



Date: Wednesday, 19 October 2016

Time: 12.30 pm

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire,  
SY2 6ND

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## CABINET

### TO FOLLOW REPORT (S)

#### **8 Highways and Environment Term Maintenance Contract Re-procurement (Pages 1 - 82)**

Lead Member – Councillor Simon Jones – Portfolio Holder for Highways and  
Transportation

Report of the Director of Place and Enterprise, **TO FOLLOW**

Contact: George Candler Tel: 01743 255003

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## Committee and Date

CABINET

19<sup>th</sup> October 2016

## Highways & Environment Term Maintenance Contract Re-procurement

**Responsible Officer: Steve Brown, Highways, Transport & Environment  
Commissioning Manager**

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### 1. Summary of Report

- 1.1. The current Highways Maintenance Term contract (HMTTC) expires at the end of its full contracted six-year term on 31<sup>st</sup> March 2018. The option to extend for a further four years will not be exercised. Shropshire Council (SC) and Ringway have mutually agreed this.
- 1.2. This report focuses on the proposed delivery model and arrangements from 1<sup>st</sup> April 2018 onwards for Highways Term Maintenance. This report attempts to position the service and the Council to participate in a sector that has an evolving market place, to reflect the changes to service pressures, strategic drivers of change and the ongoing financial pressures that the Council face.
- 1.3. This report proposes a delivery model utilising a Term Service approach with the appointment of a single contractor delivering the highways and environmental maintenance services, and the purpose of this report is to discuss the rationale for this approach and the influences that informed this decision.
- 1.4. During 2015 and 2016 a variety of research, methods and evidence-based processes were utilised in order to inform the process, to identify the most appropriate model going forward. A series of workshops, visits, discussions, early contractor involvement (soft market testing) and market research exercises were undertaken with the highways maintenance providers, suppliers, clients, local authorities, industry bodies and small and medium providers.
- 1.5. As part of the preparation process (fully detailed within this report) five key strategic drivers have been identified that currently, and will continue to, drive the service:
  - Customer satisfaction
  - Asset network condition
  - Local engagement
  - Modernisation
  - Value for money

- 1.6. A robust procurement project timetable has been developed to ensure the robustness of this project ensuring that a sufficient mobilisation period is guaranteed with the incumbent contractor (attached at Appendix 1). This will be overseen by a Shropshire Council accredited Project Manager.
- 1.7. The development of a One Council approach - in order to be as effective as possible, it is recognised that we need to work, commission and deliver services as efficiently as possible and maximise the opportunity for efficiencies and abilities to work with Town and Parish Councils, particularly in relation to local grounds maintenance arrangements.
- 1.8. The Highways Service is subject to reducing budgets. Therefore, reductions or cessation in volumes, standards, specifications, frequency of works and service requests is inevitable, and will need to be achieved to meet the financial pressures.
- 1.9. The UK Public Contract Regulations were amended in 2015, procurement rules now allow wider factors to be considered by the authority when evaluating the formal bids received, which will support the increased robustness of the evaluating exercise.

## **2. Recommendations**

It is recommended that Cabinet agree to:

- 2.1. Approve the re-procurement of the Highways and Environmental Maintenance Services using a Term Service Model as set out in this report**
- 2.2. Delegate authority to the Head of Infrastructure and Communities, in consultation with the Portfolio Holder for Highways and Transport to undertake the procurement process, including approving the terms of the contract, service specification documentation and associated decisions necessary to undertake the entire procurement process, prior to a final award report to appoint a Contractor being presented to Cabinet in 2017.**
- 2.3. Delegate authority to the Head of Infra structure and Communities in consultation with the Portfolio Holder for Highways and Transport to assess and implement future reductions in standards, volumes or specification, a possible cessation of some service requests will be required in order to meet the financial savings within the current Financial Strategy (revenue and capital), with their undoubted impact on Asset Condition and Satisfaction indicators.**
- 2.4. Delegate authority to the Head of Infrastructure and Communities, in consultation with the appropriate Portfolio Holder(s), to discuss with Town and Parish Councils grounds maintenance responsibilities in respect of public open spaces, amenity land, play areas and where appropriate highway land, and further to those discussions, to amend**

**the ground maintenance arrangements for inclusion in the procurement process as appropriate.**

- 2.5. Cabinet notes that the proposed procurement of a Term Maintenance Model, will support budget assurance and minimise strategic risk for the Council in delivering its operational and statutory functions.**

## **Report**

### **3. Financial Impact**

- 3.1. The implications arising from the re-procurement include the costs of contractual preparation, human resources advice, pensions advice, and legal advice, for example. At present, the project costs are estimated to be in the region of £500,000, profiled over two years (2016/17 and 2017/18).
- 3.2. Use of reserves has been agreed for expenditure incurred within 2016/17, and will be considered for 2017/18 over the coming months.
- 3.3. The Highways Service is subject to reducing budgets: The capital grant from the Department for Transport (DfT) is forecast to reduce significantly over the next four years, by approximately £4m (reports previously submitted to Cabinet in 2015 and 2016). £500,000 revenue savings are required, in accordance with Shropshire Council's Financial Strategy, and revenue budget pressures of a further £500,000, will require the Highways Service's budget to reduce.
- 3.4. The effect on annual term maintenance contract expenditure is a forecast combined (capital and revenue) reduction in expenditure from £20.2m to £17.9m. Therefore, while the Council will continue to meet its statutory requirements, reductions in volumes, standards, specifications, frequency of works and service requests are inevitable, and will need to be achieved to meet the financial pressures. Cabinet are asked to delegate authority to the Head of Infrastructure and Communities, in association with the Portfolio Holder for Highways and Transport, authority to assess and implement proposed reductions. The requirement to reduce expenditure will be embedded into contract specifications and documentation, and will be consulted upon as appropriate.
- 3.5. Cabinet should note that, although at present forecast expenditure with the term maintenance contractor is approximately £20.2 million, the Council's contract only contractually commits the Council to a minimum spend of £10million per annum. It is proposed that this approach is replicated in the new contractual arrangement to ensure flexibility for the Council.

### **4. Drivers for Change**

- 4.1. The proposed delivery model needs to identify and consider how strategic drivers can be accommodated with the service outcomes in the future, in order to meet the changing market and react positively to the financial

pressures affecting the service, but ultimately to deliver services as efficiently and effectively as possible in Shropshire. There are a number of key strategic drivers that will continue, or are forecast to emerge over the life of the new arrangements. These will influence future delivery of a re-procured service. The key drivers were developed with a cross section of colleagues from across Shropshire Council and by external facilitation in various workshops, in order to anticipate and understand the external environment influencing the re-procurement.

- 4.2. **Modernise** - The new service arrangements need to be in place and operational from 1<sup>st</sup> April 2018. It has been recognised that the Highways market has evolved since 2012, with aspects such as technology, continued public sector restrictions on finance, increased customer expectations and nationally (from Department for Transport) increased focus on improved asset management. The opportunity to confront and where possible take advantage of these aspects is critical under the new arrangement. Thus, service redesign and change of operational model for centralised work preparation and delivery are underway at the time of writing this report, which has identified the need to restructure and realign posts to meet new requirements and demands of an Asset Management and Intelligent Client service.
- 4.3. **Customer Satisfaction** – Customer Satisfaction with Highways and Environment in Shropshire remains relatively high (source: NHT Survey 2014 - 2015), which places customer satisfaction higher than the average for all highway authorities by residents participating in the survey. The downward pressure on budgets (both capital and revenue) i.e. less available financial resources, will inevitably affect satisfaction as the volume of work reduces on a year on year basis. Members should note that in the 2016/17 financial year, significant revenue and capital budget reductions have influenced upon service delivery, therefore a reduction in future satisfaction is inevitable. Cabinet should note that satisfaction is a key indicator in the current Corporate Plan.
- 4.4. **Asset Condition** – historically, the asset condition has experienced gradual condition deterioration, however, in recent past years, with higher levels of government capital funding the network, condition has improved to neutral, (i.e. not improving or getting worse). However, over time, as available budgets decline, it is inevitable that the network condition will return to gradual deterioration as Highways attempt to arrest the decline of the network. There is an accepted link to funding and network condition. It is vital that any delivery model maximises investment into the network, whilst managing the budget pressures.
- 4.5. **Value for Money** – The medium to long-term financial situation continues to be challenging and a key driver will be the continual demonstration of effective and efficient spend of highway budgets. Highways is one of the most visible, perception forming, geographically spread and demand led services the Council delivers, and constant challenges on the prioritisation, selection and investment decisions are a constant for the service in terms of local justification. A simple but well managed model, with good systems

and processes is essential to invest funding and deal with the demand pressures on the service.

- 4.6. **Local engagement** – the Highways Service continues to receive continued service demands (increasing traffic growth, increased housing development pressure with inevitable increases in infrastructure roads, pavements, signs, street lights, street furniture), along with customer expectations of the service. This requires further efforts to provide improved quality of information through social media, established communication channels and traditional planning and briefing of statutory and non-statutory consultees. Improvements in ‘on-line information’, such as work and programme schedules and blogs are providing pro-active sources of information and are available now on the Council’s web site.
- 4.7. **Council wider considerations – Local Councils and Grounds Maintenance** - In order to be as effective as possible, it is recognised that we need to work, commission and deliver services as effectively as possible and maximise the opportunity for efficiencies. Hence, there is opportunity for the new highways re-procurement to provide mechanisms within its arrangements for wider Town or Parish Councils to commission services, either directly or by moving services to a single managing body to provide advice and guidance to assist in delivering services as efficiently as possible.
- 4.8. In the preparation of this report, consideration for further integrated work with Town and Parish Councils has been considered, to ensure the procurement develops a One Council approach; typically, this is in relation to Grounds Maintenance (amenity grass cutting only). Highway verges will remain in the contract, due to the Health and Safety legal requirements. Intrinsic to this report and the procurement process will be the ongoing discussions with Town and Parish Councils around any possible future arrangements in respect of Grounds Maintenance services with local partners.
- 4.9. Cabinet will be conscious that work across the county to assist Town and Parish Councils, supporting Shropshire Council and the associated grounds maintenance responsibilities have progressed well. A number of Town and Parish Councils have stated that they wish to undertake grounds maintenance and detailed discussions are being conducted in respect of the methods by which this could be achieved.
- 4.10. However, the finalisation of these arrangements has an obvious link with the report as presented to Cabinet. The new highways procurement will be dependent upon clear commitments from Town and Parish Councils in order to exclude any such arrangements from this procurement and minimise administration and provide clarity on the service information being provided by the Council in the tender process.
- 4.11. Therefore, the recommendation 2.4, is intrinsically linked into the procurement model, and approval of the recommendation will ‘smooth’ the process going forward.

4.12. Further, the Council acts either as a provider or a client to other services and service providers within and external to the Council, and future arrangements and discussions will need to be undertaken, for example:

- ST&R Housing
- Elections
- Emergency response
- Outdoor Recreation (direct and indirect delivery)
- Supporting Rights of Way
- Tree Safety
- Town and Parish Councils
- Public events
- Third parties (schools etc.)

## 5. Preparation approach, process and Governance

5.1. During 2015 and 2016, internal and external discussions and facilitated workshops with Shropshire Council staff, Portfolio Holder and Mouchel were undertaken. External visits and discussions were held with other local authorities, service providers and external advisors in order to determine the most appropriate model going forward.

5.2. The work can be summarised as:

- Financial workshop and discussions on models (internal).
- Externally facilitated workshops with a range of partners and colleagues (finance, transport planning, development control, highways management, street scene, legal, procurement) present across the Council to discuss the risks, benefits and issues in the proposed arrangements.
- Member's briefing and information session(s)
- Service objective workshop with colleagues and Portfolio Holder.
- On-line staff survey of service model – soft market testing (internal).
- Soft market testing with the highways maintenance industry (external) - further the outcome of the soft market testing was that the Term Maintenance approach would be more favourable to the market. **See Appendix 1 for the Soft Market Testing Report.**
- Individual 1:1 discussions with fifteen different organisations, i.e. national term maintenance providers and small to medium supply chain providers – (external).
- Questionnaire and survey placed on the Association of Public Service Excellence (APSE) members' feedback – (external).
- Discussions with Legal, Procurement and Human Resource – (HR advice).
- Discussions with Highways Managers and our Commissioning Consultants - Mouchel.
- Discussions with authorities following similar models or experience of recent procurement, such as Herefordshire, Wrexham, Hertfordshire etc.
- Engagement of Local Partnerships (a not for profit company working for the Local Government Association and Department for Transport) to provide a peer challenge to the rationale, logic and approach used in the

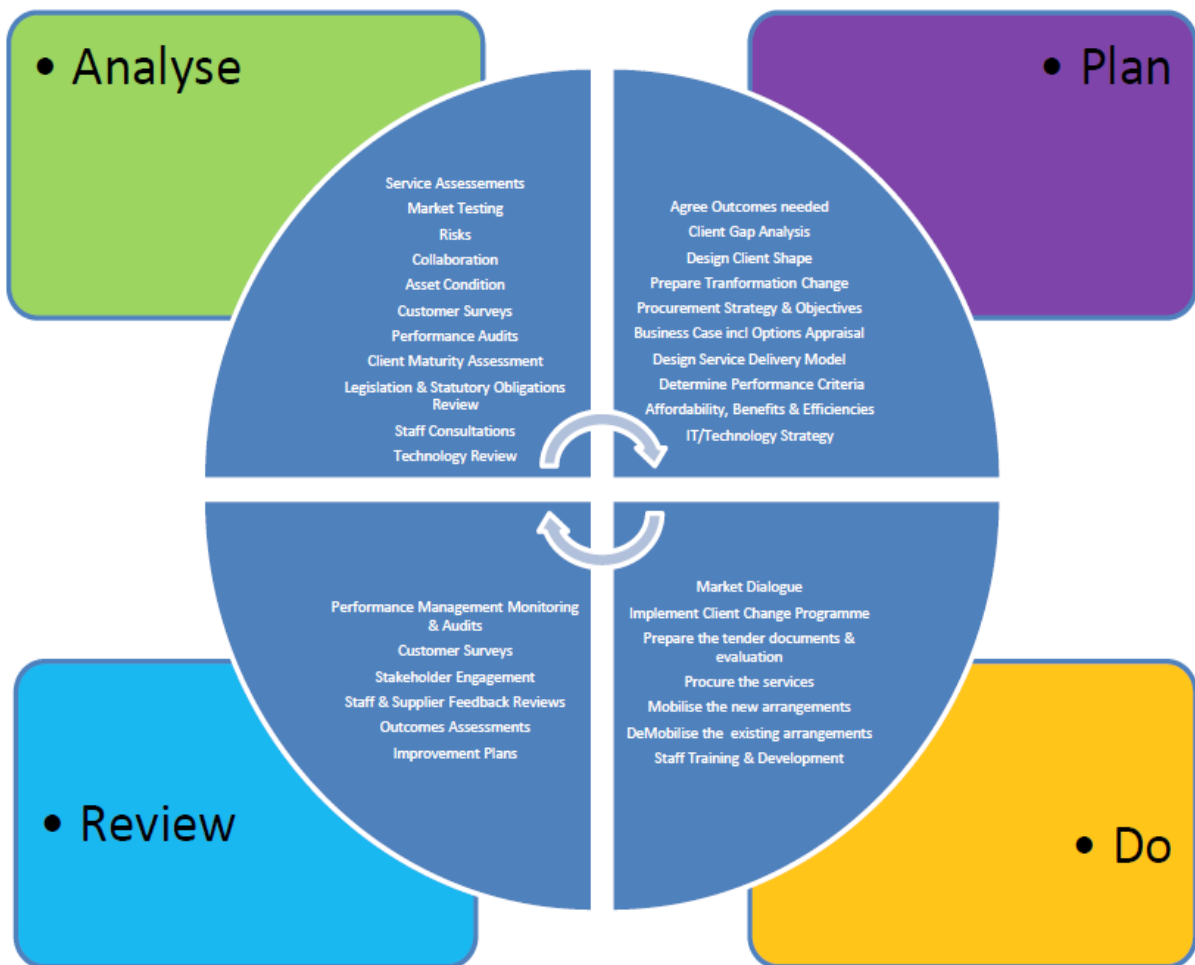


authoring of this report and interviews across all areas of Shropshire Council (Officers and Portfolio Holder).

- Internal staff consultation on the draft report.

5.3. In progressing the re-procurement, ongoing discussions, workshops, use of external support and ‘market testing’ have identified the key issues (see Figure 1 below), to determine the outcomes required for future services and key options for consideration. The ‘analysis’ phase of the model, i.e. ‘What needs to be achieved?’ identified the following issues or ‘gap analysis’.

Figure 1



5.4. The model identified areas of work to be analysed, in order to shape outcomes for future services and inform future delivery. The summary of the analysis is given below, (in no particular order or priority):

- Shropshire Council as a Highway Authority has a statutory duty to maintain and manage the highway network in a safe a usable condition and specifically this principle applies to all decisions affecting policy, priority, programming and implementation of highway works.

- Shropshire Council provides services in a number of ways to manage and maintain the highway network that includes:
  - Roads
  - Footways
  - Cycleways
  - Bridleway
  - Public rights of way
  - Footpaths
  - Verges
  - Trees
  - Hedges
  - Ditches
  - Gullies
  - Street scene
  - Vehicle workshops
  - Bridges
  - Tunnels
  - Culverts
  - Retaining walls
  - Underpasses
  - Signs
  - Lines
  - Street lighting
  - Illuminated signs and bollards
  - Roadside electronic displays
- These services are currently delivered through the existing term maintenance contract with Ringway. Current contractual expenditure is estimated to be approximately £20.2 million per annum. Taking into account current internal financial pressures and reducing DfT capital grants, it is forecast that available budget will reduce to £17.9m over the next four years. Shropshire Council may be subject to a 25% reduction in capital grant by 2021, if Level 3 certification is not achieved by 2018.
- Road condition in Shropshire has improved recently, moving from gradual decline to neutral - not improving or declining. (National Indicators 168 & 169), however budget restrictions will have an undoubted negative impact in the future, in terms of anticipated reduced satisfaction levels and gradual deterioration of the road network.
- Highways has an improving understanding of what our assets are, where they are and their condition and the levels of investment required to adequately maintain or improve their condition, and this will continue to improve over time. There is more to be done, but the trajectory of travel is correct.
- The National Highways and Transport Survey 2015 assessed Shropshire as high satisfaction, medium quality and low cost.
- The level of third party claims is relatively low when compared to some other authorities, currently at 95% repudiated (part 2016 figures).
- Resident satisfaction with highways is above average (NHT Survey 2015)
- Potholes, drainage and road safety improvements are consistently the most frequent issues reported by the public.
- Media Coverage is generally more negative about highways than other Council services, and volume of coverage has increased compared to other services, due to the demand led nature and scale of the service.

