

# North Somerset Council

## Report to the Executive

**Date of Meeting: 2 February 2022**

**Subject of Report: Highway maintenance contract extension**

**Town or Parish: N/a**

**Officer/Member Presenting: Executive Member for Neighbourhoods and Community Services Mike Solomon**

**Key Decision: YES**

### Reason:

The value of the contract extension is over £500,000

### Recommendations

To agree a one-year extension to the existing highway maintenance contract with Milestone Infrastructure from 1 April 2023 to 31 March 2024.

## 1. Summary of Report

1.1 The Council's existing contract for highway maintenance with Milestone Infrastructure is due to end on 31 March 2023.

1.2 A contract extension of one year is required to ensure that the highways asset management delivery requirements (contract requirements) can fully reflect the highways asset management strategy, which is currently under review, and which is due to be adopted in summer 2022 once consultation has taken place. The existing contract termination date does not allow enough time to update the strategy, remodel the contract requirements and carry out the required procurement process for a new contract.

1.3 A detailed project initiation document, timeline and programme engagement has been produced which underpins the recommendations in this report. Details of these are contained in appendix 1, 2 and 3.

## 2. Policy

2.1 Under the Highways Act 1980, as the local Highway Authority, North Somerset Council has a legal duty to maintain its respective sections of the highway network under section 41. This includes responsibility for maintaining, managing and, where necessary, improving the network.

2.2 This is supported by the council's corporate plan:

Aims	Priorities
A thriving and sustainable place	<ul style="list-style-type: none"><li>To be a carbon neutral council and area by 2030</li></ul>

	<ul style="list-style-type: none"> <li>• A transport network that promotes active, accessible and low carbon travel</li> </ul>
A council which empowers and cares about people	<ul style="list-style-type: none"> <li>• Partnerships which enhance skills, learning and employment opportunities</li> </ul>
An open and enabling organisation	<ul style="list-style-type: none"> <li>• Engage with and empower our communities</li> <li>• Manage our resources and invest them wisely</li> <li>• Embrace new and emerging technology and make the best use of our data and information</li> <li>• Provide professional, efficient and effective services</li> <li>• Collaborate with partners to deliver the best outcomes</li> </ul>

### 3. Details

#### Existing contract

3.1 A well-maintained highway network contributes to the local economy, drives growth, creates local jobs, makes more sustainable methods of transport, such as walking and cycling more attractive options and is vital to achieving North Somerset’s corporate goals and objectives to enhance the environment within which our residents live, learn and work.

3.2 Highway and transport assets are the most financially valuable asset managed by the local authority, and the assets used most extensively by the whole community. In North Somerset the gross replacement cost (GRC) of the assets, namely, carriageway, footway, street lighting, traffic signals, structures and street furniture is estimated to be in excess of £2.3 billion. Tables 1 and 2 in appendix 1 detail how the highway and transport annual plan is delivered. Typically funding for reactive and cyclical work is funded from revenue while capital budgets deliver larger planned maintenance and Integrated Transport schemes.

3.3 The existing highway maintenance contract was procured in 2018 and was awarded to Skanska under the NEC3 (New Engineering Contract – 3<sup>rd</sup> version), the contract was awarded over a 5-year period. The contract transferred over to Milestone Infrastructure as part of divestment by Skanska of its highway infrastructure services on 1st May 2021. The contract is currently due to end on 31st March 2023, with up to 5 years of extension available.

3.4 As well as providing maintenance activities, the contract is also being used to deliver new infrastructure projects where appropriate. Examples of this arrangement include the Weston-super-Mare Transport Enhancement Scheme and a wide variety of local transport schemes.

3.5 The council has a good, collaborative working relationship with Milestone Infrastructure, and the contract has consistently delivered the services procured by the council and achieved its performance targets since commencement. The council is able to influence service delivery and work flexibly with Milestone Infrastructure as a contractor, demonstrated in the last 18 months through the collaborative working to ensure that services could be delivered during the Covid 19 pandemic. Monitoring meetings are regular (minimum once a month).

#### Highways asset management strategy (HAMS)

3.6 The council has a highways asset management strategy which sets out how the highways assets will be invested in. This strategy is reviewed annually but is now in need of a comprehensive update to ensure it is fit for purpose in the current funding landscape and emerging climate priorities.

3.7 Renewing the highways asset management strategy is one of several important pieces of work that will form the basis of a more transparent and efficient approach to managing and investing in the highways and transport network in North Somerset. The strategy has several important interactions with other strategies (full detail is provided in Appendix 1 – supporting information - diagram 1).

3.8 A detailed timeline has been produced to outline when the new HAMS will be adopted (see appendix 1 table 3), which is due in summer 2022. This means that in order for the new strategy to be embedded in the scoping and specification for the delivery of highways asset maintenance work and investment in any future contract, a 1-year extension to the current contract will be required. The alternative is to commence a procurement process in early 2022 without the new HAMS specifications being included, which is not recommended as it a) doesn't allow the detail of the new HAMS to be included and b) doesn't allow time to assess alternative delivery methodology for highways maintenance activities contained within the HAMS.

## 4. Consultation

4.1 Place scrutiny panel have a highways subgroup. The subgroup supported the proposal to extend the Milestone Infrastructure contract by one year to enable the highways asset management strategy to be completed and considered in the future service delivery model work.

4.2 In addition to consultations with our highway scrutiny panel, we have also been proactively engaging with our internal highways sponsorship group made up of CLT members.

4.3 We have established a highway steering group that is made up of the heads of highway service. Engagement has also been completed with all of the highway service teams.

4.4 We have also taken the following into consideration:

- National Highways and Transport (NHT) survey results  
The NHT survey collects public perspectives on the highway and transport services in local authority areas. It enables local authorities to compare, comment and share, share knowledge and to improve efficiencies. We have taken the April 2021 results into account and look to build on them with further engagement to members and town and parish councils noted below.
- National Highway Asset Management Strategy survey (councillors)  
A sample of the questions from the NHT survey posed to members and Town and Parish councils have been posed with the survey open from November 2021 – January 2022
- Proving Services workshops  
We are running 3 workshops in December 2022 and January 2023 to look at the value for money of our current contract and to benchmark its position. Followed by two options analyser workshops where we look to identify future the optimum future delivery model for North Somerset's highways services.

## 5. Financial Implications

### Costs

5.1 The contract spend through the contract for the past four years is shown below.

Year	Contract Spend £'000
2018/19	£6,046
2019/20	£11,259
2020/21	£10,446

2021/22 YTD	£7,614
<b>TOTAL</b>	<b>£35,365</b>

5.2 The contract requires a minimum level of spend in each financial year, this is set at £8.3m. It is therefore anticipated that the contract spend in the extension year will be around £10m.

