



Committee and Date  
Environment and Services Scrutiny Committee  
Monday 26<sup>th</sup> September 2016

## **Highways and Transport Engineering Consultancy Contract: Mouchel Performance Review**

### **Responsible Officer**

e-mail: Steven.brown@shropshire.gov.uk Tel: 01743 257802 Fax:

## **1. Summary**

- 1.1. The report provides an overview of the performance, achievements and progress under the Highways and Transport Engineering Consultancy Term Service Contract (Mouchel) since its commencement in April 2015 until March 31<sup>st</sup> 2016.
- 1.2. Scrutiny should note that the competitive procurement and award of the contract was:
  - (i) an essential step in guaranteeing continuity of provision of vital engineering services
  - (ii) a foundation stone for the implementation of Commissioner – Service Provider arrangements for the service and the delivery of professional support to the Council's interests.
- 1.3. This report provides details of the scope and performance of the service within the first year of operating the contract. It describes the added value which has been derived from the new operating model and describes some key future targets and areas for improvement that have emerged in a contract with a scope and complexity across numerous Engineering and Consultancy disciplines.

## **2. Recommendations**

- 2.1. **That Environment & Services Scrutiny Committee scrutinise and comment on this report, and agree that further annual reports be presented to this Committee regarding the operation and outcomes of this contract.**
- 2.2. **That Environment & Services Scrutiny Committee note the non-application of the optional three-year contract break clause, within the seven-year term awarded, to deliver maximum value in service provision.**

### 3. Background to the Contract

- 3.1. Shropshire Council has successfully utilised the skills and resources of professional engineering services (Mouchel) since October 2000. In 2014/15 Shropshire Council (SC) successfully procured the next generation of service provision from the market, and following robust and intense competition, Mouchel Ltd were appointed as the most economically advantageous tenderer.
- 3.2. The contract was awarded as a Commissioning Contract, with different requirements, scope of services and support to SC than the previously awarded Consultant Engineering Contracts. Therefore, no direct comparison can be made between the existing and previous contracts, outcomes, and costs.
- 3.3. The award of the current commissioning contract, was new in its approach, contract philosophy and operation. As stated this contract embedded the commissioning approach required by Shropshire Council with the differentiation of Commissioner and Service Provider. Typically, this involves discussion on achieving outcomes, drafting project briefs and agreeing project briefs and costs, to allow the necessary work, service or advice to be undertaken and to support the Council in delivering on its obligations and commitments within communities.
- 3.4. Any new contract and new approach obviously requires a 'settling period' to enable the contract process, training, development and support to staff to settle. This settling period was quickly achieved, early within the first year of the contract, this was mainly due to joint management of programmes in:
  - Cultural change
  - Staff development
  - Operational and process development
  - Staff working groups developing an approach on each individual service area of the contract – e.g. Drainage.
  - Staff working group presentations from the Leadership Team, to allow development, challenge and progression for the individual serviced areas within the contract.
  - Work directions and programmes overseen and challenged by the Leadership Team, supported by briefings to the Portfolio Holder for Highways and Transport.
  - Contract and commercial issues dealt with via the Contract Service Manager and Mouchel Project Director on a regular basis.
- 3.5. Shropshire Council operates as a Highways 'Alliance', with Mouchel and Ringway with an overall budget of circa £25 million per annum. The alliance provides support, quality and added value to the delivery of works and services within Shropshire.
- 3.6. The first year of the contract was required to allow the above to become sustainable, and to ascertain the overall cost of the works, services and consultancy required to support the new approach, thus financially a base

line year was developed, with overall spend to Mouchel of £4,638,936.61. All expenditure was contained within service budgets or additional external income.

