

- 2.3 The existing Highways and Transport Engineering Contract ends in April 2022 without the possibility for further extension within the contract arrangement. It is therefore proposed to offer a 12month contract through a direct award to WSP from April 2022 to April 2023 to continue to provide support for services currently utilising the existing arrangement to provide capacity to best engage with the consultancy market to procure the best mix of services for the future.
- 2.4 A project and outline business case (OBC) has been developed to identify the options for future service delivery and is included within Appendix 1. The preferred option identified in Appendix 1 is the Built Environment Consultancy Contract. The ability for the Council to move to a new delivery model and procurement has been hampered by staffing capacity over the past year as a result of covid and exceptional service demands and as such the foundations to move to a new model are not yet fully in place and therefore a phased approach is recommended.
- 2.5 Appropriate project team diligence considered numerous options ranging from insourcing all services to using different and varied commercial arrangements to procure the support required. The recommendation in this report is presented as the most flexible and affordable option.
- 2.6 The Council must procure support to meet its duties as the mix of skills required to deliver a full range of services is beyond the scope which can reasonably be delivered by an in-house team alone. There is a need to draw on a wide variety of specialist support with in-depth knowledge of contemporary issues and best national practice much of which would not justify full time employment by the Council. The service also needs the flexibility to increase and contract resources to reflect changing budgetary positions as a result of grant awards.
- 2.7 It is recognised that there are some functions that can provide greater value to the authority by being brought in house particularly in the delivery of statutory functions. At present the council does not have a mature staff time charging system in place to enable staff to recharge time to capital projects and so the ability to insource capital functions is limited at this time.
- 2.8 The delivery of some Highway Development Control and Land Drainage services are currently undertaken by WSP, however these customer facing services often need to be sensitive to the balance of other corporate priorities and as such would sit better being delivered directly by the council. These are currently revenue funded activities and as such transfer back to the authority would not add pressures to current revenue budgets.

- 2.9 Approval shall provide authority to the Executive Director for Place, in consultation with the Portfolio Holder for the Built Environment, to undertake insourcing of the WSP employed Highways Development Control and Land Drainage teams providing services back to the Council, to let a revised 12-month contract to the incumbent provider and develop the new model for the procurement of the new built environment consultancy contract for procurement in Spring 2022 to be in operational for April 2023.
- 2.10 These responsibilities will be delivered in line with established budget with no impact on current revenue or capital spend.

3.0 Recommendations Cabinet is recommended to;

- 3.1 Agree the preferred principle set out in the outline business case (appendix 1) to develop a new delivery model for procuring a Built Environment Consultancy Contract to provide built environment, placemaking, highways and transport consultancy services. The new arrangements will operate from April 2023 on a 5-year contract with a possible two 2-year extensions based upon performance.
- 3.2 Award a 12month contract to WSP to allow the new delivery model to be developed whilst maintaining continuity of current consultancy services and current capital projects,
- 3.3 Agree to exclude the currently outsourced service elements of the Council's Highway Development Control and Land Drainage functions from the 12month contract award to WSP and any procurement exercise in order to bring the services back 'in-house' with effect from April 2022
- 3.4 To delegate authority to the Executive Director of Place in consultation with the Portfolio Holder for Physical Infrastructure, to initiate the TUPE process to bring relevant WSP employed staff associated with Highway Development Control and Land Drainage services back in-house, let a revised contract to WSP for a period of 12 months and agree the model, balance between in-house and outsourced services, and the tender documentation for the new delivery model for service delivery from April 2023.

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4.0 Risk Assessment and Opportunities Appraisal

- 4.1 There is a risk that staff from WSP may not wish to transfer to the council as part of bringing services back in-house. If this is the case the council will create new vacancies and recruit to the vacant posts and will seek, as far as practicable to receive interim top up support from WSP whilst new staff are recruited.

- 4.2 Failure to have contracted delivery arrangements in place from April 2022 could significantly impact on the authority's ability to deliver key highway services and projects and could have a substantial impact on service budgets.
- 4.3 The in-sourcing of the externally delivered Highway Development Control and Land Drainage services and the 12-month award of a contract to the incumbent provider will provide no changes to current service levels and therefore will have no impact on protected residents. As part of the development of the new delivery model however an ESIIA will be developed to ensure that any potential impacts arising from new ways of working are considered and mitigated.
- 4.4 WSP have provided a good service to the Council and therefore there is confidence that awarding for a further year, as opposed to procuring for an interim solution, provides the authority with the best value for money.
- 4.5 There could be a risk of challenge to the direct award of the 12-month contract, however it is considered that this risk is low given the exceptional nature of the Covid pandemic understandably impacting on the procurement programme and that the council fully intends to go out to market the following year with a competitive procurement.
- 4.6 There is an opportunity, through procuring a different delivery model from April 2023, to improve and select the right mix of consultancy services and in-house provision to better reflect the future requirements of the authority from April 2023. The 12-month contract award to the incumbent provides an opportunity to insource two currently outsourced services to test the principle of bringing some key functions in-house and better understand the implications of so doing for potential consideration in future arrangements. Further analysis and investigation will be undertaken to ensure all services assisting with the delivery of statutory functions are delivered by best value considering engagement including considering when the staff engage with the Public and Members.

5.0 Financial Implications

- 5.1 **12-Month WSP Contract** – The 12-month contract will be let on the same terms as the existing contract, with the exception of the inclusion of core Highway Development Control and Land Drainage Services, via negotiation with WSP. For the 2022/23 Financial Year, there is no expected cost uplift or service reduction other than any standard inflationary uplifts that may have applied under the previous contracting arrangement.

