

Strategic Procurement Hub

[URN and Term Highways Consultancy Contract]

Sourcing Plan

V4

ROLE	WHO
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VERSION CONTROL AND CHANGE HISTORY

Version	Date	Comments / Changes	Name
1.0	27/04/18	Initial draft	Steve Cross/Dave Gillett
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## 1. PROJECT LEAD

- 1.1. The Service falls within Highways and Transport and is the responsibility of Parvis Khansari, Associate Director, Highways and Transport. The service lead is Peter Binley, Head of Highways Asset Management and Commissioning.

## 2. BACKGROUND INFORMATION

- 2.1. The Council is the local highway authority and is responsible for a highway network of over 4,400km with assets including almost 1,000 highway bridges, approximately 50,000 street lighting columns, illuminated signs and bollards, and almost 200 sets of permanent traffic signals. The management, maintenance and improvement of this infrastructure require a high level of technical expertise to meet the legal, technical designs and financial challenges they present.
- 2.2. In view of falling funding levels in the 1990s the decision was taken to outsource the Highway Operations and Consultancy Services by the then Wiltshire County Council. In June 1999 a single contract encompassing both highway consultancy and works was awarded as a joint arrangement to Ringway and Parkman, who operated under the name of Ringway Parkman. The contract was for five years, with the possibility of a two year extension until May 2006 awarded on performance.
- 2.3. At the end of that contract period the decision was made to re-procure contracts, but with separate Consultancy and works contracts, this was due to operating issues. The contract was monitored at the time and it was initially envisaged that through the joint contract we would achieve cost reductions through economies of scale in particular with reduced supervision costs, in reality this resulted conflicts over what each party believed the other should be doing, resulting in a poor product and quality of work. It was decided that the next contract should be split to provide greater transparency of the operations with clear boundaries between each party and their roles. Separating the contracts has enabled independence resulting in better quality, a better product and a more efficient management and delivery of the services.
- 2.4. The Highways Consultancy Contract was awarded to Mouchel (formerly Parkman) for a five year period, with a possible two year extension awarded on performance until November 2012. At the end of that contract a further Highways Consultancy Contract was tendered, which was awarded to Atkins on 1<sup>st</sup> December 2012. This was also for five year with a two year extension awarded on performance. This current contract will terminate on 31<sup>st</sup> November 2019.
- 2.5. Each contract has involved the transfer of staff in accordance with TUPE regulations. A number of staff have transferred to each contract, and have remained on the Wiltshire contracts since 1999. It is likely that 51 employees would be eligible for TUPE transfer at the end of the current consultancy contract however this number could change subject to the services to be delivered.
- 2.6. The current Highways Consultancy Contract delivers a range of mainly highways services, including;
  - Management of key highway services
  - Design and supervision highway works
  - Technical checks of third party highway designs
  - Site investigations
  - Site surveys
  - Travel surveys
  - Major scheme assessments
  - Detailed designs
  - Delivery of designs and tender documents
  - Safety audits
  - Case studies

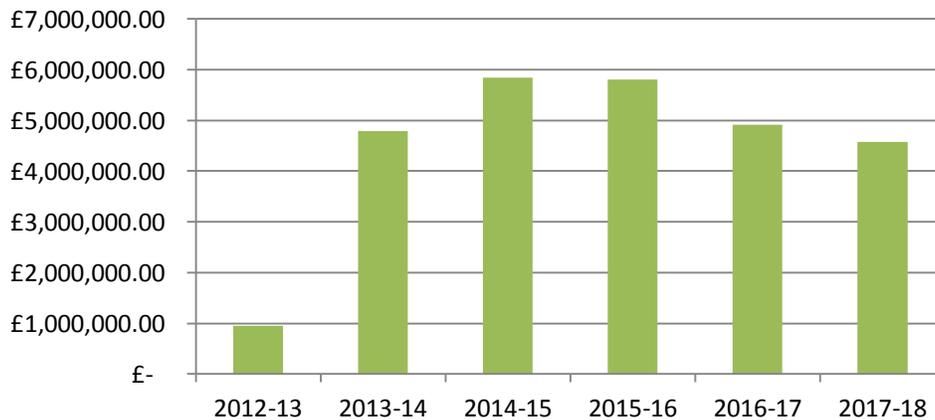
- Transport funding bids

2.7. The current contract has enabled specialist designs, studies and investigations to be undertaken through the contract which previously would have had to be tendered separately. This has resulted in a more responsive service, delivering economies and a better level of support and understanding from the consultants. The current consultancy staff have built up good local knowledge and understanding of Wiltshire's highways, which has resulted in successful bids for funding.

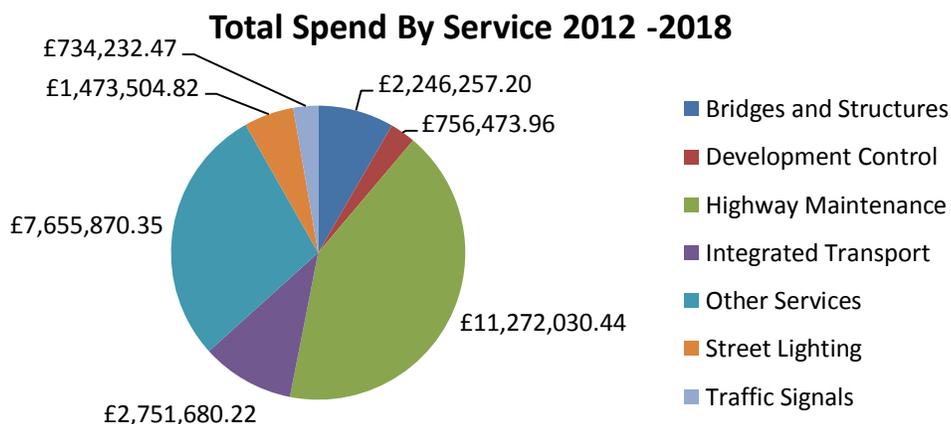
2.8. Expenditure through the current Highways Consultancy Contract is illustrated in the tables below (note the contract started on 1<sup>st</sup> December 2012 so the 2012 – 2013 period only covers 4 months)

