

27 October 2015

Report of the Highways and Streetscene Task Group:

Termination of the Highways and Streetscene Contract with Balfour Beatty Living Places (BBLP)

Purpose

1. To present the conclusions and recommendations of the Highways and Streetscene Task Group following its consideration of a report on the early termination of the Highways and Streetscene Contract with Balfour Beatty Living Places (BBLP), and the alternative arrangements for service delivery being put in place. The Part 1 report considered is attached at **Appendix 1** and will be considered by Cabinet alongside comments from Environment Select Committee on 10 November 2015. The version of the report containing confidential information (**Appendix 2**) will be included within the Part 2 agenda papers.

Background

2. Following discussions between the executive, O&S members and officers it was agreed that a report would be prepared on the termination of the council's contract with BBLP and the alternative arrangements for service delivery. This report was considered by the Highways and Streetscene Task Group on 15 October 2015. The following attended as witnesses:

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| Cllr Philip Whitehead | Cabinet Member for Highways and Transport |
| Peter Binley | Head of Highways Asset Management and Commissioning |
| Dr Carlton Brand | Corporate Director |
| Ian Gibbons | Associate Director, Legal and Governance |
| Adrian Hampton | Head of Local Highways, Weather and Emergency Services |
| Parvis Khansari | Associate Director, Highways and Transport |
| Stephen Slater | Commercial Team Leader, Legal Services |

3. It should be noted that two of the task group's six members were present: Cllr Jones MBE and Cllr Osborn (Chairman).

Evidence

4. When the contract was awarded to BBLP in 2012 the bids were evaluated on a 70/30 Price/Quality basis, while the previous contract had been

awarded on a 80/20 Price/Quality basis. The emphasis on quality was increased due to additional services being incorporated and the importance that these were delivered effectively. Subsequent analysis has shown that BBLP would still have been the successful bidder under a 60/40 Price/Quality split. However, a higher ratio in favour of quality could have resulted in different bids being submitted by contractors and a different outcome.

5. Two-thirds of the existing highways and amenities contract will be provided by those already doing so under the BBLP contract for a further two years.
6. The frequency of cutting identified residential grassed areas has been amended from two/three week intervals to four weeks from September 15. The cutting of identified rural grass verges was changed to once per year in 2014, with all other areas being covered on a reactive response. Grounds services (hedge and shrub maintenance etc) have been prioritised to ensure the high user areas are maintained, with other areas maintained when resources allow. Rural and residential litter picking and all road sweeping have now become reactive services as the current budget does not allow the high specification service originally planned to be delivered through the contract (paragraph 17).
7. An additional in-year investment of £0.528 million has been made to preserve existing service levels for town centre cleaning and litter picking for the remainder of the 2015/16 financial year. The additional pressure will be managed through in-year savings and efficiencies in the highways budgets. This decision was taken to allow more time to consider an appropriate future specification with no sudden change to service levels. It will also allow the implications of the comprehensive spending review in November to be known before implementing any service changes in this area.
8. The report notes that measures have already been put in place to make better use of the My Wiltshire app to address issues identified in the Local Highways audit. It was further reported that although some aspects of the app require improvement implementation of the new technology was a significant achievement. The app will become increasingly important as elements of the existing highways and amenities contracts become increasingly reactive as opposed to having scheduled rounds. It is also being developed to encompass a greater number of issues that can be reported to the council for resolution.
9. The report notes that by the termination date of the contract the performance issues with the BBLP contract had been largely resolved, especially following the sub-contracting of grass cutting operations earlier this year, and generally delivery had improved considerably (paragraph 10). It was further reported that some of the early difficulties with the contract had been due to needing to communicate with sub-contractors via a third party. Direct channels of communication have now been established.
10. The procurement process has started for a replacement contract to deliver highways services not covered by the novated sub-contract and it is

anticipated that the new contract will be in place by April 2016, subject to satisfactory progress through the procurement process (paragraph 36). It was further reported that the tendering exercise would normally take 18 months, but due to circumstances will now take 6 months.

11. Before initiating the tendering process checks were made to ensure there would be a good market response, which has been the case. Providers in the market understand that the early termination of the contract related to BBLP's position internationally rather than issues with provision in Wiltshire.
12. It was confirmed that arrangements for gritting roads this winter are in place and ensuring this was the case was an important factor when considering whether to terminate the contract early.
13. It was reported that local initiatives to reduce littering are progressing, but that ultimately this is an issue requiring national attention.