- 3.7. This base line will allow for robust monitoring and identification of financial comparisons going forward in the contract.
- 3.8. The key service outcomes or dashboard data, can be summarised for the first year of operations as:

<b>Total expenditure (capital and revenue for 2015 / 2016</b>	<b>£4,638,936.61</b>
<b>Cost centres utilised</b>	<b>136</b>
<b>Average financial value of commission / fees</b>	<b>£34,109.83</b>
<b>Financial spread of commission fees (lowest individual to highest individual).</b>	<b>£250 - £461,383.42</b>
<b>Amount of fess / Commissions less than £100,000</b>	<b>125 in total</b>
<b>Amount of fess / Commissions more than £100,000</b>	<b>11 in total</b>
<b>Contract , professional and Operational service areas of the contract providing support</b>	<b>12 of the 14 available</b>

- 3.9. The scope and scale of the contract is summarised overleaf showing the key service areas, activities and volumes, along with the numbers and values of briefs issued during 2015/16.

## Service areas, activities and volumes 2015 - 16

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
1. Contract Administration, Commercial Advice & Industry Best Practice	1.1 Professional support	- Shropshire Alliance	9
	1.2 Updating contract documentation	- Shropshire organisational development	
	1.3 Audit functions	- Parking strategy	
	1.4 Contract issues	- Permit scheme work	
	1.5 Advice on industry best practice	- Shropshire West & Shires permit scheme training	
2. Highways Development Control	2.1 Pre-application planning consultation	- Land charge searches and highway services requests – 5793 undertaken	10
	2.2 Planning consultation advice	- Pre-planning application	
	2.3 s38/s278 Highways Act 1980 (HA80) Agreements	consultation & advice – 1046 undertaken	
	2.4 s38/s278 HA80 adoption inspections	- Highway adoption design checks - 36 undertaken	
	2.5 s278 HA80 design & delivery	- Highway adoption - inspections - 3 undertaken	
	2.6 Land charge searches		
	2.7 General highways enquiries		

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
3. Flooding and Water	3.1 Surface water management 3.2 Evaluation of sustainable drainage design applications 3.3 Continuous programme schemes 3.4 Specialist hydraulic modelling 3.5 Property flood protection Assessments 3.6 Flood alleviation scheme feasibility, economic appraisal 3.7 Preparation of funding bids 3.8 Land Drainage Authority functions 3.9 Ordinary watercourse consents 3.10 Register of Structure and Features 3.11 Other commissions	<ul style="list-style-type: none"> <li>- Tendered drainage schemes</li> <li>- Shropshire Natural Flood Management Plan</li> <li>- Planning application advice               <ul style="list-style-type: none"> <li>o 2015/16 – 2068 applications</li> </ul> </li> <li>- Much Wenlock flood alleviation scheme</li> <li>- 14 drainage schemes</li> </ul>	25

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
4. Street Lighting and Traffic Signals	4.1 Continuous programme of new installation and replacement column schemes 4.2 One-off schemes 4.3 Engineering services for traffic signals 4.4 Customer service support 4.5 Manage programme of cyclical work 4.6 Assessment of night patrol data and raising repair task orders 4.7 Street Lighting column inspections 4.8 Traffic signals 4.9 Energy procurement for Town and Parish Councils 4.10 Christmas decorations and street lighting attachments 4.11 Other commissions	<ul style="list-style-type: none"> <li>- Annual programme of schemes and cyclical work</li> <li>- Vehicle activated sign installation and upgrades</li> <li>- Wig-Wag sign installation and upgrades</li> <li>- Shropshire Council's Traffic Signals Contract 2016</li> </ul>	18