Year	Annual Spend	Total Spend
2012-13	£950,413.69	
2013-14	£4,791,492.48	
2014-15	£5,845,048.11	
2015-16	£5,801,980.96	
2016-17	£4,921,892.93	
2017-18	£4,579,221.29	
		<b>£26,890,049.46</b>

**Annual Spend 2012 to 2018**



2.9. Throughout the current contract various highway related services have ordered consultancy works and their total spend is illustrated in the chart below;



- 2.10. Office accommodation was not provided within the current contract, and it was a condition of the award of the contract that the Consultant should find suitable local office accommodation. The Current Consultant lease office space at County Gate, County Way, Trowbridge, which is very close to County Hall. The local office is augmented by staff from other offices, including from overseas, in order that they can meet the demand of the varying and specialist work requirements.
- 2.11. It should be noted that Wiltshire Council have accepted an offer from the West of England Combined Authority that Wiltshire us as a potential user of their Framework Contract allowing us to call upon the Consultancy Services within that framework for individual works should the need arise.
- 2.12. The value of the contract will be over the EU threshold.

### 3. OUTLINE MARKET ANALYSIS

- 3.1. Prior to the tender of the current Consultancy Contract a market analysis was undertaken, including soft market testing, and the options were considered in considerable detail. The conclusion was that Wiltshire Council should tender a single consultancy contract. **A copy of this document is included as Appendix 1**
- 3.2. Gloucester County Council has recently reviewed their highways procurement requirements and is in the process of tendering for a single term consultancy. Swindon Borough Council are another authority who have outsourced this service
- 3.3. Norfolk County Council has a similar budget and the challenges of a mainly rural county they have their own in house team of 50 design staff. On top of this they have tendered a contract with WST which deals with additional projects and specialist design work that cannot be undertaken by the In House Team. This has been a historical arrangement and compliments their in house term maintenance team.
- 3.4. In Greater Manchester, the STAR procurement team are developing a Framework for consultancy to go live in early 2019. There current highways design work is undertaken by consultants. The authorities who make up the partnership have a variety of different delivery methods for both, their term maintenance, highways projects and design services. The framework is designed such that the authorities will be able to move to a common model.
- 3.5. The surrounding authorities, Swindon Borough Council, Devon County Council, Somerset County Council and Hampshire County Council all outsource their highways design services.
- 3.6. Through these conversations with other authorities it is clear that there is no common thread and that most authorities' models are based on historical arrangements. Those with their own in-house provision, all augment these services with additional support provided by external providers.
- 3.7. There have been no significant changes in the market since then, and in the circumstances, it is unlikely that further market analysis would result in any change to the type of contract needed to meet the Council's requirements. The Overview and Scrutiny Contract Task Group carried out a review of the current Consultancy Contract and concluded that the contract provided good value with a high number of staff employed with many years' experience working within Wiltshire. It is anticipated that these staff would transfer to any supplier under a new contract.

## 4. OUTCOMES

### 4.1. Statutory and Legal Requirements

Wiltshire Council as the Highway Authority has to fulfil the following statutory duties;

- Under the Highways Act 1980 - “To maintain the highway, and ensure, (where reasonably practical), that safe passage along a highway is not endangered by snow or ice”
- Under the Road Traffic Act 1988 - “In construction of new roads, must take such measures as appear to the authority to be appropriate to reduce the possibilities of such accidents when the roads come into use”

4.2. The Authority also has to comply with Common Law in particular to avoid killing or injuring people through negligent actions in accordance with the offence of Gross Negligence, Manslaughter. This is further reinforced in the Corporate Manslaughter Act 2007 and under Duty of Care.

### 4.3. Business Plan

Under the current Wiltshire Council’s Business Plan the Council has set out core aims to grow the economy through;

- Tackling the maintenance backlog on the roads
- Addressing congestion and ‘pinch points’ on the road network
- Successfully bidding for future government funding linked to the delivery of the Swindon and Wiltshire Strategic Economic Plan
- The funding of new infrastructure and improvements to the strategic roads and rail network

4.4. For the Council to achieve its core aims the highway services will require Consultancy assistance in producing and managing the successful delivery of highway schemes and to ensure their statutory and legal compliance, as the Council does not have sufficient skills or specialist expertise in house to deliver the most effective design and modelling solutions necessary to achieve these outcomes.

4.5. The current Highways Consultancy Contract has enabled specialist bid assistance that has resulted in a number of successful schemes including the following as set out in the table below.

Town	Location	Funding Stream	Bid Value (£M)	Total Scheme Cost (£M)
Countywide	Rail Improvements	LSTF(DfT)	4.25	4.25
Chippenham	A350 Malmesbury Road	Pinch Point (DfT)	1.905	2.722
Chippenham	A350 Bumpers Farm	Local Transport Body	1.67	3.354
Chippenham	A350 Badger/Brook/Chequers	Local Growth Fund	7.1	7.1
Chippenham	M4 J17	Local Growth Fund	0.5	1.2
Melksham	Farmers Roundabout	NPIF (Local Road Network)	2.494	2.994

