Cabinet

26 January 2021

Appendix 001

Highways Services Re-procurement Project

Document Title: Project Initiation Document (PID)

Project Initiation Document

Project Title	Highway Services Re-procurement Project (HSRP)
Department	Communities, Economy & Transport
Service Team	Operations & Contracts Management
Department Reference	Highways
Sponsor	Karl Taylor
Customer Contact	Phil McCorry
Author	Phil McCorry
Date	29/1/2019
Version	V1

The purpose of the Project Initiation Document (PID) is to define the project, to establish how it will be managed and to identify the criteria for overall success. The PID forms the basis of the project and how it will be organised. It is the Sponsor's mandate to the Project Manager.

Issue no	**Approved by Project Manager**	**Date**	**Approved by project sponsor**	**Date**	**Date of next review**
1	Phil McCorry	29/1/20			
2					
3					

Contents **Page**

Appendices

1. Background

1.1 In December 2015 Cabinet (item 33) awarded a third-generation outsourced contract for delivery of Highway Maintenance to Costain Ltd. Costain Ltd are in an unincorporated joint venture with Jacobs (formerly CH2M) to deliver the services. The contract for Highways & Infrastructure Services (HIS) commenced on the 1st May 2016 and ends on 30th April 2023. The contract is for a fixed seven-year term, no extension mechanism is included in the contract (this was deliberate). The main purpose of this project is to therefore ensure new service arrangements are designed, approved, delivered ready to guarantee business continuity of Highways Maintenance Services from 1st May 2023 onwards.

1.2 The award of the current contract shifted the Service Delivery Model (SDM) from a Multiple Provider model to a Single Provider model. Separate contracts for Street Lighting and Traffic Signals were consolidated into a single contract along with internal ESCC functions such as Safety Inspections, Network Management, Design Services and the Contact Centre. In total 107 ESCC staff transferred via TUPE to the new Contractor.

1.3 Through the use of ESCC Commissioning Framework approach to determine and through subsequent packaging of services the Cabinet award of the HIS contract in December 2015 offered a saving of £1,404,455 when compared to the budget at that time.

1.4 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 the County Council sufficient 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 2016 transformation, to further develop and implement a Highways Maintenance Service that reflects the future needs of the County Council and draws from industry best practice.

1.5 The project will contribute directly to the delivery of the current County Council Priorities & respective performance measures as set out in the Council Plan 2019/20 :

- ***Priority*** - Driving sustainable economic growth

  - Performance Measures:
    - % of principle roads requiring maintenance
    - % of non-principle roads requiring maintenance
    - % of unclassified roads requiring maintenance
    - % of County Council procurement spend with local suppliers
    - % economic, social and environmental value committed through contracts, as a percentage of our spend with suppliers

- ***Priority -*** Making the best use of resources

1.6 In recognising the County Council's priorities and the specific requirements of Members the current Highways Maintenance Contract was designed to specifically deliver the following future service outcomes:

1.7 To have the best network condition for the investment available (principal requirement) and;

- Improve asset condition;
- Promote economic growth;
- Reduce the level of third-party claims;
- Provide value for money;
- Promote local engagement, and
- Improve customer satisfaction and communication.

These outcomes will be reviewed as part of this project and a full set of criteria will be developed by the Project Team and considered and finalised by the Project Board.

2. Objectives, Benefits and Deliverables.

2.1 Objectives

The Principle Objectives of the project are to:

- 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;
- 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 the County Council develop an exit strategy for the current contract, as necessary, and for the next generation contract;
- implement the new arrangements, including provision of an appropriate client team and training programme to ensure the successful application of the new arrangements

2.2 Benefits

To determine the right Service Delivery Model, a clear detailed business case (DBC) will be developed during the project, based on the ESCC Commissioning Framework. This approach will include, but is not limited to:

1 Regular engagement with the Place Scrutiny Members Reference Group
Benefit: to define service objectives
2 Internal analysis of current contract model and provision of service
Benefit: what is working well and what needs to improve
3 Market engagement with supply chain
Benefit: capacity & capability understanding
4 Benchmarking exercises with other authorities where possible
Benefit: gauge best value & trends

2.3 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.

2.4 **Deliverables**

2.5 The project will deliver new arrangements for the delivery of Highway Services for the County Council to commence 1st May 2023. The form and scope of which will be determined by the Service Delivery Model recommended by the Project Board. The three key deliverables of this project are:

- New SDM and arrangements in place for the 1st May 2023
- Resources are secured to deliver the service
- Client team is in place to manage arrangements

2.6 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.

2.7 Consideration will be given to having a 11-month period for Service Year 1 (1st May 2023 – 31st March 2024), so that subsequent service years can be aligned with the ESCC financial year and commence on the 1st of April.

Further details can be found in the section below under *3. Scope and Exclusions*.