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
5. Highways Schemes, major projects and traffic schemes	5.1 Continuous programme highway and traffic schemes 5.2 One-off schemes 5.3 Consultation for traffic schemes	<ul style="list-style-type: none"> <li>- Over 100 highway maintenance schemes</li> <li>- Marches Local Enterprise Partnership Growth Deal– Shrewsbury Integrated Transport Package</li> <li>- Marches Local Enterprise Partnership Growth Deal – Oxon Link Road</li> </ul>	99
6. Transport Planning and Traffic, Public Transport & Concessionary Travel	6.1 Continuous programme of traffic monitoring and traffic counts 6.2 One-off traffic monitoring and traffic counts 6.3 Strategic transport studies, feasibility studies and modelling 6.4 Public consultation 6.5 Preparation of funding bids and business cases for major schemes 6.6 Passenger interviews and surveys 6.7 Concessionary travel advice	<ul style="list-style-type: none"> <li>- Accident cluster sites reports</li> <li>- Cycle counter upgrades</li> <li>- Car park asset management &amp; surveys</li> <li>- Concessionary Travel (Bus Pass) Operator Reimbursement –monthly monitoring and fixed deal negotiations.</li> </ul>	18

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
7. Bridges and Highways Structures	7.1 Principal, General Maintenance and BD 79/13 Inspections 7.2 Special inspections 7.3 Design and inspection of capital works 7.4 Specification and inspection of routine maintenance works 7.5 Customer service support	<ul style="list-style-type: none"> <li>- Annual programme of bridge inspections</li> <li>- Special inspections (following damage or weather events)</li> <li>- Routine maintenance</li> <li>- Public right of way inspections</li> <li>- 7 major bridge improvement schemes eg               <ul style="list-style-type: none"> <li>o B1763 Mytton Bridge</li> <li>o B6432 Ticklerton Bridge</li> <li>o Bridgnorth Endowed School Footbridge</li> </ul> </li> </ul>	18
8. Divisional Highway Maintenance Works	8.1 Support to continuous programme highway maintenance works 8.2 Support to one-off highway minor improvement works	<ul style="list-style-type: none"> <li>- 18 schemes including:               <ul style="list-style-type: none"> <li>o Station Road, Albrighton</li> <li>o A5 Burlington Junction</li> </ul> </li> </ul>	18



Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
9. Inspection Monitoring & Audit Services	9.1 Support to the Employer's teams undertaking inspections	<ul style="list-style-type: none"> <li>- 3 support staff to assist with permit inspections covering:               <ul style="list-style-type: none"> <li>o highway safety</li> <li>o permits</li> <li>o Keep Britain Tidy</li> <li>o watercourse flooding and drainage</li> <li>o adoption inspections</li> </ul> </li> </ul>	1
10. Asset Data Management	10.1 Procurement and management of routine network survey data 10.2 Management and maintenance of a data hub 10.3 Production of basic condition indicators 10.4 Asset valuation 10.5 Preparation and drafting of strategic plans, policies and standards 10.6 Preparation and updating of Asset Management Plans	<ul style="list-style-type: none"> <li>- Assisting Shropshire Council with preparing Asset Management Plan</li> <li>- Annual programme of asset management surveys and road surface analysis</li> </ul>	6

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
	10.7 Preparation of intervention programmes		
11. Business & Enterprise	11.1 Initial site appraisal of potential development site 11.2 One-off economic development schemes 11.3 Topographical surveys and geotechnical investigations 11.4 Economic development site drainage 11.5 Flood investigation studies 11.6 Survey work and design to secure s38 and s278 HA80 adoptions of schemes already constructed 11.7 Scoping of utility infrastructure requirements 11.8 Development-related transport planning	<ul style="list-style-type: none"> <li>- Shrewsbury Business Park</li> <li>- Oswestry Innovation Park preparation works</li> <li>- Inspection of site for adoptions</li> </ul>	4

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
12. Fleet Management	12.1 Procurement, management and inspection of Employer's in-house fleet  12.2 Providing statutory roles in terms of the fleet  12.3 Management and maintenance of the fleet inventory  12.4 Providing advice and training on industry best practice and techniques, changes in legislation and specifications	- Currently unused	0
13. Data Management	- Currently unused	- Currently unused	0
14. Sustainable Transport	14.1 Provision of a presentation to assembly at any school or college in Shropshire on road safety, active travel & sustainable transport  14.2 Provision of a presentation / lesson / activity / programme to class / school / group at any school or college in Shropshire on road safety, active travel, sustainable transport – 1 hour  14.3 As 14.2 but half-day duration	2 road safety officers delivering a package of educational training  - Area 14.1 – 14.14 road safety and sustainable transport work  - Secondary and FE road safety presentations - 248 sessions to 8932 pupils  - School crossing patrol supervision visits – 10 undertaken	1