- 4.6. The current Highways Consultancy Contract has also enabled the council to manage and deliver the following key highway services that it would otherwise not been able to deliver;
- Management and delivery of the structural maintenance surfacing programmes
  - Management and delivery of the street lighting service
  - Management and delivery of the traffic signals service
  - Design and supervision of bridges and structures
  - Design and supervision of integrated transport improvement schemes
  - Drainage investigations
  - Technical check of developers designs
  - Arboreal services and the management of highway trees
  - Detailed designs
  - Studies
  - Surveys
  - Safety audits
  - Travel surveys
  - Major scheme assessments, and delivery of designs and tender documents
  - Works supporting local sustainable transport funding works and other bids
- 4.7. In order to continue with the successful delivery of these services and prepare future bids for funding, it is proposed that a new Highways Consultancy Contract should be tendered to start from the end date of the current Highways Consultancy Contract in 2019. The contract should be let as a competitive tender for the provision of detailed highway design, supervision and specialist advice.
- 4.8. Should the Council not proceed with procuring a new tender, the authority would not be in a position to deliver the design and management of the key highway services. To bring these services back in house would not be possible in the current time scales due to the difficulties of recruiting the required numbers of specialist technical, legal and financial support staff necessary to operate such a service.
- 4.9. Some current Consultancy staff would be subject to TUPE and may come across to Wiltshire Council however there is a risk that some staff may not wish to come across, this could result in a loss of local knowledge. There is currently a national shortage of skilled technical staff creating a competitive market, and it is unlikely that Wiltshire Council's remuneration package would be competitive enough to recruit suitable staff and as such there is a real risk of not being able to deliver the current level of highway services.
- 4.10. Setting up a new team will also require additional costs for accommodation and specialist software, IT equipment and licencing.

## **5. COMMISSIONING INTENTION**

- 5.1. The services provided under the current Highway Consultancy Contract will continue to be required when the contract ends as the full range of necessary skills is not currently available in-house. The option of TUPE transfer of the staff currently providing these services to the Council could involve the transfer of fifty one staff possibly more into Wiltshire Council with an annual staff salary bill of approximately £1.5 million permanent staff and further salary costs from staff who are not full time on this contract as well as accommodation and IT support requirements. This does not include staff providing occasional specialist advice as their time spent on the contract would often fall below the level necessary for consideration for transfer under TUPE. Even if the consultancy service were

brought back in-house, there would still be a requirement for contracting some specialist consultancy work throughout the year.

- 5.2. The new Consultancy contract will need to provide access to suitable staff with the necessary skills and qualifications to enable them to deliver the full range of services and outcomes required by the Authority.
- 5.3. Finance has been approached for approximate costs to bring these services back in house which they are currently working on. The figures which these calculations have been based on were only just returned by the current supplier.
- 5.4. Since the first Highway Consultancy Contracts in 1999, the opportunity has been taken from time to time to review what has worked and not worked well during the contracts, and this information has been used to design a progressively better service each time it has been tendered. A particular success under the current contract has been the ability to enable other Wiltshire Council services to use the Consultants to obtain additional professional and specialist advice. These services wish to continue to have access to the new Consultancy service when it is re-procured.
- 5.5. Taking into account the knowledge gained since 1999 it proposed that a new Highways Consultancy Contract should be retendered broadly similar to the current Highways Consultancy Contract.
- 5.6. The in-house provision of the full range of Consultancy services has been considered but due to the transformational nature of this approach it is not feasible in the timescales available to conduct a full cost benefit analysis. For this approach to be considered properly then a project team would need to be set up to consider all the implications of this approach both in terms of staff, accommodation, IT and TUPE/staff recruitment. If this approach is to be considered a project team should also consider the insourcing of the highways term maintenance contract as well. An in-depth full review would then indicate whether an in-house approach is feasible but as this would involve considerable capital investment this approach requires careful consideration. At the very least this option should be reviewed regularly to ensure that an outsourced solution remains the best option. Strategic Procurement are currently compiling baseline figures for staff and accommodation costs to inform future procurements in this area.
- 5.7. There would still be a need for outsourced consultancy work for the bespoke and specialist design work required on occasion. Even authority's that insource their design teams utilise the outsourced design consultancy services as well. The current contract has a number of activities of a specialist nature, and it would not be practical or cost-effective for this Council to employ staff to carry out this work which is required intermittently and irregularly. These services include specialist bridge works, major highway works and surfacing, street lighting maintenance and improvement and management of traffic signals.
- 5.8. The use of Framework Agreements to provide specialist services on demand, or to top up in-house provision, can provide competitive prices based on rates agreed as part of the agreed terms and mini competitions for the services. However, Agreement rules can be more restrictive than other contracts. The general length of a framework contract is only four years. TUPE becomes complicated with multiple suppliers, and there is a risk of Consultancy resources not being available at short notice.
- 5.9. Breaking the services into individual packages and procuring different consultants for each package through individual contracts may result in specialist companies dealing with particular packages and could deliver competitive prices. However, TUPE issues would be complicated, especially if staff time is divided between more than one package. This approach can lead to the creation of 'silos', with design and supervision works divided between multiple individual consultants. Managing many contracts would require more client input. The contracts would be unlikely to get interest from the larger consultants, so there may be less depth of experience available for the more specialist work.

- 5.10. Procurement of a contract for a single supplier to provide Wiltshire's Consultancy needs is preferred. One consultant managing all the consultancy operations would provide better coordination between services. It would only require one management system for the service, and it would remove the potential for inter-company friction. TUPE arrangements would be simpler with only one company involved. This approach has been taken with the previous two Highways Consultancy Contracts and has proved to be successful, with staff understanding how it works when ordering services.

## **6. SPECIAL CONSIDERATIONS**

- 6.1. The specialist nature of the varied services required, the number of resources required and the intermittent nature of the work flow mean it is more efficient to employ a term Consultant than to employ the necessary staff in house. The consultant will need to have access to a 'pool' of staff with relevant experience and knowledge to provide the service. They will need proven experience in highway works and provide designs in accordance with Current EU requirements and any regulations specific to English Law and produce documents in English.
- 6.2. Data sharing agreements will be included in the contract to ensure that any information is treated appropriately.

## **7. SOURCING OPTIONS**

- 7.1. There are no suitable Wiltshire Council frameworks that could be used for this procurement. There are national frameworks available but given the value, complexity and flexibility required in this contract the best route to market would be a two-stage restricted OJEU tender.
- 7.2. There is plenty of time to undertake this route and it will avoid the costs involved in using one of the national frameworks, whether that be a direct charge or the levy on the supplier for being on the framework.

