

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

Report to:	<b>Highways and Transport Scrutiny Committee</b>
Date:	<b>11 June 2018</b>
Subject:	<b>Highways 2020 Update Report</b>

**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 Ringway, Kier, Costain, Skanska, Tarmac, Amey Highways, Balfour Beatty, Clugston Construction, and Volker Highways to test the service arrangement and company position in the market. Engagement with Dinniq, Siemens, Motus and Telent has been undertaken for the Traffic Signals Term Contract and with WSP, AECOM, Amey Consulting, Wardell Armstrong, Jacobs, Dyer & Butler 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, Hereford 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 5<sup>th</sup> 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.

**Prior Information Notice** - A Prior Information Notice (PIN) was issued on the 16th April via LCC's procurement document compiler and uploaded to the EU Tenders Electronic Daily. The PIN notice provided details of the procurement

exercise that is coming to the market with a description of the service and was used to advertise the Highways 2020 Meet the Buyer Day.

### **Highways 2020 Meet the Buyer Day**

A meet the buyer day was held at the Bentley Hotel on the 18th May to 80 representatives from 40 providers interested in the three contracts, Highway Works, Traffic Signals and Design Services. All known interested parties that are capable of delivering the service attended the event. The event covered LCC structure, Lincolnshire growth ambitions, member's viewpoint, budgets, timescales & procurement processes, main contract features and specific Lot detail. During the afternoon session, discussion slots were held with all interested parties to discuss further detail relating to the contract approach. The event confirmed that the project approach is correct and has gained a significant level of interest from the market.

### **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** - The contract drafting stage is nearing completion with the working group meeting for the final time. Contract Data parts 1, 2 and Z clauses have been received from Anthony Collins Solicitors (Ross Hayes) and the documents are now LCC's to progress and include within the final tender package.

**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 HMEP Price List has been adjusted to suit LCC's requirements. The document has had some minor adjustment to suit user experience within the existing Highways Alliance. These changes were discussed further at the Highways 2020 Meet the Buyer Day and discussion points will be reviewed over the coming weeks. A draft Traffic Signals Price list has been produced and is currently under review. The Design Services contract Price List is currently in progress.

**Reactive Service Incentivisation** – The model has been documented within the specification and is currently being reviewed by both the Local Highway Teams and officers from Operational Asset Management. The model was tested at the Meet the Buyers Day and generally accepted. The only negative feedback related to budget control and the risk that LCC could not afford to meet its agreed Policy Timescales.

**Performance** – The working group have produced draft measures for all three contracts. These are currently being reviewed by the wider service. The Design Service measures are currently being adjusted to be more targeted to challenge both

the mixed economy model (TSP) and the works completed within the top up arrangement away from Lincoln.

**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.

**Procurement** - A draft procurement strategy has been produced working with the central LCC Procurement and Commercial team. The document gives further clarity on the Quality / Price aspects of the contract and defines potential negotiation points within the procurement route.

**Work planned for the next period includes:-**

- Detailed contract drafting
- Development of the contract specifications and Scope
- Further detailed work including a trial of the incentivised MMT proposal

## **2. Conclusion**

The project has 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 PIN notice has highlighted the procurement exercise to the market which was followed by a successful Meet the Buyer Day.

## **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.

## **5. Background Papers**

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

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