

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Buildings, Land and Procurement Panel
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Title:	Amey Term Highway Maintenance Contract Update
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Report From:	Director of Economy, Transport and Environment

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1. Summary

1.1. The purpose of this paper is to respond to the request to bring Panel Members up to date on the progress of the Term Highways Contract that supports the delivery of the highway maintenance service in Hampshire.

1.2. The report will be split in to three sections:

- (i) background to the Term Highways Contract (THC);
- (ii) current position; and
- (iii) future proposals.

2. Background to the Term Highways Contract

2.1. The Term Highways Contract (THC) for highway maintenance replaced the previous Term Maintenance Contract for highways in May 2008. The THC is a seven year contract (2008–2015) with the possibility of three additional service period one year extensions based on performance.

2.2. The contract was procured through open tendering and advertised in the European Journal. The procurement of the THC was a combination of Price (60%) and Quality (40%) and after a rigorous assessment process Amey LG was awarded the contract.

2.3. The contract covers the highway network (excluding motorways and trunk roads) in the geographical area of Hampshire but excludes Portsmouth and Southampton. This covers over 5,400 miles of roads and 1,900 bridges. The contract value was for approximately £35 million per annum and the scope of the contract covers a wide range of highway maintenance activities which are listed below:

- (i) routine footway and highway maintenance;
- (ii) patching and repair of carriageway surfacing;
- (iii) verge maintenance, weed control and rural grass-cutting;
- (iv) drainage, gully emptying and jetting;
- (v) winter maintenance;
- (vi) emergency response to incidents on the highway network (including weather emergencies);
- (vii) maintenance, provision and cleaning of traffic signs, road studs and markings;
- (viii) surface dressing to footway and all categories of carriageway;
- (ix) maintenance and provision of selected specialist surfacing, anti-skid and surface retexturing;
- (x) maintenance of bridges and subways (including cleansing and graffiti removal);
- (xi) tree-work and hedge trimming;
- (xii) safety fencing repairs;
- (xiii) provision of temporary traffic management; and
- (xiv) delivery of special maintenance and resurfacing schemes, including haunch repairs, re-kerbing and re-surfacing of footways, associated carriageway surfacing, and larger drainage works.

2.4. The contract is a traditional Term Highway Contract, however, the philosophy adopted was to enable the successful contractor and Hampshire County Council to deliver the service in a partnership approach. Works are generally ordered from the contractor through pre-priced rates within a large bill of quantities, however there are some service activities which use a price based on required performance targets.

2.5. The contract incorporated best practice initiatives that had been developed through the previous maintenance contract. The emphasis of the contract was to further develop service efficiencies through a partnering approach and performance management. Incentivising the contractor through good performance would allow contract extensions and additional work.

3. Current Position

3.1. The mobilisation of the contract has been recognised to have been slower than both Hampshire and Amey would have liked. However, Amey has

responded to Hampshire's concerns, and over the last 12 to 18 months they changed the senior management on the contract and have made positive steps to improve the service.

- 3.2. Over this period good progress has been made to improve customer perception through a more customer focused service whilst at the same time aiming to achieve efficiencies without changing the outputs of the service. Some examples of collaborative approach are given below.
- 3.3. Winter maintenance over the last two winters has seen big improvements within the service and significant changes have occurred as a result of the lessons learnt during the winter of 2009/10. Parish and community engagement has increased, there have been significantly increased numbers of grit bins on the highway, community routes implemented, additional salt storage facilities have been built and are operational as well as alternative salt supplies being secured to significantly reduce dependence on the limited UK salt supplies.
- 3.4. Additional funding through Operation Restore has shown that the approach of an innovative more integrated 'joint delivery team' consisting of Amey, Hampshire and subcontractor staff can work efficiently to deliver a £10 million programme within six months on time and on budget. The project delivered over 70km resurfaced roads in the county and 30,000 pothole repairs. In addition the County Council was able to negotiate and secure a discount on the surfacing rates contained in the contract. That resulted in a greater length of road being resurfaced in the county under Operation Restore for the same cost. These discounted rates were market tested against other current rates through other construction framework contracts.
- 3.5. Operation Restore (and now Operation Resilience from April 2011) is subject to a Member Panel which acts as an advisory group set up by the Executive Member for Environment and Transport, to oversee and advise on the approach, implementation, progress and delivery the project. Positive customer feedback on the quality and standard of work has been received for Operation Restore (refer to Appendix C) which was completed in March 2011. The feedback is as a direct result of increased partnership working, supported by a strong interactive publicity campaign which included the use of the Members' Portal and bespoke signage and letters to keep customers informed and allow them to provide feedback to the team.
- 3.6. Other initiatives are producing efficiencies within the contract to deliver £1million savings in 2011/12 with further £1 million savings by 2012/13. The move from reactive maintenance to planned maintenance will also yield additional revenue savings to fund the planned investment of Operation Resilience. A recent change of responsibilities to enable more efficient programming and supervising of Amey's Routine Maintenance Gangs workload will provide savings to the County Council as well as improving service delivery. Similarly, initiatives in gully emptying procedures will deliver efficiency savings to the County Council. Supply chain management is also