## **8. LINK TO CORPORATE GOAL/STRATEGY**

- 8.1. Procurement of a new Highways Consultant would enable delivery of the Wiltshire Council Business Plan priorities of Growing the Economy and Strong Communities in terms of improving road and rail infrastructure, supporting housing and employment growth by tackling the maintenance backlog on the roads, addressing congestion and 'pinch points' on the road network and successful bidding for future government funding linked to the delivery of the Swindon and Wiltshire Strategic Economic Plan, funding of new infrastructure and improvements to the strategic roads and rail network.

## **9. CONTRACT MANAGEMENT APPROACH**

- 9.1. The operation of the contract will be monitored and controlled through monthly Contract Management Meetings attended by staff able and empowered to make decisions, agree changes to priorities, methods of working, funding and programme. The day to day operation of the contract and delivery of

services will be managed through a series of monthly Service Delivery Team Meetings which will review progress, performance and expenditure.

- 9.2. The contract will be monitored by the Council’s Highways and Transport Principal Technical Officer for contracts to ensure what is being delivered is being carried out in accordance with the contract.
- 9.3. Monitoring of the service satisfaction will be carried out locally by officers involved in the contract through scoring of performance via an electronic system. This is a three way monitoring arrangement that allows the Client, Consultant and Contractor to score and comment on each other’s performance relating to specific contract requirements on a monthly basis. This information is then used in the monthly Service Delivery Team Meetings to target any areas of the service where improvements may be required should the scores be lower than the contract target.
- 9.4. Monitoring the performance of the consultant will be assessed by reviewing actual performance against agreed contract performance objectives.
- 9.5. Both sets of monitoring scores will also be used to provide an assessment to determine the amount of contract extension due if any, to be awarded each year subject to final approval.
- 9.6. The process has been developed through previous consultancy contracts and has proved successful at managing and incentivising performance.
- 9.7. Local benchmarking will also be carried out against similar Southwest Authorities highway groups this allows best practices to be delivered within the services.
- 9.8. Having access to the consultants in the West of England Combined Authority’s framework will act as a reminder that should the consultant not be providing a suitable service or value or we will make alternative arrangements.

**10. CRITICAL DATE(S)**

<b>Task</b>	<b>Start Date</b>	<b>Duration</b>
PQQ Published	September 2018	
PQQ Return Period	September 2018	1 month
PQQ Return	October 2018	
Prepare Tender List	October 2018	1 month
Tender Period	November 2018	3 months
Tender Assessment	February 2019	2 months
Prepare Report on Tenders	April 2019	1.5 months
Contract Award	May 2019	
Stand still period	May 2019	10 days
Contract Mobilisation	June 2019	6 months
Contract in Start	December 2019	

**11. BUDGET AND ESTIMATED SPEND PROFILE**

- 11.1. The expenditure through the contract is anticipated to be in the region of £5 million to £6 million annually, based on the existing contract. It will be predominantly capital spending and the actual figure will depend on DfT funding levels and the outcome of future bids for funding.

- 11.2. Experience with the existing contract indicates that there can be significant increases in capital funding at short notice in this type work, and it is important to have flexibility in any contract arrangements. A minimum expenditure of half the anticipated spending has been used in previous contracts and proved to be effective in encouraging bidders, whilst avoiding transferring unreasonable risks.

## 12. SOCIAL VALUE AND COUNCIL BENEFITS REALISATION POTENTIAL

<i>Benefit Type</i>	<i>Details of benefits and expected outcome</i>	<i>Timescales for realisation of benefit</i>
<p><i>Social Value:</i></p> <ul style="list-style-type: none"> <li>• <i>Social</i></li> <li>• <i>Economic</i></li> <li>• <i>Environmental</i></li> </ul>	<p><u><i>Social</i></u>  <i>Apprenticeships for consultant’s staff.  Maintain between 3 and 5 apprentices at any one time for life of contract.  Involvement with schools.  Equal opportunities.</i></p> <p><u><i>Economic</i></u>  <i>Local employment with locally based office.  Training in technical areas where there are identified local skills shortages.</i></p> <p><u><i>Environment</i></u>  <i>Environmental management of other suppliers.  Carbon reduction and energy saving initiatives.</i></p>	<p><i>Benefits can be expected to start during first year of contract and continue for its duration.</i></p>
<p><i>Council benefit:</i></p> <ul style="list-style-type: none"> <li>• <i>Cash value</i></li> <li>• <i>Non-cash value</i></li> <li>• <i>Cost avoidance</i></li> </ul>	<p><u><i>Cash</i></u>  <i>Successful funding bids.  Reduced scheme design and supervision costs.  Effective investment strategies and asset management.</i></p> <p><u><i>Non-Cash</i></u>  <i>Shared training with Council.  Environmental improvements associated with schemes.</i></p> <p><u><i>Cost avoidance</i></u>  <i>Targeted investment in specialist areas such as street lighting.</i></p>	<p><i>Benefits can be expected to start during first year of contract and continue for its duration.</i></p>

## 13. MAJOR RISKS

- 13.1. There is a risk that the new tendered prices will be higher than the current rates, and it is important that the contract should be designed to avoid creating undue risk for bidders that could affect the price. The contract will need to cover the full scope of services likely to be required, and the assessment process will need to ensure the capability and capacity of potential suppliers.

- 13.2. The risk of suppliers ceasing to trade are generally low with this type of contract, but there is the possibility of companies being taken over or merging. Robust contract management processes will be in place to identify and manage any issues at an early stage.

#### **14. RECOMMENDATION**

- 14.1. It is recommended that tenders should be invited for a single supplier to provide Wiltshire's Consultancy services from December 2019.
- 14.2. Some staff working for the existing supplier will be eligible for TUPE and could transfer to the new supplier, ensuring to the availability of experienced staff with knowledge of working in Wiltshire.
- 14.3. The Council's own staff already understands how to order and manage work through this type of contract and will not require re-training with the proposed arrangement. As it would be a single contract it will not require additional resources to manage performance.
- 14.4. By going out to market by OJEU tender, this should offer the best value for money.

