

HIGHWAYS, TRANSPORT AND ENVIRONMENT OVERVIEW AND SCRUTINY
PANEL

MONDAY, 9 JANUARY 2017

PRESENT: Councillors Hari Sharma (Chairman), Jesse Grey (Vice-Chairman), Malcolm Beer, David Evans, David Hilton and Maureen Hunt

Also in attendance: Councillor Lynne Jones and Councillor Phillip Bicknell

Officers: Wendy Binmore, Ben Smith, Christopher Wheeler, Alison Alexander and David Scott

APOLOGIES

Apologies were received from Councillors Gilmore, Lion and Sharpe.

DECLARATIONS OF INTEREST

Cllr Sharma – Declared a personal interest as he is an employee of First Group.

CALL IN - DELIVERING DIFFERENTLY IN OPERATIONS AND CUSTOMER SERVICES - HIGHWAYS & TRANSPORT SERVICES

The Chairman welcomed the Panel and explained why the call-in had been arranged. He directed Members to page 7 of the agenda for further information and also the listed options on page eight.

Ben Smith, Head of Highways & Transport gave a brief presentation which included some key information which had been requested by Cllr Jones in the call-in notice. Members noted the following main points:

- Cabinet on 31 March 2016 – Delivering Services Differently in Operations and Customer Services: Approved business cases for future delivery options for services in Operations and Customer Services be brought back to Cabinet for a final decision on their implementation.
- Cabinet on 30 June 2016 – Delivering Services Differently in Operations and Customer Services: Outsource of the Highways & Streetcare services, including professional services such as Rights of Way, Highways DC, Flood Risk Management etc. to a commercial partner.
- Cabinet 15 December 2016 – Delivering Differently in Operations and Customer Services - Highways and Transport Services: (i) Volker Highways Ltd is awarded the contract to provide Lot 1: Highways Management & Maintenance: (ii) The Traffic Management and ancillary services contract, Lot 2, is deferred: (iii) Project Centre Ltd is awarded the contract to provide Lot 3: Highway & Transport Professional Services: (v) The Strategic Director of Operations and Customer Services in consultation with the Lead Member for Highways and Transport is authorised to restructure the Highways & Transport service to support the new operating model, subject to approval from Employment Panel and (vi) Cabinet awards the tree inspection work, to Volker Highways Ltd. to the value of £100,000 per year.

- Call-in – Relevant information not considered, viable alternatives not considered / lack of information / lack of business plan, no risk benefit analysis and no details of savings within 'lots' / optimising team and available without outsourcing.
- Market and industry intelligence gathered:
 - Collaboration with other Local Authorities.
 - Highways Maintenance Efficiency Programme (Department for Transport funding).
 - Engagement with staff.
 - Cross-service governance.
 - Risk analysis.
- Outsource: advantages and disadvantages:
 - Advantages included:
 - Cost savings
 - Staffing flexibility, expertise and work quality
 - Resilience
 - Personal issues
 - Tools, equipment and technology
 - Core business focus
 - Disadvantages included:
 - Loss of control
 - Loss of local knowledge and experience
 - Staff turnover
 - Response times
- Other local authorities were consulted with to see what had worked for them and what had not.
- Highways Maintenance Efficiency Programme – the team were assessed on a scorecard to make sure they had gone out to market and carried out research in accordance with good practice guidelines from the Department for Transport.
- Staff were encouraged to set up companies and sell services back to the council and they were offered help and support through the Community Enterprise.
- There were some costs savings.
- Outsourcing reduced HR issues such as staff sickness.
- Contractors would be investing heavily in themselves so they would be using the most up to date technology.
- There were risks of transferring staff out; there was a risk of losing staff to another business and they take their knowledge with them.
- Options analysis was carried out.
- It was not possible to do nothing as some contracts were coming to an end.
- Looked to see if Councils could do more shared services but, there was no appetite for that.
- Highways Design Service was moving out and the transport team would change shape.
- The specialist part of the Flood Risk Management team would go out of house as well as other teams.
- The commissioning function was explained through a mapping process.
- All member contact will be in-house
- Total savings - £400k
- The operating model proposal was explained through the staff summery.

Cllr Bicknell stated he thanked officers for the in depth detail and he also wanted to thank the team for the extra work carried out. Cllr Jones stated the information

provided at Panel was information that could be understood and she really welcomed it. Cllr Jones explained that she called the paper in because there was information missing from the original report which she had been asking for since June 2016. Cllr Jones stated she had raised concerns at Corporate Services Overview & Scrutiny Panel but she had been told the call-in would be heard at Highways, Transport and Environment Overview & Scrutiny Panel despite no comments being made at that Panel when the paper was presented. Cllr Jones then made comments at Cabinet but, they were not listened to and Cllr Jones still had some outstanding queries regarding the detail within the information. There were areas that Cllr Jones completely agreed with. But, there were areas where risk was mentioned but, nothing was included on mitigating those risks.