- The service has matured over the last 5 - 10 years with Client Maturity self-assessed as Level 3 – Managed Overall, but moving to level 4 – Executive.
- Asset, Contract and Performance Management competencies are improving greatly and Asset Management is improving in its maturity in Shropshire. Shropshire is currently a Level 2 Authority within the Department for Transport incentivised funding criteria, with an aspiration of achieving Level 3 by 2018, and currently on course for achievement.
- External capital budgets from the DfT are forecast to reduce over the short and medium terms. Undoubtedly, this will impact upon Asset Condition and Satisfaction in the medium term, and require reductions in specification, volumes, standards or possible cessation of some service requests
- Greater savings & efficiencies could be generated through packaging work together and a lump sum payment option for routine services to enable the provider to spread risk across 'fixed' cash flow.
- The new operating model allows for greater flexibility and financial management and will allow for efficiencies. However, it requires increased management and partner support to be effective in respect of coordinating discrete packages of work, potentially managing differing contracts, contractors, operational and overhead costs, either directly or via Mouchel
- Although collaboration is likely to offer the best opportunities for efficiencies generally, local authorities in the region are not ready for a full range of joint services at this stage. However, discussions with neighbouring authorities in respect of advantages from an existing procurement framework that potentially may generate some procurement savings are still being worked though and no final position has been reached at the time of writing this report.
- Market providers' preference is for a minimum contract duration of 7 years to effectively manage their costs, particularly around investment in fleet and plant.
- The supply market is smaller than 10 years ago but it offers a broader range of services (including traditional client services) and it is more capable.
- Technology developments offer realistic operating efficiencies and improvements.
- Reducing the number of technology and process interfaces between the client and the providers is likely to provide some of the most significant opportunities for efficiencies, i.e. giving more control of end-to-end processes, with the ability to identify and resolve defect and other network issues directly to the provider. This supports the use of a term maintenance arrangement.

- There is the opportunity to develop, or transfer local services for Parish Councils and other community groups to 'support the services provided by the Council through its main providers, i.e. top up services, parish lengthsman scheme etc.
- Some services are better value when delivered by local enterprises, i.e. tree maintenance, hedge cutting and cleaning of drains and ditches.
- All market providers sub-contract work, particularly specialist, high investment works such as carriageway surfacing.
- There is an opportunity to develop a much stronger relationship with sub-contractors (who are often local companies) and offer them the same relationship and terms and conditions as the main provider
- Most of the services delivered by the main contractors are through a local workforce either directly employed or through local sub-contractors and therefore retain the Shropshire £.
- Shropshire Highways and Transport will require a re-structure to ensure that it positions itself to manage the new Term Service Provider. Revised posts and disciplines will be required in order to ensure delivery of the contractor's operational, commercial, risk and statutory responsibilities. All staff are briefed and preparations to re-organise our approach are fully understood by staff.

## 6. Corporate Priorities and Indicators of Success

6.1. In understanding what the requirements are for future services, it is important to understand the current corporate objectives of Shropshire Council.

- **Healthy people** – a key requirement of the Corporate Plan is a clean and attractive environment.
- **Prosperous economy** – a key requirement within the Corporate Plan is Road Condition Results and National Highways and Transport Survey
- **Resilient communities** – a key requirement within the Corporate Plan is Keeping Shropshire Clean (NI195).

6.2. The current Corporate Plan for 2015/16 incorporates three key measurements for Highways:

- NI 195 results (Street Scene)
- NHT Survey results (Satisfaction and Service Analysis)
- Road Condition Indices

In light of this, following workshop sessions and discussions with a cross section of staff from all council disciplines, Shropshire Highways have set the following as key success criteria for the future highways re-procurement, i.e. midway through the new arrangement (2021), what will success look like?

- **Maintain customer satisfaction** level at 54% by 2021, although an interim decline is anticipated as the reduction of available budgets manifests itself (source NHT Survey, How Satisfied or Dissatisfied Question).
- **Maintain Network Condition Indicators** by 2021 at current levels, allowing for a managed deterioration of indicator due to budget reduction. (National Indicator NI168 /169) 13% and 2% respectively.
- **Demonstrate value for money** (Annual Benchmark and NHT Survey) – Total Cost Ranking (£/km)
- **Increase local engagement** (Annual Internal Survey)

6.3. All the above will be subject to the base line of 2015/16 service outcomes for comparison by 2021. The indicators should allow for a new model and reduced budgets to have a negative short term impact, however, a recovery midway through the new arrangement should be sought and are detailed in the following table:

<b>Customer services</b>	Maintain customer satisfaction from the base line of the 2015 NHT Survey, Question 2 of 54%. Higher than average satisfaction of the service over the average of the new arrangements by 2021.
<b>Maintain network condition</b>	Maintain the condition of principal and non-principal roads accordingly to NI168 by 13% and NI169 by 2%, by 2021, allowing for an initial decline and then recovering.  Maintain repudiation rates of third party insurance claims at 90% or above.
<b>Value for money</b>	Maintain the low cost, medium value of the service as identified by the 2015 NHT survey, and achieve a similar externally assessed conclusion in 2021.
<b>Local Engagement</b>	Increase local engagement through communication via 'real time' project updates on the highways works web page and greater focus on social media. Measured in Question 11b of the NHT survey at 24%.

6.4. Adoption of this Success Criteria will allow in 2021, (mid-way point of the new arrangement) a retrospective review of whether the procurement exercise and contract have achieved their stated objective.

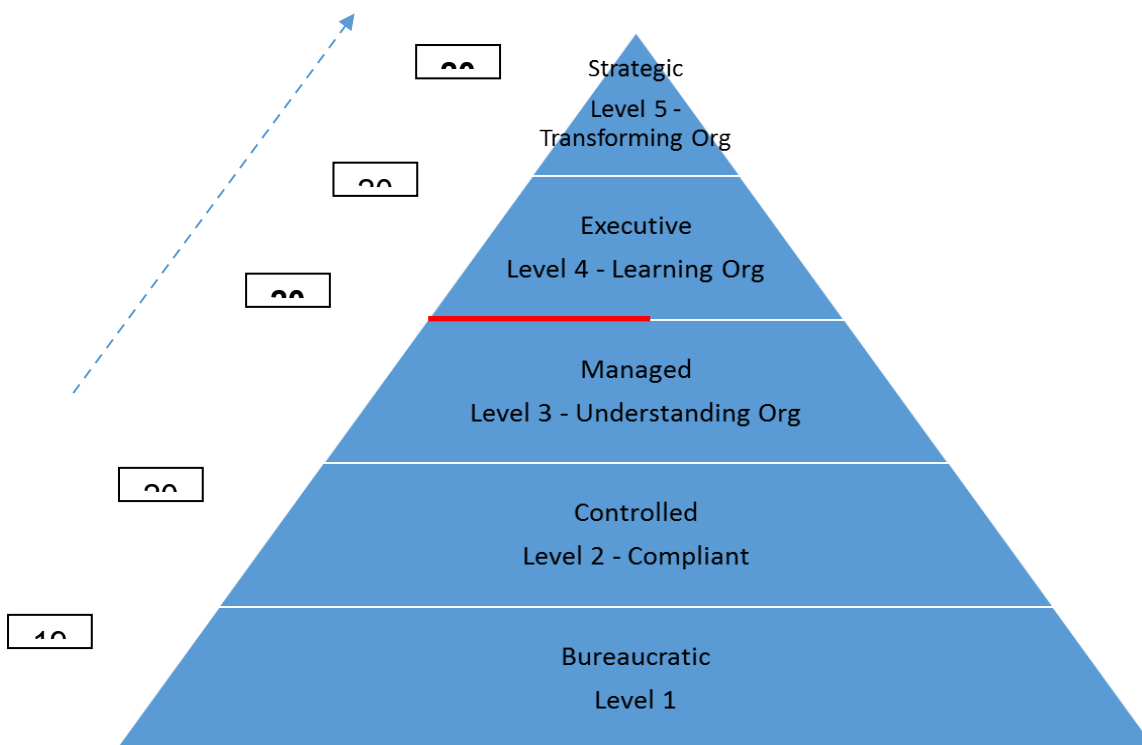
## 7. Options for the Service Delivery Model

7.1. In considering the capability of the organisation to deliver the future service model and the outcomes required, an assessment of Highways' capabilities and competencies has been undertaken using an internally self-assessed Business Excellence Maturity Model. This assessment illustrates where Highways is now and what needs to be done to progress to being a strategic client in the future. The red line in figure 2 below shows where Shropshire is at present. The assessment has enabled the project team to design a proposed client shape to deliver the new services effectively and efficiently.

7.2. The model assumes:

- Highways will be a Level 3 (highest level) managed authority, according to DfT criteria and verified by internal audit.
- Service balance of low cost, medium quality, high satisfaction will continue
- Full programme of staff development will be concluded:
  - NEC Service Manager Accreditation Training Validated by Institute of Civil Engineers (ICE)
  - Adept Training,
  - City & Guilds
  - Project Manager Training

**Figure 2 Client Maturity Model**



- 7.3. This model illustrates the 5 levels of an organisations maturity; it shows the journey Shropshire has travelled to get to its current position of a Managed service (Level 3) with their current Term Maintenance Contract (TMC). Given the implementation of new service arrangements, they can continue this journey toward level five through developing the intelligent client skills, knowledge and capability to achieve this either at the next procurement opportunity in 2023 or construct a position during this procurement cycle to step up once certain milestones have been achieved and capability proven.
- 7.4. Therefore, the current process is a transitional step towards an 'integrated entity', where a service vehicle is formed of client and contractor - key partners who work through one sole 'arrangement' to deliver services. This model is being adopted more in other public procurements, such as the water industry, and the transition of the authority towards this arrangement is the intended future arrangement for implementation.
- 7.5. The time line on the left of the pyramid illustrates the progress over previous contracts to where Shropshire is now and illustrates maturity model levels as stepping-stones to the top level of Strategic Client. This is a 'thin' client organisation responsible for strategy, policy and compliance. All other services are managed by a single or combined supplier organisation. To achieve this, a staged development approach is included in the procurement options and the journey to achieve this by 2019 is underway, by ongoing improvements in how Highways is structured and formed.

#### **7.6. Desk Top Review**

A desktop review of existing models has been undertaken with a combination of conversations, and site visits to various local authorities in order to galvanise thoughts. The models reviewed were:

- Term Maintenance Contract - Local authority manages the procurement and management of numerous service providers covering the full range of highways services.
- Multiple Term Partnering Contracts - Core maintenance contract including winter service and reactive maintenance with a number of specialist contracts engaged directly by the Council.
- Integrated Highways Contract - A strategic client sets policy, strategy and monitors performance. An infrastructure expert contractor joins with a design, engineering and management consultant to deliver the integrated contract.
- Managing Agent Contract (MAC) – High level, small strategic client only. Contract uses a single provider combining the managing agent and contractor roles: brings expertise, investment and efficiency; trusted with significant levels of responsibility.

- Alliance Contract – The ‘Alliance’ is between a ‘strong’ client; a consulting services contractor; and a contracting services contractor. Fully integrated organisation includes client and provider staff at all levels working together, sharing risks and targets equally.
  - PFI Contract - High-level strategic client with outsourced, fully integrated contract to plan, deliver and fund all works for 20 – 30 years.
  - Shared Service Contract - Joint venture of a regional group of authorities to deliver services and single programmes of work across the whole region using term and framework contracts.
  - Direct Labour Organisation - In-house provision of services including planning, network management and highways operations and maintenance. Larger capital schemes delivered by discrete contracts.
- 7.7. Having reviewed several types of highways contract, the Working Group considers that the future highways contract should:
- result in high quality works and excellent value for money,
  - use a set of KPIs that provides a balance between ‘carrot and stick’ provisions; but defined at contract start,
  - provide a clear line of communication for Members to report problems and receive information, especially accurate estimates of action and timescales for defect reporting; and
  - benefit the local economy.
- 7.8. Further desktop research on the various models in use by other highways authorities has been carried out and a summary of these are listed below, to provide an overview and look for similarities in outcomes.
- **Model A - Direct Labour Organisation (DLO):**  
In-house delivery of strategic planning, highway network management and highways operational services. Organisational arrangements can be integrated or via a discrete internal network managing client with DLO operational delivery. Minor capital works are usually delivered via discrete contracts, framework arrangements or term supporting contracts and major capital works delivered by discrete tender or framework. Design services can be maintained in-house, supported via discrete design partners or fully out-sourced.
  - **Model B - Managing Client / Designer / Term Maintenance Contractor (TMC):**  
Strategic, network and asset managing client. Term contract or framework designer employed to carry out feasibility studies, maintenance and improvement scheme designs and supervision. The client also takes varying levels of design and supervision responsibility. TMC carries out all routine and capital works to a financial threshold.



Major discrete schemes over a threshold contracted out or via framework.

- **Model C - Strategic Client / Managing Agent / TMC:**  
Strategic client sets policy, strategy and monitors performance. Consultant as Managing Agent manages network and asset, advises on and implements policy and strategy, designs and supervises capital maintenance and improvement solutions. TMC carries out all routine and capital works to a threshold. Major discrete schemes over a threshold contracted out or via framework.
- **Model D - Managing Client / TMC+:**  
Strategic, network, asset and programme managing client. Outcome based integrated service provider designs and delivers all routine maintenance and capital works to a financial threshold. Major discrete schemes over the threshold contracted out.
- **Model E - Managing Agent Contractor (MAC):**  
Strategic client with network, asset managing and designing outcome based integrated services provider to a threshold. Typically, major discrete schemes over a threshold (generally £500k to £1m) are contracted out.
- **Model F - Highways PFI:**  
High-level strategic client. Service provider plans, delivers and funds all routine and capital maintenance for 25/30+ years with improvements delivered at an early stage through an initial core investment period and maintained over the duration of contract. Government approval is required for this model and there is no current funding available for this.
- **Model G - Devolved Governance**  
Recent devolved governance to authorities such as Greater Manchester and the West Midland Authority, have seen that transport and infrastructure budgets are being 'pooled' and support via the DfT Incentivisation Scheme to support these authorities by awarding them Level 3, provides a new model similar to the Transport for London model.

## 7.9. Summary of Findings

- Risk - loss of knowledge, skills and cost control if commercial and performance management capability is not well developed and in place to avoid the issues being encountered, as is the case by some of these authorities who are now looking to increase and improve their client capability.
- The client shape must be structured to best manage the contract model chosen.

- Asset, Commercial and Performance Management capability must be developed to ensure the chosen contract model delivers the desired outcomes and give the Council the assurance it needs.
- Market is well placed to deliver a wider range of services
- Clients are generally smaller organisations but smarter, with more traditional client services managed by the contractor

### 7.10. Constraints and Interfaces

Shropshire Council will need to undertake a significant re-model of the Highways and Transport Service, to make the proposed arrangements work effectively and efficiently and ensure the client structure supports the new model with retrained staff, focusing on the skills and abilities required in contemporary contract management.

### 7.11. Service Delivery Model Options

Using the outcomes set out in the previous sections (critical success factors, strategic drivers), and following the evidence harvested from:

- Soft market testing
- Staff workshops
- Local Partnership facilitated workshop and peer challenge
- Client maturity analysis
- Industry analysis
- Key issues for the service
- Advice from Mouchel (SC’s consultants).

The options considered, which would all utilise the NEC Term Service Contract Framework to support budget assurance, commercial management and minimise the Council’s strategic risk are detailed below.

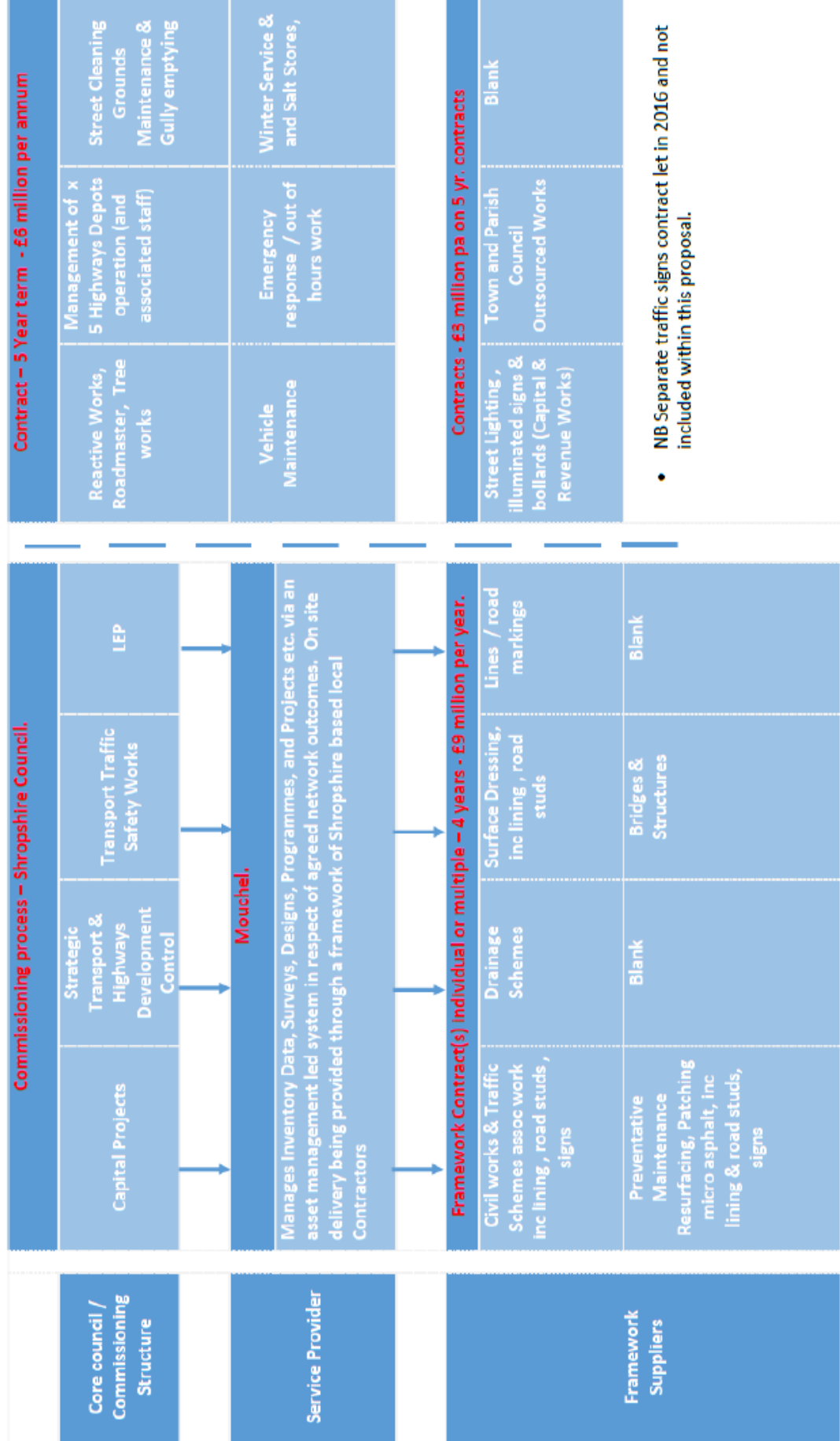
In making an assessment, the procurement team have taken account of Shropshire’s feedback and those of our partners, as well as corporate requirements.