# **HIGHWAYS CONSULTANCY CONTRACT**

## **OPPORTUNITIES ASSESSMENT**

**CONFIDENTIAL**

## Highways Consultancy Contract

### Scope and Overview

The Highways and Amenities total expenditure is in the region of £40,000,000 annually (capital and revenue) and the service is commissioned through a mixture of external service providers and internal staff (See Appendix 1). The services provided through the existing Highways Consultancy Contract include the design and supervision of construction of various types of highways schemes, including carriageway resurfacing, drainage, bridge strengthening and maintenance, local safety schemes and Integrated Transport schemes. The consultancy contract manages the Council's street lighting and traffic signals stock, and provides technical and specialist advice on highways related matters.

The Highways Consultancy contract was procured in 1999 and again in 2006. It was awarded to Mouchel in 2006, and spend is currently just over £4,000,000 annually.

The existing contract is for five years, with potential extensions up to two years, subject to performance. The five year term ended in June 2011 and an 18 month extension was negotiated and awarded. The contract is due to end in November 2012, and consideration is being given to arrangements for delivering the service from December 2012.

There are TUPE considerations in connection with regard to the future provision of these services.

Reductions in LTP Integrated Transport funding and reduced revenue expenditure have reduced expenditure recently.

The Consultant currently has staff seconded to Wiltshire Highways Service (WHS) and area office based staff responsible for development control with a value of £868,800 annually. These staff are integrated into the Council's highways area office teams. Indicative annual expenditure (excluding WHS and related staff) in the service type of service in the future is expected to be in the region of:-

Item	£
Highways Major Maintenance	750,000
Highways and Land Drainage	250,000
Bridge Maintenance	1,000,000
Integrated Transport	600,000
Checking Developers Designs	200,000
Travel Surveys	200,000
Management of Street Lighting	200,000
Management of Traffic Signals	250,000
Other Services	100,000
	3,550,000

The majority of the expenditure through the highways consultancy contract is in connection with roads and bridges major maintenance work.

The majority of expenditure through a future contract is likely to be Capital expenditure:

Item	Capital	Revenue
Highways Major Maintenance	700,000	50,000
Highways and Land Drainage	250,000	
Bridge Maintenance	800,000	200,000
Integrated Transport	600,000	
Checking Developers Designs		200,000
Travel Surveys		200,000
Management of Street Lighting		200,000
Management of Traffic Signals		250,000
Other Services		100,000
	2,350,000	1,200,000

About two thirds of the expenditure through the consultancy contract is connection with capital expenditure on roads and bridge works.

The WHS staff provided by the Consultant comprises 21 members of staff. There are eight Highway Engineers, five Technicians, three Development Control Inspectors, and five Highway Safety Inspectors. These are funded from the Council's revenue budget. The benefit of the Consultant supplying these staff was that staff could be seconded into the routine highway maintenance service to gain experience and to provide support at short notice. With the formation of one Council and the merging of highways and streetscene this need has now reduced, and it would be appropriate to consider transferring these staff to the Council.

### Payment Mechanisms

The majority of expenditure through the previous and current highways consultancy contracts has been paid for on a time basis, with a small proportion on a fixed price basis.

The uncertainty about the detailed scope of the work required, and the uncertainty of future workloads, means that payment on a time basis is the best method of paying for the services required, provided that adequate measures are in place to monitor outputs and quality.

Contract management processes have been put in place and effective contract monitoring has been introduced since 1999 through Service Delivery Teams to monitor and manage productivity from the consultant.

Payment on a time basis is common for consultancy services of this type.

There is a need for the Council to have specialists to deliver aspects of the Council's highway service, including major maintenance, bridge maintenance and design of street lighting and traffic signals. There are advantages in having access to expert technical advice available at short notice through a specialist supplier in connection with these services.

Based on currently anticipated workloads it is anticipated that the following hours of technical support will be required to the deliver the Council's programmes annually:

Description	Highways	Bridges	Integrated Transport	Development Control	Street Lighting	Traffic Signals	Other Services	Total
Engineering Service Manager	1965	2358	1287	333	4	146	204	6297
Design Engineer	2107	6565	3963	1281	343	571	436	15266
Transport Planner/ Urban Designer	0	0	30	19	0	214	0	263
Senior Assistant Engineer	9307	11478	4907	853	0	1851	1810	30206
Senior Assistant Transport Planner	0	0	120	236	0	405	5	766
Assistant Engineer/Senior tech	10855	9181	5385	675	0	1016	930	28042
Technician	2804	1426	419	303	1	52	365	5370
Clerk of Works	2149	0	0	0	0	0	0	2149
Trainee Technician/ Administrator	160	1285	12	108	0	42	2	1609
Unskilled Labour/Enumerator	10	0	343	153	0	16	2	524
Landscape Engineer	1723	0	0	2	0	0	0	1725
<b>Total</b>	<b>31,080</b>	<b>32,293</b>	<b>16,466</b>	<b>3,963</b>	<b>348</b>	<b>4,313</b>	<b>3,754</b>	<b>92,217</b>

In addition to the time charge element of work, there are some areas where the work can be defined with greater accuracy and certainty and tenderers can be asked to submit a fixed price. The management of these specialist services on behalf of the Council are currently provided through the contract:

Traffic Report – Surveys of traffic flows on network and preparation of annual report. Estimated value £200,000.

Street Lighting – Management of maintenance of Council's street lighting stock. Estimated value £150,000.

Traffic Signals – Management and alterations to Council's traffic signals. Estimated value £150,000

## Market Assessment

The market for highways consultancy services is well established, with many highway authorities having outsourced services over the years.

