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**Subject: Highways and Streetscene Contract**

**Cabinet Member: Councillor John Thomson**

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### **Purpose of Report**

1. To update the Environment Select Committee regarding the Highways and Streetscene Contract.

### **Background**

2. The Highways and Streetscene contract was awarded to Balfour Beatty Living Places (BBLP) in December 2012. The contract started on 1<sup>st</sup> June 2013 and is for five years, with the option to award a further two year extension subject to performance.
3. A large proportion of the Council's highways functions are delivered by the contract. It combines a number of services previously provided by separate contracts and an element of in-house provision. Expenditure through the contract is expected to be in the region of £24 million this financial year.
4. The contract provides construction and highways maintenance services in connection with roads and bridges, including road resurfacing, drainage works, bridge strengthening and maintenance, improvement schemes, road markings, gully emptying and pothole repairs. It provides the Council's out-of-hours emergency response on the highway network, and delivers the Council's winter precautionary salting operation. It also delivers street cleansing, grounds maintenance, street lighting maintenance and the maintenance of the highways and streetscene vehicle fleet.
5. The Environment Select Committee was actively involved in the review of the highway and other services prior to the decisions regarding the new contract and the contract award criteria.

### **Current Position**

6. The contract involved the transfer of staff from the Council and from the previous suppliers, and required new ways of working to be established. The BBLP transition team organised the transfer of staff, establishment of new offices, depots, vehicles, plant and IT systems successfully for the start of the new contract so that there was minimum disruption to services at the transfer.
7. There are aspects of the new contract that have worked very well from the start, with major surfacing schemes such as at Bradford Road, Trowbridge and High Street, Marlborough being undertaken successfully with a good quality of workmanship and management from BBLP and their suppliers. Some of the work delivered by BBLP through the contract has attracted very

positive comments from the public and local residents, with 12 compliments recorded in September from the public regarding services from road surfacing to tree maintenance.

8. However, it became apparent early in the contract that in some service areas delivery has not as effective as had been anticipated. There were clearly problems with regard to grass cutting and some of the streetscene services, which resulted in adverse press reports in the summer, and more recently three editions of the Gazette and Herald and the Wiltshire Times carried negative stories on redundancies and the company's reported £1m loss on the contract. The articles also generated more than 10 negative letters relating to the contract and the standard of the work being carried out.
9. The establishment of Community Teams with operatives from a number of previous employers was always likely to be a challenge, but it proved more difficult than expected to establish the new ways of working immediately. Programming of some types of work, including carriageway repairs, signing, lining and integrated transport schemes, has also been less effective by BBLP than it should have been, with 5 speed limit schemes not meeting their key dates, and uncertainty regarding programme dates for some bridge repair work.
10. The problems with performance in these areas have been confirmed by the KPI scoring undertaken every month by the Council staff, the Council's highways consultant (Atkins), and BBLP staff:

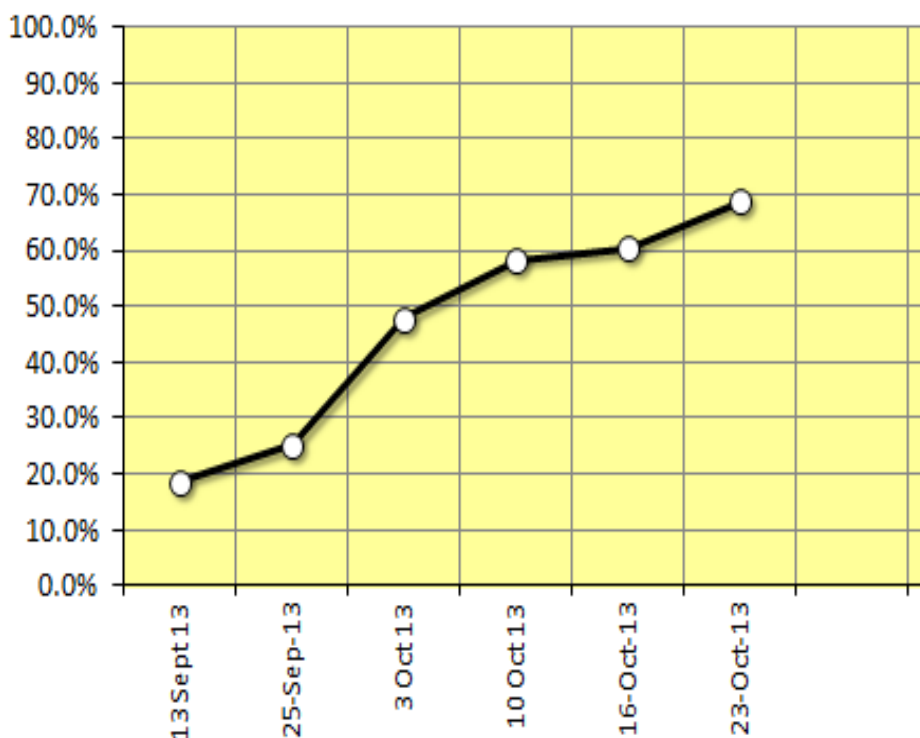
Organisation	Scored by	June 2013	July 2013	Aug 2013	Sept 2013
Wiltshire Council	Atkins	7.7	6.6	7.9	7.8
	BBLP	7.2	7.1	7.8	6.4
Atkins	Wiltshire Council	8.1	8.4	8.4	8.1
	BBLP	7.4	7.4	7.6	6.4
BBLP	Wiltshire Council	5.6	5.4	4.9	5.5
	Atkins	5.3	-	5.4	5.4