The ‘shortlist of options’ were

<b>Option A</b>	<p><b>Traditional Term Service Contract – re-procurement</b></p> <p>Remodel the Term Service Contract arrangement and re-procure. This model would support reduced revenue and capital budgets and the spread of overheads and cost apportionment across the contract, it is likely that significant savings could be realised with a reduction in service standards or volume of work issued.</p>
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<p><b>Option B</b></p>	<p><b>Executive Client Led Model</b></p> <p>The development of an executive client and / or the development of an integrated entity (provider / client) for introduction at the next procurement cycle. Risky at this moment of time, as this model is still evolving, and should be an ambition for 2023 in the next procurement round. Discounted.</p>
<p><b>Option C</b></p>	<p><b>The New Operating Model – see diagram below</b></p> <p>This model proposed a separation of the Capital works programme into a framework model, supported by Mouchel (left side of diagram overleaf), then a separate tender for the management of the depots, and associated reactive and routine works, which tend to be predominantly revenue based and would require a separate procurement process to the development of the capital framework. Possibly, separate organisations could ‘win’ different packages of the contract or framework, or a single entity could win both. This arrangement would require a new approach and revision of management and practice, which could provide savings in terms of the capital framework and overhead costs. However, there are inherent risks in this model to be aware of. Key issues are:</p> <ul style="list-style-type: none"> <li>• No guarantee that a provider will competitively bid for the depot contract of £5 million per year, without the inclusion of limited capital work. Further discussions with providers identified an appetite to bid for the depot contract with included capital works to financially attract bids.</li> <li>• The introduction of a new framework, although possible, logical, and financially attractive, will increase client costs and provide stresses in the division of capital and revenue funds. (See schematic diagram overleaf).</li> <li>• A disaggregated service across Mouchel, capital frameworks, depot providers and Shropshire Council was considered an inherent risk to manage.</li> <li>• The management of key frameworks would provide an additional management burden in the co-ordination of cohesive packages of work to direct or commissioned staff.</li> <li>• TUPE issues could be problematic in the disaggregation of the service, in respect of external challenges and operational implementation.</li> <li>• Organisational experience is limited with a smaller scale model in existence.</li> <li>• Financial flexibility on the capital delivery of projects would be more adaptable to the Council’s needs.</li> <li>• Transfer of risk of service programming and co-ordination ‘in-house’ or commissioned would transfer back to Shropshire Council requiring an increase in programme and scheduling staff, or increased commissions to Mouchel.</li> <li>• The new model (below) would allow for greater control of large-scale works.</li> </ul>

## Proposed Delivery Model for Consideration – Highways and Environmental Maintenance – (Indicative Model and Budgets)



7.12. Using the outcomes set (Success Criteria) an internal desktop assessment was undertaken (see table below) of the available options for the future service model. Using a score matrix of 1 – 5, where 1 is very poor or unlikely to meet objectives or criteria and 5 is excellent or highly likely to meet objectives. The review was undertaken and challenged by colleagues based on the outcomes of the

- Peer challenge
- Industry interviews
- Local authority visits
- Soft market testing

7.13. The options considered all of the available information. The options review was:

- Option A      Term Maintenance Contract
- Option B      Executive Client
- Option C      New Operating Model

Business Case		Option A Term Maintenance	Option B Executive Client Contract MA/TMC	Option C New Operating Model MAC/PFI
Strategic	Customer Focus	4	5	4
	Improve & Develop Highway Infrastructure	4	4	4
	Maintain a safe & secure Highway Environment	4	4	4
	Make best use of resources	3	3	3
	Collaboration	4	3	4
Economic	Improve Economic growth	3	3	3
	Tackle Climate Change	1	1	1
Management	Asset Management	4	2	3
	Contract Management	4	3	3
	Performance Management	4	2	4

Commercial	Transfer of Risk	4	1	2
	Deliver the Services	3	3	3
	Benefits Realisation	4	2	3
	Value for Money	4	3	3
	Market Participation	3	3	3
Financial	Affordability	3	2	2
	Funding Commitments	3	3	3
	Savings & Efficiencies	4	3	2
<b>TOTAL</b>		<b>63</b>	<b>50</b>	<b>54</b>
<b>PERCENTAGE (of possible maximum score)</b>		<b>70%</b>	<b>56%</b>	<b>60%</b>

7.14. Due to the 'narrow range' of scores between Term Maintenance and New Operating Model (70%, 60% respectively), the initial assessment identified that these two models should be considered, going forward, for more detailed consideration.

7.15. In addition to the options above, consideration has been given to the potential to deliver a highways service directly, by creating a Direct Labour Organisation (DLO). However, this was not considered as an option to move forward because:

- Significant capital investment would be required to set up such an organisation, for example, ICT, PPE training, HR, Health & Safety, plant and tools, licences, etc.
- Potential inability to manage and run such an organisation given future budget and legal uncertainties
- The capacity of the authority at present
- The limited scope for such an organisation to develop, grow or trade externally

This model with a capital framework would however, be straight forward, simple and effective

## 8. Local Partnerships – Peer Challenge

8.1. Shropshire Highways commissioned Local Partnerships to undertake a peer challenge on the development, process and progress of the highways re-procurement exercise. The commission of Local Partnerships was due to their considerable experience in this field and their work for and on behalf

of the Local Government Association (LGA) and the Department for Transport. A peer challenge was undertaken in late June, involving all professions and disciplines across the Council, including Portfolio Holder, Legal, Procurement, Highways Management, Highways Development Control, Street Scene and Senior Management.

8.2. The peer review came to the following conclusion and recommendation:

- Term Maintenance Contracts work well nationally. Current recent experiences should not lead to an automatic disqualification of this model. Whether based upon Schedule of Rates or Cost Plus, this model is valid and effective, Shropshire Council has experience in managing this form of contract, and this is a value not to be overlooked.
- Use of Lump Sums / Schedule of Rates (SORs), assuming this is adopted, then a more certain outcome should be anticipated. However, the change in approach and skills base is a risk to be managed and aware of.
- The New Operating Model has logic and would be effective. This model would bring risk in-house, rather than transferring to the contractor. There would be additional costs in managing this risk, either directly or via Mouchel, with additional costs of coordinating / managing the workflow and scheduling of works and service activities.
- Contract management has improved considerably over the last 5 years and a professionally trained client with skills and experience has been developed and is an effective resource to the Council. Although a restructure to embed interim arrangements and revised teams to support the new contract are required.
- Based upon the time available in the Peer Review, the service was concluded as “appears to be well managed with motivated and informed staff...”
- Commercial sustainability needs to be embedded in the contract if future ‘success’ is to be derived, and commercial sustainability also needs to be recognised from the contractor’s position.

### **8.3. Procurement requirements**

8.3.1. Cabinet will appreciate that due to the financial size of the contract that this will be required to be advertised European wide, and is required to follow the EU Procurement Directive / UK Public Contract Regulation 2015 and guidance.

## 8.4. Modelling the proposed service

8.4.1. Local Partnerships were also commissioned to facilitate and prepare a workshop with the Highways Management Team, Mouchel, Portfolio Holder and colleagues from Finance, Legal, Procurement and IT to enable the options appraisal exercise. To provide further detail the objective of the workshop was to:

- **Establish options** based upon a Term Maintenance Contract or New Operating Model.
  - Identify the relevant advantages of each
  - Identify the relevant disadvantages of each
  - What options are discarded (if applicable)
- **Analyse options**
  - Deconstruct each option; determine what staffing levels, skills and abilities are required to support these models.
  - Identify what change in culture or approach are required.
  - What will provide the required outcome, to further support satisfaction and efficient use of resources, and ease of work delivery?
- **Risk Analysis**
  - What are the key risks that could prevent successful implementation?
  - What risks are inherent in each model?
  - Which model is deliverable?

## 8.5. Workshop Outcomes

8.5.1. A full day's workshop of over 23 staff was facilitated by Local Partnerships, discussing, presenting and providing perspectives from across a range of interests. In particular, focus was on the Term Maintenance Contract and a New Operating Model. The outcome was that the Term Maintenance approach was more appropriate, mainly due to the management of risk, TUPE, coordination of works and services and potential for increased costs, and existing experience and current staff capacity.

8.5.2. The potential to minimise costs, reduce risk, build upon organisational experience and learning, and support effective contract management was considered to be best delivered by a term maintenance contract.

8.5.3. With a forecast of declining capital and revenue budgets, a Term Maintenance Contract is the most effective. Further, the outcome of the soft market testing was that the term maintenance approach would be more favourable to the market.

8.5.4. New Operating Model. There was support for this model; however, analysis from the soft market testing identified a strategic risk if sufficient



bids are not received for the depot contract of £5 million per year. The risk would be that the Council would have to take these services in house and operate a DLO. This risk was thought to be unacceptable. In addition, issues relating to TUPE, risk apportionment, separation of overheads, works programming and scheduling, did not provide sufficient confidence to recommend this model at present.

## 8.6. Members briefing session and workshop.

8.6.1. All Members of Shropshire Council were invited to attend a briefing session / workshop, held on the evening of 11th October and the afternoon of 12th October. The purpose of the workshop(s) was to :-

- Focus upon the market engagement process, describing the process and evidence generated to date. Brief on the data generated, the advantages and disadvantages of models – and capture Member's views, especially in relation to the proposal of pursuing the Term Maintenance Model.
- Brief on how the budgets will be reducing and seek views from Members. Brief on work with Towns and Parishes and grounds maintenance, and how this affects the future procurement.
- Consult on issues such as contract length, key performance indicators, quality and cost evaluation splits.

8.6.2. The briefing sessions were received well, and no concerns were raised on the proposed implementation of the Term Maintenance Model.

## 9. Project Management

9.1. Mouchel have been commissioned to provide support in preparation of contract documentation and associated professional advice. Preparation of contract documentation and discussions have already begun with colleagues across the council. The SC project lead is the Contracts Service Manager for Shropshire Council.

9.2. A procurement project timetable has been developed to ensure the robustness of this project. **See Appendix 2.** Mouchel have been commissioned to provide support in collation and preparation of contract documentation and associated professional advice. This work is already underway and the timetable presented is achievable, and on schedule.

9.3. A Procurement Board has been established consisting of colleagues from across the Council and meets on a fortnightly basis, in order to challenge, make decisions, prepare the contract documentation, and ensure the project timetable is achieved. Minutes of the meetings are circulated, and the Portfolio Holder is briefed weekly.

- 9.4. In order assist the process, Cabinet have been requested to delegate approval to assist the contract preparation and internal decisions to allow the expidious completion of the contract documentation to assist the project timetable.
- 9.5. Significant improvements in staff training and development have allowed Shropshire Council staff to become accredited Association of Project Managers, and effective project management principles will apply.

## 10. The Equality and Social Inclusion Impact Assessment (ESIIA)

- 10.1. A stage one (screening) ESIIA has been completed for this report, **Appendix 3**, and as the contract documentation and approach in developing the contract documentation manifests itself, a detailed stage 2 assessment will be completed for the final report to Cabinet in 2017.

## 11. Summary

- 11.1. This report recommends on balance, a modernised Term Maintenance Contract utilising Schedule of Rates / Lump Sums for minimum strategic risk based upon the balance of:
- Soft market testing
  - Local partnership peer challenge
  - Financial workshop
  - Procurement and legal advice on the advantages and disadvantages of each model
  - Operational delivery (existing systems and processes)

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
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<b>Cabinet Member (Portfolio Holder)</b>
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Councillor Simon Jones, Portfolio holder for Highways and Transport
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<b>Local Member</b>
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All Members
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<b>Appendices</b>
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Appendix 1 - Soft Market Testing Outcome Report
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Appendix 2 - Procurement Project Timetable
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Appendix 3 - The Equality and Social Inclusion Impact Assessment (ESIIA – Stage 1)
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## Highways & Environment Maintenance – Early Engagement Surveys

### Service Provider Survey

*Note that respondent 15 has been removed from the summary as it is the same (part completed) as 16. Therefore total of 20 responses assessed.*

Q1	Proposed new operating model. The intention in the future is to separate the delivery of services into three distinct categories: Framework, Local Provider and Standalone Specialist Contracts. What is your view on this concept and do you have an alternative suggestion?	Assessor comments
Response summary	Six respondents didn't reply to this question. Ten support the model and referenced other authorities but highlight the need to get the balance right – not too many contractors, watch management costs. These responses appear to be coming from the smaller / specialist firms. Three don't support and cited scale inefficiencies, the need to have a combine flexible work force etc. Respondent 17 sat on the fence but raise some interesting TUPE issues.	
1	NR	NR
2	We can only comment on the proposed street lighting framework contract. From our experience a framework can provide great value to the client but presents challenges to the contractor when 'mini competition' is introduced. The contractors do not have any certainty of the amount of works to be completed until mini comps are completed, so do not have enough time to plan and resource accordingly	Support. Good value for client but uncertainty over amount of work and therefore planning and resource issues for contractor
3	NR	NR
4	NR	NR
5	The Proposed Delivery Model looks good. The various functions look clear cut, and manageable.	Support
6	NR	NR
7	NR	NR
8	I feel that this concept is a positive way forward however we need to be in mind the amount of control needed and therefore staff levels required to control numerous contracts thought the county and to ensure our service delivery consultants are aware of restrictions and keep to what is required.	Support but need to be mindful of control staff requirements
9	We currently work across the whole of the UK for various clients based on different contract operating models; Our experience is that all encompassing Term Service Contracts are not working anymore and more clients are looking to do very similar things to what you are proposing. One concern is having a service provider (Consultant) sat between the Council and specific framework suppliers? From experience this can be a costly option and has to be tightly managed from above. It cannot be allowed to become a drain on the clients funds which should really be channelled directly into providing front lines services? Our section of the framework (Preventative Maintenance) is not rocket science and would	Support. All encompassing Term not working any more. Others are looking at proposed Shropshire model.

	not require a lot of involvement from XXXXXX in my opinion. We are currently working on a similar contract where the client is spending between 10-20% of his budget on a consultant to manage what we do which in my opinion is a total waste of money? We do not require site specific drawings, 100 page briefs on the site but this is what we are getting? Also you need to award the Preventative Maintenance (see question 5) to 1 contractor only for the full period with a 2nd place on standby if required. Preventative maintenance can not be prescribed by a client of consultant unless they wish to take ownership of the whole risk? Because of this it is impossible to carry mini competitions between contractors based on clients designs.	Consultant between client and suppliers can be costly.
10	Ideally the Framework and Local Provider Contacts should be brought together into a single highways maintenance service. This would allow greater efficiencies to be realised and deliver benefits to both the Council and the community. Benefits would include: • Reduced Council administration, procurement time and associated costs; • Economies of scale in procurements of goods and services across the packages of works; • Maximising Council back office efficiencies as works would only be issued to, and invoices received from a single contractor; • Delivery of a whole life of asset management approach across the network; • Service resilience in the event of severe weather incidents or other emergencies; • Minimising disruption through effective planning and programming by visibility of all activities required on the network.	Don't support. All in one more efficient
11	We welcome and fully support the service breakdown that Shropshire Council is proposing. XXXX commend Shropshire Council for looking at procuring specialist services directly with providers. We believe this format results in better value for the UK tax payer as it provides the opportunity for XXX contractors with local expertise to thrive for Shropshire Council and provides scope to offer innovative solutions to deliver the contract efficiently and effectively. It also enables Shropshire Council to be fleet of foot and responsive to react quickly where necessary, and also through a sustained programme to reduce potholes and improve the network condition year on year. This freedom is needed to maintain the network effectively.	Support. Best to go straight to specialist
12	Our experience in providing Highway Services elsewhere is that it is more cost effective to provide all of the services under one Contract and not to have them split, although consideration of any "in house" provision would need to be made. Having all or the majority of works under one Contract reduces overhead cost for the Contractor and administrative costs for the Client. The issue with the "in house" delivery could be adressed through TUPE or a secondment model, both of which we are familiar with on other Frameworks we currently have. We believe that best value can be delivered to the Council by utilising one Framework to deliver the services.	Don't support. All in one more efficient
13	XXXXXX is currently working in XX with XXXX providing highway services for the fully integrated XXXXXX highway maintenance contract and a significant number of contracts for XXXXXX. As such, we prefer and seek a fully integrated approach with one single contract encompassing an end to end service from design through to service delivery. The single contract approach has been proven to reduce management requirements for our local authority and XXXXXX clients and we believe is more cost effective in the long term and provides value for money by not including up to 10 sets of overheads for each individual contract.	Don't support. Fully integrated better
14	The model needs to provide both competition to ensure best value for the client yet balanced with a suitable number of	Support. But needs

	framework contractors to remain attractive. We have worked in frameworks where schemes have been awarded on the basis of mini completion and also awarded on the basis of framework rates.	to be the right balance
15	<p>We believe the Stand Alone Specialist Contracts category could be of particular interest to Shropshire as it would allow the authority to encourage SME's to contribute significantly to the asset management of their network ultimately making their highways maintenance budgets stretch further without compromising on quality .For example whilst the Framework category caters for the provision of surface dressing county wide on what will pre- dominantly be rural carriageways with large areas for treatment inevitably attracting the interest of the major surface dressing contractors eg XXXXXX , XXXXXX , XXXXXX etc ,there may be urban sites more awkward from for example the customer care aspect that they are negative about treating because their business model is based on higher outputs for their operation XXXXXX have demonstrated in our contracts with XXXXXX, XXXXXX, XXXXXX and most significantly XXXXXX that we can dress urban/ estate rds for significantly less cost than microasphalt /asphalt overlays with virtually no complaints from residents and councillors. Stakeholders from XXXXXX and our other contracts have been delighted with the results from a value for money and quality point of view .Our suggestion would be to consider a separate contract for surface dressing urban/estate roads but to include specialists in dressing these areas such as ourselves .We would be delighted to attend a meeting to discuss this further .Our other specialism is the supply and installation of XXXXXX asphalt reinforcement systems to delay cracking failure in asphalt overlays and inlays .We have installed our systems on a number of projects throughout the county successfully most recently XXXX Gardens in XXXXXX and XXXXXX Rd, XXXXXX . We have historically worked closely with XXXXXX , XXXXXX , XXXXXX and now XXXXXX services in the selection of sites appropriate for the use of these systems .Working directly for Shropshire could save the authority from margins applied to our rates applied by tier one contractors allowing budgets to stretch further . Again we would be delighted to attend a meeting to discuss how we might work directly for Shropshire CC.</p>	Support.
16	<p>We believe the Stand Alone Specialist Contracts category could be of particular interest to Shropshire as it would allow the authority to encourage SME's to contribute significantly to the asset management of their network ultimately making their highways maintenance budgets stretch further without compromising on quality .For example whilst the Framework category caters for the provision of surface dressing county wide on what will pre- dominantly be rural carriageways with large areas for treatment inevitably attracting the interest of the major surface dressing contractors eg XXXXXX , XXXXXX , XXXXXX etc ,there may be urban sites more awkward from for example the customer care aspect that they are negative about treating because their business model is based on higher outputs for their operation XXXXXX have demonstrated in our contracts with XXXXXX, XXXXXX ,XXXXXX and most significantly XXXXXX that we can dress urban/ estate rds for significantly less cost than microasphalt /asphalt overlays with virtually no complaints from residents and councillors. Stakeholders from XXXXXX and our other contracts have been delighted with the results from a value for money and quality point of view .Our suggestion would be to consider a separate contract for surface dressing urban/estate roads but to include specialists in dressing these areas such as ourselves .We would be delighted to attend a meeting to discuss this further .Our other specialism is the supply and installation of XXXXXX asphalt reinforcement systems to delay cracking failure in asphalt overlays and inlays .We have installed our systems on a</p>	Support.