## Funding

5.3 Funding for the Milestone Infrastructure contract is both capital and revenue.

5.4 The Highway capital budgets are currently set annually due to the short-term funding announcements from government. Additional capital has been invested in highways over the past 4 years to try and achieve a steady state as per the existing asset management strategy.

5.5 There is currently no additional capital agreed for 2022/23 and future financial years, this will be reviewed as part of the 2022/23 capital strategy.

5.6 Highway revenue budgets are reviewed annually as part of the MTFP process. This process is scheduled to be agreed in February 2022.

5.7 Detailed funding available for highways over the past 4 years was as follows:

Funding	FUNDING ALLOCATIONS			
	2018/19	2019/20	2020/21	2021/22
LTP - Local Transport Plan Integrated Transport Block	972,000	972,000	972,000	980,000
LTP - Highways Maintenance Block (needs element)	3,229,000	3,229,000	3,229,000	2,227,000
LTP - Highways Maintenance Block (incentive element)	678,000	672,000	672,000	557,000
Pothole Action and Challenge Funds	1,779,000	204,795	2,610,000	2,227,000
NSC Capital	2,500,000	2,500,000	1,250,000	1,250,000
<b>CAPITAL SUBTOTAL</b>	<b>9,158,000</b>	<b>7,577,795</b>	<b>8,733,000</b>	<b>7,241,000</b>
Ops Highway Emergencies	58,440	58,440	75,000	75,000
Ops Footway Structural Repairs Reactive	125,650	125,650	125,650	175,650
Pre-surface Dressing Patching			-	-
Minor Drainage Replace	70,640	70,640	70,640	109,640
Ops Patching and Minor Works	398,660	228,660	228,660	300,000
Ops Signs and Lining Maintenance	146,160	146,160	146,160	146,160
Ops Gullies Empty - other	220,000	220,000	220,000	250,000
Drainage-Jetting	80,000	80,000	80,000	100,000
Highways Contract Overheads	709,080	709,080	709,080	709,080
Ops Highway Yard Maintenance	11,520	11,520	11,520	11,520
Vehicle Costs - Urban	140,430	140,430	140,430	190,000
Winter Mtce - Operations	240,000	240,000	240,000	240,000
Ops Street Name Plates	12,270	12,270	12,270	12,270
Materials testing Lab.				-
Ops H&T Rechargeable Works	8,120	8,120	8,120	8,120
Smart Gangs	369,490	369,490	352,930	393,020
Other Footway Asset Management	96,610	96,610		
<b>REVENUE SUBTOTAL</b>	<b>2,687,070</b>	<b>2,517,070</b>	<b>2,420,460</b>	<b>2,720,460</b>
<b>TOTAL</b>	<b>11,845,070</b>	<b>10,094,865</b>	<b>11,153,460</b>	<b>9,961,460</b>

5.8 Similar levels of funding will be sought through the budget setting process in the extension period to fund the contract expenditure.

## 6. Legal Powers and Implications

6.1 There are minimal legal implications to extend the existing contract.

6.2 Advice and guidance has been sought from the council's legal and procurement leads. They have supported the possibility of a shorter extension (less than five years) and to waive the two-year notice period, should this be agreed with Milestone Infrastructure.

6.3 In accordance with Contract Standing Order 26.6.2 (page 209 of the Council's Constitution), the one-year extension would need to be approved by the Executive.

## **7. Climate Change and Environmental Implications**

7.1 Through the council's procurement process, contractors are obliged to demonstrate how their work contributes towards the Corporate priority of reducing carbon emissions and becoming carbon neutral by 2030.

## **8. Risk Management**

8.1 The project to procure the future highways service delivery model will apply techniques and strategies to manage and mitigate risk. Identified risks will be summarised in a risk register and given a RAG status.

8.2 It is considered that the lower risk option is to extend the existing contract as it will allow the necessary time required to shape our new highways service delivery model.

## **9. Equality Implications**

9.1 An Equalities Impact Assessment (EIA) was not undertaken specifically for this report.

## **10. Corporate Implications**

10.1 There are no corporate implications to this decision.

## **11. Options Considered**

11.1 There are many ways to deliver the highways activities including: in-house delivery, high value, long term contracts with infrastructure organisations, dynamic purchasing systems, delivery through local authority owned companies or a combination of different approaches or partnerships. It would be beneficial to build enough time into the strategy and recommissioning project to thoroughly explore the different possible models of delivery – the contract extension option allows enough time for this exploration.

11.2 We have explored the options available to us should the decision not to extend be made. In summary the position is:

- Procure a brand-new highway maintenance
  - This would only be possible to achieve if the contract procured is standard or similar to current arrangements. Timeframes would be extremely tight if we were to look at adopting a different approach/contract to how we currently deliver the highway maintenance service
- Use of different existing frameworks available to the council

- This would be possible as a short-term solution if required but not sustainable or attractive in the longer term. It is likely that this option would be more expensive and resource intensive than an extension to the existing arrangements.
- Work with other local authorities to use their Highways Term Maintenance contracts
  - Work would be required to cost this as an option and may not deliver flexibility desired by the authority.

**Author:**

Gemma Dando, Assistant Director of Highways and Transport, Place Directorate

**Appendices:**

Appendix 1 - Supporting information

Appendix 2 – Project initiation document

## APPENDIX 1: SUPPORTING INFORMATION

Table 1: Highway asset groups, strategy and contractual arrangements

The West of England Joint Transport Asset Management Plan (JTAMP) groups highways assets into principal groups which are set out in table 1 below, alongside a description of what is included in the group, the current strategic framework and the contractual arrangements for maintenance of the asset with end date.

<b>Asset Group</b>	<b>Group Components</b>	<b>Current Strategic Framework</b>	<b>Current Contractual Arrangement</b>
Carriageways	1,115km	Highways asset management strategy (HAMS)	Highways term maintenance contract (Milestone) – Mar 2023
Footways and cycleways	1,027km	HAMS	Highways term maintenance contract (Milestone) – Mar 2023
Bridges and structures	461 Bridges 219 Retaining Walls 170 VRS S 31 Seawalls, Sign Gentries and Misc.	HAMS	Various contractual arrangements for reactive and planned works, and for professional services
Drainage	45,000 Gullies, Ditches and Grips	Currently a risk based preventative approach coordinated with wider maintenance projects.	Highways term maintenance contract (Milestone) – Mar 2023
Public lighting	21,590 Street Lights 1162 Lit Bollards 1758 Lit Signs 225 Crossings and Subways 2 Illuminations (Clevedon and WSM)	HAMS (Recently updated to include lighting and traffic signals)	Lighting contract (Centegreat) – Mar 2023
Traffic Management systems	117 traffic signal Junctions and Crossings 64 Vehicle Activated Signs 14 other Assets	HAMS (Recently updated to include lighting and traffic signals)	WOE partnership contract – Mar 2022
Road markings, signs and Street Furniture	Road Signs, Road Markings, Guard Rail, Grit Bins, Bollards, Safety Barrier	Currently a risk based preventative approach coordinated with wider maintenance projects.	Highways term maintenance contract (Milestone) – Mar 2023
Public transport infrastructure	1100 Bus Stops (600 with Shelters)	Reactive repairs to address Health and Safety concerns	No Maintenance, inspection or cleaning regime for Bus Stops

