

Gloucestershire County Council

Cabinet Panel Report: Highways Procurement

Cabinet – 27 September 2017

1. Background

At the Cabinet meeting on 19 June 2017, Cllr Vernon Smith, Cabinet Member for Highways and Flood at Gloucestershire County Council (GCC), announced his intention to establish a cross party Cabinet Panel for members to engage in the procurement of contract(s) required to deliver the county's highway services, including the post April 2019 term maintenance contract currently delivered by Amey.

A Panel was established in July 2017, comprising the following members: -

Cllr Vernon Smith (Chairman)
Cllr Stephen Hirst
Cllr Dave Norman
Cllr Keith Rippington
Cllr Ray Theodoulou
Cllr Graham Morgan
Cllr John Cordwell
Cllr Rachel Smith

Officer support for the Panel is provided by Scott Tompkins, (Lead Commissioner Highway Authority), Mark Darlow-Joy (Highways Contract Manager - Contracts & Procurement), Mike McGowen, (Commissioning Officer: Contracts), Kath Haworth (Highways Manager) and Jo Moore (Democratic Services).

2. Summary of Meetings

Meeting: 26 July 2017

Cllr Smith explained that the proposed model for the new service proposed 3 contracts, comprising: -

- 1) **Term Maintenance Contract** - for the delivery of routine highways maintenance such as pothole repairs, grass cutting, gulley cleansing and the delivery of minor improvement works.
- 2) **Structural Maintenance Contract** - providing a direct relationship with a tier one contractor for the delivery of road resurfacing work, including the additional investment.
- 3) **Professional Services Contract** – to support the Council's staff in specialised detail design work on Bridges, geotechnical (landslips), drainage schemes, in addition to providing design and project management support for major schemes.

Scott Tompkins, Lead Commissioner Highway Authority, gave a detailed presentation on the initial proposals for the contracts and the anticipated way forward for delivering highway services across the county.

Members concluded that, to deliver the new service as a 'multi-provider' arrangement, would depend on creating strong relationships between each of the providers. Two providers, (with the potential for one provider bidding for 2 contracts), was a possibility.

Despite significant improvements in performance by the current provider, the Panel reflected on some of the issues experienced during the initial states of the contract and suggested the issues were most likely a combination of several factors, namely; too high a proportion of work being sub-contracted out; the regional management team located in an 'out of county' location; and the limited authority of GCC Officers and Local Highways Managers in managing local issues.

Members supported the proposal of bringing back in-house some of the highways management and design functions, and for Local Highways Managers to have more control with decision-making.

Although there will be separate timelines for the procurement of the structural maintenance and professional service contracts, the term maintenance contract is likely to be the most time-consuming. It was noted that the council would need to commence proceedings for the term maintenance contract during the Autumn, (2017), for a contractor to be in place for April 2019.

Highways Term Maintenance Contract

Cabinet approval	27 Sept 2017
Commence tendering process	Late October 2017
Pre-Qualification Questionnaire (PQQ) submissions	Late November 2017
Invitation to Tender (short listing 5 to 7 contractors)	Early January 2017
Bidders return quality submissions	End of March
Evaluation (short listing 3 contractors)	End of April
Competitive negotiation sessions	May 2018
Final tender documents	End of May 2018
Final bid submissions	End of June 2018
Evaluation	June/July 2018
Standstill	August 2018
Contract Award	September 2018
Mobilisation	Oct 2018 to April 2019

The consensus of opinion throughout the meeting was to 'secure the best possible contract' for delivering highway services across Gloucestershire.

Meeting: 31 August 2017

Members received a detailed presentation on the feedback from the recent soft marketing exercise, including a short overview on each of the organisations expressing an interest in bidding for one or more of the contracts.

The Panel welcomed the level of interest in the council's proposals and the support that had been received. Once again, emphasis was placed on the need to establish good relations between the contractors.

Outlining the terms of the proposed contract procurements, officers elaborated on how the contracts would be managed and the safeguards put in place to avoid some of the issues experienced during the initial stages of the current contract.

Proposals to enhance and promote customer experience and an outline of the proposed contract governance arrangements were also considered.

The Panel also noted two Highways Enquiries Process Proposals, for which further discussions would be held at a future meeting.

Meeting: 7 September 2017

The Panel met to consider initial comments and any points of concern.

With a generally positive outlook on the proposals, panel members expressed the following views: -

Cllr John Cordwell:

Looks like a great improvement on the existing situation. Particularly welcomes the intention of increased in-house decision-making and delivery. Fully supports the proposal of PROW staff coming back to the council and more hands-on role for the Local Highways Managers.

Cllr Cordwell was reassured there would be a role for a cross-party group, (the Panel), to assist in monitoring the contract procurements, as had been the position with the former Highways Contracts Advisory Group. Officers particularly welcomed the proposal to engage with the Panel throughout and at future stages of the contract procurement, with meetings arranged as and when required.