3. Scope and Exclusions

3.1 Scope

3.1.1 All services set out in the current specification, provided by the incumbent Contractor Costain and its joint venture partner Jacobs, is included within the scope of this project, namely:

Core Activities (majority of revenue spend):

- COR-001 Service Management
- COR-002 Stakeholder Management – (customer contact centre)
- COR-003 Network Management
- COR-004 Third Party Claims
- COR-005 Highway Asset Inspections - (stewards)
- COR-006 Drainage Maintenance - (gully emptying and jetting, ditch and grip maintenance)
- COR-007 Control of Vegetation - (grass cutting, weed control, hedge cutting)
- COR-008 Road markings
- COR-009 Winter Service
- COR-010 Structures Routine & General Maintenance
- COR-011 Street Lighting & Traffic Signals
- COR-012 Reactive and Emergency Response - (safety defect repairs)

3.1.2 In addition to the core activities the following Maintenance and Improvement Schemes are also within scope (majority of capital spend):

- Carriageway and Footway surfacing
- Patch and Repair of Carriageway surfacing
- Highway improvements
- Highway structures

- Safety fencing
- Traffic movement and calming schemes
- Footway and cycleway construction
- Carriageway construction
- Road bridges and structures
- Street lighting
- Traffic signals
- Drainage Schemes
- Provision, maintenance and cleaning of road signs.
- Provision and maintenance of road studs.

3.2 Service Delivery Model Options

3.2.1 There are a range of options for the Service Delivery Model that have been researched and documented through best practice, all of will be considered. Outlined in **Appendix F** is a more detailed overview of the range of Service Delivery Models, this are summarised as follows:

1. **Single Provider** – most services are transferred to the private sector partner. The Client retains some elements of service such as strategy, performance management and policy.
2. **Framework(s) -** assumes more than one provider with similar skill sets to allow mini competitions to be held for appointment against work packages.
3. **Joint venture (JV) –** JV's have become increasing popular as a means of leveraging growth, in particular between pubic sector entities. Using a JV model to partner worth with other local authorities or Local Authority Trading Companies (LATC) could mean that pubic procurement is not necessary. There can also be public to private JV's in addition to public to public models.
4. **Multiple Providers –** County Council procures individual services from different providers such as surface dressing, gully emptying, Streeting lighting. The Client retains some elements of service such as strategy, performance management and policy.
5. **In house + top up –** simple arrangement to fill gaps/weaknesses in the client team. The amount of highway maintenance function remaining with the client depends on how much top up is involved, be it single or multiple providers.
6. **In-house –** assumes very limited ad hoc input from the private sector.
7. **Teckal –** a company wholly owned by the County Council, which, subject to certain conditions, is exempt from the Public Contract Regulations 2015.

3.2.2 The preferred service delivery model(s) being pursued by the County Council, will determine where the service split should lie between client and provider. In assessing the service split there are various factors that will influence the decision, and these will include:

- Overall objective(s) for the service;
- Client capability and capacity; and
- Risk and Control

3.2.3 The current Highways Maintenance Contract is essentially a Single Provider model with an Executive Client group managing the contract. It is a not fully outsourced model, as Asset Management, along with elements of budget control, remain in house. A smaller client team would be referred to as a Strategic Client and was previously considered during the last procurement.

4. Risk Management

4.1 A project risk register **(Appendix A)** has been developed and will be regularly reviewed and updated by the Project Manager. This identifies risks to the project including cost, programme delays and resources etc. It details consequences, mitigation actions, ownership, impact and probability. This will be regularly reviewed by the Project Board.

5. Project Organisation and Responsibilities

5.1 The project organisation chart is shown in **Appendix B**

5.2 **The Project 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 in the course of the project. The Project Board will meet as required to review progress and consider issues raised by the Project Manager or Project Sponsor.

5.3 **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: Karl Taylor – Assistant Director, Operations

5.4 **The Project Manager** (PM) will have day to day responsibility for the project and has the authority to make decisions in line with policies agreed by the Project Board and for spending within approved budgets. The PM will manage the progress against the programme, maintain the risk register and produce regular reports to the Project Board to explain progress. The PM 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 Manager: Phil McCorry - Business Improvement Manager. The Project Manager shall report to the Project Board

5.5 **The Project Team** will be engaged to deliver particular work streams and will be guided by the Project Manager in consultation and agreement with the Project Sponsor. The Project Team comprises a 'core' team of project-dedicated officers, with support from service leads who will be required to undertake specific work streams as the project develops.

A draft resource plan has been developed as set out in **Appendix C** to determine requirements for the core project team shown in the structure. This is very high level at this early stage and will need to be reviewed regularly as the project progresses. This will be discussed in section 9 in more detail

5.6 **Project Support/Service Leads**

The project will 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 need to be 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.

5.6 **Other Groups**

Other groups will need to be engaged as the project progresses including the respective operational & contract teams, property services and ICT services.