	number of projects throughout the county successfully most recently XXXXXX in XXXXXX and XXXXXX XXXXXX . We have historically worked closely with XXXXXX , XXXXXX , XXXXXX and now XXXXXX services in the selection of sites appropriate for the use of these systems .Working directly for Shropshire could save the authority from margins applied to our rates applied by tier one contractors allowing budgets to stretch further . Again we would be delighted to attend a meeting to discuss how we might work directly for Shropshire CC.	
17	The concept would appear to give the council greater flexibility in delivering the range of services and provide a more diverse and flexible range of providers. The model should reflect the council's objectives and priorities from the procurement exercise. There are clear advantages to the council using this approach but there are perhaps some dis-benefits also. For example, in splitting the current scope of works across a range of contractual arrangements whilst retaining six depots for providing the core reactive maintenance work it appears the depot overhead costs (both directly for the Council and as part of the Contractor cost for running them) will be spread over a much reduced turnover. In effect the Council will also be paying for local providers and specialist depots within their overhead costs. This appears to be a significant cost that would be unnecessary with a different framework. The change in framework presumably means that employees of the incumbent contractor will no longer have an automatic transfer of employment to an alternative single provider of services. The implications in respect of TUPE need to be explored in the consultation but will be an important element for the existing locally resident employees. In respect of potential transfers of employment from the incumbent to potentially considerably smaller local contractors the need to provide specialist skills and expertise to help manage the seamless TUPE transfer would need to be assessed. The separation of what appears to be mainly reactive works within the TMC from other programmed civils type works etc. could be detrimental. For example, to deliver an excellent winter maintenance service there needs to be sufficient work to retain skilled employees throughout the remainder of the year. Without a basis of secure work that engages sufficient drivers, these are then not available to undertake the winter maintenance routes and achieve compliance with the working time directive. The alternative is engaging drivers not otherwise associated with the works being undertaken which may be considered to be a significant risk. A feature of combining appropriate scopes of works is to simplify structures that in turn will facilitate collaboration and innovation. The more silos that are created will remove the necessary flexibility for the parties to deliver continuous improvement.	On the fence
18	The proposed operating model allows the council to focus on commissioning a comprehensive service and gives flexibility to achieve their wider corporate objectives such as supporting the local economy through their term consultants and service provider contractors. The operating model provides the opportunity to leverage the synergies from a wider group of expert/ specialist, innovative and effective contractors. XXXXXX has extensive experience working collaboratively with wide stakeholder groups and we are delighted to share our views with Shropshire Council (SC) in our response to this Early Market Engagement Exercise.	Support
19	NR	NR
20	I think that this suggestion is a good idea and indicative of what we are seeing currently from other local authorities. The Framework option works well for Programmed works and will provide a consistent approach, however you will only	Support given examples elsewhere



	achieve this with a single framework contractor.	
21	We would very much welcome this approach in Shropshire particularly for Framework contracts for the delivery of Surface Dressing and other Specialist Treatments activities. This approach has been successfully delivered in other local authorities.	Support for specialist activities successful elsewhere

Q2	Budgets. Do you consider the proposed contract budgets attractive?	Assessors comments
Response summary	Seven respondents didn't reply to this question. One respondent said no – needs to be one consolidated contract. Twelve said yes and a number of them qualified their response by saying it might depend upon the breakdown across the contracts / frameworks and dependent upon there not being too many contractors in the framework.	
Respondent	Answer	Answer summary
1	NR	NR
2	Yes	Yes
3	NR	NR
4	NR	NR
5	The Budgets look OK. However, are you targeting SME's? This is not clear.	Yes
6	NR	NR
7	A reduction in budget will ultimately mean a reduction in service. The XXXXXX rates are the lowest we will ever get but it doesn't get the work done.	NR
8	Correct to encourage local contractors - we need to be mindful to keep processes and mechanisms to get work done on the ground to a minimum and simplify from the current situation otherwise we will discourage local providers with too much "red tape" and be asking them to provide systems which are simply unaffordable.	NR Need to focus resources into work on ground.
9	Yes very especially for the more local SME sized contractors rather than the big multi nationals.	Yes
10	Yes, from the Proposed Model for Consideration, the budgets appear attractive, however as a detailed breakdown of how the budgets will be split across the various contracts and frameworks is not provided, it is difficult to advise further.	Yes but need breakdown across contracts / frameworks to comment fully
11	XXXXXX recognise the budgetary pressures local authorities are currently facing and would encourage the direct award to local SME Contractors to enable the budgets to go further.	NR
12	The overall budgets are attractive, but if they are split into the categories identified and then further diluted by the proposal to use up to 6 Contractors then they become significantly less attractive and will be more costly to run as identified above.	Yes but not if split too much across too many contractors
13	For us the budget allocations for the individual contracts are too low to justify the cost of tendering We would prefer to see one consolidated contract.	No needs to be one consolidated contract
14	Yes but the attractiveness would be dependent upon the number of contractors included within any framework.	Yes dependent upon

		number of contractors in framework
15	Yes we do.	Yes
16	Yes we do.	Yes
17	The budgets are at the lower end of what is economically viable for the term contract given the level of overheads associated with the services. The framework contract values are also low if the number of suppliers is up to 6. Clearly this depends on the value of each framework and the number of suppliers on each lot. A smaller number would be preferable to increase the turnover for each specialist area.	Yes if number of contractors is low
18	The proposed budget levels are sufficient to attract first class companies to tender and to enable them to commit sufficient resources including financial investment as necessary to meet and exceed SC's requirements. The proposed allocations across differing service lines/ contracts will allow large nationally based and smaller regional organisations to submit competitive tenders.	Yes
19	The proposed contract budgets are attractive	Yes
20	Looking at £9 million for the Framework Suppliers, this looks a good volume of work. It would be good to see how this budget is split into the individual activities.	Yes but how is it broken down
21	The £9 million for the Framework contracts looks attractive, however we would like to see how this money is apportioned to each Framework contract.	Yes but need to see how proportioned to each framework contract.

Q3	Contract or framework length periods Do you consider the proposed time periods for framework contracts or contract periods attractive?	Assessors comments
Response summary	Four respondents did not respond to this question. Four did not see the periods as attractive and the consensus was at least 7 with extensions. Twelve indicated that the periods were attractive but many referred to the benefits of extensions beyond the 5 years.	
1	NR	
2	Yes	Yes
3	NR	
4	NR	
5	Contract lengths are in line with recommendations.	Yes
6	NR	
7	I would have expected the framework contract period to have been longer. I believe they would be attractive to prespective contractors but not as good for Shroshire Council in terms of maintaining systems and implementing changes to working methods.	No longer

8	I feel that these are set right to encourage companies to want to get involved	Yes
9	I think the lengths are attractive but would like to see some form of extensions built in based on performance? Our philosophy as an example is based on working together with clients to provide cost effective solutions. If then this can be joined to extensions in some way I think it would benefit all of parties in the long run? If there are no extensions then once awarded the works you no real incentive to improve yourselves?	Yes need performance extensions
10	The optimum length of contract time would largely depend on potential Capital expenditure for depot facilities and vehicles. The optimum time is 10 years, with a 5 year core period with options for extensions through KPIs. To ensure the contract is performing to a satisfactory standard, extensions should be awarded based on good performance in line with a suite of contract specific KPIs. The KPIs should be flexible and able to be amended as contract evolves to suit the need of the service. The first extension should be awarded at the end of year 3. This encourages positive behaviour throughout the contract, rather than improvements and efficiencies being made in the last year.	No need 5 with extensions up to 10 total
11	Yes	Yes
12	The time periods are attractive, however from our experience we would suggest that the Contracts run for the same period of time and that they are extended to 6 years with an option in the Contract for it to be extended for a further 2 year extension. The longer time periods would enable the Contractor to establish long term relationships with the Council and Service Provider to bring about change to custom & practices thereby bringing cost effective solutions and innovation on how the services are provided.	Yes need extension to promote innovation etc.
13	We note that the there is a mismatch in contract lengths for the framework contracts which are 4 years while the service contract is 5 years. The XXXXXX contract also appears to overlap so this could potentially cause difficulties in continuity of service provision. We advocate a minimum contract length across the board of 7 years to allow contract stability and development.	No minimum of 7 years
14	Yes. The periods are suitable and provide a reasonable duration.	Yes
15	Yes we do.	Yes
16	Yes we do	Yes
17	As above with the budgets the time periods are at the lower end. 5 years is generally insufficient to get a return on the investment that is required to improve the services. A period of 7 years would be preferable to allow more investment and the opportunity to put in place new systems to improve efficiency and effectiveness.	No 7
18	Contracts requiring the delivery of services over a period of time benefit from allowing long enough for the planned level of performance to be reached and continually improved thereafter. Additionally, the contract needs to be long enough for the private sector partner to recover his investment and generate adequate returns, particularly important when a large up front capital investment has been made. Contracts that come to the market generally recognise this and contract lengths of 5 or more years are common. Contracts of these lengths are a major commitment and carry both financial and reputational risks particularly for the Employer and generally contract periods longer than 3 years are subject to performance based criteria where the contractor "earns" annual extensions through achievement of	Yes but extensions

	carefully selected KPI's. This incentivisation methodology allows the Employer to retain adequate control over performance whilst giving the contractor the opportunity to innovate, continuously improve delivery, generate a fair commercial return and demonstrate value for money. The proposed contract lengths of 4/ 5 years appears to be sufficient to make this an attractive proposition to the market.	
19	The proposed time periods are attractive	Yes
20	4 years for a Framework contract is an acceptable duration as long as you move to one provider. If you have multiple providers that can be successful through different years then you may suffer with an inconsistent approach and quality may suffer.	Yes
21	4 Years is a sufficient term for the Framework contracts, anything less is not as appealing.	Yes

Q4	Contract types All contracts will be NEC3. What type of Main Option Clauses would you prefer to apply to the various work categories?	Assessors comments
Response summary	Ten respondents did not respond to this question or didn't have a view. The general consensus is that NEC3 is supported. A mixture of responses appears to reflect the different scale of operation / level of specialism of the respondent. Two respondent refers the NEC Term Service Contract. Others refer to different options being applicable to different types of work. In respect of the different options there seems to be a level of consensus around Option A for routine / low value maintenance schemes, option C for larger schemes and option E for emergency / reactive work	
1	NR	
2	NR	
3	NR	
4	NR	
5	Schedule of Rates. When I worked in local government, I let term maintenance contracts over a period of 12 years, and always this was on an SOR basis. From my perspective it was easy to manage, and did not create ambiguity.	Schedule of Rates
6	NR	
7	NR	
8	NR	
9	We work primarily on NEC 3 contracts these days and Option A suits what we do very well presently. I cannot really comment on what others would prefer at this time.	Option A
10	We fully support the use of the NEC contract and all its Option variants and the HMEP form of contract. We operate the HMEP form of contract on a number of our term maintenance commissions across the UK. XXXXXX delivers approximately 4000 projects per year, with the majority of contracts delivered for local authorities operating the NEC 3 contract. These contracts are fair and encourage efficiencies. Additionally we have provided our local supply chain partners on our long term contracts to develop their understanding of the NEC form of contract and the various options to enable them to enter into agreements with us on back to back terms. We would suggest the following mechanisms are used: • Standard	Option A or lump sum for standard revenue maintenance activities and schemes up to £50k

	revenue maintenance activities – Option A or lump sum • Schemes – Up to £50k – Option A • Schemes - Over £50k – Option C • Emergency response – Option E • Local Area Overhead – lump sum	Option C for schemes over £50k – Option E for emergency response Lump sum for local Area Overhead
11	XXXXXX do not have any specific recommendations for this question	
12	If the work categories are to remain split we would suggest that the NEC Term Service Contract is used for the Framework Contract with the option to use any of the Main option Clauses A, B or E along with Task Orders. The choice of the Main Option clause for schemes would be determined by the extent to which the design is complete and the perceived risks associated with each scheme. We would suggest that the NEC ECC Contract Main Option E is used for the all revenue works such reactive works, emergency works, street lighting etc, as we are using elsewhere on other Frameworks, the extent of the works is unknown and varies with each job dependent upon the works required. we would suggest the Capital works being undertaken utilising Main Option Clause C linked back to perhaps a schedule of rates established at the start of the Framework with and inflationary increase included in the Contract.	NEC Term Service Contract for Framework with option to use A, B or E with Task Orders. Option E reactive, emergency, street lighting. Option C capital works
13	Core winter and possible emergency response services could be Option A The remainder could be Option C .Vehicle maintenance could be Option A, C ,E.	Option A core winter & possibly emergency Option C remainder
14	XXXXXX have successfully operated under Main Option Contracts A, B & C. Options A or C may be more suitable for technical schemes such as bridges and structures where risk and value engineering is perhaps greater and more beneficial. Also where a defined scope of works can be identified for maintenance it may be in the interests of both client and contractor to utilise an insentive based target sum. Option B is more suitable for measured civils schemes where there is little risk.	Option A & C for technical schemes. Incentive based target sum for defined maintenance. Option B where low risk
15	NR	
16	NR	
17	The XXXXXX would propose the recently released NEC3 TSC HMEP new Standard Form which we helped to develop and sponsor.	NEC TSC HMEP new Standard Form
18	A common form of contract currently in use is the NEC Term Services Contract. It was written with these types of services	NEC Tem Service

	and the inherent risks in mind. It incorporates best practice and recognises the lengthy duration and repetitive nature of routine and cyclical works and the requirements of local authority users. It encourages standardisation as a risk mitigation technique but allows the Employer to specify particular requirements if they so wish. This type of contract requires the works to be undertaken in a spirit of mutual trust and cooperation; it requires early warnings to be given of potential issues and an obligation to jointly manage risks. Subject to validation during the business case process this seems to be an appropriate contractual approach to take. Financial risks can readily be shared in collaborative arrangements and this will need careful consideration during the pre- contract stage to avoid unnecessary transfer of risks to the contractor for which he will need to apply a risk premium to his prices. There are advantages in the pricing mechanisms using options A, C and E. For example: • Option A: Repetitive and routine work can be accurately specified and measured against a price list • Option C: Suitable for larger items of work, allows solution flexibility and the contractor to innovate and drive efficiency sharing the savings with the Employer • Option E: Emergency works are often unable to be quantified precisely and Option E cost reimbursable mechanism may then be appropriate. For framework contracts with multiple contractors the use of NEC works contracts with bills of quantities/ activity schedules and if appropriate a target cost requirement will provide the opportunity for competitive bidding for the duration of the framework.	Contract Option A for routine Option C larger items Option E emergency
19	NEC3 is acceptable	
20	Framework contracts are ideally suited to an Option B format.	Framework - Option B
21	Framework contracts would be preferably under an Option B or D.	Framework – Option B or D

Q5	Framework services Do you have any comments on the proposed framework services? If you would prefer an alternative please state the reasons why.	Assessors comments
Response summary	Eight respondents did not respond to this question or offer any comments. Eight view the framework positively and made some suggestions around bidding flexibility and further division. Four were against, citing loss of efficiency and favouring single or at least larger contracts.	
1	NR	
2	NR	
3	NR	
4	NR	
5	The frameworks look OK, although you do not indicate how many contractors will be on each Lot, or what the spilt will be. I recently attended a "soft market event" and the Council were intending to have up to 6 contractors on each Lot, with the total Lot value not exceeding £200k. So for some contractors and work they might win, would be relatively low value. Mobilization / establishment costs were not recognized and I doubt whether the LA would receive value for money on this basis. Although it would favour local companies.	Positive. Will favour local companies. Lots need to be reasonable size to achieve efficiencies

6	NR	
7	NR	
8	Proposed Frame work is positive for Shropshire council and the local economy if local contractors at to be utilised. Micro Asphalt should be in the section along with surface dressing and other surface treatments such as slurry sealing for footways - tend to find the companies that do Surface dressing undertake the other surface treatment options also.	Positive
9	I think you definitely need to have a Preventative Maintenance box (historically titled Surface Treatments) which is where we would fit. You need a contractor who will look at the site on its own merits then design the appropriate cost effective solution from his list of solutions in partnership with the client. If this contractor is also responsible for all prep works then he will ensure that money is not wasted on this side of the process so funds are more focused on the applicable treatment; This box should include the following; Surface Dressing Micro Asphalt CAUTS (Cold Applied Ultra-thin Surfacing) Asphalt Preservation FWSS All Prep & post works (patching, Ironwork, Lining & Rod Studs) Then you should also have the following separate boxes; Resurfacing Bridges & Structures Drainage Schemes Civil & Traffic Schemes Along with a small term service as you have in your plan.	Positive. Suggested change.
10	As stated in Question 1 our preferred model is for the contract to be provided s a single contract. However, if the framework approach is adopted, we suggest that gully emptying should be included in the drainage framework. This will allow the contractor(s) on the framework to manage the drainage asset in its entirety and allow a joined up approach to managing flood events.	Negative
11	We would recommend that bidders are permitted to price the elements of the lot that they are most suited to deliver – rather than mandating that all items must be price within the lot. This will enable Shropshire Council to select the most appropriate contractor for each scope of work and it is a model that has been successfully adopted by other local authorities. For example, on one local authority framework, bidders were requested to specify up to three products/surface treatments and align the product to the range of defects presented by the local authority. We are happy to provide further details to Shropshire Council.	Positive. Suggest flexibility in bidding.
12	From our experience on similar Frameworks we believe that in addition to the Works the Council has identified under the "Framework Suppliers" that other works identified under "Contract - 5 year term should be included. These works are regular on going works and are not dependent upon capital expenditure. Budgets can be set for each financial year with regular monitoring and reporting thereby controlling the costs to the Council, all the works under one Contract would bring best value to the Council by better use of resources and overhead burden.	Negative
13	The framework will provide a division of responsibility potentially between a number of different contractors. This could lead to individual contractors working in isolation with poor communication and / or disputes. It is a micro management approach which has traditionally operated within local authorities in the past with variable outcomes.	Negative
14	No	
15	Please refer to my previous answer emphasising the contribution XXXXXX could make if for instance there was a separate contract for surface dressing of urban/estate roads.	

16	Please refer to my previous answer emphasising the contribution XXXXXX could make if for instance there was a separate contract for surface dressing of urban/estate roads.	Positive
17	As in Questions 1,2 and 3 we believe that the number, value and term of the services needs to be reviewed to enable providers to realize greater efficiencies and economies of scale. The number of frameworks would potentially also require additional management and supervision from the client team at additional cost	Negative
18	The proposed framework of services appear to have been have been well considered to meet the needs of SC and we do not wish to propose any alternative or amendments.	Positive
19	NR	
20	My preference would be that you split the Micro Surfacing framework and have a separate framework for this option. You may also want to consider a Specialist Patching and Footway Slurry Sealing being added to the Micro Surfacing Framework.	Positive. Further splitting proposed
21	Our suggestion would be that Micro Surfacing is separated from the Resurfacing and Patching framework, but we would encourage that within the Micro Surfacing and Surface Dressing framework you add in the option for Footway Slurry Sealing, Specialist Patching and other PSD patching so that successful framework contractor can manage the entire process. This would add in resourcing labour to complete all works.	Positive. Further splitting proposed.