	125 real time information units and associated electrical infrastructure 62 EV Charging Points	following complaints from service users Maintenance for other assets as per contractual arrangements	Ongoing contracts with Idox and Circa for RTI Units EV charge points maintained under contract with Elmtronics.
--	---	---	--

Table 2: Additional asset groups to be considered

There are other groups of assets on and related to the highway and to transport systems detailed in table 2 below and which could be considered in highways asset strategy and the future service delivery model.

<b>Asset Group</b>	<b>Group Components</b>	<b>Current strategic framework</b>	<b>Current contractual arrangement</b>
Winter maintenance	600km of strategic network treated each time we grit the roads.	Annual winter maintenance plan	Highways term maintenance contract (Milestone) – Mar 2023
Public Rights of Way	870km of PROW including footpaths, bridleways and restricted byways	Reactive repairs to address Health and Safety concerns following complaints from service users	No Contractual arrangements, mini schedules with Contractors to complete various maintenance tasks
Land and natural features	Approx. 450,000 Highway Trees, 2.5 million m <sup>2</sup> of parks, open space and highway verges	Green Infrastructure Strategy	Glendale - Mar 2023 break clause Social Enterprise Contract Smaller Contractors to complete infrastructure repairs and maintenance as necessary.
Off street car parks / car parking	63 parking locations including Multi storey, seafront, car parks, pay and display	Reactive repairs to address Health and Safety concerns following complaints from service users	No Contractual arrangements, mini schedules with Contractors to complete various maintenance tasks

Diagram 1: Relationship between HAMS and wider NSC and National objectives \_

The highways asset management strategy needs to be updated as a priority. There are several reasons for this which include:

- The current strategy is based on the premise of investing enough to maintain the highway asset condition at a steady state. The financial circumstances do not allow for this and therefore the strategy is now obsolete.

- The current strategy does not adequately address the council's sustainable transport objectives – for example investment in the unclassified network is not prioritised and yet this forms an essential part of the cycling network – this needs to be reviewed.
- The current strategy does not include all the highway assets outlined in table 1, some of which don't have a strategic framework.
- The current strategy does not interact with the council's latest corporate objectives
- The current strategy does not currently include the development and interaction narrative between asset management strategy, large strategic investments in the highway network and other initiatives on and around the highway (active travel, sustainable transport, bus and rail strategy etc)
- The need to define our strategic and resilient network by reviewing network hierarchy in line with the latest code of practice

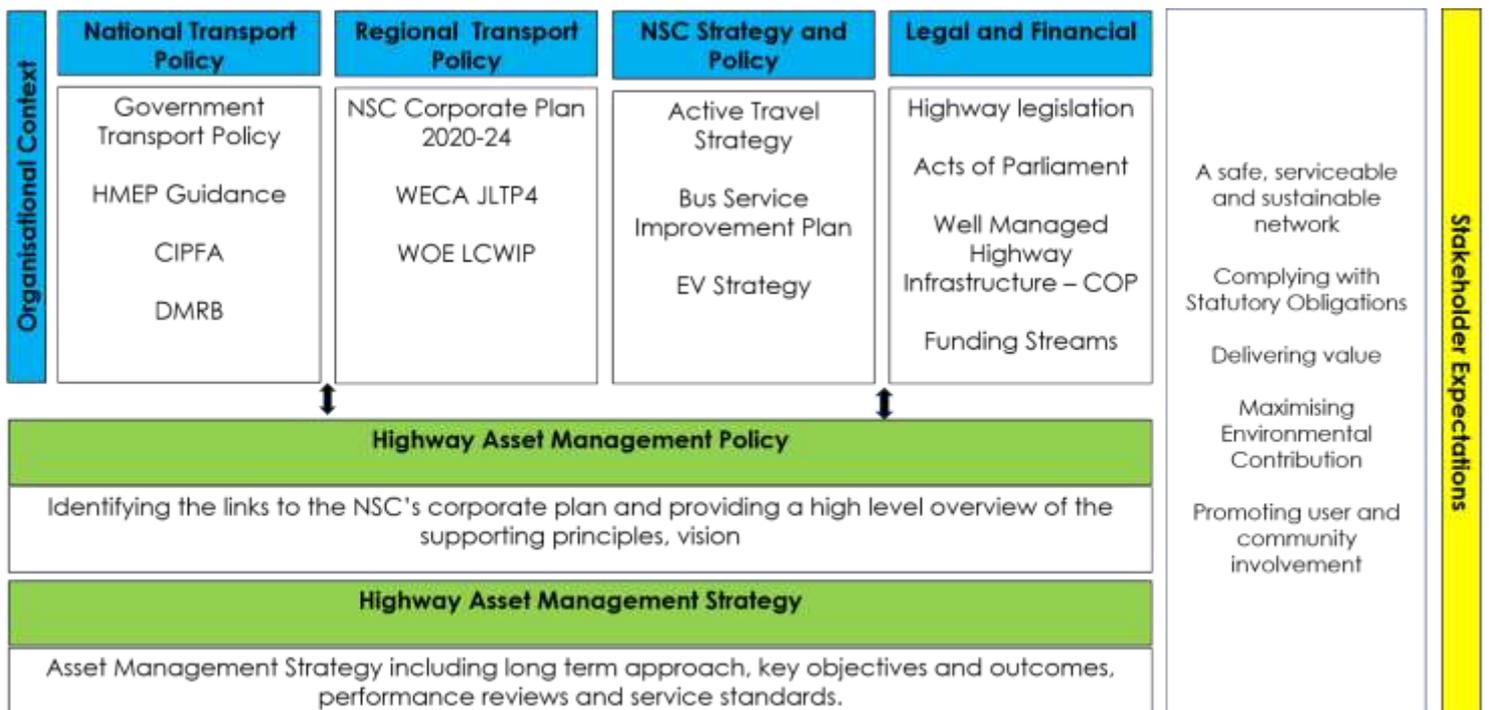


Table 3: Proposed timescales to review and update the highway asset management strategy and deliver the future highways service delivery model