6. Costs and Funding

6.1 A draft budget for ESCC costs is included as **Appendix D**.

6.2 The budget includes estimated costs for the complete project from February 2020 through to contract commencement on 1st May 2023. It assumes that charges for procurement officers and input from other service leads will not be re-charged to the project. The costs for the previous Highways Contract Procurement 2016-2023 exercise have been reviewed in detail; the total cost was approximately £1.4m, which included over £750,000 of consultancy support. With lessons learned from the previous procurement and a larger and experienced client team that can be utilised for the project (subject to capacity and some backfilling), it is forecast that the cost of consultancy support can be reduced as set out in **Appendix D**.

6.3 It should be noted that following the completion of the Detailed Business Case (DBC), should the creation of a Local Authority Trading Company (LATC) be the recommended model, the budget has not made any allowances for stage 3B (shown in section 8.2) onwards. In completing the DBC, the costs of creating a LATC will be included and therefore the budget will need to be reviewed at this time.

6.4 The budget will be regularly reviewed and updated and reported to the Project Board.

7. Project Approach

The project will be managed in accordance with established project management techniques following Prince2 principals. The project will be managed by the Project Manager who is responsible for day to day management and the overall delivery of the project. The Project Manager and procurement team will work closely to determine, agree and manage the detailed activities identified in the Project Plan (section 9).

7.1 **Project Administration**

All project files will be stored electronically on a shared network, with appropriate access rights for team members. Project administration will be managed by a Project Support Officer.

7.2 **Project Office**

The Project Manager will be based at Ringmer Depot. As the project develops and the project team grows, a dedicated office/space will need to be set up. A small figure has budgeted for this in **Appendix D**. This will need to be reviewed as the project gets underway.