Q6	Shared contract management platform It is intended that the administration of the contracts will be managed via a commercial on-line shared system operated by the Authority. Do you have any experience of these systems and what are your views?	Assessor comments
Response summary	Six respondents did not respond to this question or didn't have a view. Ten stated clear support for shared systems with most having experience. Four questioned their usefulness in terms of being overly complicated, whether they were applicable to framework / smaller scale contract arrangements or removed the benefits of face to face engagement.	
1	NR	
2	Not work this way before so cannot comment.	
3	NR	
4	NR	
5	I was recently involved in bidding for one of these. The information provided was confusing and seemed to indicate a heavy management commitment for relatively low value of works.	Wonder whether they involve heavy management for relatively low value
6	NR	
7	No experience, however, in terms of managing centrally or locally I believe local management is clearer and better for both parties. It is more costly but things run much smoother.	No experience but need local not



		central management
8	I have no experience in these systems, but as question 2 this system in my opinion will need to be as simple and straight forward as possible.	Wonder whether they are overly complicated
9	We have no experience of this type of system but have reservations about a contract which is to managed on-line? We still think a personal approach with regular meetings is more applicable to highway maintenance works and sitting around a table discussing things over a cup of coffee has a big place in these times? This is 100% flexible where on line systems are faceless and would cause confrontation possibly?	Wonder whether the benefits of face to face are eroded.
10	XXXXXX has extensive experience across a number of local authority contracts. We are able to provide examples of where we have used Client's applications on XXXXX machines/networks and also where we have interfaced with clients applications via API's to allow transmission of data between a clients application and XXXXX own bespoke application. XXXXX has developed a web-based application to interface with clients systems which allows the transfer of works information to and from the client as well as operational and financial management of the works. We also have an integrated mobile application which is used by the workforce. XXXXX would welcome the use of online shared systems as this allows for improved collaboration between parties and greater efficiency through streamlined processes and reductions in paper based systems etc. We would be willing to collaborate and work with the client to further improve and streamline business processes throughout the duration of the contract and have a dedicated and experienced team to manage this process.	Support. Experience has shown benefits of such systems.
11	XXXXXX do not currently integrate into our clients systems, however we have developed a real time information system "XXXXXX" to manage our business and commend a collaborative working model to reduce admistration costs for all parties	Support. Appreciate the benefits of such systems
12	We have experience of using a number of shared systems and do not have any issues in utilising the Councils system although we would need to understand the full extent of the "commercial" term and what the Council is looking to capture as we may have issues with interfacing with our own systems. Having said that we do operate systems that fall outside of our standard and can establish bespoke systems if required. This would require much greater understanding going forward.	Support. Use shared systems – no issues
13	XXXXXX use the XXXXXX system which fully encompasses all contract administration including very effective contract governance.	Support and experience
14	No	
15	No experience but we would be happy to work with this type of system	Support
16	No experience but we would be happy to work with this type of system	Support
17	We have experience of these but with no more than 2 suppliers. They are useful tools on larger contracts but the relatively small value and number of contracts potentially involved in this model may mean that the systems are not as effective.	Support but only really effective on

		large contracts
18	On our XXXXXX Repair and Maintenance Contract we use CONFIRM. This enables work to be allocated, recorded and billed on-line. We are currently developing innovative asset management BIM to meet the Government BIM Level 2 target. Specifically, we are implementing BIM360, a suite of collaborative construction management software including BIM360 Field which offers the ability to push Works Orders to site teams in real time, record the work done and invoice. Our Document and Drawing Management Systems are based on Microsoft SharePoint and we use the Microsoft Office suite of products for normal business use i.e. Word, Excel, PowerPoint and Outlook. Design is carried out using AutoCAD products for undertaking any in-house design. Over time we will also migrate to BIM360 Glue, which is a 3D modelling package that will further enhance the BIM capabilities. We use the Causeway Construction Estimating Software. The output can be used to monitor against actual cost and value as work progresses. Input and output data can be to the CITE standard as well as Excel. Our accounting system AXiM is set up to accommodate Lump Sum, Cost Reimbursable, Schedule of Rates and Target Cost Contracts and facilitates complete transparency with a comprehensive auditing process. We use Asta Powerproject because it is planning software specifically designed for the construction industry. It allows precise programming and has excellent presentation capabilities. Output can be readily transferred into Microsoft Project format if required. It also has enhanced 4D planning capabilities for more effective BIM implementation.	Support and experience
19	On-line shared systems do work in our experience	Support.
20	We are aware of these systems but have no current direct knowledge, my understanding however is that this would assist in paying supply chain at the same time. I think this would work well for Term Service activities but we would have concerns on Framework contracts. We would however be very interested in looking at this detail further.	Support for Term Service question use in Framework contracts
21	We don't have any direct understanding of these systems, but would be more than happy to understand them further as long as it provides confirmed payments through the on line system when accounts are agreed. Any delay in slowing up the payment process would be a great concern.	Support. Happy to work with

Q7	Rates and overhead costs Would Contractors prefer to identify costs separately in a Schedule of Rates or include them within the Priced Items?If they are shown separately how do you prefer to price them (e.g. percentage on cost, lump sum etc.?)	Assessor comments
Response summary	Five respondents did not respond to this question. Eight felt the overheads should be separate and two of these indicated a preference for lump sum. Five felt they should be included in the price item. Two expressed no preference.	
1	NR	
2	We would prefer to have prelims paid separate to the rates as to include them would not guarantee recovery of costs, as it would depend on the spend	Separate
3	NR	
4	NR	
5	I am familiar with working with Schedules of Rates. Usually the Rates are priced for works to be completed on a 28 day turn	Separate

	round, with % uplifts if the work has to be completed quicker, or "out of hours". Also, this arrangement allows for works to be scheduled - perhaps through "zonal working" so that travel can be minimized and output maximized.	
6	NR	
7	I believe a contractor would prefer them within priced items, however, its probably better value for money as the client to have a detailed schedule of rates. A lump sum cost is useful and reduces the paperwork of billing etc.	Separate
8	If schedule of rates items include all costs it makes things simpler for all and easier to build a job with nothing hidden.	Include
9	For our box (Preventative Maintenance) We would like to include all our costs in a priced item (submitted in a SoR) and will have difficulty separating out risk etc as built on historical data and using experience of the industry we have been in for some 30 years plus.	Include
10	As described in response to Question 4, we would prefer for overheads to be shown separately and for them to be priced as a lump sum. This will allow overheads to be easily adjusted to manage peaks and troughs in workload.	Separate lump sum
11	XXXXXX recommend that different costs are separated to enable contractors to price accurately, Typically a preliminaries, traffic management, site clearance, surfacing SOR enables surety to the contractor of what is included within an item rate. XXXXX work with cost plus arrangements and schedule of rates, each assists clients in different ways, the key is budget certainty prior to works commencing.	Separate
12	We would suggest that Framework Services (revenue type works) are based on actual costs covering the labour, plant, materials etc. and local overhead with an agreed percentage addition for corporate overhead and profit. An agreed budget for the local overhead can be established for each financial year with regular monitoring and agreement of any changes required. A schedule of rates covering typical Capital works would be acceptable as a basis for pricing schemes with the inclusion of a price adjustment for inflation option within the Contract. Any works not identified in the SOR being priced at current rates with agreed percentage additions to cover overheads and profit, although consideration would need to be made for any overhead costs included within the Framework Overhead. We have experience of working in this way on other Frameworks and of agreeing a mechanism for the allocation of actual overhead costs to the various work categories.	Include local overheads. Percentage for corporate / profit
13	We would prefer a lump sum approach that could be amended to reflect changes to core turnover. This could include banding as a percentage for any variances.	Separate lump sum with variance to reflect turnover
14	Preferably separately as to include these in the rates may not always be suitable to the value of the scheme.	Separate
15	We are happy to work with any system	
16	We are happy to work with any system	Either
17	NR	
18	Our preferred pricing principles are for clarity and specifically in these type of contracts for minimising the risk to both parties regarding under or over recovery of overheads. We frequently operate under "open book" conditions and our systems are	Separate. Open book

	designed to provide clear and accurate pricing information internally and to our partners. We would suggest that the required overheads are identified separately so that all tenderers price on the same basis and removes the issue of over/under recovery during the contract. Specific Overheads relating to provision of emergency/ winter service could be applied using specific items in the pricing schedules.	
19	No preference	Either
20	Our current preference would be that we include rates and overhead costs within the Priced Items. If they are required to be shown separately then we would prefer a percentage on cost approach.	Include. If separate then percentage
21	We would prefer rates and overhead costs to be priced within the Priced Items, however if they are required to be shown separately then a percentage on cost would be our favoured option. However we would obviously need to understand the forecasted spend profile for the framework term.	Include. If separate then percentage

Q8	Number of suppliers It is anticipated that there will be a maximum of 6 contractors per work category. Do you consider this a reasonable number?	Assessor comments
Response summary	Three respondents did not respond to this question. Five indicate that a maximum of 6 was reasonable. Twelve felt a maximum of 6 was too many. Some felt the number should be lower at around 3 but would perhaps depend on the value of the particular lot and two took the opportunity to restate that a single contract was better.	
1	Yes	Yes
2	No. For Street Lighting at £3m per annum I would suggest a maximum of 2	No. Too many
3	NR	
4	NR	
5	No, It all depends on the Lot values and the possible work value to the contractor. For some low Lot values, it might not be economically efficient for a contractor to price.	No. Depends on lot value
6	NR	
7	No, I would imagine this is too many. It will make the contracts harder to manage, particularly if each contractor uses a different system, is based at a different site etc. One contractor makes it simpler, one set of weekly meetings, one Supervisor to contact, one Contract to become familiar with.	No. Too many. One contractor is far better
8	Yes	Yes
9	No, Again I'm only commenting on our specific area (Preventative Maintenance) and you need to appoint 1 primary contractor and 1 reserve only. Then once the client releases his wish list for the following year the contractor will look at every site based on its own merits and design the appropriate cost effective solution. If you have a framework of contractors they will all be pricing for different solutions based on how they have priced the tender and from experience the client will NEVER get best value. Obviously the client can specify his treatment for all to price but this is very risky and takes the ownership of the works away	No. Too many 1 primary and 1 reserve

	from the contractor.	
10	No, We consider 6 contractors to be too many. We propose that a maximum of 3 contractors would be the ideal number. It is not clear from the Proposed Delivery Model how the work would be allocated in the frameworks, such as if the top ranking contractor is given first refusal and work only cascaded down or of there would be secondary competitions or mini bids for packages of work. If it is the later it is administratively heavy for both the Council and the contractor should there be 6 competing parties. This reduces the attractiveness for contractors and may not provide a value for money result for the Council. Additionally, it is not clear how TUPE would apply in a framework with multiple contractors, especially if volume of work is not guaranteed.	No
11	Yes, By adopting an approach where tenderers can propose up to 3 products (ie for the Preventative Maintenance - Resurfacing, Patching, micro asphalt, lining & road studs, signs framework) - having up to 6 contractors per lot will enable Shropshire Council to select from a range of solutions to suit varying defects, rather than choices being limited by the constraints of a prescriptive SOR.	Yes
12	No, We consider that in order to bring best value to the Council that the number of Contractors should be reduced, thereby reducing the management costs to Contractor and administrative costs for the Council. Depending on the ultimate mix of works chosen by the Council, we would suggest that the Framework works are limited to one Contractor and that Capital works are limited to three Contractors.	No. Frameworks 1 contractor. Capital Works 3 contractors
13	No, We would prefer the fully integrated contract approach and believe that a framework contract is the least effective method of service delivery.	No. One contract
14	No, See above comments. We believe 6 contractors would dilute the attractiveness of the framework.	No
15	No, In order to control quality within the specialist contractor services category it would be important to restrict the number of contractors to 3-4 .	No
16	No, If a specialist contract for urban/estate roads surface dressing is issued we would recommend a maximum of 3-4 contractors are asked to submit tenders as inevitably there are fewer specialist contractors offering quality and value for money .	No. 3 to 4
17	No, This seems a high number given the value of the services. Three or less would be preferable.	No. 3 or less
18	Yes	Yes
19	Yes	Yes
20	No, Six seems far to high for certain framework activities and I am not sure that Shropshire CC would get long term quality and value for money. Our experience has shown that either a sole framework contractor per activity works well.	No
21	No, It seems very high and we would have concerns that year on year you may have competitive competition that would not provide stability and consistent of quality. Our experience has shown min competition through framework contractors with an element of quality within the bid works well. Or one framework contractor for the term with reserves in place should a non performance clause be required to change the contractor.	No

Q9	Price banding Works will be banded in price ranges and there will be an overlap of the bands. What prices ranges and overlap extent would you consider appropriate?	Assessor comments
Response summary	Nine respondents did not respond to this question or didn't have a view. The others suggested a wide range of banding and in some instances indicated these for specific types of work. One suggested using % to set overlap but two suggested overlap may confuse. Some suggested ranges could be different by type of work and dependent upon geography.	
1	NR	
2	NR	
3	NR	
4	NR	
5	I think with this, you need to consider the geography of the area over which you are working. For "day to day" maintenance - the type generated by Highway Inspectors, these could have low value but require considerable travel between sites. Consequently the pricing will be high per unit. For Resurfacing works I suggest £20,000 - £100,000, and £100,000 - £1,000,000	Resurfacing works £20K - £100K and £100K - £1M
6	NR	
7	NR	
8	Overlaps could be looked at as percentages so you would have a larger overlap for works of higher value i.e. a 10% overlap for a 10,000 job would be £1000 for a £50,000 job would be £5000.	Overlap variable expressed as %
9	Depends on work type & site size. But as a guide on preventative maintenance works; 0 - 1000m2 1,000 - 5,000m2 5000m2 - 10,000m2 10,000m2 and above This is not for pre patching works though just the actual treatments.	Depends on work type.
10	Due to the level of detail provided at this stage, we do not fully understand the volumes and budgets of the various activities intended to be put through the various frameworks and contracts. This makes it impossible for us to advise on price banding.	Not possible to comment on the information given
11	£0-50k, £0-100k, £100-250k. £250k-500k, £500k - £999k, Over 1 million,	£0-50k, £50-100k, £100-250k, £250k- 500k, £500k - £999k, Over 1 million
12	We would suggest that the price ranges for the Capital works as follows: £0k to £150k, £100k to £250k, £200k to £500k and £450k plus. Banding similar to this would enable the Council to select the Contractor they consider to be most suitable for the works being to be undertaken making best use of the resources available and skill sets of the Contractors.	Capital works: £0k to £150k, £100k to £250k, £200k to £500k
13	Overlapping of bands could lead to confusion so we would recommend that discrete bands are developed. Because there are different work scopes the banding would depend on the type of work being carried out. An an example we would expect the following for preventative maintenance 0 - 25 k 25 - 50 k 50 - 100k 100k - 200k 200k +	Overlap could be confusing. Preventative 0-25k, 25-50k, 50-100k,

		100-200k, 200k+
14	We have worked successfully on frameworks with values of £1 - £50k, £50k to £500k and >£500k. This provides accessibility to contractors large and small.	£1 - £50k, £50k to £500k and >£500k
15	NR	
16	We would be delighted to assist Shropshire CC set price ranges and bands or put them in touch with XXXXXX for their experience and advice for a surface dressing contract for urban/estate roads and provide other examples of bandings and price ranges for asphalt reinforcement contracts .	Happy to work with SC on this
17	NR	
18	We recognise the need for banding of works dependent generally on total/annual volumes and have experience of this on other contracts. Without further detail, banding at works order level applied in a clear and consistent manner should be practical. Without further information we can only comment that overlapping of bands needs a clear process of how it is to be implemented.	Overlap needs clear process.
19	NR	
20	0 - £50,000 £50,000 - £150,000 £150,000 - £300,000 £300,00 - £500,000 Over £500,000	0-£50k, £50-150k, £150-300k, £300-500k, over £500k
21	For Specialist Treatment activities: £0 - £150,000 £150,000 - £350,000 £350,000 - £500,000 £500,000 - £1,000,000 £1,000,000 - £2,000,000 Over £2,000,000	Specialist Treatment £0-150k, £150-350k, £350-500k, £500k-£1m, £1-£2m, over £2m

Q10	Surface dressing Would the Surface Dressing contractor prefer to be responsible for all works including the preparation of the carriageway beforehand and all ancillary operations (e.g. pre surface dressing patching, lining, road studs etc.) or only undertake dressing operation?	Assessor comments
Response summary	Five respondents did not respond to this question. Seven indicated that surface dressing contractor should only be responsible for dressing but at least two of these were in the context of a term contractor using a specialist subcontractor. Eight indicated one contractor should be responsible for all – arguments offered included, guarantee, liability, timing control	
1	NR	NR
2	NR	NR
3	Responsible for dressng operation only	Dress only
4	NR	NR
5	Responsible for dressing operation only, I think it is rare to find a surface dressing contractor who undertakes the pre-patching, surveying road markings / studs and the subsequent relining. If any of them do this, then I suspect it will be through their	Dress only

	subcontractors. You might find you have better financial control if you oversee let these activities yourself.	
6	Responsible for dressing operation only	Dress only
7	Responsible for all works, Again this would make it much easier for the client.	All
8	Responsible for all works, Dressing contractors offer a guarantee however if they have not undertaken the preparation works the guarantee is likely to be invalid. Contractors would also have control to make sure everything is done a ready in time for the dressing to take place.	All. Issues over guarantee if not
9	Responsible for all works, As mentioned earlier you need to put Surface Dressing in the preventative maintenance box (see section 5) and then to make the contract work properly need a 1 stop shop approach. Currently you show resurfacing in this box which is incorrect. Resurfacing is a re-construction process as you are taking material away and replacing it with new and requires its own section. This way the contractor will make sure everything is ready for his teams to start on time. Otherwise you may cause confrontation which will lead to claims & regular compensation events	All
10	Responsible for dressing operation only, Although XXXXXX is not a surface dressing contractor, we have responsibility for surface dressing on other term maintenance contracts that we provide through key supply chain partners. It is our experience that surface dressing contractors will not undertake pre patching although they will take responsibility for the delivery of lining and studs.	Dress only
11	Responsible for dressing operation only, There are innovative patching processes available and being developed on the market that could save Shropshire Council a large amount of money and we would recommend that these explored through the preventative maintenance lot.	Dress only
12	Responsible for all works, Surfacing dressing is a specialist operation and the works can be highly disruptive to the general public and on traffic sensitive roads. All the works need to be project managed in order to reduce delays etc. covering all the works from letter drops prior to works commencing to reinstatement of lining & studs etc.	All
13	As we are not a surface dressing contractor we are unable to respond to this question.	NR
14	Responsible for dressing operation only, We have worked with surface dressing contractors and in our experience the preparatory works are best undertaken in advance by ourselves and the specialist operation of surface dressing left with the specialist contractor.	Dress Only
15	Responsible for dressing operation only, We offered all services within the dressing operation in XXXXXX other than pre patching and traffic management , including a proprietary system that we sprayed after the surface dressing operation that locked the chippings virtually eradicating loose chippings and reducing the need for sweeping on completion .	
16	Responsible for dressing operation only, we have experience of provision of dressing including a proprietary spray system which 'locks' the chippings into place eradicating loose chippings and reducing the need for the application of sweeping.	Dress only
17	Responsible for all works, Ownership of all works associated with surface dressing would be preferable to give clear responsibility.	All
18	Responsible for all works, Although we do not undertake surface dressing works directly in house we would comment that it	All



	could be beneficial to SC, the contractor and other stakeholders including other service providers to have one party undertake all the works in order to ensure clear lines of responsibility and accountability.	
19	NR	NR
20	Responsible for all works, Our experience has recently shown that being in full control of the process will provide improved programming and ownership of all aspects of the delivery. It will also allow the contractor to resource the works fully to accommodate Shropshire's requirements.	All
21	Responsible for all works, Having full control of all works will provide Shropshire with a consistent approach and also allow the Surface Dressing contractor to plan and programme the works better and in line with the contractual requirements.	All