There are many well established companies offering highways consultancy and related services. A number of these did previously bid for the Wiltshire contracts when they were put out to tender in 1999 and 2006.

Many of these companies have already been in contact, knowing that the current arrangements are reaching their end. Discussions have been held with a number of these suppliers regarding the format and scope of future contracts. The main companies who have already visited to discuss the contract are:-

Atkins – Major consultancy and contracting company. Hold Gloucestershire contract and many others. They were runners up in Wiltshire in 2006, and are keen to bid for the Wiltshire contract.

Mouchel – Currently hold Wiltshire contract and others. Very keen to retain this contract

Amey – Major contracting company now with strong consultancy arm have expressed interest in Wiltshire.

Mott MacDonald - Large consultancy have expressed interest in Wiltshire contract.

Parsons Brinkerhoff – Have Somerset contract. Have expressed interest in Wiltshire contracts

WSP – have Bristol and south-west framework contract. Interested in Wiltshire contract

Other consultants and contractors have made contact at conferences and informally, and it is likely that publishing the OJEU notice would prompt many other companies to consider bidding.

The top consultancy companies in roads and bridges are shown below, with their recent turnover and staff numbers.

Earnings from roads and bridges related work of the top ten consultants in 2010 ranged from £80million to £282million, with total staff numbers between 7,496 and 16,200. The largest companies generate total income of over £1,000m annually.

### Roads and Bridges Consultancy Companies ranked by fees (from New Civil Engineers Consultants File 2010):

Company	Road and Bridges Fees (£m)	Staff	Total Fees (£m)	Public Sector Fees (£m)	Expressed Interest in Wiltshire
Atkins	282	16,200	1,487	987	Yes
Mouchel	278	11,121	598	455	Yes
Parsons Brinckerhoff	209	17,547	1,091	103	Yes
Jacobs	120	7,850	618	310	
Halcrow	108	7,496	406	110	Yes
Mott MacDonald	102	14,200	937	345	Yes
WSP	93	9,137	668	99	Yes
Arup	82	9,707	747	65	
Amey	80	2,410	203	203	Yes
Scott Wilson	74	5,896	345	138	

The majority of the above companies have already visited Wiltshire to enquire about the future contract before the OJEU notice has even been published. Others have been in contact informally.

All of the above companies have the capability to deliver services of the type required and are doing so elsewhere.

Subject to the final scope and format of the final tenders it is very likely that there will be strong competition for a Wiltshire highways consultancy contract.

There is undoubtedly keen market interest in providing these services in Wiltshire.

### Benchmarking

The lowest tenders received in 2006 for the Highways Consultancy contract were very competitive, and offered good value for money at that time. The financial bids were:-

Bidder	£
1	4,475,070.00
2	4,713,212.77
3	4,777,191.65
4	4,822,327.52
5	4,869,400.13

The quality aspects and whole life costs changed the final ranking of bidders, but the unit rates were generally broadly similar. Since then the market has probably become more competitive as a result of reduced workload, particularly in the private sector, and reduced expenditure by local authorities.

As part of the Council's efficiency savings new rates for the last year of the existing contract were negotiated with the existing supplier. These were achieved by the consultant significantly reducing support staff, reducing the number of local staff and consolidating some operations at their Bristol office. A reduction in rates of 10% was achieved.

Existing rates for highways consultancy in Wiltshire are now broadly similar to those obtained by a similar highways authority on a recent tender.

Designation	Wiltshire	Other
Project Manager	51.46	53.73
Team Leader	44.06	44.92
Principal Engineer	41.63	44.92
Assistant Engineer	30.85	25.65
Technician	22.19	18.29
Bridge Inspector	27.16	31.60

The rates for some staff, especially senior staff are currently lower through the current Wiltshire contract than the recently tendered rates for another authority. The rates for Assistant Engineers and Technicians are lower for the more recent contract. This may be as a result of current market conditions, and may not be fully reflected in any future tender for these services in Wiltshire because of TUPE considerations.

It is anticipated that a suitably structured contract could achieve prices at least as good as current rates, with the possibility of some overall cost savings.

During the period since 1999 when the highways consultancy was originally outsourced there have been some changes in the types of service required. There was an initial increase in workload, especially in Integrated Transport following the introduction of the Local Transport Plan funding from 2000, but there has been a reduction in this area of service in recent years. A comparison between time charge hours by staff type procured in 2005 and 2010 is shown below:

Item No.	Description	Hours 2005	Hours 2010
	<b>Consultants and Consultancy Manager</b>		
1.1	Consultancy Manager	750	0
		0	0
1.2	Principal Consultant (Prior approval needed)	40	185
1.3	Consultant (Prior approval needed)	40	174
		0	0
	<b>General and Engineering Staff</b>	0	0

		0	0
1.4	Engineering Service Manager	3,860	6,332
1.4A	Principal Engineer	3,550	1,028
1.5	Design Engineer	14,025	14,967
1.6	Transport Planner/ Urban Designer	1,050	263
1.7	Senior Assistant Engineer	13,775	30,430
1.8	Senior Assistant Transport Planner	1,450	766
1.9	Assistant Engineer/Senior Technician	33,075	28,193
1.10	Technician	15,475	5,466
1.11	Clerk of Works	4,350	2,149
1.12	Bridge Inspector	1,600	0
1.13	Electrical Inspector	500	0
1.14	Trainee Technician/Technical Administrator	12,775	1,609
1.15	Unskilled Labour/Enumerator	5,925	640
		0	0
	<b>Other Staff</b>	0	0
		0	0
1.16	Ecologist	480	0
1.17	Landscape Engineer	1,700	1,747
		114,420	93,949

The overall staff time procured through the Highway Consultancy Contract reduced from 114,420 in 2005 to 93,949. Most of this reduction was in Trainee technicians, clerk of works and Technicians, which are posts with lower technical requirements and expertise. There was an increase in Senior Assistant Engineer time during that period, indicating the need for higher levels of technical support and expertise.