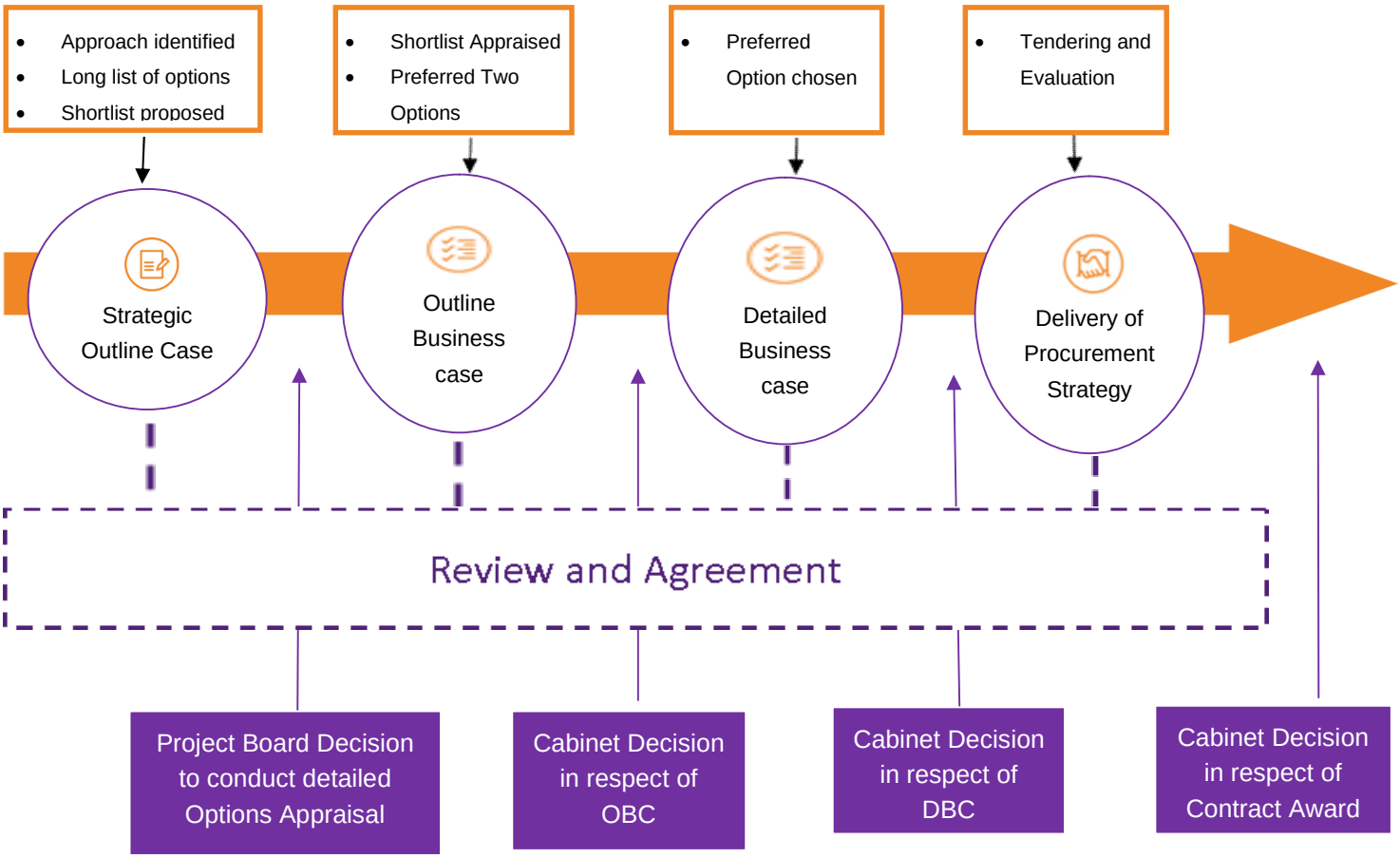
7.3 Business Case Approach

The project will follow the ESCC Commissioning Framework and the HM Treasury 5 Case Model (illustrated in Figure 1). There are 5 key elements of the Business Case, namely:

- the **Strategic Case** – robust case for change
- the **Economic Case** – optimise Value for Money
- the **Commercial Case** – are the proposals commercially viable
- the **Financial Case** – are the proposals finically affordable
- the **Management Case** – can the proposals be delivered successfully

7.4 The Business Case develops iteratively over time, often in 3 distinct stages (0-2) with more detail provided at each stage:

Stage 0: Strategic Outline Case (SOC) – the scoping stage
Stage 1: Outline Business Case (OBC) – the detailed planning stage
Stage 2: Detailed Business Case (DBC) – detailed final phase
Stage 3: Delivery of Procurement Strategy – tendering & evaluation
Stage 4: Prepare and engage - mobilisation and Training



8. Required Timescales

8.1 An outline project timeline is included in **Appendix E**. This outline timeline is very high level, showing the key stages and key decision points. A more detailed breakdown of each activity at each stage will be developed by the Project Manager with input from the project team, this is included within **Appendix C.**

8.2 The key stages and estimated durations are set out below:

Stage	Duration	Key Milestone
Stage 0 – Scoping the proposal and preparing the Strategic Outline Case (SOC)	Feb 2020 – May/June 2020 (4/5 months)	May 2020 Project Board approval
Stage 1 – Planning & preparing the Outline Business Case (OBC)	June 2020 – Oct/Nov 2020 (5/6 months)	Cabinet Approval of OBC Oct 2020
Stage 2 – Planning & preparing of the full Business Case (DBC)	Dec 2020 – May 2021 (5/6months)	Cabinet Approval of DBC June 2021
***Stage 3A –** Delivery of Procurement Strategy (traditional) in relation to Service Delivery Models as set out in section 3.2.1; 1- Single Provider, 2 - Frameworks, 3 - Multiple Provider	May 2021 – April 2023 (23 months)	
Issue OJEU Notice		Nov 2021
PQQ Period (issue & evaluate)	Dec 2021- Feb 2021 (3 months)	
Tender Period	Jan 2022 – April 2022 (4 months)	
Tender Evaluation/site visits	April 2022 – June 2022 (3 months)	
Corporate Approvals (Full Business Case, includes tender evaluation)	July 2022 – Sept 2022 (3 months)	Cabinet Approval of Contract Award Oct 2022
Stage 4 – Prepare & Engage		
Mobilisation & Training	November 2022 – April 2022 (6 months)	
Contract Commencement		1st May 2023
***Stage 3B -** Delivery of Procurement Strategy (specialist) in relation to Service Delivery Models as set out in section 3.2.1; 4 – JV, 6 – Inhouse + Top Up, 8-Teckal, 7 – Inhouse	June 2021 – April 2023 (23 months)	Commencement of setting up either a JV, Inhouse or Teckal

***Cabinet approval of DBC would determine which SDM is approved. If any of the options under stage 3B are selected, a detailed project timeline will be developed and included in the DBC which would replace the activities under 3A.

9. Outline Project Plan

9.1 **Stage 0 – Strategic Outline Case (SOC)**

9.2 The purpose of this stage is to confirm the strategic context of the project proposal and to make a robust case for change, providing stakeholders and Project Board with an early indication of the preferred way forward. The SOC identifies and undertakes a high-level Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis on a wide range of available options (long list). The outcome of the SOC will be to make an early recommendation to the Project Board of a short list to be appraised in more detail at the Outline Business Case (OBC) stage, and for other options to be excluded.

9.3 The SOC is a concise mini options appraisal paper, focusing on the Strategic element of the HM Five Case Model, this reflects the nature of the SOC in determining the direction of the project. Foundations are made against economic, commercial, financial, and management arrangements but it is not possible to provide detailed analysis hence these aspects are relatively under-developed at this stage.

9.4 The SOC stage will take 4/5 months (Feb 2020 – May/June 2020). A paper will be presented to the Project Board in May 2020.