Q11	Drainage The Authority is responsible for both highway drainage and flood management of water courses on third party land. Is there any issues that this may cause in delivering the service?	Assessor comments
Response summary	Twelve respondents did not respond to this question or didn't have a view. Eight indicated that on the whole there would be no issues other than those associated with working on third party land. One indicated the benefits of including gulley emptying in the drainage service.	
1	NR	
2	NR	
3	NR	
4	NR	
5	Your only problem will be with severe weather planning and allocation of resources, should you encounter a major or prolonged flooding event. Over recent years we have seen an increase in "short torrential storm events" which are usually not forecast particularly well. Boscastle being a notable event.	No but
6	NR	
7	NR	
8	NR	
9	N/A	
10	We do not envisage any issues with this service, however, as stated in our response to Question 5, gully cleansing should be included in the drainage service. We would suggest that a targeted cleanse programme is developed based on data collection from the first 2 cycles of gully emptying. This will allow the contractor to increase the frequency of cleanses where it is most needed and decrease cleanses where it is not required. This approach enables the drainage network to deal with heavy rain and flood instances much more effectively.	No but
11	XXXXXX do not have experience in drainage and flood management	
12	Highway drainage would not provide any issues. However flood management on third party land would lead to issues with land access and consequential potential high risk liability for any incidents which would fall outside of our normal scope for works and ploicy coverage.	No but

13	Issues which may result are : Access to land - landowners could become difficult Permission from landowners may be difficult to arrange Insurances will be needed for working on the non highway network which may increase costs	No but
14	None other that accessibility to third party land.	No but
15	No	No
16	N/A for our services	
17	None	No
18	The responsibility of any consents, easements and access needs to be clearly defined.	No but
19	More information required	
20	N/A	
21	No	No

Q12	Contract duration Do you consider that 5 years would be a suitable duration for this contract?	Assessor comments
Summary response	Three respondents did not respond to this question. Twelve indicated that 5 years was suitable, and three of these suggested extensions would be beneficial. Four indicated the period was too short suggesting 6, 7 year plus extensions up to 10 year total to get best rates.	
1	Yes	
2	Yes	
3	NR	
4	Yes	
5	Yes	
6	NR	
7	No, I feel this is too short for the Contractor to offer reasonable rates.	
8	Yes	
9	Yes, From experience yes but you may want to consider extensions?	
10	Don't know, As described in response to Question 3, the optimum length of contract time would largely depend on potential Capital expenditure for depot facilities and vehicles. The optimum time is 10 years, with a 5 year core period with options for extensions through KPIs. To ensure the contract is performing to a satisfactory standard, extensions should be awarded based on good performance in line with a suite of contract specific KPIs. The KPIs should be flexible and able to be amended as contract evolves to suit the need of the service. The first extension should be awarded at the end of year 3. This encourages positive behaviour throughout the contract, rather than improvements and efficiencies being made in the last year.	
11	Yes, We would suggest an option to extend if the contract is working well and reduce any unnecessary tendering costs.	
12	No, As identified previously we consider that 6 year term plus option to extend a further 2 years would be more suitable.	
13	No, As previously described we believe that a minimum 7 year duration is suitable to allow full integration of staff, the contract	

	to reach a steady state and to allow longer investment by the contractor for innovation and efficiency savings and improvements.	
14	Yes	
15	NR	
16	Yes	
17	No, A minimum of 7 years would be preferable as described above	
18	Yes	
19	Yes	
20	NR	
21	Yes	

Q13	Response times The response time for reactive works will be from one hour for emergencies (i.e. make safe) to 20 days for non-emergencies. Do you consider this a practical time period?	Assessor comments
Response summary	Eight respondents did not respond to this question or didn't have a view. Eight agreed with the time periods and suggestions included a risk bases application and a range of response times. Four did not agree with periods and suggestions included 2 hours for emergencies (certainly outside normal working hours), 28 / 30 days for non-emergency.	
1	Yes	
2	No. One hour is fine during normal working hours but I would suggest 2 hours outside normal working hours.	
3	NR	
4	NR	
5	Yes, These seems reasonable. I would suggest 20 working days for non-emergencies.	
6	NR	
7	Yes, Yes provided there are intermediate response times (eg 1 day/5 day) as we have currently.	
8	No, Non - emergency time could be extended up to 30 days we do find small works such as pipe renewals and reactive patching which would not necessarily need to be done in 20 days but the value of the work is not large enough to be put into a programme of works.	
9	Don't know, N/A	
10	Don't know, The priority categories stipulated in the contract will be achievable dependant on: <ul style="list-style-type: none"> <li>• Depot access. If access and space is allocated within all 6 depots across Shropshire, then operatives and resources can be managed to meet the categories.</li> <li>• Out of hours response. If the out of hours crew are required only to make safe and then provide a full response during the normal working day the categories are practical.</li> <li>• Volume and categorisation of orders. On other contracts we have devised a joint manual to ensure that both the inspectors and operatives categorise reactive works in the same way. This ensures works orders are programmed effectively.</li> </ul>	
11	Yes, Dependant upon the work activity we would recommend each work type is categorised for reaction time and where	

	possible work programmed and planned to suit the weather conditions	
12	No, A 20 day response time can be achieved but would be reliant on the noticing procedures and the volume of works to be undertaken, one of the Frameworks we currently work on has a 28 day response time which is achievable.	
13	No, Based on our experience and in particular our most recent contract for East Sussex County Council which is of similar size and scope, we would recommend a 2 hour response time for emergencies and 28 days for programming non emergency works.	
14	Yes	
15	NR	
16	N/A for our systems	
17	Yes, Generally yes but it would depend on the asset in question. A more risk based approach would be preferable to give better value for money,	
18	Yes, The one-hour response times need to be balanced against the rural nature of the county. Careful attention to resourcing and local deployment will be required to achieve this level of performance economically.	
19	Don't know	
20	NR	
21	Yes	

Q14	Council depots The Council currently operates its highways and environmental maintenance services from 6 depots (which will be occupied by service provider, operatives, Council managerial staff and other third parties). 5 of these depots will be managed by the Contractor. What is your attitude to being responsible for these depots or for being an occupant in a depot managed by another contractor?	Assessor comments
Response summary	Seven respondents did not respond to this question or indicated it was not applicable. Thirteen saw no problem with either arrangement. One stated the importance of clearly set out responsibility and suggested depot consolidation.	
1	NR	
2	Not a problem	No problem
3	NR	
4	NR	
5	No problem	No problem
6	NR	
7	Contractor managed depots seem to work well. I don't think it will be easy for more than 1 contractor and the client to be based from each depot.	No problem
8	We have this situation currently and there has been no issues with situation any changes or requirements are discussed and agreements made.	No problem
9	N/A	
10	XXXXXX promotes partnership working on all 7 of its local authority term maintenance contracts. On these contracts we	No problem

	co-locate with the Client wherever possible and formation of a management structure comprising of both parties to make key decisions. We also manage either areas of, or full depots and offices, on these contracts, managed by our extensive facilities management teams. We would be happy to manage depots on behalf of Shropshire Council and would act as responsible contractor should the depot be managed by a third party.	
11	We would welcome the opportunity to share depots for the storage of materials and plant, we encourage this to reduce the carbon footprint of our works.	No problem
12	Without knowing the locations and services being provided from each of the depots, our initial thoughts are that consolidation of some of the depots could bring substantial savings to the Council. Provided that a clear scope of responsibilities and liabilities is established along with agreed costs we would not have an issue with managing the depots provided that all other occupants conformed with all of our HSE polices etc. We would prefer to manage all the depots, however we would be prepared to be an occupant in a depot, provided all of the above were in place.	No problem. Responsibilities need to be clearly set out. Suggest further consolidation
13	Managing depots would not be an issue for XXXXX	No problem
14	We have no experience of managing a depot but have worked with a managed environment and understand the logistics.	No problem
15	NR	
16	We have no problem with being managed by another contractor inside the depots .	No problem
17	No preference either way as long as it is clear where responsibility lies and agreements are in place to reflect this.	No problem
18	Many of our existing contracts require the management of offices/ depots either by ourselves or by others. We foresee no issues in working collaboratively in this way and would be equally comfortable in either circumstance.	No problem
19	NR	
20	NR	
21	As a Framework contractor we would require access to the depots for storage of materials and would be happy to work with the Local Provider.	No problem

Q15	Council depots - street cleaning and grounds maintenance Does the inclusion of Street Cleaning and grounds maintenance in the Depot contract package, feel advantageous?	Assessor comments
Response summary	Twelve respondents did not respond to this question or didn't think it was applicable. One said there wouldn't be an advantage but offer no detailed comments. Seven felt there would be advantage and comments on synergies and resource flexibility / responsiveness particularly in relation to winter activities. One of the yes responses indicated that inclusion of Ground Maintenance would not be best value to Council as it is largely seasonal and undertaken by specialist contractors	
1	NR	
2	NR	
3	NR	
4	NR	

5	It might help with civil contingencies / emergency planning, provided there is flexibility for the organisation to re-allocate staff at short notice.	Yes
6	NR	
7	Street cleansing and grounds maintenance is a subject that can go alongside waste collection, highways work or public protection. There would be different benefits to each of these mergers. I think it is advantageous for the Client but I am not sure about the Contractor.	Yes
8	Yes we would need close contact with the contractor who undertakes this work and we would need plant and operatives at hand in divisional offices to undertake duties in the locality.	Yes
9	N/A	
10	No	No
11	XXXXXX do not have experience to comment on this question	
12	Street Cleaning and gulley emptying would be best within the Depot contract as the Contractor could make best use of resources by scheduling works. However, we do not believe that we could bring best value to the Council by the inclusion of Grounds maintenance is largely seasonal and undertaken by specialist contractors.	Yes but
13	Yes - this would provide additional resources for winter and emergency services.	Yes
14	We have no experience of this type of work	
15	NR	
16	N/A to our operations	
17	Yes	Yes
18	Yes. The provision of the grounds maintenance and street cleaning services requires the use of fit for purpose, strategically positioned depots in order for them to be carried out effectively. It therefore seems appropriate to incorporate them into the same work package.	Yes
19	NR	
20	NR	
21	N/A	

Q16	Council depots - framework feasibility The Council depots will be a term contract covering all of the aspects demonstrated – what are your views on the type of works, contract length, estimated value and overall feasibility and practicality of this, in context with the framework proposed?	Assessor comments
Response summary	Thirteen respondents did not respond to this question, didn't have a view or indicated it wasn't applicable. Three respondents support the proposal. Four did not support, three felt the depots should be in a single term contract and one felt they should be retained by client.	
1	NR	
2	NR	

3	NR	
4	NR	
5	No comment	
6	NR	
7	NR	
8	My view is that this framework contract is a positive move. Contract lengths and budgets seem to be correct to get companies interested and willing to invest. The main aspect to the feasibility and practicality of the new contract would be to keep systems and processes as simple as possible so we do not exclude or deter local contractors, who are the right people to be delivering the work on the ground, from becoming involved.	Support proposal. Keep systems and processes simple to attract local contractors.
9	N/A	
10	As described in response to Question 1, we suggest that the Framework and Local Provider Contracts should be brought together into a single highways maintenance service.	Do not support proposal. Single contract.
11	XXXXXX would recommend that the Council depot element moves to the core commissioning section so Shropshire Council keep control of this vital element and maximises its opportunity to manage its assets effectively.	Do not support proposal. SC retain in core commissioning section.
12	As we have stated elsewhere consideration needs to be given as to what structure can deliver best value to the Council, we do not believe the proposed works split currently gives that. The durations need to be reviewed, the proposed number of Contractors needs to be reviewed along with the estimated value associated with each potential work category. Best value to the Council can then be achieved through continuity of work resulting in efficient use of resources along with efficient use of overhead for both the Council and the Contractor.	Do not support proposal. Single contract
13	Unfortunately we are not able to answer this as we do not fully understand the requirements and would need to discuss this further.	
14	See answers above.	No view
15	NR	
16	N/A to our services .	
17	Preference would be to include this as part of the term contract rather than as a stand-alone contract,	Do not support proposal. Depots should be in term contract.

18	We consider the scope of works, contract duration and budgets to be appropriate to SC's operational requirements and their broader strategic objectives.	Support proposals
19	NR	
20	NR	
21	We have no concerns with the current proposal.	Support proposals

Q17	Winter maintenance We envisage that the contractor responsible for the depots would also provide the Winter Maintenance Service and storage of winter salt. Winter maintenance vehicles, equipment and salt will be provided by the authority with the contractor providing the operatives. Do you consider this a practical approach?	Assessor comments
Summary response	Eleven respondents did not respond to this question, didn't have a view or indicated it wasn't applicable. One of the don't knows indicated the importance of a single service provider so that operatives are occupied when not called in for winter maintenance and another suggested looking at viability of using SME contractor labour to help deal with seasonal work flows covering winter maintenance and undertaking general maintenance in between winter maintenance events. Two indicated it would not be a good idea as it could result in delays, blurred lines and inefficiencies. Six support the proposal indicating the benefits in the contractor not having to invest in a fleet that Shropshire already has in place. Others indicated the importance of making it clear monitors the salt levels, the need to make sure there are sufficient staff to undertake routine and winter maintenance.	
1	NR	
2	NR	
3	NR	
4	NR	
5	Yes, Who will monitor salt usage? Otherwise no comment.	
6	NR	
7	Yes, Similar to how the Winter Maintenance service works currently.	
8	Yes, The warning with this situation would be a contractor being able to provide staff though the winter period to undertake both winter service and routine works.	
9	Don't know,	
10	Don't know, This is a practical approach if the contract was delivered by a single service provider. However, the winter maintenance provider needs to have a core activity of work to fully utilise the operatives when not on winter maintenance activities. It is not clear from the Proposed Delivery Model if this is the case and if there is no outlet for the operatives when they are not completing winter activities then this approach would not provide value for money for the Council.	
11	Don't know, We would recommend looking at the viability of using SME contractors labour who have seasonal work flows to support the council or contractor undertaking winter services, we have seconded employees to Telford this season who have	



	provided winter maintenance cover for the season and undertaken general maintenance duties on days there has been no winter duties, this has avoided additional staff being employed directly by them	
12	No, Splitting the provision of salt and vehicles and equipment from the services could lead to delays in response due to the lack of services provided by the Council. The responsibility needs to rest with one party.	
13	Yes, Based on our experience, a fully integrated contract would further support this approach by providing more directly employed drivers.	
14	No, We have no experience of this.	
15	NR	
16	Yes	
17	No, This approach could lead to blurred lines of responsibility and lack of efficiencies	
18	Yes, Any requirement for the contractor to provide the winter service fleet would necessitate significant up front capital investment that would need to be recovered during the contract. We would not consider this to approach to be in the best interest of SC who currently has their own fleet. Similarly, any requirement for the contractor to purchase salt would entail an element of risk that would require pricing and hence could be seen as an unnecessary cost. In summary- we endorse SC's proposed approach.	
19	NR	
20	NR	
21	Yes	

Q18	Flooding We envisage that the contractor responsible for the Winter Maintenance would also provide the emergency flood response service. Do you have any views on this?	Assessor comments
Summary response	Ten respondents did not respond to this question, didn't have a view or indicated it wasn't applicable. Two respondents didn't support the idea but gave no reason. Two were neutral and raised concerns about the resource capacity. One supported but felt that it was important to link (same contract) drainage with winter maintenance and flooding to help ensure sufficient resources are available. Five others supported without significant comments.	
1	NR	
2	NR	
3	NR	
4	NR	
5	It all depends on the level of resource available and who directs resources? In flooding what would be the priority service ? The highway network and movement of emergency vehicles or safeguarding properties?	Depends on what the service is exactly
6	NR	
7	This would be sensible as it is also an infrequent weather condition.	Support

8	As above, flood events requires numbers on the ground	Concern about the number of operative required
9	N/A	
10	The winter maintenance provider needs to have a core activity of work to fully utilise the operatives when not on winter maintenance activities. This may include drainage works as you propose, although this is only feasible if the contractor responsible for winter is also responsible for drainage. This is not guaranteed in your proposed structure, therefore this needs careful consideration and we would require further detail on how you intend to operate the structure to comment further.	Support but drainage needs to be same contractor as winter maintenance.
11	XXXXXX do not have experience to comment on this question	
12	We have no issues with this. We have provided emergency flood response on one of our existing Frameworks.	Support
13	We think this a good idea.	Support
14	We are able to provide rapid response flood prevention services.	Support
15	NR	
16	No	Don't support
17	NR	
18	We provide similar emergency response services on a number of our framework contracts and our experience is that this works satisfactorily.	Support
19	NR	
20	NR	
21	No	Don't support

Q19	Vehicle maintenance We envisage that the contractor responsible for the depots would also provide the vehicle maintenance service. Do you have any views on this?	Assessor comments
Summary response	Fourteen respondents did not respond to this question, didn't have a view or indicated it wasn't applicable. One respondent indicated they see the two linked – they maintain their own vehicles therefore would provide the service to Shropshire as well. Four respondents indicated that a specialist / local providers should deliver the service, one indicated they'd use a partner.	
1	NR	
2	NR	
3	NR	
4	NR	
5	No comment	

6	NR	
7	NR	
8	NR	
9	N/A	
10	This would be a suitable solution dependant on facilities and volume of work. Again this would be more suited to a single service provider or if all contractors and other Council departments were obliged to use this facility.	Dependant on volume
11	Shropshire Council may benefit by using a specialist maintenance local company to maintain their fleet and reduce administration time by collaborating together to manage the administration of the fleet.	Specialist
12	This falls outside of our normal scope of works and would require further consideration once we have an undersatanding of vechicle ownership, leasing etc.	
13	This could be a problem for some contractors who do not normally provide this specialist service. Some contractors would use a supply chain partner to provide this service.	Use Partner
14	We have no experience of this.	
15	NR	
16	No	
17	The combination of these services does not appear to have any obvious synergies. Is there a market for these in combination? Vehicle maintenance is probably better served as a single separate contract,	Specialist
18	This is a logical combination of services that effectively makes use of existing facilities in the depots. We own and maintain our own fleet and our experience shows this to have significant operational and commercial benefits. The provision of vehicle maintenance also provides revenue-generating opportunities.	Maintain own therefore do all
19	NR	
20	NR	
21	I believe that this should be a requirement of the Local Provider contract.	Specialist

Q20	Bridges and structures It is envisaged that the Bridges Reactive contractor will undertake works to allow the Council's consultant access to structures (e.g. clearing of undergrowth, water courses)Do you consider this an appropriate approach?	Assessor comments
Summary response	Ten respondents did not respond to this question, didn't know or indicated it wasn't applicable. Ten supported the approach and comments included how MEWPs are used for street lighting and bridge/structure access. One suggested split of bridge/structure work into routine work by term contractor and specialist work through framework.	
1	NR	
2	NR	
3	NR	
4	NR	
5	Yes	