Conclusions

14. The task group welcomes the executive and officers bringing reports to the Task Group and Committee for discussion pre-Cabinet, their positive and transparent engagement during the meeting and the invitation of further O&S involvement outlined above (**Recommendations 1 and 2**).
15. There was difficulty bringing some elements of the terminated highways and amenities contract to fruition and this was sometimes a cause of frustration for councillors and communities. These included the planned "community days" where communities would work in partnership with the council to resolve local highways and amenities issues and the creation of teams of multi-skilled operatives tackling a range of different highways and amenities tasks. Such difficulties should not curb the council's desire to innovate, but any lessons should be learned following the contract's early termination. Overview and scrutiny will be important in ensuring this happens and the task group welcomes the invitation that it and Environment Select Committee play a role in developing and agreeing the new contracts. The accelerated pace of re-tendering increases the importance of member scrutiny of the process and decisions.
16. The task group welcomes confirmation that the new Highways contract will include the provision of Parish Stewards (paragraph 38). Previously this enabled local identification and resolution of Highways and Streetscene issues in an efficient and flexible manner (**Recommendation 3**).
17. It was reported that many other local authorities who had adopted an integrated highways and amenities model (in which one provider delivers a large range of highways and streetscene services) have since reverted to greater separation of services, with the integrated model being more advantageous in urban areas. The task group welcomes the commitment in the report to re-contracting the highways and amenities functions separately allowing providers to focus on delivering a smaller array of services (**Recommendation 4**).

18. The task group notes that the highways revenue budget has decreased by 60% since 2010/11 when inflation and growth for energy, materials and construction are taken into account (paragraph 48). The climate in which the new contracts will be retendered mean that costs are likely to be higher and service specifications reduced. This will be compounded by reductions to local government funding likely following the comprehensive spending review announcement in November.
19. It was noted that grass cutting is likely to come under particular financial pressure as the new contract is developed (paragraph 31). The task group is concerned that the service might be reduced to a level where maintenance of only the highest priority areas meets public expectations. The regular clearing of drains and gullies is also crucial in preventing more urgent and expensive issues emerging. The council's 2016/17 budget setting process will allow a considered and robust debate around the funding levels needed to provide satisfactory highways and amenities services (**Recommendation 5**)
20. The task group supports the in-year payment of an extra £0.528 million in order to preserve the existing service levels for town centre cleaning, grass cutting and litter picking until 31 March 2016. There must be clarity about where changes have, and have not, been made to services since the termination of the contract. There is a perception amongst some residents that services under the terminated contract have reduced drastically or will do imminently. Enhanced communications will provide clarity for local councillors, avoid unnecessary concern for residents and affected employees and protect the public's perception of the council.
21. Even if current budgets in highways and amenities were maintained a reduction in service specifications would be likely due to less favourable conditions for negotiating contracts than in recent years. There is also a risk that following the well-publicised termination of the contract there is a public expectation of an uplift in service levels that may not materialise. It will be important that local councillors and the public understand any changes to services and this requires honest and effective communications from the council. As highways and amenities services become increasingly reactive this shift and the reasons behind it should be widely understood (**Recommendation 6**).
22. The task group is satisfied that the next few months are an opportune moment to undertake the planned independent review of the highways service through the Highways Maintenance Efficient Programme (HMEP) Strategic Peer Review process (paragraph 55-57). It welcomes the invitation that O&S be involved in this process, including leading scrutiny members in this area being interviewed by the peer review panel (**Recommendation 7**).
23. While some councillors and residents report positive experiences of the My Wiltshire app there has been some frustration with a limited ability to track progress with issues accurately once logged. It is noted that My Wiltshire will continue to be developed to encompass a greater number of service areas, with 25% of the app's use already relating to non-Highways issues. It

will be important that the app is widely promoted and the task group welcomes the invitation that O&S be involved in the development of this increasingly important customer interface (**Recommendation 8**).

Recommendations

1. To welcome the positive and open engagement with overview and scrutiny shown by the executive and officers in bringing reports to the Task Group and Environment Select Committee for discussion pre-Cabinet and the further opportunities for O&S involvement outlined in Recommendation 2.
2. Highways and Amenities Task Group to meet in December 2015 and monitor the development of the tendering process and Environment Select Committee to hold an extraordinary meeting in January 2016 to consider the proposed contract decision.
3. To welcome the inclusion of Parish Stewards within the new Highways contracts.
4. To welcome the move away from an integrated model and towards more separated contracts for highways and amenities functions when they are retendered.
5. To note that the 2016/17 budget setting process will allow a considered and robust debate around what funding levels are needed to provide highways and amenities that meet expectations, particularly in service areas considered a priority by the public.
6. Arrangements for the delivery of highways and amenities services, both until and after new contracts commence in April 2016, are clearly communicated in order to maximise awareness amongst councillors, affected employees and the public.
7. Environment Select Committee and the Highways and Streetscene Task Group to be involved in the HMEP Strategic Peer Review to be held in the coming months.
8. O&S Management Committee to determine overview and scrutiny's involvement in the development of the My Wiltshire app as it becomes an increasingly important conduit through which residents can report a range of issues to the council.

Next steps

24. The Environment Select Committee endorses the report of the Highways and Streetscene Task Group and refers it to Cabinet for consideration on 10 November.

25. Further discussions between the relevant executive members, O&S members and officers are held to agree the nature O&S involvement in highways and amenities as the new contracts are developed.
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Appendix

Appendix 1 Highways and Streetscene Contract report to Cabinet (Part 1)

Appendix 2 Highways and Streetscene Contract report to Cabinet (Part 2 –
included within the Part 2 section of the agenda papers)