During the course of the existing contract there has been an increase in reliance on the consultant for providing senior technical staff and a reduced need for support staff. This trend continues in future years as the Council has recently reduced the number of senior posts in the highway service as part of the reduction in staff numbers, and may become more dependent on external expertise.

The time charge rates for consultancy staff generally include overhead costs which comprise office costs, HR, payroll, equipment, travel costs, subsistence, employment and payroll costs.

A comparison has been made between existing rates and those obtained by another authority on a similar recent contract where information is available:

Description	Existing Rates			Recent Rates		
	Total	Rate	Total	Total	Rate	Total
Engineering Service Manager	6297	£44.29	278,894.13	6297	£44.92	282,861.24
Design Engineer	15266	£41.85	638,882.10	15266	£44.92	685,748.72
Transport Planner	263	£58.62	15,417.06	263	£58.62	15,417.06
Senior Assistant Engineer	30206	£37.92	1,145,411.52	30206	£37.92	1,145,411.52
Senior Asst Transport Plan	766	£50.76	38,882.16	766	£50.76	38,882.16
Assistant Eng/Senior Tech	28042	£31.01	869,582.42	28042	£25.65	719,277.30
Technician	5370	£22.31	119,804.70	5370	£18.29	98,217.30
Clerk of Works	2149	£28.24	60,687.76	2149	£31.60	67,908.40
Trainee Technician/ Admin	1609	£17.34	27,900.06	1609	£17.34	27,900.06
Labour/Enumerator	524	£17.34	9,086.16	524	£17.34	9,086.16

Landscape Engineer	1725	£36.86	63,583.50	1725	£36.86	63,583.50
Total			3,268,131.57			3,154,293.42

From the above there could be an overall saving of about £113,838 on time charge work if tendered rates for a new contract are similar.

This would represent a saving of about 3.5% compared to existing costs.

Wiltshire Highways Service Staff

There are currently 21 members of staff provided by the consultant and seconded to the highways area offices. These staff are integrated into the area office staff structures and are directly managed on a day to day basis by the Council's staff.

The Consultant is responsible for HR matters, transport, training and support for these staff, and the office accommodation is provided by the Council.

In order to facilitate potential future re-organisation of the area office functions with the ongoing merging of the routine highways and streetscene functions, there would be benefits in bringing these staff in-house. These staff include some of the most experienced and qualified staff and of great value to the Council in delivering this service.

The benefits of the Consultant being able to fill vacancies within the Wiltshire Highway Service have reduced as a result of the merging of local highways and streetscene and this arrangement is no longer required. A summary of these staff is included below:

Staff Designation	Staff Salary	Consultant inc on cost
Inspector	21,519.00	38,303.82
Inspector	20,200.00	35,956.00
Inspector	21,550.00	38,359.00
Inspector	20,200.00	35,956.00
Inspector	20,200.00	35,956.00
Area Engineer	30,800.00	54,824.00
Area Engineer	29,180.00	51,940.40
Area Engineer	29,180.00	51,940.40
Area Engineer	29,180.00	51,940.40
Area Engineer	23,500.00	41,830.00
Area Engineer	22,000.00	39,160.00
Area Engineer	22,800.00	40,584.00
Area Engineer	22,000.00	39,160.00
Technician	20,471.00	36,438.38
Technician	20,530.00	36,543.40
Technician	20,350.00	36,223.00
Technician	20,100.00	35,778.00
Technician	20,530.00	36,543.40
S 38 Inspector	24,600.00	43,788.00
S 38 Inspector	24,600.00	43,788.00
S 38 Inspector	24,600.00	43,788.00
Total	414,885.00	868,800.20

As the Council directly manages these staff there is less scope for Consultant to bring efficiencies to this part of the service, and it is not proposed to include the provision of these staff in the future highways consultancy contract.

The on costs associated with these staff are 78% based on the current contract tendered rates. The on costs include mileage rates, which often high for most of these staff given the nature of their work.

The Local Highways and Streetscene service envisages a cost saving by bringing these staff in-house which has been factored into the service budget for next year.

### Collaboration

Adjoining highway authorities have contracts for highways consultancy services, but these are often Framework contracts to top up predominantly in house provision.

In Wiltshire the highway design and management is currently largely out-sourced.

In general the end dates of contracts in adjoining authorities do not coincide with Wiltshire. Joint procurement has been discussed in the past, but this has not proved to be an attractive option for this type of work. Each authority has its own priorities, and different service delivery models, which often do not lend themselves to a common approach.

The Highways Consultancy contract is a fairly large contract compared to others for this type of work and will be attractive to bidders in its own right.

Combining the Wiltshire contract with those of other authorities may even reduce its potential benefits, as the pricing and management could become more complex, and make it less attractive to bidders.

There are aspects of the highways and amenity service which could benefit from joint procurement, but this is not the case with the highways consultancy contract in the present circumstances.

It is not anticipated that there would be any immediate benefit in joint procurement with other authorities on this service.

### Future Funding

About two thirds of the anticipated funding through the highways consultancy funding is currently in connection with capital schemes. Most of the highways capital funding comes from central government through the Local Transport Plan funding. Funding levels are known until 2014/15 and are expected to remain fairly consistent until then.

The long term position for capital funding for highways maintenance is not known.

The revenue expenditure has been under pressure as a result of the current financial position, and there have been reductions in expenditure on most of the services delivered through the existing contract.

It is likely that the pressures on revenue funding will continue in the short term, and the long term situation with regard to capital funding remains uncertain.

### Options

Various options have been considered for the future delivery of the service.

**In house** – The staff currently providing the service through the consultant could be TUPE transferred to the Council. Some of them were originally out-sourced in 1999. There would be benefits in transferring some staff currently working in the area offices to the Council as this is a historical arrangement which is no longer required.

However, transferring staff involved on predominantly capital funded schemes could result in additional liabilities for the Council in redundancy costs should capital funding reduce significantly after 2014/15.

