

WIRRAL COUNCIL

CABINET

3 FEBRUARY 2011

SUBJECT:	HIGHWAY AND ENGINEERING SERVICES CONTRACT – PROGRESS REPORT AND GATEWAY 5 REVIEW
WARD/S AFFECTED:	ALL WARDS
REPORT OF:	DIRECTOR OF TECHNICAL SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR LESLIE RENNIE
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this Report is to inform Cabinet of the progress of the current Highway and Engineering Services Contract, now well into its second year of operation, and of the results of the Gateway Review 5 (Benefits Evaluation) undertaken by officers from the Local Partnerships (formerly 4Ps).
- 1.2 The Gateway Review 5 was conducted because it provides external assurance to the Council as to whether the anticipated benefits are being delivered and that the ongoing contractual arrangements meet the needs of the service.
- 1.3 This Report has been prepared in accordance with the Cabinet Resolution of 16 October 2008.

2.0 RECOMMENDATION/S

- 2.1 That Cabinet notes the progress made on delivering highway and engineering services through the contract arrangements.
- 2.2 That Cabinet accepts the assurances provided by the external Gateway Review 5, and notes progress made in achieving the recommendations of that review.
- 2.3 That Cabinet receives a future progress report at the end of the third year of the contract's operation; no later than June 2012.

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 With regard to the recommendation in 2.3 above, it is considered important that Cabinet are able to review progress in the delivery of this critical service area through the contracted arrangements.
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4.0 BACKGROUND AND KEY ISSUES

4.1 Contract Overview

On the 16th October 2008, Cabinet formally awarded the Highway and Engineering Services Contract to Colas Limited; following an extensive procurement exercise. The contract term is for 5 years plus 3 individually awarded annual extensions and the contract has a value of approximately £8 million per annum.

Most highway maintenance activities are included within the Contract and comprise: reactive and planned maintenance for carriageways and footways; street lighting; drainage, coastal and bridge works; traffic signs and road markings; winter maintenance and painting programmes.

4.2 Partnership Management and Governance

A robust and clearly defined approach to partnership management and governance is an important aspect of the Highway and Engineering Services contract and is delivering significant benefits including structured day-to-day management, strong communications between the parties, robust risk management arrangements, proper escalation of unresolved issues and continuous improvement of the delivery of services.

4.3 Partnership Development

From the outset, both parties have sought to work closely together to improve services and resolve issues; through a partnering agreement. Quarterly Partnering Board meetings are held; led by the Director of Technical Services and his opposite number within Colas; bringing together reports from managers on delivery, innovation and performance and risk management. Below this lie regular liaison meetings and innovation sub-groups. These sub-groups have subsequently become the springboard for innovation and continuous improvements. They are described, with their key achievements to date, in the **attached Appendix 1**.

4.4 Gateway Review 5

A Gateway Review 5 was carried out on 22 – 24 June 2010 by the external Local Partnerships (formerly 4Ps). The review considered the operational arrangements in place and looked to establish the extent to which the qualitative and quantitative benefits that were identified during the procurement exercise have been brought to fruition.

The review highlighted a range of good practice and innovation that had taken place, together with the operational achievements of the service. The review team further noted the identification and tracking of benefits “to be highly systemised and exemplary”.

The review team found that despite the challenges of introducing a contract of this scale that the contract was now running much more smoothly, and is delivering value for money and improving levels of both technical quality and customer care. The team found that the Council have achieved the benefits expected from the new contract, at the time of the review, including significant cost reduction. However they recognised that there remain significant risks associated with the contract which remained to be resolved to secure the realisation of future planned benefits.

Accordingly, the reviewers made a number of recommendations which, together with a commentary on progress in acting on those recommendations, is **attached as Appendix 2** to this Report.

