



WIRRAL COUNCIL

BUSINESS OVERVIEW & SCRUTINY COMMITTEE

4 JULY 2018

REPORT TITLE	RE-COMMISSIONING OF HIGHWAY SERVICES FROM OCTOBER 2018
REPORT OF	STRATEGIC COMMISSIONER FOR ENVIRONMENT

REPORT SUMMARY

The Council and contractor Bam Nuttall (BAMN) have agreed that the current strategic contract for Highway services will come to an end on 30th September 2018 after one six month extension to the original four year contract that commenced in April 2014.

Taking account of the limited time period to re-commission these services, an options appraisal exercise using the Highway Maintenance Efficiency Programme (HMEP) Procurement Route Choices Toolkit indicates the most viable way forward is to bring these services back under the direct control of the Council.

The re-commissioning of these services based on this 'direct control/ ownership' model was approved by the Leader of the Council on 28th November 2017. This report and accompanying presentation by officers provides an update on progress in re-commissioning these services to meet the October 2018 deadline.

These services are delivered across all Wards though there are no changes to specific service policies or standards associated with this re-commissioning exercise. In terms of Wirral Plan Pledges, these services directly contribute to the Transport and Technology Infrastructure Pledge which in turn plays a key role in supporting many of the outcomes under the Business and Environment themes in the Plan.

RECOMMENDATION/S

Committee is requested to note and endorse the progress in re-commissioning these services to meet the October 2018 deadline.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Re-commissioning these services to ensure new arrangements are in place for October 2018 when the current contract expires is important to ensure continuity of service delivery. This is especially important for the day-to-day routine work such as pothole and street lighting repairs that ensure the Council meets its statutory obligations as Highway Authority.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Alternative re-commissioning options were considered as part of the options appraisal exercise using the Highway Maintenance Efficiency Programme (HMEP) Procurement Route Choices Toolkit. Taking account of the limited time period available, this work highlighted the most viable option is to bring these services back under the direct control of the Council.

- 2.2 The following critical success factors were used in the options appraisal process:

- Strategic fit – aligns with strategic aims
- Value for money – delivers value for money
- Manageable/ flexible – meets the level of service required
- Affordable – delivered within budget
- Achievable – delivered within timescale

3.0 BACKGROUND INFORMATION

- 3.1 Wirral's highway network, the Council's biggest asset, is currently worth £2.48 billion and consists of approximately 1,200 kilometres of road, and is currently maintained via the strategic contract with BAM Nuttall (BAMN).

The contract, which started in April 2014 and is worth around £6 million per year, will come to an end on 30th September 2018 having been extended for 6 months past the original four year term. The following service areas are covered by the current contract:

- Carriageways, footways
- Drainage, culverts and drains
- Street Lighting
- Signs and road markings
- Structures
- Winter maintenance
- Coastal protection infrastructure maintenance

- 3.2 In summary, the contract consists of two broad types of work:

- Routine/ reactive work – day-to-day revenue-funded activity such as pothole and street lighting repairs, traditionally undertaken by resources

directly employed by the main contractor and crucial to enabling the Council to discharge its statutory responsibilities as Highway Authority; and

- Structural/ planned work – capital-funded activity such as ‘plane out and resurface’ schemes or specialist surface treatments, traditionally undertaken by specialist highway sub-contractors and instrumental in enabling the Council to achieve its overall highway condition performance indicators.

4.0 MODEL FOR SERVICE DELIVERY FROM OCTOBER 2018

- 4.1 The proposed model for these services from October 2018 consists of bringing the operational functions currently executed by contractor Bam Nuttall (BAMN) back under the direct control of the Council. Client functions will continue to be discharged by staff in Highways Management as they are now, however the functions currently discharged by the contractor will be picked up either by Business (Commercial) Management or by Delivery Services.
- 4.2 For the delivery of routine/ reactive work, a new highway contracting function will be established in Delivery Services and BAMN employees involved in this work will transfer into this part of the Council organisation.
- 4.3 In terms of structural/ planned work, this will continue to be carried out by specialist private sector contractors and a framework of arrangements will be developed to ensure this work is effectively managed by Business (Commercial) Management.
- 4.4 Further detail on these proposed arrangements and progress in the re-commissioning of these services will be the subject of an accompanying presentation by officers to the Committee.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The value of the current contract is around £6M p.a. consisting of approximately £2M p.a. revenue for Routine/ Reactive Works and £4M p.a. capital for Structural/ Planned Works. This excludes the cost of ‘client’ staffing functions.
- 5.2 It is anticipated that there will be financial efficiencies by bringing contracting functions back under the direct control of the Council especially on the Routine/ Reactive (revenue funded) side, however these are likely to be in the medium-long term and cannot be confirmed at this stage.
- 5.3 There will be one-off costs, which it is anticipated will be contained from within existing budget resources, associated with the departure from the existing (BAMN) contract however these costs will be incurred regardless of which future commissioning model is chosen.

6.0 LEGAL IMPLICATIONS

- 6.1 The re-commissioning of these services is essential to enable the Council to fulfil its statutory obligations as Highway Authority, especially the Routine/ Reactive Works side which plays a key role in the Highways Act Section 58 Defence inspection and repair regime.
- 6.2 Section 41 of the Highways Act 1980 imposes a duty on the Council, as Highway Authority, to maintain highways at the public expense.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 7.1 In terms of staffing, BAMN employees are being reassured that the service will continue following the 30th September 2018 when the current arrangements cease and that the Transfer of Undertakings and Protection of Employment (TUPE) Regulations will apply to those that may be affected. Staff on the 'client' side (Commissioning Support Unit) are not directly affected by this re-commissioning exercise.
- 7.2 In terms of assets, the contract is currently delivered by the BAMN operation working out of Prenton Depot which is wholly owned by the Council and it is likely that the operation will continue from this depot at least in the short-term.
- 7.3 Investment in new plant, vehicles and ICT will be likely to ensure a modern and efficient directly-controlled highways service.

8.0 RELEVANT RISKS

- 8.1 Relevant risks were considered as part of the options appraisal process to decide the proposed way forward for re-commissioning these services. A detailed approach to risk management is an important part of the effective management of this re-commissioning project.

9.0 ENGAGEMENT/CONSULTATION

- 9.1 Engagement with the service provider market is an essential part of the necessary procurement process for the re-commissioning of these services.
- 9.2 Regular engagement and updates for trade union representatives and staff, both with the Council and BAMN, will also be an important aspect of this project to ensure a smooth transition to the new arrangements.

10.0 EQUALITY IMPLICATIONS

- 10.1 There are no implications under this heading.

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APPENDICES

None

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Leader Decision Report	November 2017