Date	Highway Asset Management Strategy	Highways Contract recommissioning (without one-year Extension)	Highways Contract recommissioning (with one year Extension)
<b>September 21 – Mar 22</b>	Phase 1 – determine project scope, formally initiate the project – Completion December 2021 Phase 2 – Develop strategy content,	Phase 1 – Contract specification development  Phase 2 – contract tender commence (Jan 22 for tender to be released)	Phase 1: investigation of full suite of delivery options (Sept – Dec 21)  Negotiate and agree extensions to existing contracts (Feb 22 decision)

	internal consultation, full consultation – Completion May 2022		
<b>Apr 22 – Sept 22</b>	Phase 3 – Executive sign off and implementation - Completion July 2022 Alignment with MTFP, confirmed 3-5 year delivery programme for highways asset investment – completion July 2022	Phase 3 –Contract Award – September 2022	Phase 2 – Full Business Case for options for future delivery –completion September 2022
<b>Oct 22 – Apr 23</b>		Phase 3 – Contract award & Mob/Demob. Contract in place for April 2023	Phase 3 – develop specification for new service delivery preferred option July 22 – November 22  Contract tender commence (if contract is preferred option) – Jan 23
<b>Apr 23 – Apr 24</b>			Phase 4: implement preferred option (Jan 23 – Apr 24).

**Table 4**

Funding	FUNDING ALLOCATIONS			
	2018/19	2019/20	2020/21	2021/22
LTP - Local Transport Plan Integrated Transport Block	972,000	972,000	972,000	980,000
LTP - Highways Maintenance Block (needs element)	3,229,000	3,229,000	3,229,000	2,227,000
LTP - Highways Maintenance Block (incentive element)	678,000	672,000	672,000	557,000
Pothole Action and Challenge Funds	1,779,000	204,795	2,610,000	2,227,000
NSC Capital	2,500,000	2,500,000	1,250,000	1,250,000
<b>CAPITAL SUBTOTAL</b>	<b>9,158,000</b>	<b>7,577,795</b>	<b>8,733,000</b>	<b>7,241,000</b>
Ops Highway Emergencies	58,440	58,440	75,000	75,000
Ops Footway Structural Repairs Reactive	125,650	125,650	125,650	175,650
Pre-surface Dressing Patching			-	-
Minor Drainage Replace	70,640	70,640	70,640	109,640
Ops Patching and Minor Works	398,660	228,660	228,660	300,000
Ops Signs and Lining Maintenance	146,160	146,160	146,160	146,160
Ops Gullies Empty - other	220,000	220,000	220,000	250,000
Drainage-Jetting	80,000	80,000	80,000	100,000
Highways Contract Overheads	709,080	709,080	709,080	709,080
Ops Highway Yard Maintenance	11,520	11,520	11,520	11,520
Vehicle Costs - Urban	140,430	140,430	140,430	190,000
Winter Mtce - Operations	240,000	240,000	240,000	240,000
Ops Street Name Plates	12,270	12,270	12,270	12,270
Materials testing Lab.				-
Ops H&T Rechargeable Works	8,120	8,120	8,120	8,120
Smart Gangs	369,490	369,490	352,930	393,020
Other Footway Asset Management	96,610	96,610		
<b>REVENUE SUBTOTAL</b>	<b>2,687,070</b>	<b>2,517,070</b>	<b>2,420,460</b>	<b>2,720,460</b>
<b>TOTAL</b>	<b>11,845,070</b>	<b>10,094,865</b>	<b>11,153,460</b>	<b>9,961,460</b>

## APPENDIX 2: PROJECT INITIATION DOCUMENT

### Highways Programme Project Initiation Document

#### 1. Project Identification and Authorisation

<b>Project Team</b>	Peter King & Tasha Hardy
<b>Sponsor</b>	Gemma Dando
<b>Governance Group or Board</b>	Highway Programme Board (Members: Jo Walker, Amy Webb, Lucy Shomali, Nick Brain, Jo Jones)
<b>Operational Lead(s)</b>	Darren Coffin-Smith, Darren Gilbert
<b>Corporate Plan objective(s) supported</b>	As per section 2 below
<b>Other strategic plan objective(s) supported</b>	Highway Asset Management Strategy

#### Version history:

<b>Date</b>	<b>Amendment(s)</b>	<b>Editor</b>
27/09/2021	First draft	Tash H
03/11/2021	Additional information from project CLT specification	Pete K
05/01/2022	Adding further detail on stakeholder, timescales, risk log, finances	Tash H
06/01/2022	Update on final details, including workshops, business plan	Pete K

## 2. Project Background and Overview

Under the Highways Act 1980, as the local Highway Authority, North Somerset Council has a legal duty to maintain its respective sections of the highway network under section 41. This includes responsibility for maintaining, managing and, where necessary, improving the network.

The council achieves this through a combination of reactive, cyclical, and planned works and delivers the plan with a combination of capital and revenue funding and through several different contractual arrangements.

A well-maintained highway network contributes to the local economy, drives growth, creates local jobs, makes more sustainable methods of transport, such as walking and cycling more attractive options and is vital to achieving North Somerset’s corporate goals and objectives to enhance the environment within which our residents live, learn and work.

Highway and transport assets are the most valuable asset managed by the local authority, and the assets used most extensively by the whole community. In North Somerset the gross replacement cost (GRC) of the assets, namely, Carriageway, Footway, Street Lighting, Traffic Signals, Structures and Street furniture is estimated to be in excess of £2.3 billion.

The main purpose of this project is to ensure new service arrangements are designed, approved, delivered and are ready to guarantee business continuity of Highways Maintenance Services from 1 April 2024 onwards.

Any future contractual arrangement will need to consider the medium-term financial outlook and how this can be factored into a contractual arrangement to allow NSC enough flexibility, in the event that further savings are needed in the future and the uncertainties associated with budgets in general. This is an opportunity to build on from the work completed on previous contracts, to further develop and implement a Highways Maintenance Service that reflects the future needs of NSC and draws from industry best practice.

These different delivery models would be assessed against the following strategic aims and priorities set out in North Somerset’s corporate plan 2020-2024.

