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PORTFOLIO HOLDER REPORT FOR HIGHWAYS AND TRANSPORT COMMISSIONING

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Introduction

The purpose of this report is to summarise current activity over the past year with respect to the provision of Environmental Maintenance Services and highlighting proposed future developments, improvements and savings that the service is undertaking and intends to deliver in the near future.

Overview of the Service functions

The service covers the maintenance and cleansing of some 5,500km of adopted highway, 1,000 bridges and structures and ground maintenance of 1.2 million m² of amenity grass cutting and 4,157 km of verge maintenance, including 30,000 highway trees. The service also responds to severe weather events, such as snow, ice and floods. The service is a mixture of contracted (outsourced), commissioned and in-house delivery. Operational budgets are approximately £24 million of combined revenue and capital expenditure.

These services are comprised of:

- Highways maintenance
- Street Scene
- Grounds maintenance
- Street lighting
- Bridges and structures
- Workshops
- Transport planning
- Severe weather and emergency responses

Background

The existing Highways and Environmental Term Service Contract (HETSC) commenced in April 2012 and was let for a term of six years with a possible extension of a further four years depending upon satisfactory performance by the in house maintenance contractor (Ringway). This would be on an offer and acceptance basis and linked to performance criteria.

The contract was set up so that it allowed a fundamental change to the way services had previously been commissioned and delivered. This included the opportunity to:

- Allow increased capacity of inspectors to take on additional new duties including; sustainable urban drainage system (SUDS) inspections, permit inspections, culvert inspections and utility company inspections.
- The contract itself has allowed £1.24 million additional savings to be made since 2012.
- The contract is an integrated contract, consisting of numerous services; and integration of staff, vehicles and plant has allowed new working practices to emerge.

New ways of working have been developed, such as Hedge to Hedge (H2H) that improved the way services are delivered and created operational efficiencies, by further integrating staff (Council and Contractor) and implementing improved shared information technology. This initiative won the Chartered Institute of Highways Transport Award in London, June 2014, for its service innovation.

Contract Performance

The existing contract allows for the highly competitive tendered rates to be utilised by this authority. Initially there were some operational and strategic issues; to a large extent these issues have been addressed. However some issues still remain and the UK Director of Ringway, the Director of Commissioning and the Portfolio Holder for Highways and Transport have been meeting on a monthly basis and it is hoped by the end of September all outstanding issues will be resolved.

Initially weeds and grounds maintenance were poorly delivered as robust sub-contracts were not in place at the start of the contract. There was a lack of management skills on the Street Scene side of the contract and a manager for that part of the service was not appointed until July 2013; four months after the contract started. That appointment allowed sub-contracts to be re-let and there have been significant service improvements since then.

Aspects of contract performance remain a concern, largely due to remaining IT issues. The full set of contractual tools has been utilised to drive improvements from this council including; remediation notices, early warnings and withholding of payments. This was subject to a review by the Protecting and Enhancing our Environment Scrutiny Committee in February 2013.

Detailed action plans covering service redesign, Hedge to Hedge working and IT improvements with milestones have been developed.

However it has to be recognised that there have been some issues relating to contract performance from Ringway. Current performance can be assessed on a broad spectrum from:

- Good – winter maintenance and severe weather, Hedge to Hedge and street cleansing
- Poor – street lighting, capital scheme delivery, Information Technology and staff development.
- Average – Performance Indicators

These issues are all being addressed and work is ongoing to improve them with Shropshire Council utilising its influence and authority to galvanise improvements.

These actions can be summarised as follows:

1. Outsourcing to competitive tender £5 million (approx.) of capital schemes.
2. Deduction in payments via performance penalties during 2013 / 14 financial year.
3. Regular meetings with managers, portfolio holder and the managing director of Ringway to express our concerns and desire for improvements.

These key issues are still ongoing. However, the recently appointed Managing Director of Ringway has recognised these concerns and as a result pledged his commitment to improving the issues.

It should also be noted that the current situation is showing signs of improvement:

1. Street lighting is improving and is on target to have achieved its requirements by July 2014.
2. Capital scheme delivery is being addressed; Shropshire Council has worked with Ringway to introduce an Integrated Planning Team (IPT). In the last 6 months this staff team (Shropshire Council, Ringway and Mouchel) have reorganised the planning and capital scheme management to move towards working a year in advance, this will allow the programming and commercial aspects of Ringway to be maximised.
3. Recent national recognition with Hedge to Hedge, as previously mentioned.
4. External audit of the service, (April 2014) was positive, stating confidence in current management systems and practices.
5. Severe weather management and reaction (storms, floods and tree damage).
6. £1.75 million has been received from Department of Transport (DoT) to support the authority to improve road surfaces.
7. £2,243,888 has been awarded (20/6/14) to Shropshire Council for pot hole improvements, following a competitive bid process to the Department of Transport. Hence **£4,027,006** has been received in additional funding this financial year.
8. Improved Shropshire Council depots with investment of over £1 million, allowing the Coder Road depot in Ludlow to be disposed of and improved integration of staff and savings in efficiency by shared use of administration staff.

Throughout the first year of the contract, we experienced some extreme weather with the wettest summer/autumn and longest winter recorded. The response to floods and gritting by the contractor was excellent and received a lot of positive feedback. For the winter provision of the basic gritting facility; salt, vehicles and staff on standby we saved 20%

(£150,000) compared to our previous contractor. We gritted on 132 occasions (a normal year would be about 70), however, due to the competitive new contract rates, costs were 66% of what they would have been with our previous contractor, representing a reduction in costs of over £300,000.

Developments

The new engineering consultant contract, currently with Mouchel, will be advertised to the market in the autumn with a new contract commencing on 1st April 2015. A competitive process will begin to attract an organisation to undertake engineering consultancy and allow the current cost and quality thresholds to be market tested. This will allow for competitive pricing for the new contract, plus the TUPE of some existing Shropshire Council staff to the new provider.

This change will transfer existing staff and allow remaining staff to be re-organised to meet existing and future challenges (savings, regulations and efficiencies) in reflecting the mixed economy the service operates within.

Restructure

A restructure is being undertaken in the highways and transport teams. The objectives are to:

- Define the commissioning and service provider split in the teams, in preparation for the new engineering contract.
- Promote local service delivery in line with the locality vision
- Ensure effective succession planning and continual development
- Promote remote, mobile and flexible working, including the sharing of all support resources
- Re-organise the service to improve on new disciplines and requirements to further support the contract, including:
 - Operational Manager
 - Programme Manager
 - Commissioning Manager
 - Quotation and Scoping Officer

These new posts (within existing costs) will provide further robustness to maximise contract benefits and efficiencies from this contract and delivery in communities.

- 'Pride of Patch' remains for all technicians in terms of works, services and communication with Members, Towns and Parishes and customers, this is a key improvement for technicians to manage and deliver upon
- Payments on request and payments on hold are drastically and consistently reduced, and each local manager is accountable for ensuring that appropriate process for challenging of payments is made
- The redesign will allow for the service to be fully integrated and reflect its' current mixed economy of commissioner, service provider (Mouchel) and contractor (Ringway).

The restructure of the service allied with the new Engineering consultant contract is expected to be completed by April 2015.