6	NR	
7	Don't know	
8	Yes	
9	Don't know, N/A	
10	Yes, Most bridges and structures inspections and maintenance require MEWPs and therefore efficiencies may be generated by linking this activity to street lighting contract/framework.	
11	Don't know, XXXXXX do not have experience to comment on this question	
12	Yes, These works can include specialist works are would be best kept within the appropriate Contractors package and not undertaken by others.	
13	Yes	
14	Yes, We are able to provide this service.	
15	NR	
16	Yes	
17	Yes	
18	Yes, For consideration - SC could adopt a dual approach to bridges/ structures: • Term contractor doing routine work e.g. minor repairs, parapets etc. • SC reserving the right to do specialist work by framework e.g. waterproofing	
19	NR	
20	NR	
21	Yes	

Q21	Street Cleansing It is envisaged that gulley emptying and road sweeping will be included within the Street Cleansing contract What are your views and do you consider an alternative would be more practical? Or if the contract was included within the Deport and reactive maintenance services block, would this provide a positive or negative impact?	Assessor comments
Summary response	Thirteen respondents did not respond to this question or indicated it wasn't applicable. Six suggested a positive impact, referring to the need to reactive gulley emptying and road sweeper / gulley emptier drivers can be used for winter salting. One implied a negative impact and stated that gulley emptying should be part of the drainage contract,	
1	NR	
2	NR	
3	NR	
4	NR	
5	Highway maintenance invariably requires involvement of gulley emptying. You will have to determine the mechanism for achieving this.	
6	NR	
7	On a practical basis this works well and this is what happens currently. The Client needs good control of the gulley emptying sub	Positive

	contractor. Some of this work can be classed as reactive maintenance but currently there is a large proportion of this work which is planned and programmed work. With the Council's new way of working I guess this will alter and may become more reactive.	
8	Gulley emptying is in two parts the routine work and reactive work to flooding, weather events and drainage investigations. I feel having a presents of a gully emptier in the reactive maintenance block would be beneficial for emergency works and drainage investigations etc. so would see this as positive impact.	Positive
9	N/A	
10	Our view is that Street Cleansing, including road sweeping can operate as a stand alone contract, however, as stated in Questions 5 and 11, gully emptying has more affinity to the drainage contract and should be included as an activity within that framework.	Negative
11	XXXXXXX have no experience in gulley emptying to be able to comment effectively on this question	
12	Please refer to our response to question 15. (Street Cleaning and gulley emptying would be best within the Depot contract as the Contractor could make best use of resources by scheduling works.)	Positive
13	We would need to understand this approach through further dialogue so we are unable to comment on this at present	
14	We have no experience of this.	
15	NR	
16	N/A to our services	
17	The inclusion of street cleansing and gully emptying is welcomed as it does assist in addressing the above issue in item 5. In particular the drivers of road sweepers and gully emptiers are ideal resources for also operating winter salt spreaders.	Positive
18	The proposal seems sensible since the work is of a similar type. We don't have enough information to comment further.	Positive
19	NR	
20	NR	
21	Positive	Positive

Q22	Street Lighting It is envisaged that street lighting will include highway lighting, illuminated signs and bollards only. Do you have any other suggestions?	Assessor comments
Response summary	Ten respondents did not reply to this question or indicated it wasn't applicable. Seven indicated no other suggestions. Four made suggestions - non-illuminated bollards - subway, car park and general pedestrian lighting – lighting supplier should deliver capital works lighting	
1	NR	
2	Non illuminated signage could also be included	
3	NR	
4	NR	
5	No. That's fine.	

6	NR	
7	NR	
8	None	
9	N/A	
10	The lighting supplier should also deliver the capital works lighting requirements as they will ultimately be adopted by the Council.	
11	XXXXXX have no experience in street lighting to be able to comment effectively on this question	
12	No, we have experience of this arrangement on other Frameworks.	
13	We note that traffic signals contract was let in April 2016 so there are no additional suggestions.	
14	No	
15	NR	
16	No	
17	NR	
18	Additional items would be subway, car park and general pedestrian lighting.	
19	NR	
20	NR	
21	None	

**APSE Member Survey**

<p>This APSE member authority is currently retendering for their Highways, Street Scene and Street Lighting contract. They currently operate a single contract covering all aspects of the work, except large scale highways schemes which are tendered individually or as a package of work.</p> <p>They are now considering changing from a single term maintenance contract to a number of smaller contracts for specific work types.</p> <p>To assist their contract review they would be interested to know what current contract arrangements other authorities have in place for example:-</p> <ul style="list-style-type: none"> <li>• Do you operate single or multiple contracts?</li> <li>• What advantages / disadvantages do you consider there to be with your current contract arrangements?</li> <li>• What model of contract do you intend to use when you next retender?</li> <li>• If you have multiple contracts what work is included in each contract type?</li> </ul> <p>As ever your assistance is greatly appreciated and only respondents will receive a summary of the responses provided.</p>	<p><b><u>Question</u></b></p>
<p>Six local authorities responded but one of these (XXXXXX) was not able to offer any views but requested copies of the collated responses. The other five offered the following:</p> <p><b>XXXXXX MBC</b> – Only commented on Street Lighting. They have an in-house service with external contracts for unmetered connections and structural testing (specialist) services. They will be taking advantage of a collaborative framework contract for connections in the next few months. They advise that including these specialist services in the main contract will limit the number of contractors able to bid but suggest considering including electrical testing if Shropshire has a lot of private supply</p> <p><b>XXXXXX Council</b> – They are part of the Yorkshire Highway alliance which operates a HMEP model framework. They recommend Shropshire moves towards the HMEP model and if possible joins an alliance.</p> <p><b>XXXXXX</b> - Currently we operate a 3 lot contract under NEC3 T&amp;C with one managing contractor. By letting 3 lots to one contractor this allowed for further reductions in rates. Sub-contractors are utilised to undertake all of the Capital works. Contract was procured when the civils market was at its lowest and therefore favourable rates obtain but it appears they are now having difficulties with the contactors as a result. The contract is heavily managed and therefore does not allow great flexibility in the delivery of works. When they renew they are keen to investigate all types of contract but with the emphasis on the employment of local companies and individuals. They have operated multiple contracts previously which attracted lower rates but required more control from individuals.</p>	<p><b><u>Response summary</u></b></p>

<p><b>XXXXXX City Council</b> – Currently have and <b>Internal DLO</b>; delivers winter maintenance, reactive and routine maintenance and the bulk of the capital maintenance programme on the local road network. A <b>Term Maintenance Contract</b> (single contractor); delivers civils work for Traffic Engineering schemes and Capital Maintenance schemes on classified and Principle road network and Capital Highway Improvement schemes. <b>Surfacing and Planing Contract</b> (multiple contractors); delivers road resurfacing on Principle and classified road networks. Individual task orders are issued to contractors based on a price evaluation for each individual work package.</p> <p>Strong DLO allows comparison of relative costs. DLO does not have broad enough offer so contracts set up to ‘top-up’ DLO. Managing multiple contracts / contractors does come at a price, procurement exercises can be expensive so work in partnerships to minimise costs. Keeping a large proportion in house means the authority retains a number of risks which it might not have to carry if more/all work was out sourced, or if the work went to a single contractor.</p> <p>Whilst there may be advantages of having a single contractor have all your eggs in one basket is a not a good idea.</p> <p>Expect to keep current delivery model but will keep the situation under review. Currently have working on an assessment of their delivery model.</p> <p><b>XXXXXX County Council</b> – Have single contract but with supply chain for various types of project / activity. Advantages are Partnership Based, Open Book Accounting, ECI, Partnership Manager and disadvantages are Some issues with material delivery, capacity in supply chain to undertake minor Highway / Bridge Improvements</p> <p>Intend to use In House plus Top Up next time</p> <p>Street Lighting is a single PFI contract. Advantages are Service Accountability, Robust underperformance payment adjustments and disadvantages are Complicated Contract, Changes take a while to implement, Performance suffers when high turnover of PFI management. Reliance on subcontractor Performance. Robustness of Inventory system. 25 year contract term.</p>	
<p><b>Detailed responses</b></p>	<p><b>Respondent details</b></p>
<p>We at XXXXXX County Council are considering our options for alternative service delivery and would be interested to obtain a copy of the collated responses. There is nothing we can add at this stage as we have no direct experience of such contracts.</p>	
<p>We operate our street lighting service in house. However, we find that our direct labour can’t provide certain specialist services and we have two contracts for such services – unmetered connections and structural testing, the</p>	



<p>latter a collaborative contract with another authority. We expect to take advantage of a collaborative framework contract for connections in the next few months.</p> <p>In terms of the request, there are a considerable number of street lighting contractors that could operate the street lighting service. The trade body HEA regulates its membership and are suited to providing the core business. Some could provide one or both of the two specialist services mentioned; a number of HEA contractors are also accredited to Lloyds Register for the provision of connection services, although they would need a construction and adoption agreement with the authority's host DNO in order to operate. It would also restrict the pool of available contractors if connections were bundled with street lighting services. Structural testing services are more problematic owing to the specialist knowledge and equipment needed to carry them out, and your enquirer would be well served by keeping them out of any prospective street lighting services contract.</p> <p>There is one other consideration – electrical testing. We undertake this as part of our direct labour provision; however, we have very little private supply cable (which requires testing under BS7671) and for an authority that has a lot of private cable it may be of value to consider whether the service could be provided by the core contractor – most would be able to – or whether to consider using yet another specialist.</p>	
<p>We are part of the XXXXXX Highway alliance and we have frameworks for all the main areas of Highway maintenance. Our model is in line with Dft/HMEP and this will help in meeting the Dft funding requirements.</p> <p>Our view would be that this authority probably needs to move towards the HMEP model. I suggest they consider joining an alliance.</p> <p>All the frameworks use NEC conditions of Contract and national specifications as far as possible.</p> <p>The frameworks we have include:</p> <ol style="list-style-type: none"> <li>1. Surfacing &amp; Planing.</li> <li>2. Surface Dressing.</li> <li>3. Purchase of Salt.</li> <li>4. Winter Bureau Service.</li> <li>5. Winter Forecasting Service</li> <li>6. Professional Services.</li> <li>7. Highway Schemes up to £5M. etc.</li> </ol> <p>If a colleague from this authority wishes to discuss this further they are welcome to contact me.</p>	
<p>Currently we operate a 3 lot contract under NEC3 terms and conditions with one managing contractor. By letting 3 lots to one contractor this allowed for further reductions in rates.</p> <p>Sub-contractors are utilised to undertake all of the Capital works.</p> <p>This contract was procured when the civils market was at its lowest and therefore favourable rates are in place despite the upsurge in the market. Therefore any changes in specification attract disproportionate increase in rates or a won't do attitude. The contract is heavily managed and therefore does not allow great flexibility in the delivery of works.</p>	

<p>When the contract is renewed, we are keen to investigate all types of contract but with the emphasis on the employment of local companies and local individuals. We have worked with multiple contracts previously which attracted lower rates but required more control from individuals.</p>	
<p>This is a big subject and the pros/cons of which way to go are the subject of much debate with many delivery models used up and down the country. I don't think there is a right or wrong way of delivering services but there are choices to be made. In brief my answers are:-</p> <p><i>Do you operate single or multiple contracts?</i></p> <p>Yes, we have the following in place:-</p> <p>Internal DLO; delivers winter maintenance, reactive and routine maintenance and the bulk of the capital maintenance programme on the local road network.</p> <p>Term Maintenance Contract; delivers civils work for Traffic Engineering schemes and Capital Maintenance schemes on classified and Principle road network. The contractor also delivers Capital Highway Improvement schemes. All work delivered by a single contractor.</p> <p>Surfacing and Planing Contract; delivers road resurfacing on Principle and classified road networks. Contract is awarded to multiple contractors but individual task orders are issued to contractors based on a price evaluation for each individual work package.</p> <ul style="list-style-type: none"> <li>• Specialist Surfacing; Micro asphaltting, In-situ recycling, slurry seal.</li> <li>• Surface Dressing; Multiple contractors</li> <li>• Road Marking; Multiple contractors</li> <li>• Minor Drainage Maintenance; Used for cleaning and repair of blocked or damaged sewer connections and Highway drains.</li> <li>• Safety Fencing;</li> <li>• Traffic Management;</li> <li>• Street Lighting; PFI contract.</li> </ul> <p><i>What advantages / disadvantages do you consider there to be with your current contract arrangements?</i></p> <p>Having a strong DLO allows us to compare the relative costs of doing work in-house as opposed to 'letting' the work to contractors. This in turn allows to manage costs in an effective way. The DLO however, does not have a broad enough skill set to deliver the full breadth or quantity of work required to maintain all of our highway assets. Contracts have been set up to allow contractors to 'top-up' the DLO in terms of the delivery of capital programmes and to deliver the required specialist work. Managing multiple contracts and multiple contractors does come at a price, procurement exercises can be expensive so in general we work in partnership with our neighbouring authorities in XXXXXX to minimise costs.</p> <p>Keeping a large proportion of work in house also means that the authority is retaining a number of risks which it might not have to carry if more/all work was out sourced, or if the work went to a single contractor.</p>	

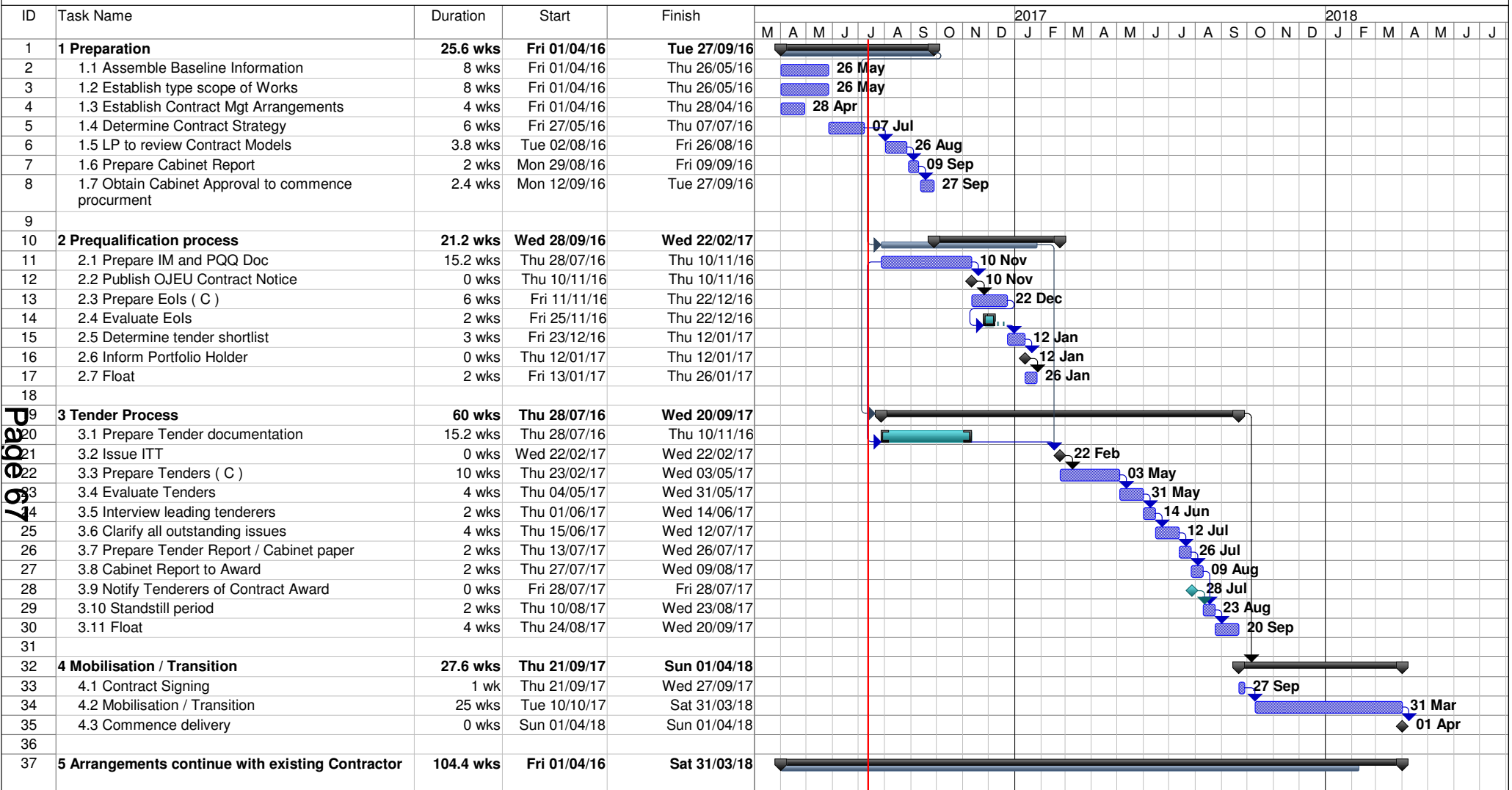
<p>Whilst there may be advantages to having a single contractor I have never thought that putting all your eggs in one basket is a good idea.</p> <p><i>What model of contract do you intend to use when you next retender?</i></p> <p>We have no intention of changing the current delivery model but we do keep the situation under review. We currently have an external consultant working on an assessment of our delivery model to gain an objective view.</p>	
<p>Please find below XXXXXX's Responses to the Contract Models in Highways and Street Lighting. If you require any further information then please don't hesitate to contact us.</p> <p><i>Do you operate single or multiple contracts?</i></p> <p>Single contract but with supply chain for various types of project / activity.</p> <p><i>What advantages / disadvantages do you consider there to be with your current contract arrangements?</i></p> <p>Advantages: Partnership Based, Open Book Accounting, ECI, Partnership Manager.</p> <p>Disadvantages: Some issues with material delivery, capacity in supply chain to undertake minor Highway / Bridge Improvements</p> <p><i>What model of contract do you intend to use when you next retender?</i></p> <p>In house plus Top Up</p> <p><i>If you have multiple contracts what work is included in each contract type?</i></p> <p>N/A</p> <p>Street Lighting:</p> <p><i>Do you operate single or multiple contracts?</i></p> <p>Single PFI contract.</p> <p><i>What advantages / disadvantages do you consider there to be with your current contract arrangements?</i></p> <p>Advantages: Service Accountability, Robust underperformance payment adjustments.</p> <p>Disadvantages: Complicated Contract, Changes take a while to implement, Performance suffers when high turnover of PFI management. Reliance on subcontractor Performance. Robustness of Inventory system. 25 year contract term</p> <p><i>What model of contract do you intend to use when you next retender?</i></p> <p>Still 16 Years away</p> <p><i>If you have multiple contracts what work is included in each contract type?</i></p> <p>N/A</p>	

24 May 2016

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# Shropshire Council - Procurement of Highway Maintenance and New Works Contracts

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## **Shropshire Council Equality and Social Inclusion Impact Assessment (ESIIA)**

**Name of service change:** *New Shropshire Council Highways Maintenance arrangements from April 2018.*

### **Contextual Notes 2016**

#### ***The What and the Why:***

The Shropshire Council Equality and Social Inclusion Impact Assessment (ESIIA) approach helps to identify whether or not any new or significant changes to services, including policies, procedures, functions or projects, may have an adverse impact on a particular group of people, and whether the human rights of individuals may be affected.

This assessment encompasses consideration of social inclusion. This is so that we are thinking as carefully and completely as possible about all Shropshire groups and communities, including people in rural areas and people we may describe as vulnerable, for example due to low income or to safeguarding concerns, as well as people in what are described as the nine 'protected characteristics' of groups of people in our population, eg Age. We demonstrate equal treatment to people who are in these groups and to people who are not, through having what is termed 'due regard' to their needs and views when developing and implementing policy and strategy and when commissioning, procuring, arranging or delivering services.