Aims	Priorities
A thriving and sustainable place	To be a carbon neutral council and area by 2030  A transport network that promotes active, accessible, and low carbon travel
A council which empowers and cares about people	Partnerships which enhance skills, learning and employment opportunities
An open and enabling organisation	Engage with and empower our communities  Manage our resources and invest them wisely Embrace new and emerging technology and make the best use of our data and information  Provide professional, efficient, and effective services  Collaborate with partners to deliver the best outcomes

### 3. Objectives, Benefits and Deliverables

#### Objectives

The headline objectives of the project are to:

- a) Review and update Highway Asset Management (HAM) Strategy that encompasses views from the NHT survey and wider consultation with members and Town and Parish Councillors. The aim is complete this piece of work by July 2022.
- b) Identify an appropriate Service Delivery Model for Highways Maintenance, including internal contract management which provides best value for money, improves cost efficiency, and positively contributes to the achievement of road condition indicators. To be delivered by September 2022.
- c) Develop suitable contractual arrangements for a new Highways Maintenance Service based on the preferred Service Delivery Model which meets the future statutory, policy and ambitions of North Somerset
- d) Develop an exit strategy for the current contract, as necessary, and for mobilisation for the next generation contract.
- e) Implement the new arrangements, including provision of an appropriate client team and training programme to ensure the successful application of the new arrangements

#### Benefits

To determine the right Service Delivery Model, a clear detailed business case (DBC) will be developed to determine the best model to deliver future highway services for North Somerset

This approach will include, but is not limited to:

Activity	Benefit
Regular engagement with the project sponsorship board, project steering group and key project stakeholders	To define service objectives and priorities moving forward and to provide updates on project progress
Internal analysis of current contract model and provision of service, working with Proving Services Ltd	To understand what is working well and what needs to improve to inform any future highway service delivery model and identify improvement opportunities for existing contracts moving forward
Market engagement with supply chain and Option Analyser workshops with Proving Services Ltd	Capacity & capability understanding
Benchmarking exercises with other authorities where possible	Gauge best value & trends
A short list of options that will be taken through into the DBC	To reduce the list of fifteen potential routes to market down to a shorter list of more feasible options to be appraised in further detail at stage 2 (DBC)
Agree a set of strategic objectives the service will want to deliver through its future service delivery model	To enable us to understand how each potential service delivery option will contribute to the delivery of our strategic objectives, and to understand how attractive and achievable each service delivery model is relative to our current delivery model.
A detailed review of the shortlisted options at detailed business case stage.	To consider the benefits and shortfalls of their use for each highway function to identify how best to

	meet our statutory responsibilities and wider customer needs in the future.
Detailed analysis of the provider market	To help inform authorities of the views, ambitions, and preferences of the market.

There will be a clear emphasis on developing a model which provides cost savings corresponding with wider corporate aims of improving efficiency when delivering core services. Additionally, the new Service Delivery Model will be designed to have greater flexibility regarding change management to allow for necessary uncertainties that may arise during the contract duration.

**Deliverables**

The project will deliver new arrangements for the delivery of Highway Services for North Somerset to commence 1st April 2024.

The form and scope of which will be determined by the Service Delivery Model recommended by the Project Board.

There is a significant challenge to ensure the correct selection of next Service Delivery Model which, following an options appraisal, could be a continuation of the current Single Provider Model with lessons learned and minor adjustments or a wholesale change to a new model.

## 4. Scope and Exclusions

All services set out in the current specification, provided by the incumbent Contractors Milestone and Centregreat are included within the scope of this project, there are a number of other contractual arrangements not currently included which are set out below and could be considered within the scope of this contract.

Asset Group	Group Components	Current Strategic Framework	Current Contractual Arrangement
Carriageways	1,115km	Highways asset management strategy (HAMS)	Highways term maintenance contract (Milestone) – Mar 2023
Footways and cycleways	1,027km	HAMS	Highways term maintenance contract (Milestone) – Mar 2023
Bridges and structures	461 Bridges 219 Retaining Walls 170 VRS S 31 Seawalls, Sign Gantries and Misc.	HAMS	Various contractual arrangements for reactive and planned works, and for professional services
Drainage	45,000 Gullies, Ditches and Grips	Currently a risk based preventative approach coordinated with wider maintenance projects.	Highways term maintenance contract (Milestone) – Mar 2023
Public lighting	21,590 Street Lights 1162 Lit Bollards 1758 Lit Signs 225 Crossings and Subways 2 Illuminations (Clevedon and WSM)	HAMS (Recently updated to include lighting and traffic signals)	Lighting contract (Centegreat) – Mar 2023
Traffic Management systems	117 traffic signal Junctions and Crossings 64 Vehicle Activated Signs 14 other Assets	HAMS (Recently updated to include lighting and traffic signals)	WOE partnership contract – Mar 2022
Road markings, signs, and Street Furniture	Road Signs, Road Markings, Guard Rail, Grit Bins, Bollards, Safety Barrier	Currently a risk based preventative approach coordinated with wider maintenance projects.	Highways term maintenance contract (Milestone) – Mar 2023
Public transport infrastructure	1100 Bus Stops (600 with Shelters) 125 real time information units and associated electrical infrastructure 62 EV Charging Points	Reactive repairs to address Health and Safety concerns following complaints from service users Maintenance for other assets as per contractual arrangements	No Maintenance, inspection, or cleaning regime for Bus Stops Ongoing contracts with Idox and Circa for RTI Units EV charge points maintained under contract with Elmtronics.

There are other groups of assets on and related to the highway and to transport systems detailed in table 2 below and which could be considered in highways asset strategy and the future service delivery model.

Table 2: Additional asset groups to be considered

<b>Asset Group</b>	<b>Group Components</b>	<b>Current strategic framework</b>	<b>Current contractual arrangement</b>
Winter maintenance	600km of strategic network treated each time we grit the roads.	Annual winter maintenance plan	Highways term maintenance contract (Milestone) – Mar 2023
Public Rights of Way	870km of PROW including footpaths, bridleways, and restricted byways	Reactive repairs to address Health and Safety concerns following complaints from service users	No Contractual arrangements, mini schedules with Contractors to complete various maintenance tasks
Land and natural features	Approx. 450,000 Highway Trees, 2.5 million m <sup>2</sup> of parks, open space, and highway verges	Green Infrastructure Strategy	Glendale - Mar 2023 break clause Social Enterprise Contract Smaller Contractors to complete infrastructure repairs and maintenance as necessary.
Off street car parks / car parking	63 parking locations including Multi storey, seafront, car parks, pay and display	Reactive repairs to address Health and Safety concerns following complaints from service users	No Contractual arrangements, mini schedules with Contractors to complete various maintenance tasks

Further assessment and market research will be carried out during the DBC stage to determine the benefits and shortfalls and the most appropriate method of providing these and other transport and network related services in the future.