- 5.2 **Procurement of new contract** – The procurement will be undertaken within proposed resources for next financial year. There will be considerable staffing resource required to ensure that the specification for future arrangements best reflects the requirements of the authority across a broad array of disciplines and it may be that at times next year additional resource is required to backfill key staff supporting the project or allow other lower priority workloads to slip. It is anticipated that any additional resource would be covered undertaken within anticipated budgets for next financial year.
- 5.3 Contract specifications and levels of service for a revised delivery model will be developed to be within available budgets.
- 5.4 **HDC and LD In-sourcing** – The existing contract has an approximate yearly spend of £250k per annum for specialists to deliver the service. Transferring the service and the staff to the Council's employment is estimated to be at least cost neutral and offer better value. As part of the delegated authority, the leadership team within the Place Directorate, will engage in the TUPE process, with support from HR from both the Council and WSP, for those staff deemed to be in scope for transfer and will ensure that appropriate line management arrangements are in place.
- 5.5 **Recharges** – Capital projects allow consultancy activity to be recharged to capital budgets but the same is not currently the case for council staff, except in certain circumstances. The service and finance team are exploring options available to ensure all capital related expenses could be adequately charged to capital budgets to prevent pressure on the revenue budget where further staff to be brought in-house. Such an approach has not yet been agreed however and therefore further services are unable to be brought back in-house at this time without adding additional pressure to revenue budgets.

6.0 Climate Change Appraisal

- 6.1 There are no direct implications on climate change arising from the proposal.
- 6.2 It is proposed that the future contract will embed carbon reduction of the provider and service to a far greater level than existing arrangements in support of the Council's adopted objective of becoming carbon neutral by 2030 and this will be considered as an integral part of the procurement process.

7.0 Background

- 7.1 For several years, the Council has used a consultant (WSP) to support its statutory obligations to develop and maintain the transport network. The existing contract was let in 2015 and has

been extended to the full extent permitted by the contract and will expire on 31 March 2022. WSP have provided a satisfactory service and have a good understanding of local needs which has been a significant benefit to the authority in recent years as the consultant has adapted to meet the council and government's broader requirements.

- 7.2 The council has retained a relatively small client team and the impact of flooding, severe winter weather and Covid and the resultant diversion of key staff to other tasks over the last 18 months has impacted on the service's ability to have new arrangements in place by the end of the current contract period.
- 7.3 Government has changed its approach to funding in recent years, placing much more of an onus on requiring authorities to bid for pots of grant funding for specific themes than has previously been the case. The bid requirements often only provide a short time limit to develop submissions as well as requiring more effort for local collaboration before bid award. This has resulted in a much greater reactive resource being required, often needing a broad knowledge set, which is beyond the scope of the council alone. Whilst the council has drawn down on this from WSP it was not a service envisaged within the original contract and as such is not well reflected within the specification and performance criteria within the contract.
- 7.4 The award of an additional 12 months contract to WSP will enable the service to re-scope service requirements that were not envisaged within the original contract in 2015 in order to devise the new delivery model to be procured for a new contract to commence on 1st April 2023. A new contract would be able to react more agilely to the broader demands and ambitions of national and local government and reflect the rising importance of carbon, sustainability and innovation within future service delivery.
- 7.5 The Council has a robust client team which delivers asset strategy and capital planning. It uses consultancy services to expand these plans and strategies in line with the local transport plan, economic development initiatives and asset management regimes. Some elements of services such as HDC and LD were outsourced in 2015. Due to the changes in policy and a greater need for Council control, it is considered that these services are best returned fully to the Council's direct delivery. HDC and LD provide advice to Members and the Public and it is felt that these roles should all be Council employees.
- 7.6 Innovation is a key area needed to meet the pace of change to support climate change, improved ways of working, smart streets including adoption of technology to support the decarbonisation of transport. Consultancies are better positioned to have a keen specialist knowledge of these changes due to their business

supporting many authorities and will allow Shropshire to remain in a leader in adoption of Net Zero and climate change interventions and innovations.

8.0 Additional Information

8.1 A more comprehensive appraisal of the situation is provided in the business case laid out in Appendix 1.

9.0 Conclusions

- 9.1 The past 18 months has seen significant disruption to normal service delivery which has impacted on the council's ability to progress new contracting arrangements before the end of the current contract.
- 9.2 The environment within which the new arrangements will operate have also changed significantly in recent years with funding models linked with far more competitive bidding processes than in previous years, with a stronger relationship with sustainable travel, carbon reduction and innovation required to be successful than ever before. The Council has also declared its own Climate Emergency and has become more ambitious in its place shaping agenda to match the predicted growth anticipated within the County. This all needs to be reflected in any revised procurement and delivery model.
- 9.3 An interim arrangement provided by a 12month direct award, will provide the council the time and capacity to ensure that all of the above is properly reflected in new delivery arrangements and ensure that the council is able to derive the best value for money and best position itself to be more successful when bidding for additional funding.
- 9.4 Signing off the Outline Business Case will provide the delivery team a mandate to proceed with development of the next iteration of the professional services contract.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder) Cllr Dean Carroll

Local Member All

Appendices

Appendix 1 - Built Environment Consultancy Contract supporting the Built Environment, Placemaking, Highways and Transport - Outline Business Case