9.5 **Stage 1 – Outline Business Case (OBC)**

9.6 This is the detailed options appraisal, taking the shortened list of options form the SOC and carrying out further analysis. The purpose of this stage is to revisit the SOC assumptions and to identity a final list of two options to take forward to the Detailed Business Case (DBC) stage. Key activities at this stage are to determine best value, affordability of each option, confirming budgets and refining contract objectives. Site visits to other local authorities may be carried out during this stage.

9.7 The main activities of the OBC stage start in the Analysis segment of the ESCC Commissioning Framework, moving into the Plan segment.

9.8 The OBC stage will take 5-6 months (June 2020 – Oct/Nov 2020). A paper will be presented to Cabinet in Oct/Nov 2020.

9.9 **Stage 2 – Detailed Business Case (DBC)**

9.10 Under the HM Five Case Model, this stage would normally take the preferred option from the OBC, through the procurement phase to agreeing the commercial deal. This project has, however, separated out the development of the DBC (stage 2) and the delivery of the procurement strategy (stage 3A or 3B). This is due to the required County Council approvals needed throughout the project.

9.11 The purpose of the DBC is to recommend the “most economically advantageous offer” option for Cabinet approval. This is the main stage of the project and represents the Plan segment of the ESCC Commissioning Framework. 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.

9.12 The DBC stage will take 5-6 months (Dec 2020 – May 2021), A paper will be presented to Cabinet in June 2021.

9.13 **Stage 3A – Delivery of the Procurement Strategy: Traditional**

9.14 This stage relates to the following three Service Delivery Modes as set out in section 3.2.1:

- 2: Single Provider
- 3: Framework
- 5: Multiple Provider

9.15 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.

9.16 Completion of stage 2 and stage 3A or 3B would represent the completion of the Full Business Case in terms of the HM definition of a Full Business Case, i.e. following the procurement phase, detailed evaluations/clarifications/negotiations (if applicable) have been carried out and the preferred option is concluded and recommended for Cabinet approval as the "most economically advantageous offer" meeting the objectives set out in the SOC.

9.17 The Delivery of the Procurement Strategy could take up to 23 months in total, with a recommendation of contract award(s) going to Cabinet October 2022.

9.18 **Stage 3B** – **Delivery of the Procurement Strategy: Specialist**

9.19 This stage relates to the following four Service Delivery Modes as set out in section 3.2.1:

- 4: JV
- 6: In house + top up
- 7: In house
- 8: Teckal

9.20 These four SDM are more specialist than the three listed above in 3A, therefore it is not possible at this stage to set out a detailed timeline as set out in **Appendix E**. Should any of these four SDM be approved by Cabinet, a detailed timeline for setting up the SDM will be developed and included within the DBC.

9.21 Through consultation with other local authorities that have set up versions of Teckal companies, or JV's the estimated timeframe is 18 months – 24 months.

9.22 **Stage 4 – Prepare & Engage**

9.23 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.

9.24 It will be essential that all client management posts are filled, and a fully detailed mobilisation plan is signed off by the Project Board.

10. Project Communications Plan

10.1 A communications plan will be prepared and approved by the Project Board. Internally the Project Manager will be responsible for communicating with all internal stakeholders and contributors and with reporting on all aspects of progress to the Project Board and Project Sponsor.

10.2 The Project Board will decide when reports need to be taken to CMT and Cabinet, although as a minimum it is likely that reports will be taken at the stages set out it **Appendix E** – project timeline.

10.3 **Member Engagement**

10.4 Effective member engagement will be crucial to the success of the project. Whilst the Project Board 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 lead member, the Place Scrutiny Committee or a specific board will be engaged to help inform the project at key stages.

10.5 Staff Engagement

10.6 Effective staff engagement will be an important element of the project. Initially, building on the service assessment of the last procurement the client and Contractors operational staff will be consulted via a series of workshops to capture all risks and opportunities regarding current and future service delivery. The Project Manager will then liaise with relevant ESCC Team Managers outside of East Sussex Highways 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.

11. Change Control

11.1 Any request to change the scope or definition of the project as set down in this document must be assessed by the Project Manager. They will give their assessment of the impact of the change (for example to the cost or timescale of the project) to the Project Sponsor or Project Board, who will decide whether to accept the change request.

12. Project Closure

12.1 When the project has been completed the Project Manager will produce a Project Closure Report which will be formally signed off by the Project Sponsor.

13. PID Authorisation

13.1 The PID needs to be formally authorised by the Project Sponsor or the Project Board. This means that the PID includes sufficient information for the Project Sponsor/ Project Board to authorise the actual start of the project.

Authorised by	
Date	
Signature	

Cabinet

26 January 2021

Appendix 002

Highways Services Re-procurement Project

Title of Document:

Legal Framework & Policy Review

Contents:

East Sussex
County Council

1. Introduction

The aim of this report is to provide a high level overview of the legal framework applicable to East Sussex Highways and how this legal framework is applied in context through the development and implementation of Highway Polices. There are currently 32 Highways related polices as set out in table 1 Annex 1 and a further 28 associated polices (table 2) across the Communities Economy Transport (CET) department.