## 5. Project Activity – Milestones and timeline

A detail project timeline is available in the MS Teams folder:  
MS Teams > Highways Programme > 02. PM governance (Decisions tracker, RAG - actions, Rag, Timeline)

Phase	Date	Activity
1	Oct 21	Set-up PM team Define terms of reference and stakeholders Sign off project initiation document Draft timeline, risk log and actions Add key decisions to MTFP
	Nov - Dec 21	Start engagement for project with key stakeholders Commence extended NHT survey with members/ TP's Procure third party for VFM workshops/ Options Analyser workshops Draft key committee report for Feb 22 exec
	Jan – Feb 22	Continue VFM workshops Brief sponsorship on report contents Sign off report using governance process Start procurement planning for phase 2 options analysis Review results from HAMS survey and decide next steps
2	Mar – Sep 22	Conclude HAMS engagement, design, and sign off new strategy Planning and preparing of the detailed business case <b>Approval of the HAMS and DBC - Deadline July and September 22</b>
3	Oct – March 2024	Delivery of Procurement Strategy *
	July 2023	Corporate Approval of the contract award
4	Oct 23 – Mar 24	Mobilisation of new service delivery model and contract training
	April 24	New Service Delivery Model Commences

\*A detailed project timeline will be developed for the procurement strategy following approval the Detailed Business Case

### Phase 1 – Outline Business Case (OBC)

The purpose of this stage is to identify a final list of shortlisted options to take forward to the Detailed Business Case (DBC) stage. Key activities at this stage are to determine best value, affordability, and achievability of each option, confirming budgets and refining contract objectives.

Engagement with other local authorities going through a similar experience will be carried out during this stage.

The OBC stage will take 5-6 months (September 2021 – February 2022). A paper will be presented to the Sponsorship board and scrutiny in February 2022 seeking approval to move into more detailed appraisal of these service delivery models.

### Phase 2– Detailed Business Case (DBC)

This stage will take the shortlisted options completed from the OBC to the preferred option. This project has separated out the development of the DBC (Phase 2) and the delivery of the procurement strategy (Phase 3). This is due to the required sign off at the end of the DBC to progress the project.

The purpose of the DBC is to recommend the preferred future service delivery model for Cabinet approval. This is the main stage of the project and represents the Plan

The DBC will set out a preferred and fully costed Service Delivery Model, future client management arrangements, form of contract, risk analysis and determination of the procurement route.

The DBC stage will take 5-6 months (February 2022– September 2022) Approval for the DBC – September 2022

### **Phase 3 - Delivery of the Procurement Strategy**

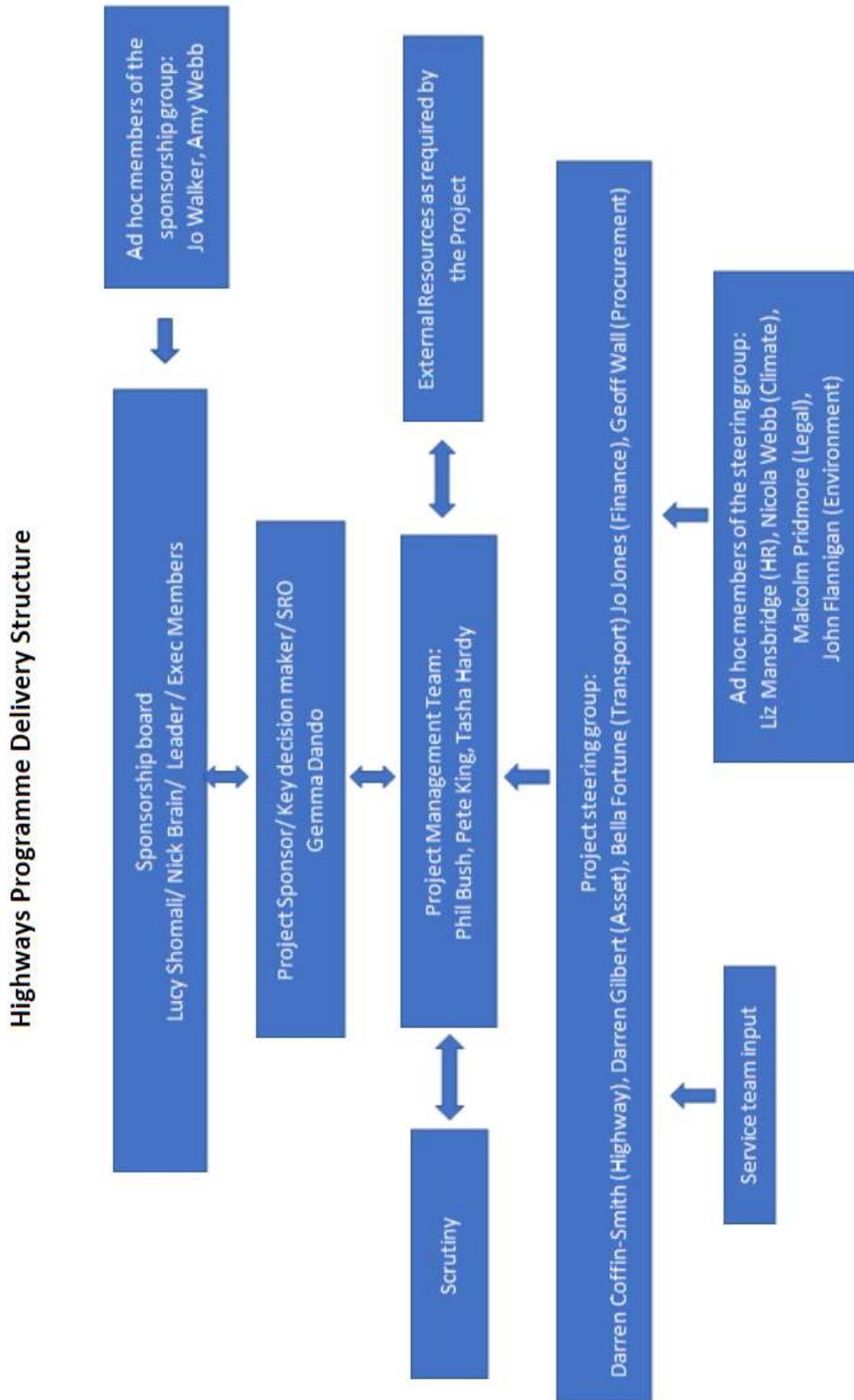
This is the procurement stage and includes the issuing of the OJEU notice(s) inviting the market to express interest in tendering for the contract, evaluation of responses and selection of the tender list, the tender stage, clarifications, tender evaluation and selection for award

A detailed project plan for this phase will be developed once phases 1 and 2 have progressed sufficiently to determine the detailed requirements and needs required.

### **Phase 4 – Contract Mobilisation and Training**

A detailed project plan for mobilisation and training will be developed when the project has progressed sufficiently to determine the detailed requirements and nature of support required.

## 6. Staffing resources required



The project organisation chart is shown above.

**The Sponsorship Board** will be accountable for the successful outcome of the project, i.e., securing the next highways contract model. They will support and assist the Project Sponsor to collectively monitor and control the project's overall progress and act to escalate or resolve any risks or issues which arise during the project. The Project Board will meet as required to review progress and consider issues raised by the Project Manager or Project Sponsor.)