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
	<p>14.4 As 14.2 but full day duration</p> <p>14.5 Stepping Out pedestrian training programme to Year 3&amp;4 primary school children</p> <p>14.6 Provision of notice to schools offering resources for road safety, active travel and sustainable transport events</p> <p>14.7 In response to expressions of interest promote the implementation of walking buses / 'park and stride' schemes within primary schools</p> <p>14.8 Annual monitoring of existing walking buses / 'park and stride' schemes within primary schools</p> <p>14.9 Attendance at school or college or provide support, advice and guidance to schools in reviewing and implementing their school travel plans</p> <p>14.10 Provide support, advice and guidance to schools in reviewing and implementing travel plans</p>	<ul style="list-style-type: none"> <li>- Pre-driver days - 4 sessions to 192 pupils</li> <li>- Stepping Out pedestrian training courses - 71 sessions to 2815 pupils</li> <li>- Primary and nursery road safety presentations - 35 sessions to 2423 pupils</li> <li>- School travel plan reviews – 18 undertaken</li> <li>- Walking Bus support visits - 16</li> <li>- Bikeability – contract liaison and administration delivered - 1777 at Level 1/2 or Level 3</li> <li>- Scooterability - 18 sessions to 285 pupils</li> <li>- Safe cycling - 12 sessions to 188 pupils</li> </ul>	

Service area	Service area coverage	Key service highlights and deliverables	Number of briefs/task orders issued
	<p>14.11 Provide an annual report and assessment on pupil mode of travel for Shropshire Council maintained schools and colleges</p> <p>14.12 Manage and organise school crossing patrol sites in Shropshire and undertake the day-to-day administration involved</p> <p>14.13 Manage &amp; organise the 'Bikeability' cycle training delivery programme</p> <p>14.14 Provision of one-offs and short programme delivery of sustainable transport and road safety initiatives / events</p>		

- 3.10. A key feature of the new contract and approach was the consolidation of service delivery through the Council's approved Commissioner – Service Provider Model. In this model, Council officers perform the Commissioner roles and safeguard the Council's interests in key areas of service, such as performance standards, interpreting and managing the expectations of service users, finance, audit and legal compliance. There is also some direct delivery of services by Council officers, for example on the Shrewsbury Integrated Transport Package, supporting strategy development and preparing information for the Local Enterprise Partnership, delivery to schools, public consultations and presentations to local Councils and LJs. Member liaison and briefing roles are also retained on the Commissioner side.
- 3.11. Mouchel is responsible for day to day service delivery, including designs, inspections, programme management, project management and construction supervision. There is a 'hidden added value' in the integration of staff with SC across the full service scope, to ensure the delivery of projects, services and functions in a planned and affordable manner. A clear example of this is the progression to becoming a Level 3 Authority (Department of Transport – Incentivisation Scheme) which will provide reputational and financial betterment to this authority. This aspect has been previously reported to Scrutiny Committee, in late 2015.
- 3.12. Central to the smooth and joined up pattern of service delivery is the issuing and joint agreement of service briefs to ensure that specific Council needs are identified and delivered. These occur through the exchange of Task Orders, with financial controls retained by the Commissioner to ensure service affordability as well as quality and reliability, in order to ensure delivery of outcomes and services. A typical example was the support on planning and technical advice with the Shrewsbury Integrated Transport Package (SITP) outline business case submission. The SITP is now being delivered, as prescribed in the relevant Task Order, in a seamless partnership approach.
- 3.13. The above is supported by joint / integrated staff briefings and individual service reviews, consisting of both sets of staff, to ensure improvement, challenge or support is provided to support the delivery of outcomes.

