

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

Report to:	Highways and Transport Scrutiny Committee
Date:	12 March 2018
Subject:	Highways 2020 Update Report

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

Work undertaken to date includes:-

Market Engagement – Soft market engagement for the Highway Works Term Contract has been carried out with Eurovia, Kier, Costain, Skanska, Tarmac, Amey and Volker to test the service arrangement and company position in the market. Engagement with Dynniq, Siemens and Telent has been undertaken for the Traffic Signals Term Contract and with WSP, AECOM and Atkins for the Professional Services Contract

Local Authority visits – Local Authority visits or telephone conferences have been undertaken with Devon, Hampshire, Telford and Wrekin, Rutland, Durham, Staffordshire, Leicester and Worcestershire. All of these Authorities currently

deliver their services in a different way to Lincolnshire and have been helpful in allowing us to capture examples of best practice and innovation.

Options Appraisal

Issues and outputs from the market engagement and local authority visits have fed 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 was undertaken on five preferred main options which included:-

- 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 undertook the HMEP Options Toolkit exercise with a particular focus on the five options identified as part of the Councillor Options Workshop.

Preferred Option Selection

Following a final Councillors Option Workshop, Option 17 was accepted by the Council Executive at their meeting on December 5th which included for a single provider contractor with improved reactive service incentivisation for the Highway Works Term Contract. A Design service top up contract widened to include the provision for a broader Highway Service. A separate works contract for Traffic Signals.

Working Groups

A number of working groups have been set up to progress the detailed work required to progress the preferred option. These include,

Contract Drafting – Anthony Collins Solicitors and Legal Services Lincolnshire have been appointed to support the drafting of Contract Data Part 1, 2 and the Z clauses for the two Term Service Contracts and the Professional Services Contract. The documentation is nearing completion and will be finalised in the next month.

Depot Strategy – All depots have been surveyed to fully understand the current usage. Depot plans have been drafted for inclusion within the contract. Legal Lincolnshire has been appointed to draft a formal Lease agreement that will include condition reports on handover. Meetings have been held to consider the options available to LCC and potential changes moving forward. It is anticipated that this area will form part of the negotiation under the Competitive Procedure with Negotiation procurement route.

Pricing Documents – The Highways Maintenance Efficiency Programme (HMEP) Price List is to be adopted throughout the contract for the majority items. The HMEP Method of Measurement is also to be adopted in a similar format. Initial meetings have been held with LCC teams to review documentation and introduce / make changes from previous experience.

Reactive Service Incentivisation – Meetings have been held to discuss the options available with the relevant staff. The Midlands Highways Alliance is carrying out a separate, joint investigation into reactive service incentivisation as it is considered to be an industry wide issue. A visit has also been undertaken to Worcestershire who have already adopted a price per defect approach similar to one currently under consideration.

Performance – An initial meeting has been held with a number of improvements to our current approach identified. We are also undertaking a review of performance measures adopted by other authorities. Contractual drafting has commenced.

Specification – A Lincolnshire specification will be adopted in one document which is a move away from our current position. The reason for this is that Highways England will not be supporting the national specification document for Local Authorities in the future and it is believed that collating all the information in one document will be clearer for officer use. Lincolnshire Laboratory has completed the initial draft which is currently in the process of being issued to the LCC specialists.

Procurement - An initial meeting has been held with the commercial and Legal teams. A single procurement exercise will commence using the Competitive Procedure with Negotiation with three individual Lots for each of the contracts (Works, Professional Services and Traffic Signals). LCC is likely to restrict the bidders to only being successful in one lot.

Work planned for the next period includes:-

- Further market engagement by way of an Industry Day. This has been provisionally booked for the 18th May 2018.
- Ongoing discussion with other Highway Authorities concerning detailed elements of our work.
- Detailed contract drafting
- Development of the contract specifications and Works Information
- Further detailed work including the development of an incentivised MMT proposal.
- Issue of a Prior Information Notice to formally commence the procurement procedure.

2. Conclusion

The project has now completed its option appraisal phase with appropriate engagement with Members. The next phase of work will continue to develop the detailed contract documentation required to deliver 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. 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.