**Sponsorship Board** – Lucy Shomali, Nick Brain, Exec Members (ad-hoc members of the group i.e., Jo Walker, Amy Webb)

**The Project Sponsor** will have overall responsibility for the project and will focus on ensuring that the preferred highways model and associated contract / procurement is deliverable in terms of related processes, budgets, and timescales. The Sponsor will monitor development to ensure funding and resources for the project are utilised effectively.

**Project Sponsor** – Gemma Dando – Assistant Director, Neighbourhoods and Transport

**The Project Management Team** will have day to day responsibility for the project and has the authority to make decisions in line with policies agreed by the Sponsorship Board and for spending within approved budgets. The team will manage the progress against the programme, maintain the risk register and produce regular reports to the Project Board to explain progress. The team will make interventions where necessary to modify the approach proposed by the Project Team to ensure that the objectives of the project are achieved within the defined programme. The PM will be responsible for the communication plan for the project.

**Project Management Team** – Pete King, Natasha Hardy

**Project Steering Group** will comprise Heads of Service the project will also require the support of other service areas to ensure successful delivery. These include Human Resources (HR), Finance, Legal, Communications, Pensions, Procurement and Audit. The Leads for the services have been identified at the start of the project and approved by the Project Board, although some of these services may not be required until later in the project. The project Steering group will meet as required to review progress and consider issues raised by the Project Management team and Project Sponsor.)

**Project Steering Group** – Darren Coffin-Smith, Darren Gilbert, Bella Fortune, Jo Jones (Finance), Geoff Wall (Procurement) ad hoc members of the group – Liz Mansbridge (HR) Malcolm Pridmore (Legal) Nicola Webb (Climate) John Flannigan (Environment)

**Service Team Input** The project will require the support of other service areas to ensure successful delivery, these include the highways service teams and ICT services.

**Exec Member Engagement/ Place Scrutiny Panel and Highways Subgroup** - Effective member engagement will be crucial to the success of the project. Whilst the Project Management Team and Project Sponsor will ultimately determine which engagement mechanism is most appropriate, the need to engage members to help inform the identification of the most appropriate service delivery model is clear. In addition to regular briefing sessions with the Exec member, Cllr Mike Solomon the Place Scrutiny Panel (Transport and Highways sub-group) will be engaged to help inform the project at key stages.

**External Resources** as the needs of the project dictate.

## 7. Finances

### Overview

The contract spend through the contract for the past four years is shown below.

Year	Contract Spend £'000
2018/19	£6,046
2019/20	£11,259
2020/21	£10,446
2021/22 YTD	£7,614
<b>TOTAL</b>	<b>£35,365</b>

The contract requires a minimum level of spend in each financial year, this is set at £8.3m. It is therefore anticipated that the contract spend in the extension year is anticipated to be around £10m.

### Funding

Funding for the Milestone contract is both capital and revenue.

The Highway capital budgets are currently set annually due to the short-term funding announcements from government. Additional capital has been invested in highways over the past 4 years to try and achieve a steady state as per the existing asset management strategy.

There is currently no additional capital agreed for 2022/23 and future financial years, this will be reviewed as part of the 2022/23 capital strategy.

Highway revenue budgets are reviewed annually as part of the MTFP process. This process is scheduled to be agreed in February 2022. Detailed funding available for highways over the past 4 years was as follows:

Funding	FUNDING ALLOCATIONS			
	2018/19	2019/20	2020/21	2021/22
LTP - Local Transport Plan Integrated Transport Block	972,000	972,000	972,000	980,000
LTP - Highways Maintenance Block (needs element)	3,229,000	3,229,000	3,229,000	2,227,000
LTP - Highways Maintenance Block (incentive element)	678,000	672,000	672,000	557,000
Pothole Action and Challenge Funds	1,779,000	204,795	2,610,000	2,227,000
NSC Capital	2,500,000	2,500,000	1,250,000	1,250,000
<b>CAPITAL SUBTOTAL</b>	<b>9,158,000</b>	<b>7,577,795</b>	<b>8,733,000</b>	<b>7,241,000</b>
Ops Highway Emergencies	58,440	58,440	75,000	75,000
Ops Footway Structural Repairs Reactive	125,650	125,650	125,650	175,650
Pre-surface Dressing Patching			-	-
Minor Drainage Replace	70,640	70,640	70,640	109,640
Ops Patching and Minor Works	398,660	228,660	228,660	300,000
Ops Signs and Lining Maintenance	146,160	146,160	146,160	146,160
Ops Gullies Empty - other	220,000	220,000	220,000	250,000
Drainage-Jetting	80,000	80,000	80,000	100,000
Highways Contract Overheads	709,080	709,080	709,080	709,080
Ops Highway Yard Maintenance	11,520	11,520	11,520	11,520
Vehicle Costs - Urban	140,430	140,430	140,430	190,000
Winter Mtce - Operations	240,000	240,000	240,000	240,000
Ops Street Name Plates	12,270	12,270	12,270	12,270
Materials testing Lab.				-
Ops H&T Rechargeable Works	8,120	8,120	8,120	8,120
Smart Gangs	369,490	369,490	352,930	393,020
Other Footway Asset Management	96,610	96,610		
<b>REVENUE SUBTOTAL</b>	<b>2,687,070</b>	<b>2,517,070</b>	<b>2,420,460</b>	<b>2,720,460</b>
<b>TOTAL</b>	<b>11,845,070</b>	<b>10,094,865</b>	<b>11,153,460</b>	<b>9,961,460</b>

It is anticipated that a similar level of funding will be available in the extension period to fund the contract expenditure.

### Project funding

A budget will be required to fund the cost of the procurement of the new contract and will include a combined team of North Somerset staff and external resources. At this point in the project, it is difficult to estimate the total cost of this, full details will be within the business case when the future delivery model is recommended (September 2022) however to get to this stage in the project there will be a requirement to fund some external technical advice. This has been estimated at £198k and can be mostly funded through the existing Highways Contract Mobilisation Reserve.

<b>Financial Year</b>	<b>2021/22</b>	<b>2022/23</b>
Internal Project Management	£64k	£64k
Investigate alternative delivery models / Technical Advice	£30k	
External advice re specification / Legal advice	£40k	
<b>TOTAL</b>	<b>£134k</b>	<b>£64k</b>

It is proposed that this is funded by the Highways Contract Mobilisation Reserve which has a balance of £178k. It should be noted that £100k of this funding was originally allocated to provide additional traffic management measures because of the covid pandemic this however has been funded through COMF grant funding and the £100k is no longer required. It is therefore requested that this funding is utilised for this project. There will be a funding gap of £20k in 2022/23, this will be reviewed as part of the business case in September 2022.