The report draws heavily upon Well-Managed Highway Infrastructure Code of Practice (2016). In summary the Code states that the 'highway network is a high value physical asset, both in financial and community terms, for which public authorities are responsible. Effective stewardship and asset management is crucially important, both to users and the community. Authorities are recommended to adopt the principles of the Code, to adapt them as necessary based on consideration of local circumstances and apply them consistently'.

The final version of the Well-Managed Highway Infrastructure Code of Practice was published on 28 October 2016. Local authorities had until 28 October 2018 to implement it.

The new Code supersedes the Well-Maintained Highways Code of Practice for Highway Maintenance Management dated July 2005. The underpinning principle of the new Code is that highway authorities will adopt a risk-based approach to asset management in accordance with local needs, priorities and affordability.

The new Code, like the old, is guidance only and does not have statutory status but again, non-compliance with it could mean the local authority is unable to successfully mount a section 58 Highways Act 1980 defence.

There is no doubt that the adoption of the risk based approach will lead to some front-loading of resources, with authorities having to review each highway within their jurisdiction. However, provided this is done, it may well make statutory defences to claims more robust which could ultimately lead to significant cost savings.

The suggested recommendations of the Code are explicitly not mandatory on authorities.

The information gathered in this report will influence the development of the authority's final Contract Model. The aim is to ensure the most appropriate Contract Model for all service areas is developed within the context of the relevant legislation applicable to each service area for the next Highways Contract (commencing in 2023).

2. Recommendations of the Code

There are 36 recommendations in the Code and adoption of these by the County Council aligns with the County Council's approved asset management approach to highway maintenance. The Council is compliant with 29 of the recommendations as set out in Annex 3.

Adoption of the Code enables the County Council to demonstrate best practice and continue to provide a robust defence to claims as well as evidence for the DfT's annual Incentive Fund self-assessment submission.

Annex 2 sets out the full list of the 36 recommendations.

3. Duty of Care for Highway Maintenance

It is recognised that much of highway maintenance activity is based upon statutory powers and duties contained in legislation and precedents developed over time, as a result of claims and legal proceedings. The most important aspects of these statutory powers and duties are summarised in section seven of the Code are outlined in this report.

The issue of risk management has grown in importance since the 2005 edition of the Code, both in assessing the implications of investment decisions for asset management purposes and also in determining appropriate responses to highway deficiencies. The principles of risk management are introduced in section four of this report.

It is critically important that all those involved in highway maintenance, including Members of authorities, have a clear understanding of their powers and duties, their implications, and the procedures used to manage and mitigate risk.

Even in the absence of specific duties and powers, authorities have a general duty of care to users and the community to maintain the highway in a condition fit for its purpose. This principle should be applied to all decisions affecting policy, priority, programming and implementation of highway maintenance works.

4. Risk Management

The management of highway maintenance, including the establishment of regimes for inspection, setting standards for condition, determining priorities and programmes for effective asset management, and procuring the service should all be undertaken against a clear understanding and assessment of the risks involved.

The most commonly understood risks affecting the service relate to the safety of the network and accident, injury or health risks to users and employees. Guidance on how to manage these risks is outlined in the Code.

The risk management process should include risk assessment of all key policies, procedures and operations based upon a risk register.

5. Health and Safety

The importance of health and safety has been heightened since the 2005 edition of the Code, increased by the Government indicating its intention to bring forward new legislation to make it easier to prosecute charges of corporate manslaughter. There have been a number of examples of corporate manslaughter charges in cases involving highway maintenance and this is a risk to be considered seriously.

The Health and Safety at Work Act 1974, together with the Construction (Design and Management) Regulations 1994 provide for a requirement for highway, traffic and street authorities to carry out work in a safe manner and establish arrangements for the management of construction works.

All those involved in the planning, management and delivery of highway maintenance services should receive training and regular updating, as necessary, in health and safety requirements of the service, such training is of special importance for those involved in Winter Service.

6. Powers and Duties For Highway Maintenance and Improvement

In addition to a general Duty of Care, there are a number of specific pieces of legislation which provide the basis for powers and duties relating to highway maintenance and highway improvements. The two main pieces that affect Highways are The Highways Act 1980 and the Traffic Management Act 2004. A brief summary of each is set out below:

6.1 Highways Act 1980

- **Section 41** imposes a duty to maintain highways maintainable at public expense, and almost all claims against authorities relating to highway functions arise from the alleged breach of this section.
- **Section 58** provides for a defence against action relating to alleged failure to maintain on grounds that the authority has taken such care as in all the circumstances was reasonably required to secure that the part of the highway in question was not dangerous for traffic.
- **Section 36** states highways are maintainable and public expense.
- The uncertainties about the statutory basis for Winter Service in England and Wales in the 2001 edition of the Code have been addressed through a modification **to Section 41 (1)** of the Highways Act on the 31st October 2003, by Section 111 of the Railways and Transport Act 2003. The first part of Section 41(1) now reads:

  a) In particular, a highway authority are under a duty to ensure, so far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice'.