Cllr Jones asked the Panel how the contracts would be measured and reviewed, and how they will be scrutinised by the Panel. Cllr Jones also queries whether or not the contracts could be brought back in-house if they did not deliver through outsourcing. The Chairman stated that the journey of the paper began in March 2016 when Simon Fletcher brought the paper to Panel. Back then it was just a framework under the transformation process. In June 2016, the paper came back to Panel with more information included where a lot of concerns were raised at the time by Members, such as the community wardens element. Officers listened and that section was removed from the proposal. The report came back to Panel on 6 December 2016 where all the information was discussed at length. Cllr Beer raised some points and Simon Fletcher provided satisfactory responses. The Panel unanimously endorsed the papers recommendations.

Cllr Beer apologised to the Panel for being late to the meeting and then raised some queries regarding the tree element of the paper. He stated that the Panel report quoted £198k on trees but, by the time it went to Cabinet, the paper stated £100k per year for the tree works element. Following Cabinet, the report now stated that it would be £100k for four years. He knew that the Borough had not carried out tree surveys for many years so it had to be addressed but, he wanted the final sums confirmed. Ben Smith, head of Highways and Transport confirmed that only half the Borough's estate had been quoted for to be done in year one and then the other half of the estate to be completed in year two at £198k each. They the borough asked the company to take care of the dangerous trees first and then do the whole estate over four years. The figure of £198k was for half the estate.

The Head of Highways & Transport stated that the public interface remained unchanged and the people working behind the scenes would be no different. the primary point of contact would stay in-house. Volkors and Project Centre would work out a plan to have their teams stationed some days of the week at the Town Hall to maintain contact.

Cllr Hilton stated that on the face of it, the contracts looked fragmented but, those things were happening year on year so he felt it should not be a surprise to see if there was a better way of doing things; he noticed there were risks but, that those risks were not significant. There were an awful lot of things going on but, the mechanics behind the scenes were remaining the same. The Head of Highways & Transport confirmed that one of the advantages of using third parties to run contracts was the system of gathering knowledge should the need to bring back in house arise. In terms of development control, Project Centre was simple. The Borough would give them all the relevant policies and make sure they assessed works against the Borough's criteria. The Head of Highways & Transport also confirmed that the

response times would be the same and that it was written into the contract and was covered by corporate standards. That would be managed by the retaining team.

Cllr Bicknell said that the borough had already outsourced a great number of items and this was a small quantity being added to it. If it all went wrong, the Council could bring everything back in-house. He was heartened that the Council had a company like Volkens who work with local authorities across the country and know what they were doing. The Head of Highways & Transport confirmed that Volkens sub-contracted services to other contractors. Volkens worked across the country and different groups.

The Head of Highways & Transport confirmed the Council had only received one bid per lot and two of those bids were accepted. He added that the services would be replicated or even improved when contracted out. Cllr Jones stated the last report in June 2016 did not include which teams were going to be affected and it had no financial detail in it at all. The Council did not have a good track record with contracts and Stafferton Link Road was an example. Cllr Jones' concerns were relating to ad hoc teams. There was a lot of good detail in the report but there were still a few things which needed to be confirmed. The Chairman stated there was always a small risk with contractors and the economic future was uncertain so including fixed costs gave some certainty. He felt the officers had done a very good job. Cllr Grey commented that the Council had to take delivering differently and making savings into consideration.

Cllr Beer queried why there was only one bidder per lot. He guessed it was because it required such a bespoke package. He requested reassurance from officers that when a crisis event took place such as flooding, would the contractor help out with those events and put their work on hold? Ben Smith, Head of Highways & Transport confirmed the bidding process was an open exercise with lots of reasons why there were not more bids. Some contractors may have felt they weren't competitive enough. The team extended the bidding period to ensure they had done as much as they could have to attract bidders. with regards to contractors helping out during crisis events such as flooding, there was a clause in the contract for lot one which states contractors were to support the Council during a crisis event. He added that prices were broken down into specific areas so there was an element of transparency across the bids. Prices were fixed for two years and no inflation was to be added for the first two years of the contract.

RESOLVED UNANIMOUSLY: That Members fully endorsed the recommendations to Cabinet That:

- i. Volker Highways Ltd is awarded the contract to provide Lot 1 – Highways Management & Maintenance for a period of five years with the option of an extension for two more years subject to satisfactory performance each year.**
- ii. Lot 2 – Traffic Management and ancillary services is deferred pending further review of required services, budgets and value for money.**
- iii. Project Centre Ltd is awarded the contract to provide Lot 3 – Highway & Transport Professional Services for a period of five years with the option of an extension for two more years subject to satisfactory performance each year.**
- iv. The Strategic Director of Operations and Customer Services is authorised to complete the appointment process in accordance with RBWM**

Contract Rules in consultation with the Head of Legal Services and Lead Member for Highways and Transport.

- v. The Strategic Director of Operations and Customer Services is authorised to review and restructure the remaining Highways & Transport service to support the new operating model, subject to approval from Employment Panel in January 2017. To be developed in consultation with the Lead Member for Highways and transport and the Head of Human Resources.**
- vi. Cabinet consider the option of awarding the tree inspection work? (optional within the Lot 1 contract), to Volker Highways Ltd as part of the contract award.**

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PRESS AND PUBLIC

To consider passing the following resolution:-

“That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on item 6 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1 - 7 of part I of Schedule 12A of the Act”.

The meeting, which began at 5.00 pm, finished at 6.45 pm

CHAIRMAN.....

DATE.....