Cllr Graham Morgan

I fully support the proposals. I think this will give GCC better control over Highways issues. I believe this will be better for routine maintenance such as pot hole repairs.

Cllr Dave Norman

Following the initial meetings of the Panel and the supporting presentations, I support the proposals on the future of the highways contract arrangements. I support the view of bringing back more control to the Council in determining, designing and planning the delivery of highways works. Three separate procurements of contracts to deliver term maintenance, structural maintenance and professional services appear logical at this time.

I particularly favour more local control, as long as it is managed within budget and in so moving to this control, the Authority is able to monitor more directly works undertaken, while recognising that the Authority is faced with another significant financial challenge over the coming three years.

Regarding the Enquiries process – I favour Version 2, (of the Highways Enquiries Process Proposals), as it seems from first reading to place the enquiry in the Depot area linked to the enquiry.

I am sure given the opportunity Members from this Panel will be able to provide professional and constructive support in the procurement selection process going forward

Cllr Stephen Hirst

I am pleased that a complete review of the Highways operation is being undertaken in the way we are looking at the future operation. The manner which is being proposed, three separate units and the return of various functions to the County Council, is a great step forward. The new format allows more control to be retained by the council on the service levels of job completion, but more importantly, the quality of the completed work. This should lead to better user satisfaction from both the council and the public.

Apart from regaining control over the quality of the finished product, I also favour the break up of the function into the three specific areas which enables us to appoint individual contractors into their areas of specialism. It's obvious from the way that the current contract has been operated that large contractors struggle with a large number of small jobs and there is a low amount of flexibility in this part of the contract. I also approve of the manner which we will retain control over the quality of finished product.

The division of the contract allows contractors to employ their strengths in particular sectors. It could be that local contractors are better equipped for local work whilst larger schemes are more suitable to larger companies that have commensurate resources to employ to take on larger jobs. It could be called horses for courses.

Cllr Rachel Smith:

I am glad we have an opportunity to review and change the way in which Highways are operated and maintained in Gloucestershire, as the state of the roads is a source of constant complaint - and rightly so - uneven surfaces and potholes are dangerous, not only to drivers, but also to pedestrians and to cyclists.

It seems that the way in which this round of procurement is being designed, and split into the 3 sections, is direct learning from the difficulties with Amey, especially regarding a) contract duration b) the all-encompassing nature of the Amey contract, and c) performance related penalties or rewards.

I welcome that some of the areas are being brought in house - particularly the TRO, PROW and design work.

I think it is important that people already doing the job, in all areas, are consulted about what works well, especially as there is a move to breaking up the contract into 3 new contracts. For example, how might the design team, being brought in-house), feel about providing designs to an outside contractor to build, when previously they have all been part of one company? What might be the benefits? What might be the pit-falls? I would urge thorough consultation with those 'on the ground' when developing the new structures.

Cllr Keith Rippington:

I have attended two out of the three meetings. Unfortunately I had to miss the second of the three meetings as I was recovering from surgery.

Initially, I would like to place on record my views of the Gloucestershire County Council Officers who were present at the meetings I attended. I was especially impressed with their approach to this potentially very challenging topic and at each of the meetings, when challenged by members they were not defensive in any way and where appropriate, appeared to take on board the comments.

The approach outlined seems very sensible to me and should provide a 'fit for purpose' model which will enable not only a more effective programme but also go a long way to address many of the issues / complaints most members are aware of.

I would also like to acknowledge the benefits of a cross party approach where political issues seemed not to impact on the discussion. Finally, I would also like to recognise the very open approach demonstrated by Cllr Vernon Smith, who maintained an inclusive approach and seemed genuinely open to the various ideas that were discussed.

3. Proposals/Outcomes

Overall, the Panel was pleased with the direction of travel being taken by the council to procure the contracts required to deliver the county's Highway Services and fully supported the activities and proposals presented at this stage of the procurement process.

The Panel was encouraged by the opportunity to engage with Cabinet Members and officers and looked forward to more opportunities for panel members to provide input at key stages of the contract procurement.

Several members reflected on the difficulties encountered during the initial stages of the current contract and expressed caution about the need to secure a 'fit for purpose' legal position. Seeking reassurances that the legal arrangements for the contract would be strong enough to inspire the public and instil confidence in councillors and members of staff when meeting the council's expectations, the Panel urged officers to ensure the council's legal position was as secure as possible.

The Panel believed regular updates to members would be useful, commencing with an all member presentation in November 2017. The presentation to follow on from a presentation to GCC staff. Feedback from the staff event will be fed into the member presentation.

It is requested Cabinet note the initial conclusions of the Panel's work during consideration of the cabinet decision on 27 September 2017, seeking authorisation to carry out tender processes for the delivery of highway services for Gloucestershire.

**Cabinet Panel
18 September 2017**