actively being pursued jointly to drive increased innovation and efficiency into the contract, whilst exploring best practice in other contracts.

- 3.7. Both the County Council and the Contractor are committed to jointly improving customer perception. The Area-based Highway Units will become more customer oriented and will develop greater contact with Councillors. Sub-contractors have already attended customer training sessions with Amey and the County Council and this will continue in the future, as they acknowledge that all operatives on the network have a direct effect on the perception of the Council. Amey has fitted 'Masternaut' within its vehicles and has now installed screens in the depots so that it can regularly track the movement and position of its vehicle fleet and workforce across the county.
- 3.8. The County Council took part in the 2010 National Highway and Transport Network Public Satisfaction Survey, and the results are shown in Appendix D. They indicate that perception of Hampshire County Council's highway service is good, with maintenance services having a positive 50-55% satisfaction rating. This is noticeably better than surrounding counties in the South East and is believed to be a result of the asset focussed approach that the Council has adopted, combined with the customer focussed service enhancements.
- 3.9. Further work using data from this survey has enabled Hampshire's Highway Maintenance customer satisfaction levels to be combined with cost per head of population to compare ourselves with other authorities across the country. It is reassuring to note that in 2010 Hampshire was the second best performing County Council in the country in terms of value for money. It is believed that a focus on delivering first time permanent repairs has reduced repeat visits and minimised disruption, leading to this improved customer perception and more efficient use of funding. There is, however, always room for improvement and Amey and the County Council will work together over the coming years to ensure that this is achieved.
- 3.10. Performance management of the contract is measured through Key Performance Indicators (KPIs). The contractor has been given a set of challenging targets by the County Council against which their performance is measured. Measurement of the targets has been ongoing during the contract, although there have been periods when the KPIs have been temporarily suspended due to winter weather emergency conditions which require all staff to focus on the immediate problems.
- 3.11. To provide some indication of the quantum of the contract, some of the activities delivered during the 2010/11 financial year are listed below:
 - (i) cleared in excess of 26 kilometres of ditches;
 - (ii) laid in excess of 806,194 square metres of new carriageway surfacing including Operation Restore (equivalent to 134 kilometres of road length at 6 metres wide);
 - (iii) patched in excess of 83,000 square metres (equivalent to 14 kilometres of road length);

- (iv) put down anti-skid treatment in excess of 20,000 square metres (equivalent to 3 kilometres of road length);
- (v) surface-dressed 1,478,747 square metres of carriageway (equivalent to 246 kilometres of road length);
- (vi) surface-dressed 93,000 square metres of footway (51 kilometres of footway length at 1.8 metres wide) and resurfaced in excess of 82,387 square metres of footway (46 kilometres of footway length);
- (vii) salted 1,899 routes, plus 10,000 hours continuous salting;
- (viii) attended 4,158 emergencies; and
- (ix) laid 12 kilometres of kerbs.

3.12. Some activities displaying continuing improving trends are:

- (i) works order responsiveness (timely start of works orders on site);
- (ii) predictability of time (actual duration of site works);
- (iii) winter maintenance response;
- (iv) planned maintenance delivery;
- (v) health, safety and welfare; and
- (vi) public satisfaction.

3.13. Whilst Amey is working towards improving and enhancing the total service, there remain some specific areas where the County Council will particularly focus on enhancing performance, namely:

- (i) emergency order responsiveness; and
- (ii) timeliness of invoicing.

3.14. Overall, the trend of the service provided by Amey is on the ascendancy and improvements have been noticeably visible over the last 12 months.

4. Future Proposals

4.1. On 4 May 2011 Amey renewed its commitment to Hampshire County Council at the highest level (Chief Executive Officer) and is fully engaged with the County Council.