#### **4. Scope of services.**

- 4.1. There has been considerable activity on the majority of contract service areas, resulting in timely delivery of large and complex programmes of highways and transport work, both 'on the ground' and in terms of wider policy initiatives.

4.2. Scrutiny should note that the most recent element of the National Highways and Transport survey stated that Shropshire was assessed as:

- i) Medium quality
- ii) Low cost
- iii) High satisfaction

## 5. Assessment of Performance

5.1. Officers from Shropshire Council and have comprehensively assessed performance of the first year of contract operation by focusing on Quality, Time and Cost for all works. This has been achieved through:

- (i) Quantitative measurement against the contract's performance indicators
- (ii) Commissioner satisfaction results
- (iii) Qualitative evaluation against critical contract requirements forming the basis of Mouchel's tender.

5.2. **Contract performance indicators** - performance on Quality was measured by the Commissioning Officer on the 'Confirm on Demand' management system as a mandatory component of approving a request for payment. A total of *227 orders were assessed, of which 96% were approved on the first application for payment.*

5.3. **Performance on Time** was measured against delivery on or before the target date, and delivery later than the target date. *Of the 227 orders, 100% were delivered on time.*

5.4. **Performance on Cost** was measured against delivery under budget, on budget and over budget. *Of the 227 orders, 100% were completed within budget.*

5.5. **Commissioner satisfaction results** – Mouchel use their corporate measurement system on this contract to provide a 'real time' assessment of service satisfaction. This takes the form of a proforma questionnaire designed to obtain client views on 14 key aspects of performance. It is completed and scored by clients on a 1 to 10 scale. *Average scores are high 8.0 or higher out of 10: for a first year of a new contract, as demonstrated below.*

<b>Overall satisfaction (average score)</b>	<b>8.2 / 10</b>
<b>Quality of Service (average score)</b>	<b>8.3 / 10</b>
<b>Average scores across the 14 aspects (average score)</b>	<b>8.0 / 10</b>

5.6. **Contract Requirements** - the qualitative evaluation is now presented through commentary and examples of actual service delivery achievements during the first year of operation, under the headings of critical requirements on Mouchel at tender stage and during delivery.

5.6.1. **Requirement** – *A clear and robust approach to support Shropshire Council as a commissioning organisation at both strategic and local levels.*

*Achievements:* The new contract was mobilised efficiently and effectively, with the new Commissioner – Service Provider model being ‘up and running’ quickly, with minor teething problems being resolved rapidly. The two staff operating structures were aligned very early on, to facilitate efficient communications and service delivery. Mouchel provided skilled and experienced seconded personnel to act in the roles of Bridges and Asset Management Commissioners. Following the success of the model, additional functions were transferred to the Service Provider e.g. road safety education, school travel plans and sustainable transport.

5.6.2. **Requirement** – *Delivering added value to Shropshire.*

*Achievements:* The first year has placed very strong emphasis on embedding asset management principles and planning into service delivery. This was a key feature of the successful Mouchel tender. It has facilitated the achievement of Level 2 in the Department for Transport’s Incentivised Capital Maintenance Funding and firm plans are in place to achieve Level 3 by 2018 (as previously reported to the Committee).

Strong asset management will also feature in the new maintenance/works term contract. Mouchel are providing project management and contract support for this key procurement. Council officers have been integral to several of the twice yearly Mouchel Good Practice Forums, sharing knowledge and experience with other councils on subjects such as flooding and asset management and providing management overviews and forecasts of future pressures and strategic drivers.

