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**Meeting:**                   **Contract Task Group**  
**Environment Select Committee**

**Subject:**               **Highways Contracts – Annual Review of Service**

**Cabinet Member:** **Councillor John Thomson**

**Date:**                   **28<sup>th</sup> October 2014**

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### **Purpose of Report**

1. To update the Contract Task Group and Environment Select Committee regarding the progress with addressing outstanding issues by BBLP on the Council's Highways and Streetscene Contract.

### **Background**

2. The Highways Contract was awarded to Balfour Beatty Living Places (BBLP) on 18 December 2012. The contract started on 1<sup>st</sup> June 2013 and brings together the previous highways, street lighting and streetscene contracts and operations into one contract. It has provided substantial financial benefits for the Council.
3. 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, grass cutting 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.
4. The contract period is for five years, with a possible two year extension subject to suitable performance. The contract uses the 'New Engineering Contract' (NEC3) form of contract, which is a family of contracts that facilitates the implementation of sound project management principles and practices, as well as defining legal relationships.
5. The contract has been operating for over a year, and the performance of BBLP has been monitored by the Contract Task Group and was reported to the Environment Select Committee in July 2014. It was noted that BBLP's performance during the first year of the contract in a number of areas had been good, with a good quality of work produced, especially in connection with drainage and flood works and larger road resurfacing schemes. It was noted that there had been issues with some service areas, particularly grass

cutting in the west of the county, which BBLP acknowledged had been under resourced and took appropriate measures to address the issue.

6. At the meeting it was reported that there were a number of issues which required further action by BBLP. These were in connection with undertakings given at the tender stage, which were generally over and above the requirements of the minimum specification.

### **BBLP Undertakings Action List**

7. As reported in July, a number of areas were identified where progress on delivering the first year BBLP undertakings had not been as good as had been anticipated. In order to address these issues BBLP prepared an Action List (See **Appendix 1**). Progress on resolving these issues has been monitored weekly by senior management of the Council, BBLP and Atkins, and has been reported regularly to Carlton Brand, Corporate Director and Philip Whitehead, Portfolio holder.
8. Most items have either been concluded satisfactorily or progressed sufficiently by BBLP to be confident that future performance will be as required. The outstanding issues which it has not yet been possible to close are described below.
9. The processes for developing the programmes for future works (Action No.5) have been agreed, and the programmes for 2015/16 are in preparation. The action has been left open until these programmes are agreed in detail, which is likely to be early next year.
10. The contract includes the provision of digital radios (Action No.13), but there are technical issues with regard to coverage across the county and the suitability of systems. Further investigation work is being carried out before a decision is made regarding this substantial investment which will need to be funded by the Council.
11. BBLP are in the process of advertising apprentice placements (Action No.24), and it is anticipated that appointments will be made shortly. This action is being kept open until the apprentices are in place.
12. Problems with dealing with fly tipping (Action No. 25) have been resolved, and the service is operating effectively. Confirmation of arrangements is being discussed between the Council and BBLP and this item should be closed shortly.
13. Community Days and Street Sparkle events (Action No.27) are now taking place and are being very well received. However, their future operation will need to be considered in the context of budgets for 2015/16.
14. The structures programme (Action No.28) has been agreed between BBLP and the Council, but final details of supply chain and sub-contractor

arrangements need to be confirmed by BBLP so that there is confidence in delivery of the programme.

15. Overall good progress has been made by BBLP with the identified actions and there is a clear commitment at a senior level to improving service delivery going forward.

### **Audit of Contract**

16. The audit of the Highways and Streetscene Contract is being carried out by South West Audit Partnership in two phases. The first phase is in connection with the Local Highways Service, which was identified as having problems during the first year of the contract. This report is currently being finalised and reviewed by the Audit Manager. A response to the audit will then be prepared by the relevant Council officers, and this will be reported to the Task Group shortly.
17. The second phase will look at the highways major maintenance service, and this audit is in the process of starting.

### **Conclusions**

18. The previous review of BBLP's performance during the first year of the contract identified a number of areas where performance has been good and acknowledged that there had been issues with some service areas, particularly grass cutting in the west of the county.
19. BBLP have made very good progress with the outstanding items identified through the review of the first year undertakings given at the time of tendering. The remaining outstanding items are being resolved, and there is a clear determination by BBLP to improve service delivery.
20. BBLP's performance will continue to be monitored, and will be reviewed and reported in detail after the second year of the contract. It should be noted that there is still the potential for the full two years extension to the contract to be awarded, subject to improved performance in future years.
21. The performance of both Atkins and BBLP will continue to be monitored and will be the subject of an annual review report next year.

### **APPENDICES**

Appendix 1 – BBLP Action List for first year undertakings