4.5 Operational Overview

The first year of the contract (April 2009 to March 2010) required a certain amount of “bedding in” with both client and contractor making adjustments and accommodation to their ways of working. Further improvements since (through the Innovation sub-groups described at paragraph 4.3) have brought about jointly developed protocols for working arrangements; notably for works ordering and programming, together with a jointly funded resource for managing the complex works programme and for issuing of statutory streetworks notices for maintenance operations.

The success of the arrangements can be seen through the scale of the works completed during the first whole year of the contact (April 2009 to March 2010) which are detailed in **the attached Appendix 3**.

During 2010/11, the Council entered into a Tripartite Agreement with the Contractor and Scottish Power to bring about the introduction of the Contestable Service Works on the power company network; enabling greater control for the Council in completing street lighting schemes promptly. The scope of the Contract allowed for this work at the outset, and work under the new Agreement began in October 2010 and is proving successful in ensuring that the high priority of restoring lighting is achieved.

4.6 Performance and Risk Management

Regular reports on the risks and performance of aspects of the contractor and client activities are prepared by the client (risks) and contractor (performance) on a monthly basis. There are performance targets against which the contractor and client report to the quarterly Board, in order for review of risk status and accountability for performance to be addressed.

A full Performance Management Framework is in place, having been approved by the Partnering Board in July 2009. Performance against those measures considered to be crucial at the outset has largely been successfully achieved, but there has been recognition recently that a number of those measures are no longer critical and there is a need to develop more relevant indicators as the service goes forward. Hence the introduction of the seventh

innovation sub-group this year; to examine performance management more closely to meet the future needs of the service.

Customer feedback monitoring, through both the Customer Relationship Management (CRM) system and through feedback questionnaire following significant maintenance schemes have also been introduced this year. This has already led to a review of the pre-works information provided to households and businesses prior to works commencing; in order to provide better information.

4.7 Benefits Realisation

The Benefits Realisation Plan for the Contract was developed to ensure that the aims, objectives and aspirations of the procurement exercise are fully delivered, and the Plan, and progress made are attached **at Appendix 4** to the Report. The Capital, Revenue and Efficiency financial savings for 2009/10, within the Plan, have all been achieved.

4.8 Future Challenges

There is a need for both parties to improve the flow of service requests and works orders to agreed completion dates; fully utilising the CRM system.

Improving the programming and planning of works to achieve a balance of work for the contractor throughout the year and maximising the works carried out during the longer, warmer days remains to be perfected. Such improvements would also allow even better management of highways budgets and further reduce the impact of severe winter weather on delivering highway maintenance programmes.

Opportunities for greater integration of client and contractor activities; increasing customer perception of a single service provider and reducing duplication of activities; to further reduce the client staff costs; will be considered in the near future.

The Council's review of the largest contracts as part of the Strategic Change Programme will provide a focus for improvement opportunities, including the above matters, during the coming months.

5.0 RELEVANT RISKS

5.1 None identified through this Report.

6.0 OTHER OPTIONS CONSIDERED

6.1 None identified through this Report.

7.0 CONSULTATION

7.1 None required for this Report

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None identified through this Report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 None identified through this Report.

10.0 LEGAL IMPLICATIONS

10.1 None identified through this Report.

11.0 EQUALITIES IMPLICATIONS

11.1 None identified through this Report.

11.2 Equality Impact Assessment (EIA)

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|---------------------------------------|-----|
| (a) Is an EIA required? | No |
| (b) If 'yes', has one been completed? | N/A |

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None identified through this Report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None identified through this Report.

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APPENDICES

- Appendix 1: Innovation sub-groups.
Appendix 2: Gateway Review 5 – recommendations and progress.
Appendix 3: Works carried out during first complete year of contract (April 2009 to March 2010).
Appendix 4: Benefits Realisation Plan.

REFERENCE MATERIAL

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Sustainable Communities Overview and Scrutiny	14 September 2010
Sustainable Communities Overview and Scrutiny	21 June 2010
Cabinet	16 October 2008
Cabinet	04 September 2008