5.6.3. **Requirement** – *Social investments that will outlast the contract.*

*Achievements:* Shropshire Council and Mouchel have helped to deliver positive outcomes for the Employability Agenda across the region through positive and proactive engagement with schools, apprentices, ex-offenders and ex-forces personnel. A very significant area of commitment and activity has been in Science, Technology, Engineering and Mathematics (STEM) education focused on promoting engineering as a profession for women by exposure to practical engineering in its widest sense. **Refer to Appendix 1** the first phase of



the joint Shropshire Council / Mouchel work has focussed on a programme of support for Bishops Castle Community College in South Shropshire. Key results include: -

- 14 STEM Ambassadors selected, trained and proactive
- Site visit for 20 students to Welshampton with 3 STEM Ambassadors
- 3 students are taking up work experience with Mouchel this summer

**5.6.4. Requirement** – *Significant improvements in quality and value made to the service delivery in Shropshire.*

*Achievements:* As described earlier, very high performance results have been achieved against critical contract KPIs and Commissioner Satisfaction. Shared reputational success has been gained through industry awards, such as the Battlefield Drainage Scheme winning the IHE (Mercia Branch) Environment and Sustainability Project of the Year.

Innovative and well received local projects have been delivered, such as Bridgnorth Footbridge, where steel bridges were modified and reused for public rights of way. Critical transportation projects are being delivered for economic growth, such as the Shrewsbury Integrated Transport Package, and support on the consultation process undertaken in Shrewsbury town centre has been previously noted.

**5.6.5. Requirement** – *Both organisations led through structured change in order to work in better ways.*

*Achievements:* The Joint Leadership Team (JLT) of Senior Council Managers and Mouchel representatives meet every three weeks to drive and govern change processes. This involves an active programme of forward planning and communication. Emphasis has been placed on regular staff engagement through ‘stand up’ presentations and bulletins. The JLT hold twice yearly interactive sessions with all relevant Council and Mouchel delivery staff in the Council Chamber.

The Portfolio Holder for Highways and Transport has recently presented at one of these sessions. The JLT has held two ‘deep dive’ sessions with Service Leaders to test and support day to day issues in service delivery. The concept of joint working and integration is a fundamental issue in ensuring quality and efficiency of delivery.

**5.6.6. Requirement** – *Both organisations develop common appropriate behaviours.*

*Achievements:* The two groups of staff have interlinked very well, such as on high profile projects such as the Shrewsbury Integrated Transport Package delivering c£12m of external investment to the town, supporting further economic growth. This involved very close

joint work on consultation, business case creation and securing of capital funding. This includes appropriate behaviours to uphold the good reputation of the Authority in the eyes of the public, with no differentiation between the Service Provider's staff and the Commissioner's during meetings, exhibitions and discussions at various forums and audiences.

Joint programmes of training and personal development have been delivered more widely for both groups of staff, including skills development on asset management and the new engineering contract. Recent accommodation modifications at Shire Hall have further facilitated joint working through an enhanced co-location experience for the two groups of staff. Joint professional development is also being organised to improve skill sets for all staff in both generic and specific disciplines.

## **6. Future priorities and opportunities**

6.1. The priorities for the next twelve months' centre on

- delivering services within budget and to an appropriate standard
- ensuring that services deliver the aims of the Council's new Corporate Plan
- delivering high profile projects which benefit the local economy e.g. SITP, NWRR
- driving the achievement of Level 3 asset management funding by 2018
- driving the new procurement of works and maintenance services
- designing and implementing further STEM support for Shropshire schools
- applying for regional awards for our work on STEM and on the success of the Commissioner - Service Provider Model.

6.2. Looking beyond the establishment of a successful new works / maintenance contract and operating model, officers consider that there is significant opportunity to deliver further service benefits across the remodelled Highways Alliance, to include all key service providers and review services from a full 'end to end' viewpoint.