It is a legal requirement for local authorities to assess the equality and human rights impact of changes proposed or made to services. Carrying out ESIIAs helps us as a public authority to ensure that, as far as possible, we are taking actions to meet the general equality duty placed on us by the Equality Act 2010, and to thus demonstrate that the three equality aims are integral to our decision making processes. These are: eliminating discrimination, harassment and victimisation; advancing equality of opportunity; and fostering good relations.

#### ***The How:***

The guidance and the evidence template are combined into one document for ease of access and usage, including questions that set out to act as useful prompts to service areas at each stage. The assessment comprises two parts: a screening part, and a full report part.

***Screening (Part One)*** enables energies to be focussed on the service changes for which there are potentially important equalities and human rights implications. If screening indicates that the impact is likely to be positive overall, or is likely to have a medium or low negative or positive impact on certain groups of people, a full report is not required. Energies should instead focus on review and monitoring and ongoing evidence collection, enabling incremental improvements and adjustments that will lead to overall positive impacts for all groups in Shropshire.

A ***full report (Part Two)*** needs to be carried out where screening indicates that there are considered to be or likely to be significant negative impacts for certain groups of people, and/or where there are human rights implications. Where there is some uncertainty as to what decision to reach based on the evidence available, a full report is recommended, as it enables more evidence to be collected that will help the service area to reach an informed opinion.

## Shropshire Council Part 1 ESIIA: initial screening and assessment

*Please note: prompt questions and guidance within boxes are in italics. You are welcome to type over them when completing this form. Please extend the boxes if you need more space for your commentary.*

### **Name of service change**

New Shropshire Council Highways Maintenance arrangements from April 2018.

### **Aims of the service change and description**

Shropshire Council as a Highway Authority has a statutory duty to maintain and manage the highway network in a safe and usable condition and specifically this principle applies to all decisions affecting policy, priority, programming and implementation of highway works.

Shropshire Council is required to procure a new Highways Maintenance arrangement from April 2018.

The service change relates to approval being sought to procure a particular type of contract service model.

The service is also subject to reducing capital and revenue budgets, and is required to reduce expenditure across the contract period significantly.

The model has been proposed in order to attempt to position the service and the Council to participate in a sector that has an evolving market place, to reflect the changes to service pressures, strategic drivers of change and the ongoing financial pressures that the Council face.

At this stage, the service area is seeking approval to procure and implement a delivery model described as a "Term Maintenance" model. The service area is therefore asking for delegated authority to ensure that the process of service information and contract documentation is generated and circulated to the market.

Under a Term Maintenance Contract model, as used by for example Worcestershire, Herefordshire and Solihull, the local authority manages the procurement and management of numerous service providers covering the full range of highways services.

Such an approach sees the appointment of a single contractor delivering the highways and environmental maintenance services.

The rationale for this approach and the evidence and influences that informed this decision are detailed in committee report to Cabinet, available via the committee pages of the Council's website at [www.shropshire.gov.uk](http://www.shropshire.gov.uk)

### **Intended audiences and target groups for the service change**

The service model, when fully completed with all contract documentation, will impact across all areas of Shropshire and therefore all those who live in, work in and visit Shropshire.



The full equality impact information cannot as yet be ascertained. Once the procurement process is underway, then an assessment of the budgetary impact will be available, and general or targeted consultation will be required, in order to inform the final report in 2017 to Cabinet.

The issues, documentation and contract information from private organisations will be available to inform this process.

#### **Evidence used for screening of the service change**

The rationale for this approach and the evidence and influences that informed this decision are detailed in committee report to Cabinet, available via the committee pages of the Council's website at [www.shropshire.gov.uk](http://www.shropshire.gov.uk)

Further information will begin to become available once the procurement process has been initiated, and will add to the incremental collection of data and therefore improve the ability of the service area to recommend policy decisions and carry out service changes based on robust evidence.

#### **Specific consultation and engagement with intended audiences and target groups for the service change**

During 2015 and 2016, internal and external discussions and facilitated workshops with Shropshire Council staff, Portfolio Holder and Mouchel were undertaken. External visits and discussions were held with other local authorities, service providers and external advisors in order to determine the most appropriate model going forward.

Once the likely impact on particular geographical areas or communities is better understood, a separate communication, consultation exercise will be required. It is anticipated that a further Stage One screening equality impact assessment will need to be carried out, with the possibility of a Stage 2 assessment, to support the final report to Cabinet in 2017.

This information will not therefore be available until the procurement process has begun.

However, as the Council acts either as a provider or a client to other services and service providers within and external to the Council, it has already been identified that these future arrangements and discussions will need to be undertaken, not only with the public and therefore with groupings who may be particularly affected, but also with stakeholders, for example:

- ST&R Housing
- Elections
- Emergency response
- Outdoor Recreation (direct and indirect delivery)
- Supporting Rights of Way

- Tree Safety
- Town and Parish Councils
- Third parties (schools etc.)
- Other local authorities across Shropshire's borders
- The Marches Local Enterprise Partnership (LEP)
- Government bodies and agencies eg Environment Agency

On **local engagement**, the Highways Service continues to receive continued service demands (increasing traffic growth, increased housing development pressure with inevitable increases in infrastructure roads, pavements, signs, street lights, street furniture), along with customer expectations of the service. This requires further efforts to provide improved quality of information through social media, established communication channels and traditional planning and briefing of statutory and non-statutory consultees. Improvements in 'on-line information', such as work and programme schedules and blogs are also providing pro-active sources of information and are available now on the Council's web site.

**Customer Satisfaction** with Highways and Environment in Shropshire remains relatively high (source: NHT Survey 2014 - 2015), which places customer satisfaction higher than the average for all highway authorities by residents participating in the survey. The downward pressure on budgets (both capital and revenue) i.e. less available financial resources, will inevitably affect satisfaction as the volume of work reduces on a year on year basis. In the 2016/17 financial year, significant revenue and capital budget reductions have influenced upon service delivery, therefore a reduction in future satisfaction is inevitable. Cabinet will note that satisfaction is a key indicator in the current Corporate Plan. Data collected to assess customer satisfaction will need to include equality data where possible, including data to help assess impact for rural communities and those at risk of social exclusion.

## Potential impact on Protected Characteristic groups and on social inclusion

Using the results of evidence gathering and specific consultation and engagement, please consider how the service change as proposed may affect people within the nine Protected Characteristic groups and people at risk of social exclusion.


1. Have the intended audiences and target groups been consulted about:
  - their current needs and aspirations and what is important to them;
  - the potential impact of this service change on them, whether positive or negative, intended or unintended;
  - the potential barriers they may face.
2. If the intended audience and target groups have not been consulted directly, have their representatives or people with specialist knowledge been consulted, or has research been explored?
3. Have other stakeholder groups and secondary groups, for example carers of service users, been explored in terms of potential unintended impacts?
4. Are there systems set up to:
  - monitor the impact, positive or negative, intended or intended, for different groups;
  - enable open feedback and suggestions from a variety of audiences through a variety of methods.

5. Are there any Human Rights implications? For example, is there a breach of one or more of the human rights of an individual or group?
6. Will the service change as proposed have a positive or negative impact on:
  - fostering good relations?
  - social inclusion?

### Initial assessment for each group

Please rate the impact that you perceive the service change is likely to have on a group, through inserting a tick in the relevant column. Please add any extra notes that you think might be helpful for readers.

<b>Protected Characteristic groups and other groups in Shropshire</b>	<b>High negative impact</b> <i>Part Two ESIIA required</i>	<b>High positive impact</b> <i>Part One ESIIA required</i>	<b>Medium positive or negative impact</b> <i>Part One ESIIA required</i>	<b>Low positive or negative impact</b> <i>Part One ESIIA required</i>
<b>Age</b> (please include children, young people, people of working age, older people. Some people may belong to more than one group eg child for whom there are safeguarding concerns eg older person with disability)				
<b>Disability</b> (please include: mental health conditions and syndromes including autism; physical disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)				
<b>Gender re-assignment</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Marriage and Civil Partnership</b> (please include associated aspects: caring responsibility, potential for bullying and harassment)				
<b>Pregnancy &amp; Maternity</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Race</b> (please include: ethnicity, nationality, culture, language, gypsy, traveller)				
<b>Religion and belief</b> (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				
<b>Sex</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Sexual Orientation</b> (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				

<b>Other: Social Inclusion</b> (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people for whom there are safeguarding concerns; people you consider to be vulnerable)				
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## Guidance on what a negative impact might look like

<b>High Negative</b>	Significant potential impact, risk of exposure, history of complaints, no mitigating measures in place or no evidence available: urgent need for consultation with customers, general public, workforce
<b>Medium Negative</b>	Some potential impact, some mitigating measures in place but no evidence available how effective they are: would be beneficial to consult with customers, general public, workforce
<b>Low Negative</b>	Almost bordering on non-relevance to the ESIA process (heavily legislation led, very little discretion can be exercised, limited public facing aspect, national policy affecting degree of local impact possible)

## Decision, review and monitoring

Decision	Yes	No
Part One ESIA Only?		
Proceed to Part Two Full Report?		

***If Part One, please now use the boxes below and sign off at the foot of the page. If Part Two, please move on to the full report stage.***

<b>Actions to mitigate negative impact or enhance positive impact of the service change</b>
<p>The Highways Service has undertaken a significant Market Engagement exercise, this is the subject of a detailed report to Cabinet, to ensure that decisions it makes in the near future are understood, and that the market has provided sufficient confidence that the service provision will be attractive to external organisations.</p> <p>Whilst the aspiration will be for a low to medium positive impact on all groupings within the community as a result of the intended service change, further consultation will enable more information to be collected in this regard, with consequent opportunity to take any necessary actions to mitigate negative impact or enhance positive impact of the intended service change.</p> <p>For example, Cabinet will be conscious that work across the county to assist Town and Parish Councils, supporting Shropshire Council and the associated grounds maintenance responsibilities have progressed well. A number of Town and Parish Councils have stated</p>

that they wish to undertake grounds maintenance and detailed discussions are being conducted in respect of the methods by which this could be achieved.

This is anticipated to help ensure positive impacts for communities through engagement at this local level, whilst the ongoing dialogue will enable further evidence of likely equality impacts to be collected.


### **Actions to review and monitor the impact of the service change**

Highways is one of the most visible, perception forming, geographically spread and demand led services the Council delivers, and challenges on the prioritisation, selection and investment decisions are a constant for the service in terms of local justification. A simple but well managed model, with good systems and processes is essential to invest funding and deal with the demand pressures on the service.

It will be similarly essential to communicate the rationale for the intended service change, and to assess and manage any impacts including unintended consequences that may bring negative impacts for any groupings.

The Highways service will consult at the appropriate time, via a range of communication mechanisms, including on line surveys, focus groups, formal external consultation exercise and ongoing dialogue with stakeholders, and will then be in position to consider further actions to review and monitor the impact of the intended service change.

### **Scrutiny at Part One screening stage**

<b>People involved</b>	<b>Signatures</b>	<b>Date</b>
<i>Lead officer carrying out the screening</i>		
<i>Any internal support*</i>		
<i>Any external support**</i>	 Mrs Lois Dale, Rurality and Equalities Specialist	22 <sup>nd</sup> September 2016
<i>Head of service</i>	Steve Brown	19 <sup>th</sup> September 2016

**\*This refers to other officers within the service area**

**\*\*This refers either to support external to the service but within the Council, e.g. from the Rurality and Equalities Specialist, or support external to the Council, e.g. from a peer authority**

## Sign off at Part One screening stage

<b>Name</b>	<b>Signatures</b>	<b>Date</b>
<i>Lead officer's name</i>		
<i>Head of service's name</i>	Steve Brown	19th September 2016

## Shropshire Council Part 2 ESIIA: full report

### Guidance notes on how to carry out the full report

The decision that you are seeking to make, as a result of carrying out this full report, will take one of four routes:

1. To make changes to satisfy any concerns raised through the specific consultation and engagement process and through your further analysis of the evidence to hand;
2. To make changes that will remove or reduce the potential of the service change to adversely affect any of the Protected Characteristic groups and those who may be at risk of social exclusion;
3. To adopt the service change as it stands, with evidence to justify your decision even though it could adversely affect some groups;
4. To find alternative means to achieve the aims of the service change.

The Part Two Full Report therefore starts with a forensic scrutiny of the evidence and consultation results considered during Part One Screening, and identification of gaps in data for people in any of the nine Protected Characteristic groups and people who may be at risk of social exclusion, e.g. rural communities. There may also be gaps identified to you independently of this process, from sources including the intended audiences and target groups themselves.

The forensic scrutiny stage enables you to assess:

- **Which gaps need to be filled right now, to help you to make a decision about the likely impact of the proposed service change?**

This could involve methods such as: one off service area focus groups; use of customer records; examination of data held elsewhere in the organisation, such as corporate customer complaints; and reference to data held by similar authorities or at national level from which reliable comparisons might be drawn, including via the Rural Services Network. Quantitative evidence could include data from NHS Foundation Trusts, community and voluntary sector bodies, and partnerships including the Local Enterprise Partnership and the Health and Well Being Board. Qualitative evidence could include commentary from stakeholders.

- **Which gaps could be filled within a timeframe that will enable you to monitor potential barriers and any positive or negative impacts on groups and individuals further along into the process?**

This could potentially be as part of wider corporate and partnership efforts to strengthen the evidence base on equalities. Examples would be: joint information sharing protocols about victims of hate crime incidents; the collection of data that will fill gaps across a number of service areas, e.g. needs of young people with learning disabilities as they progress through into independent living; and publicity awareness campaigns that encourage open feedback and suggestions from a variety of audiences.

Once you have identified your evidence gaps, and decided on the actions you will take right now and further into the process, please record your activity in the following boxes. Please extend the boxes as needed.

**Evidence used for assessment of the service change: activity record**

*How did you carry out further research into the nine Protected Characteristic groups and those who may be at risk of social exclusion, about their current needs and aspirations and about the likely impacts and barriers that they face in day to day living?*

*And what did it tell you?*

**Specific consultation and engagement with intended audiences and target groups for the service change: activity record**

*How did you carry out further specific consultation and engagement activity with the intended audiences and with other stakeholders who may be affected by the service change?*

*And what did it tell you?*

**Further and ongoing research and consultation with intended audiences and target groups for the service change: activity record**

*What further research, consultation and engagement activity do you think is required to help fill gaps in our understanding about the potential or known affect that this proposed service change may have on any of the ten groupings and on the intended audiences and target groups? This could be by your service area and/or at corporate and partnership level.*



## Full report assessment for each group

Please rate the impact as you now perceive it, by inserting a tick. Please give brief comments for each group, to give context to your decision, including what barriers these groups or individuals may face.

Protected Characteristic groups and other groups in Shropshire	High negative impact	High positive impact	Medium positive or negative impact	Low positive or negative impact
<b>Age</b> (please include children, young people, people of working age, older people. Some people may belong to more than one group eg child for whom there are safeguarding concerns eg older person with disability)				
<b>Disability</b> (please include: mental health conditions and syndromes including autism; physical disabilities or impairments; learning disabilities; Multiple Sclerosis; cancer; HIV)				
<b>Gender re-assignment</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Marriage and Civil Partnership</b> (please include associated aspects: caring responsibility, potential for bullying and harassment)				
<b>Pregnancy &amp; Maternity</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Race</b> (please include: ethnicity, nationality, culture, language, gypsy, traveller)				
<b>Religion and belief</b> (please include: Buddhism, Christianity, Hinduism, Islam, Judaism, Non conformists; Rastafarianism; Sikhism, Shinto, Taoism, Zoroastrianism, and any others)				
<b>Sex</b> (please include associated aspects: safety, caring responsibility, potential for bullying and harassment)				
<b>Sexual Orientation</b> (please include associated aspects: safety; caring responsibility; potential for bullying and harassment)				
<b>Other: Social Inclusion</b> (please include families and friends with caring responsibilities; people with health inequalities; households in poverty; refugees and asylum seekers; rural communities; people for whom there are safeguarding concerns; people you consider to be vulnerable)				

## ESIIA Full Report decision, review and monitoring

### Summary of findings and analysis - ESIIA decision

*You should now be in a position to record your decision. Please highlight in bold the route that you have decided to take.*

1. To make changes to satisfy any concerns raised through the specific consultation and engagement process and through your further analysis of the evidence to hand;
2. To make changes that will remove or reduce the potential of the service change to adversely affect any of the Protected Characteristic groups and those who may be at risk of social exclusion;
3. To adopt the service change as it stands, with evidence to justify your decision even though it could adversely affect some groups;
4. To find alternative means to achieve the aims of the service change.

*Please add any brief overall comments to explain your choice.*

*You will then need to create an action plan and attach it to this report, to set out what further activity is taking place or is programmed that will:*

- *mitigate negative impact or enhance positive impact of the service change,*
- AND**
- *review and monitor the impact of the service change*

*Please try to ensure that:*

- *Your decision is based on the aims of the service change, the evidence collected, consultation and engagement results, relative merits of alternative approaches and compliance with legislation, and that records are kept;*
- *The action plan shows clear links to corporate actions the Council is taking to meet the general equality duty placed on us by the Equality Act 2010, to have due regard to the three equality aims in our decision making processes.*

## Scrutiny at Part Two full report stage

People involved	Signatures	Date
<i>Lead officer</i>		
<i>Any internal support</i>		
<i>Any external support</i>		
<i>Head of service</i>		

## Sign off at Part Two full report stage

Signature (Lead Officer)	Signature (Head of Service)
Date:	Date:

## Appendix: ESIIA Part Two Full Report: Guidance Notes on Action Plan

Please base your action plan on the evidence you find to support your decisions, and the challenges and opportunities you have identified. It could include arrangements for:

- continuing engagement and involvement with intended audiences, target groups and stakeholders;
- monitoring and evaluating the service change for its impact on different groups throughout the process and as the service change is carried out;
- ensuring that any pilot projects are evaluated and take account of issues described in the assessment, and that they are assessed to make sure they are having intended impact;
- ensuring that relevant colleagues are made aware of the assessment;
- disseminating information about the assessment to all relevant stakeholders who will be implementing the service change;
- strengthening the evidence base on equalities.

Please also consider:

- resource implications for in-house and external delivery of the service;
- arrangements for ensuring that external providers of the service are monitored for compliance with the Council's commitments to equality, diversity and social inclusion, and legal requirements including duties under the Equality Act 2010.

And finally, please also ensure that the action plan shows clear links to corporate actions the Council is taking to meet the general equality duty placed on us by the Equality Act 2010, to have due regard to the three equality aims in our decision making processes.

These are:

- Eliminating discrimination, harassment and victimisation
- Advancing equality of opportunity
- Fostering good relations

***Note: Shropshire Council has referred to good practice elsewhere in refreshing previous equality impact assessment material in 2014 and replacing it with this ESIIA material. The Council is grateful in particular to Leicestershire County Council, for graciously allowing use to be made of their Equality and Human Rights Impact Assessments (EHRIs) material and associated documentation.***

***For further information on the use of ESIIAs: please contact your head of service or contact Mrs Lois Dale, Rurality and Equalities Specialist and Council policy support on equality, via telephone 01743 255684, or email [lois.dale@shropshire.gov.uk](mailto:lois.dale@shropshire.gov.uk).***