# 8. Risk Log

The live RAG status risk log:

MS Teams > Highway Programme > 2. PM Governance (decision tracker, actions - RAG, timeline). Snapshot of the current risk log as of 05/01/2021

RAG Report		HIGHWAYS PROGRAMME   Future service delivery model		Overall Programme Risk Status		Current Status		Update - 01/12/2021		Identifiable Risks		Risk		Impact Assessment		Impact		Mitigation Actions		Likelihood		Resultant Rating		Actions			
				Status Key		Key		Key		Key		Key		Key		Key		Key		Key		Key		Key			
				Complete		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low		1-Low	
				To Schedule		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med		2-Med	
				Delayed		3-High		3-High		3-High		3-High		3-High		3-High		3-High		3-High		3-High		3-High		3-High	
Workstream		Activity		Current Status		Update - 01/12/2021		Identifiable Risks		Risk		Impact Assessment		Impact		Mitigation Actions		Likelihood		Resultant Rating		Actions					
Current contracts	Highways contract extension		Chased Milestone for a response on a 1 year extension - current contract ending 31 March 2023, deadline for extension 1 April 2021	Extension not agreed, option on current contract is to extend by a further 5 years. 1 year extension not agreed	2	a) extend by the full contract duration (5 years), or b) no extension and need full procurement of new contract	3	Pro active engagement with contractor to agree way forward	2	12	Proactive engagement, monitor and escalate as needed																
	Street lighting contract extension		Preliminary conversations completed with Contractor to extend by 2 years (full term of contract), check with DCs on progress to date and future actions	Potential for an extension to not be agreed	1	No extension or need full procurement	3	Pro active engagement with contractor to agree way forward - still within deadline of completing Agreement March 2022	1	3	Monitor and progress																
Project management	Resource to deliver programme		Project team structure confirmed, including 2 year secondment - Pete King	Limited resources to deliver alongside BAU	1	Limited resource to deliver programme could impact on tight timeline and quality of outcomes	1	Senior PM appointed, resources and funding confirmed for 2 years	1	1	Complete																
	Timeline		Phase 1 workstreams on target	Slippage on deadlines due to agreement of phase 2 or resource to deliver from supporting departments with conflicting priority deadlines	1	Risk to delivering programme outcomes on time	3	Early engagement on upcoming deadlines and resourcing priorities - weekly project team stand up and escalation process to project sponsor	1	3	Monitor																
Governance	Finalising report and recommendations		Draft in progress - on target for completion 13/12 for it to be agreed by the Place Business partner (Jo Jones)	Agreement by sponsorship board to extend contracts to allow due diligence/ future model scoping in phase 2	2	New contract would need procuring using current contract KPIs - not using new data from MHT survey/ member and T&P engagement	2	Clearly communicate the risks and impact to success of future service delivery model	1	4	Monitor and engage early with stakeholders																
	Report being agreed by Exec in February 2022		Engagement activities with steering group, sponsorship group and Place scrutiny underway	Recommendation to extend contracts is rejected	1	New contract would need procuring using current contract KPIs - not using new data from MHT/ member and T&P engagement	2	Clearly communicate the risks and impact to success of future service delivery model	1	2	Monitor and engage early with stakeholders																
Highway Asset Management Strategy	Completion of the new highway asset management strategy		Diane Ware now in post as the new Highway Asset Manager + ZFTE support in team	Insufficient engagement to design the new strategy to meet the timescales for designing the new highways service delivery model	1	Mixed data/ engagement won't help shape the new service delivery model	1	To meet timeline, HAMS survey was designed from MHT and went live before DW was in post	1	1	Monitor and keep promoting the survey to councillors and T&P																
Political	Local elections		Local Elections due to take place in 2023 (confirmed)	Change in political landscape	2	Change in priorities due to change in administration	2	Continued engagement and data lead approach to resolving any conflicts	2	8	Monitor																

## 9. Communication & Engagement

Stakeholder group(s)	Communication purpose (e.g., inform or consult)	Method of communication	Frequency
Project team with project sponsor	Plan, confirm, consult, inform	Stand-up	Weekly
Steering Group (heads of service)	Confirm, consult, inform	Meeting or email update	Bi-monthly, frequency depends on need
Sponsorship group (senior leadership)	Decision makers, inform	Meeting or email update	Bi-monthly, frequency depends on need
Exec Member briefing (Cllr Solomon)	Confirm, consult, decision maker, inform	Meeting	Weekly opportunity
Place directorate scrutiny panel	Consult, inform	Meeting	Bi-monthly
Highway and Transport service teams (team managers and engineers)	Inform, consult	Team meeting, workshop	Ad-hoc as updates require
NSC members (all council)	Consult, inform	E-consult, e-newsletters, briefing documents	Ad-hoc
Town and Parish Councillors	Consult, inform	E-consult, e-newsletters	Ad-hoc
Milestone	Consult, inform	Contract meeting, workshop	Monthly, ad-hoc
Centregreat	Consult, inform	Contract meeting, workshop	Monthly, ad-hoc
Residents	Consult, inform	NHT survey, residents panel, e-newsletters	Ad-hoc
Neighbouring authorities	Consult, inform	Colleague meetings, heads of service meetings	Bi-monthly, ad-hoc

### Member Engagement

Effective member engagement will be crucial to the success of the project. Whilst the Project Management Team and Project Sponsor will ultimately determine which engagement mechanism is most appropriate, the need to engage members to help inform the identification of the most appropriate service delivery model is clear. In addition to regular briefing sessions with the Exec member, Cllr Mike Solomon the

Place Scrutiny Panel (Transport and Highways sub-group) will be engaged to help inform the project at key stages

## **Staff Engagement**

Effective staff engagement will be an important element of the project. Initially, building on the lessons learnt from the last procurement, the client and Contractors operational staff will be consulted via a series of workshops to capture all strengths, risks, opportunities, and threats regarding current and future service delivery. The Project Management Team will then liaise with relevant Managers to keep them updated on progress during the development of the project. More intensive engagement may be required, and this will be dictated by the preferred procurement model and as the project develops.

We have also taken the following into consideration:

### National Highways and Transport (NHT) survey results

The NHT survey collects public perspectives on the highway and transport services in local authority areas. It enables local authorities to compare, comment and share, share knowledge and to improve efficiencies. We have taken the April 2021 results into account and look to build on them with further engagement to members and town and parish councils noted below.

### National Highway Asset Management Strategy survey (councillors)

A sample of the questions from the NHT survey posed to members and Town and Parish councils have been posed with the survey open from November 2021 – January 2022

### Proving Services workshops

We are running 3 workshops in December 2022 and January 2023 to look at the value for money of our current contract and to benchmark its position. Followed by two options analyser workshops where we look to identify future the optimum future delivery model for North Somerset's highways services