## **7. Financial considerations**

- Financial Management is a key priority in delivering a Commissioned Service via a service provider. Mouchel via their approved tender provided rates, costs, or fixed fee elements against various levels of staff, that allow Commissioners to understand what the typical day rate for a commissioned member of staff would be with associated overhead costs. Additionally on projects, a fixed fee is also available to be negotiated to further ensure

budgetary control and service outcomes. All expenditure was contained within service budgets or additional external income.

7.1. The process follows a model of:-

- a) Initial discussion with Mouchel, as the timescale, outcome required, resources, quality of work required, risk etc.
- b) Mouchel draft an initial brief with fee element, this is discussed, negotiated, and clarified between both parties.
- c) Work brief is agreed, and issued with cost and outcomes agreed.
- d) Any potential variations are documented, revisions to cost made Work delivered and invoice submitted.

7.2. Therefore, the client is in control of the work and cost element, as no work can commence without an agreed brief and purchase order. All financial transactions are logged on the Councils Confirm IT system, and are fully auditable and transparent. The feedback is that the majority of all work is quickly agreed and paid for, utilising the above process. Any potential disputes will follow an escalation process, and ultimately contract requirements and NEC 3 contract provisions can be applied to resolve any such concerns.

7.3. The process supports the Council in delivering long term projects, such as developing LTP 4, SITP etc., but also for opportunistic work such as newly announced funding opportunities from central government, and allows for national expertise to be deployed in supporting the council i.e. developing the car parking strategy approach and roll out. It should be noted that all of such work is dependent upon the allocation of appropriate revenue funding.

## **8. Mouchel Contract – Non-application of the Contractual Break Clause**

8.1. As stated within this report, Mouchel were appointed in April 2015, following a successful competitive tender process. This report highlights the contribution that has been provided to Shropshire Council from this contract.

8.2. The contract awarded to Mouchel was for seven years (i.e. April 2015 until end of March 2021), however, to protect the Council's interests in respect of the approach with the Highways Term Maintenance Contract, a clause was included in the Mouchel contract that a break clause could be evoked by Shropshire Council, of three years from April 2015. This was to allow (if required) some flexibility for a revision of service arrangements whilst arrangements with the Highways Maintenance Contract were being finalised. The position is now finalised, and it is considered that the three years' clause should not be applied, and the Mouchel contract should run for its full term.

Obviously ongoing scrutiny (as recommended by this report) and contractual requirements, safeguards and performance thresholds apply, and continue to be managed by Shropshire Council.

- 8.3. The alternative is that a full re-procurement of the Mouchel Consultancy Commission within three years would be required, which would have an impact upon resources, finances and the wider Council in respect of Legal, Audit, and Human Resource advice and guidance. Further, the continuity of allowing improvements and benefits in respect of quality, approach and inter-relationships would undoubtedly be put at risk.
- 8.4. Therefore, it is recommended that the breaks clause should not apply, and the Contract operates for its full term, with the ongoing safeguards in place (contractual, quality thresholds, annual scrutiny updates). Additionally, based upon performance to date, no consideration of evoking the break clause should apply.

## **9. Conclusions**

- 9.1. Through performance review, officers conclude that the new contract has become a model of good practice of service delivery, within the Council's approved overall operating model of Commissioner – Service Provider. In that qualitative and quantitative outcomes are being delivered that under other structures and arrangements would not be. All expenditure was contained within service budgets or additional external income.
- 9.2. The contract has assisted the Council to progress positively with key service improvement projects such as asset management practice and funding, and the new works / maintenance contract procurement.
- 9.3. The contract has the identifiable potential to deliver future reputational and service delivery benefits for both the Council and the Service Provider in respect of submitting bids for external funding released by Central Government at short notice.
- 9.4. As a result, officers consider that it is not appropriate to exercise the three year break clause within the contract, thus enabling the contract to run progressively through its seven-year term.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Cabinet Member (Portfolio Holder)</b>
Councillor Simon Jones – Portfolio holder for Highways and Transport
<b>Local Member</b>
All Members
<b>Appendices</b>
Appendix 1 – STEM Briefing note