  - Although this has clarified the position with respect to the duty for Winter Service, the issues raised by the 'Goodes' case concerning the limitation of the maintenance duty to the 'highway fabric' and which have potentially wider implications than for Winter Service, still remain and will evolve over time.
  - **Section 150** of the Highways Act 1980 also imposes a duty upon authorities to remove any obstruction of the highway resulting from 'accumulation of snow or from the falling down of banks on the side of the highway, or from any other cause'.
  - **Section 62** of the Highways Act 1980 empowers or requires highway authorities and other persons to improve highways. Under this general power of improvement, highway authorities can widen footways and carriageways, provide roundabouts and cycle tracks,

construct and reconstruct bridges and alter the levels of highways, and construct, maintain and remove road humps. Sections 63 – 105 of the Act embellishes the provisions under section 62.

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6.2 Traffic Management Act 2004

Following on from the Highways Act, The **Traffic Management Act 2004** was introduced in 2004 to tackle congestion and disruption on the road network. The Act places a duty on local traffic authorities to ensure the expeditious movement of traffic on their road network and those networks of surrounding authorities. The Act introduces a number of provisions including:

- Highways Agency Traffic Officers
- local authority duty for network management
- permits for work on the highway

The most important feature of the Act is Section 16(1) which establishes a new duty for local traffic authorities 'to manage their road network with a view to achieving, so far as may be reasonably practicable having regard to their other obligations, policies and the following objectives:

- securing the expeditious movement of traffic on the authority's road network;
- facilitating the expeditious movement of traffic on road networks for which another authority is the traffic authority'.

Section 31 of the Act specially states that the term 'traffic' includes pedestrians, so the duty requires the authority to consider all road users. The duty is not limited to the actions of the department responsible for traffic within an authority. Local authorities need to consider the duty when exercising their powers under any legislation where this impacts on the operation of the road network. Authorities should therefore ensure that the whole organisation is aware of the duty and the implications for them. Authorities are required to appoint a Traffic Manager to administer the network management duty.

The Act also strengthens the regulatory regime with regard to the works of utilities and others within the highway including permit schemes, new conditions, and fixed penalty notices.

A most important issue for highway maintenance planning and programming is that authorities are expected to operate the Act even-handedly, leading by example and applying conditions and enforcement activity equally to their own and utilities works. The Traffic Manager may require the programme for authorities' own works to be compromised on occasion to facilitate utilities works, where these are considered to be of greater priority.

6.3 Other Related Powers and Duties

Powers contained in the Highways Act 1980 and Traffic Management Act within the, sit within a much broader legislative framework specifying a wider range of

powers, duties and standards relating to highway management. A brief summary for this is set out below:

- **Road Traffic Regulation Act 1984**, and the Traffic Signs and General Directions 2002;
- **Road Traffic Act 1988** which provides a duty for highway authorities to promote road safety, including a requirement to undertake accident studies and take such measures as appear appropriate to prevent such accidents occurring. It also requires authorities, in constructing new roads, to take such measures as appear appropriate to reduce the possibilities of such accidents when the roads come into use;
- **Road Traffic Reduction Act 1997**;
- The Local Authorities (Transport Charges) Regulations 1998 as applicable to RTRA 1984 and other legislation provide a power for the traffic authority to impose a charge for a number of its functions;
- **Transport Act 2000 and Local Transport Act 2008** - As the local transport authority, East Sussex County Council has a statutory requirement under the Transport Act 2000, as amended by the Local Transport Act 2008 to have an Local Transport Plan which outlines the long-term strategy for transport; this include the maintenance of the public highway.
- **Transport Act 2000**, under which an authority may designate any road as a quiet lane or a home zone. The Act also provides for the Secretary of State to review the operation of rural roads and consider whether (and if so how) the law should be amended to facilitate the introduction of rural road hierarchies.

The functions of the highway, street and traffic authority are required to also comply with an increasing range of legislation regulating the environmental affects of their operations, including:

- **Wildlife and Countryside Act 1981**, which provides a framework of legislation relating to environmental and Countryside issues with which highway maintenance operations must comply;
- The **Environmental Protection Act 1990** provides the statutory basis for other environmental issues, in particular waste management, with which highway maintenance operations must comply. It also deals with the requirement to keep the highway clear of litter and refuse which for local roads is not a duty for the highway authority.
- **The Noxious Weeds Act 1959** places a responsibility on the highway authority to take action to inhibit the growth and spread of injurious weeds growing within the highway. Weed spraying operations are also regulated by the Environment Agency and also by the Health and Safety Commission Code of Practice;

7. Within the Context of ESCC

Following the summary of the legal framework that is applicable to Local Government Highway Authorities, Annex 1 – Table 1 – Index of Highways Polices 2014. This lists the current ESCC Highway related polices and identifies the source of the policy in the context of the legalisation motioned above, other applicable legislation or where best practice standards have been developed over time. The purpose of the table is to provide a high-level understanding linking the origin of the policies through to outcomes of the service areas.