4.2. Amey recognises the difficult challenges faced by Local Government. Holding the second largest contract operated by the County Council, Amey has signed up to a commitment to help generate savings in delivering its services in the future and to working with the County Council to deliver service efficiencies, ensuring that the same level of service is delivered to customers for less money. This will include:

- (i) jointly implementing new ways to deliver the highway service in a more efficient and effective way by changing business process and encouraging integration;

- (ii) proactively engaging in the asset rationalisation of area offices and maximising collocation opportunities within the contract;
 - (iii) recognising that Amey has a role and part to play in meeting the financial pressures faced by the County Council and actively engaging in seeking cost reductions;
 - (iv) working with Hampshire County Council to seek cost reductions in supply chain management; and
 - (v) engaging and working with external and other internal County Council contractors/suppliers to explore cost reductions to service delivery.
- 4.3. This commitment requires openness and trust from both parties at all levels, and a genuine belief in the potential that both organisations have when they combine their efforts.
- 4.4. Essential key areas for the contract to explore to achieve significant savings are:
- (i) co-location;
 - (ii) contract renegotiation; and
 - (iii) contract efficiencies.
- 4.5. The County Council and Amey are committed to co-location. Efficiencies will be generated through the co-location of Amey and County Council staff at the strategically located depots across the county. A project is already underway to deliver co-location in depots achieved within the next 18 months, with further aspirations for co-location of HQ teams in Winchester to follow. Staff are currently undergoing consultation on the co-location project, and the first office moves are programmed for this summer. The colocation of Amey senior management within the County Council offices in Winchester is currently being planned
- 4.6. Communication between teams has been the primary focus of the co-location project and the transparency of data is a key area that Hampshire County Highways will commit to both externally and internally, helping to improve customer perception and relationships between the County Council and Amey. Through closer working it is envisaged that resources can be shared, and there will be a greater ability to develop and implement new maintenance techniques with the supply chain.
- 4.7. Engagement with Amey is also underway to make efficiencies within the service through contract renegotiation. This is not yet completed but will focus on exploring opportunities within the current contract to deliver financial benefits to Hampshire County Council.
- 4.8. Together, Amey and the Council are reviewing processes to eliminate waste and make service improvements and contract efficiencies. Business process

re-engineering will remove duplication and bureaucracy and identify the most appropriate ways to jointly deliver a more efficient highway service. Additional training is being rolled out to staff on the contract with the aim of driving out waste and reducing overheads, ensuring that the same level of service can be delivered for less.

5. Conclusions

- 5.1. Despite a slow start to the contract, Amey has managed significant progress over the last 12 months, and public satisfaction levels are increasing. This has particularly been the case with the response to the last two winter periods and in the delivery of Operation Restore. Changes in senior management over the over the last 12 months have shown that Amey is keen to work with Hampshire to improve the service and is committed to helping Hampshire achieve its efficiency targets.
- 5.2. Together the County Council and Amey will continue to work towards streamlining services, making better use of office space and refocusing operations to continually deliver more for less. Working together as Hampshire County Highways, the partnership will be able to adhere to the County Council corporate efficiency programme and deliver service efficiencies beyond those originally identified within the contract.

6. Recommendation

- 6.1 It is recommended that BLAPP Chairman and members note and support the report.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Race and equality impact assessment has been considered in the development of this report and no adverse impact has been identified.

2. Impact on Crime and Disorder:

2.1. Not applicable.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

All proposals contained in this report will be sensitive to future changes in climate and will reduce the impact on carbon\energy consumption.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Future innovations and developments will take into account the future effects of climate change.

Results of the 137 (13%) returns from the joint Amey/HCC Customer Satisfaction Surveys received for Operation Restore

8.1	7.8	8.1	7.8	8.6	8.2	8.3	8.465	8.7	8.6	8.5	7.98	8.241	7.972	8.25	8.42
Starting when we said we would	Finishing the work when we said we would	Keeping the worksite safe for the public	Keeping the work site tidy	The quality of our workmanship	Being able to get through the worksite in a satisfactory manner	The Standard of communication from our workforce with you about this scheme	The attitude of our workforce								

Key

Grey – Importance

Blue – Satisfaction

Number of survey forms issued 1,050

Number of survey forms returned 137

Percentage return 13%

**Extract from the
2010 National Highway and Transport Network Public Satisfaction Survey
Public Satisfaction with Highway Maintenance**