In-house provision would reduce access to the wider ranging expertise that a commercial sector partner can bring to the Council.

**Combined Contract with Back Office Functions** – The highways consultancy contract could be bundled with other services which could be potentially be out-sourced such as IT, Finance and HR. Similar packages have been let by other authorities.

The economic benefits of such a package would depend on how attractive the other services would be to bidders and would depend on the Council's long term plan for these services.

The existing Highways Consultancy package is large enough to be attractive to bidders on its own. Including other services in the package would be unlikely to significantly increase the attractiveness to bidders, and would be likely to delay the procurement process.

**Combined Contract with Works Contract** – The original outsourcing contract in 1999 included the opportunity for the consultancy and works suppliers to form a joint venture, and did provide initial cost savings.

In order to avoid the problems experienced with having a single supplier the County Council took the decision to tender separate consultancy and works contracts in 2005. This reflected the different types of organisation likely to bid for the contracts, and improved accountability and transparency in service delivery.

In the event of the same bidder winning both a consultancy and works contract it is likely that the benefits would be reflected in the rates submitted for the second tender. Appropriate contract management would need to be put in place in this eventuality.

The consultancy contract as currently envisaged is large enough to be attractive to bidders on its own.

**Separate Highways Consultancy Contract** – A contract similar to the existing highways consultancy contract would be attractive to bidders and should offer some potential for cost savings.

The Council has benefitted from the expertise that national and inter-national companies can bring to specialist highways services. It is generally not viable for the Council to retain the required expertise in house for all aspects of the service, especially in connection with street lighting, traffic signals and geotechnical advice.

A separate highways consultancy has proved to have advantages, and has successfully delivered services in Wiltshire for over 10 years.

In order to obtain rates for all items likely to be procured through the contract it is suggested that work to the estimated values below should be included in the indicative quantities for the tenderers:

Payment Method	Service	Value
Time	Highway Maintenance	1,054,445.37
Time	Bridges and Structures	1,153,225.60
Time	Integrated Transport Schemes	599,268.46
Time	Development Control	146,088.46
Time	Street Lighting	14,554.02
Time	Traffic Signals	167,327.09
Time	Other Services	133,222.57
Fixed Fee	Traffic Report, Lighting, Traffic Signals	499,992.00
% on cost	Sub-consultant and other staff	285,000.00
		4,053,123.57

This will enable unit rates to be obtained for the time charge staff, and on cost rates to be obtained for other staff and sub-consultants who may be required to work on the contract in the future.

#### Risks

There are significant risks associated with the highways service. These include safety aspects for road users and highways operatives, especially in view of the number of accidents on the highway network and the potential hazards associated with working in that environment.

Other risks are in connection with losses and claims resulting from failure to maintain the highways assets adequately, which may be safety related, but could also relate to damage or environmental impact.

There are reputational risks for the Council in connection with road and bridgeworks, especially in connection with traffic disruption and delays.

The appointment of a specialist consultant to assist the Council in delivering the highway service could significantly reduce the risk by providing effective risk management and mitigation measures.

The risks in connection with the procurement process are being reduced by the use of a Project Board and Project Team with suitably experienced members. Risks in connection with the procurement procedures, suitability of documents, costs, appointment process, and contract management can be managed by these teams.

The contract as currently proposed would require the transfer of 21 staff from the consultant to the Council. It is likely that up to 80 staff from the existing service supplier may be eligible under the TUPE regulations to transfer to the new supplier. The contract and workload for the new contract would need to be structured to avoid introducing pension or other liabilities for the new supplier as these risks would be likely to increase tendered rates.

There is a risk that the tendered rates will be higher than existing rates, but this should be avoided if the contract is structured as previously indicated in order to avoid passing unnecessary risks onto the suppliers.

There are uncertainties about future workloads as these will depend on future expenditure by the Council, especially in connection with capital work on roads and bridges, and the long term funding situation for these services is unknown.

In the short term a good workload is likely to be available for the successful tenderer, but the implications of the longer term uncertainty will need to be managed during the contract period.

The existing and previous contracts guaranteed the Consultant expenditure through the contract based on 50% of the anticipated annual expenditure. This was a risk which seemed acceptable to the bidders, and removed from the Council any risks of costs resulting from a substantial reduction in workload up to 50%. It would be appropriate to make similar provision in the new contract in view of future funding uncertainties.

### Contract Management

In order to achieve value for money with the majority of work being on a time charge basis, it is important to manage and monitor the Consultant's performance continually. This is currently achieved through a series of Service Delivery Teams reporting to a Contract Management Meeting with senior representatives of the organisations. This contract governance is well established on the existing contracts and will be used for the new contracts.

The Consultant is issued with a brief describing the task and requirements. The Consultant provides a Brief Response containing information on the type of staff to be used and the time they will spend on the task. This is discussed with the Client representative and agreed before the order is placed and the work proceeds. At the end of the task the quality and time spent on the task can be reviewed. The contract management is the key to achieving value for money with this type of contract, and effective measures will be adopted to manage the contract, building on the extensive experience gained from the existing and previous highways consultancy contract. These factors will be taken into account in developing the PQQ and the quality assessment aspects of the tenders.

### Conclusions

There is a need for highways design and supervision of construction, and managing of infrastructure, which is currently provided by a specialist supplier through the Highways Consultancy contract.

It is anticipated that a suitably structured contract could achieve prices at least as good as current rates, with the possibility of some overall cost savings.

As the service is already out-sourced and the current rates are very competitive there are unlikely to be further very large savings from tendering this contract, but cost reductions of 3.5% may be achieved.

There is undoubtedly keen market interest in providing these services in Wiltshire, and a number of potentially serious bidders have expressed interest.

It is not anticipated that there would be any immediate benefit in joint procurement of this service with other authorities at this time. A separate highways consultancy has proved to have advantages, and has successfully delivered services for over 10 years.