Contract – Currently with Kier
- Professional Service Contract – Currently with WSP
- Traffic Signals Contract – Currently with Dynniq

Alternative Service Delivery models – The Lincolnshire Highways 2020 project is not limited to a replacement of the existing model but will consider all the options available to Lincolnshire County Council. Therefore a full options appraisal process is being carried out that includes the use of the Highways Maintenance Efficiency Programme Procurement Options Toolkit. The selected option will need to be in place to ensure continuity of works from 1st April 2020.

Work undertaken to date includes:-

Market Engagement – Soft market engagement has been carried out with Eurovia, Kier, Skanska, Tarmac, Amey and Volker to test the service arrangement and company position in the market. Most of the companies were consistent with their core offering indicating that a minimum 7 year term would see the best return

for both parties in terms of plant/equipment depreciation. Traffic Signals and Professional Services Contract market engagement meetings are currently being arranged and include WSP, AECOM, Dinniq, Siemens and Telent.

Local Authority visits – Telephone conference calls have been held with Devon, Hampshire and Telford and Wrekin Councils. Two of the authorities have recently been through a re-procurement of Highway Services and utilised the new Competitive Procedure with Negotiation (CPN) route. Both authorities approached this differently from a legal perspective. CPN saved between 6-7% from the original tendered figures. A meeting was held with Rutland County Council and Tarmac to see how they are dealing with their reactive service. A joint member/officer group met Durham County Council. Further meetings are being organised with Staffordshire and Leicester. All of these Authorities currently deliver their services in a different way to Lincolnshire.

Options Appraisal

Issues and outputs from the market engagement and local authority visits are feeding into a three stage option appraisal process including:-

Highways Maintenance Efficiency Programme (HMEP) Toolkit – The "Evaluate Options" section of the toolkit was carried out between the six tables that attended the Alliance 60 event on the 7th July. This is a meeting of subject matter experts from the four organisations that make up the Alliance. The toolkit was created to assist Local Authorities in the procurement routes available. The scores and comments were inputted into the web based system to provide an initial view on procurement options which will feed into the wider option appraisal work.

Councillor Options Workshop – An initial meeting was held with nominated members on the 17th July to update them on the progress to date and the options currently available. Feedback from the Alliance 60 meeting was provided prior to the presentation of an Options Heat Map which is an options selection tool developed with Proving Services from Cranfield University. The political preferences were obtained and weightings adjusted accordingly. Further detailed investigation is required for a number of possible options which include:-

- Option 13 Mobile Maintenance Teams and Incident Response Vehicles In house
- Option 1 Single Provider Contractor
- Option 2 Single Provider Design
- Option 17 In house (design) and top up (the current Technical Services Partnership Model)
- Option 4 Multiple Providers

Working Group Option Workshop

Members of the Highways 2020 Working Group are scheduled to undertake the HMEP Options Toolkit exercise with a particular focus on the five options identified as part of the Councillor Options Workshop.

Work planned for the next period includes:-

- Further market engagement
- Visits to other Highway Authorities
- Further Option Appraisal work which will draw together all of the work to deliver a recommendation for moving forward.

2. Conclusion

The project is now well into its option appraisal phase with appropriate engagement with Members. The next phase of work will continue to develop the preferred option. The project is on programme.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

A full Project Risk Analysis has been completed and is reviewed as part of the project work.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Highways Alliance Renewal 2020

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Paul Rusted, who can be contacted on 01522 553071 or paul.rusted@lincolnshire.gov.uk .

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