The BBLP scores based on the scale set out in the contract documentation indicates 'adequate' performance, which is well below the level anticipated, and is currently not good enough to award any contract extensions.

11. There are monitoring systems and measures in place to manage the contract, but in view of the difficulties that were still being experienced in some areas of service from BBLP, it was considered that additional measures should be taken. Consequently a series of weekly meetings have been established between the council's and BBLP's Directors, chaired by Dr Carlton Brand, Corporate Director. Elected members also attend this meeting. An Action List has been created to monitor the introduction of the necessary improvements to BBLP's performance required to meet their obligations.
12. The indications are that many of the Council's most serious concerns with BBLP have been addressed in recent weeks, and there are identified

measures proposed to address the outstanding issues. The meetings and monitoring of the Action List will continue for the next few months, together with the usual contract management and service delivery measures.

13. The graph of the Action List concerns being addressed shows that the major concerns are being reduced significantly week by week. There are plans in place to address the remaining concerns, and 69% of the initial concerns have been addressed:



Graph of Action List Concerns Addressed

14. Some of the remaining issues are in connection with IT, which need to be resolved in order to provide full access to the BBLP systems for Council staff. BBLP are working to resolve these, and monitoring of the Action List is taking place on a weekly basis. The delivery and programming of works is improving with additional staff and resources being brought to the contract by BBLP.
15. The Council's contract with BBLP provides substantial financial benefits of over £2 million annually, and will deliver significant long term benefits in terms of more flexible and effective service delivery (See Appendix A). In order to achieve this, BBLP are having reorganise some aspects of their service in order to be able to deliver the Council's requirements for the future. The increased management capacity recently introduced by BBLP, and the additional resources being directed to the contract, are already beginning to show benefits, and these are expected to continue.
16. There is a clear commitment from BBLP senior management to address the difficulties that have been experienced in some areas of their service delivery on this contract. The situation will continue to be monitored closely by the

Council's officers to ensure that the BBLP contract does deliver all of the benefits originally anticipated.

17. There will be a full review of BBLPs performance, including monitoring against the undertaking given at the tender stage, which will be undertaken in June next year to review the first full year of the contract. It may be appropriate that the operation of the contract is considered by the Environment Select Committee at that stage.

## APPENDIX A

### Benefits of New Contract

The benefits of the new contract are expected to include:

1. Simplified management of the service currently provided by three contractors and in-house teams.
2. Ability to reconfigure resources in event of reduced workload.
3. Contractor carries workforce employment risks in connection with redeployment and occupational hazards.
4. Specialist personnel and corporate best practice processes and procedures.
5. Management capability and capacity which has been assessed at the prequalification stage and tender quality assessment.
6. Greater flexibility for optimising deployment of operatives and resources.
7. Greater flexibility for redeploying personnel in response to budget changes.
8. Group-wide call-off arrangements for highway related materials and consumables resulting in price benefits due to bulk buying.
9. Established skills in dealing with highways related sub-contractors.
10. Ability to apply common operational management systems across services.
11. Established mobile working solutions for communications with field operatives.
12. Provision, updating, maintenance and renewal of specialist highways related ICT included in rates.
13. Effective specialist IT support for operational management systems.
14. Expertise in working with clients to develop public interfaces.
15. Dedicated Health and Safety specialist personnel and best practice procedures.
16. Economies of scale by dealing with Health and Safety issues across services and contracts.
17. Ingrained familiarity with regulations and procedures relating to CDM, H&S, HSE, etc.
18. Corporate Quality management and Environmental Management Systems.
19. Group wide training programmes for operatives and management.
20. Apprenticeships or work opportunities.
21. Access to wider highway community through other contracts and industry groups.
22. Highways research and development activities.
23. Joint innovation trials and sharing costs.
24. Collaboration and systems thinking reviews in conjunction with client.
25. Transfer of responsibility for non-strategic fleet to contractor.
26. Local management structure across the range of services.
27. Potentially reduced overhead costs for centrally provided support.
28. Potential capital investment in plant and equipment.