Annex 1

Table 1: The table below is a high-level overview of the East Sussex County Council Highways Policies.

Due to be Rescinded	
Under Review	
Currently up to Date	

Policy Service Areas	Policy Summary	Summary	Source of Policy	Status
Safety & Serviceability Policies	**PS3/4 Technical Approval of Highway Structures**	To set out the procedure for formally approving highway structures and liability	Approved by LMTE on 16/10/17	Next Review January 2022
	Highway Claims	Policy setting out ESCC approach to highway third party claims	Approved by LMTE on 16/10/17	Under Review
	Safety Certification of Sports Grounds	The purpose of the policy is to set out the Council's approach to discharging its powers and responsibilities, in respect of the issue and review of safety certificates for sports grounds, to	Approved by LMTE on 16/10/17	Under Review

		ensure the reasonable safety of spectators.		
	PS4/37 Passively Safe Sign Posts **(Formerly passive safety)**	The policy sets out the circumstances in which passively safe sign posts will be used. It is intended to ensure the optimum safety level to road users from highway signage whilst ensuring the best use of the available resources for new, replacement and temporary traffic signage.	Approved by LMTE on 16/10/17	Under Review
	PS3/8 Noise Regulations 1975- Discretionary Aspects	Criteria for implementing discretionary powers to offer insulation work to members of the public who are affected by noise associated with works being carried out on the Highway.	Approved by LMTE on 16/10/17	Under Review
	Highway Asset Inspection Guidance Document	Sets out inspection and repair criteria	Created from sections of TAMP with some amendments to defect categories. Approved by LMTE in April 2016.	TBC - Due to be Rescinded

			Approved by LMTE in November 2019 but due to be implemented in February 2020	
	Appendix 1 (Investigatory levels matrix) to Inspection Guidance document	Sets out impact levels of defects commonly encountered on the network	Approved by LMTE in November 2019 but due to be implemented in February 2020	TBC - Due to be Rescinded
Network Management Policies	**PS4/3 Temporary Traffic Regulation Orders for Bodies other than the Highway Authority**	This policy explains that the Highway Authority has the right to recover the costs of making orders.	Approved by LMTE on 16/10/17	Next Review January 2022
	PS1/3 The Network Of Roads / Network hierarchy	To guide development planning and the allocation of resources to the maintenance and improvement of the roads in the County.	Stakeholder Consultation due to begin soon.	Under Review
	PS4/5 Control of Heavy Goods Vehicles	The purpose of this policy is to establish a pattern of control in order to reconcile, so far as is possible, the conflicting demands of the	Approved by LMTE on 16/10/17	Next Review January 2022

		transport of goods and the environment. It does this by setting out the circumstances in which a Traffic Regulation Order prohibiting goods vehicles over 7.5 tonnes gross weight, except for loading or unloading, may be made.		
	PS3/6 Provision of Passing Places	This policy sets out the circumstances in which the Council would consider creating a passing place on single track roads	Approved by LMTE on 16/10/17	Under Review
	PS3/7 Provision of Lay-Bys	This policy sets out the circumstances in which the County Council would consider providing lay-bys.	Approved by LMTE on 16/10/17	Next Review June 2022
	Drainage Policy	Regarding approach to maintenance of highway drainage	LMTE 18/04/2016 LMTE 19/11/18	Next Review November 2022

Highway Maintenance Policies	**PS7/1 Transport Asset Management Plan Maintenance Manual Policy**	This policy summarises the relevant legislation, best practice and Council policies regarding the management of highway assets. NB there is the policy itself and then the plan that sits beneath it which includes all the detail.	LMTE 19/11/2018	TBC – Due to be Rescinded
	PS7/2 Highway Verges and Vegetation (formerly Grass Cutting)	The purpose of this policy is to set out the standards for the maintenance of highway verges and vegetation to achieve a balance between statutory obligations, safety, serviceability and sustainability.	LMTE 21/5/2018	Under Review
	PS7/3 Maintenance of Footways - materials		15/10/2007	TBC - Due to be Rescinded
	PS10/1 Street Lighting	The purpose of the policy is to set out how we will design, maintain and	Approved by LMTE on 16/10/17	Under Review

		improve street lighting across the County		
	Highway Skid Resistance Policy	The purpose of this policy is to set out how the County Council will monitor the skid resistance of the road and the approach it will take to ensure that skid resistance across the network is maintained to an agreed standard.	New policy first approved by LMTE on 19/11/18	Under Review
	Highway Asset Management Policy	Outlining the Council's commitment to following an asset management approach	Approved by LMTE on 15/10/2015 and 19/11/18	Under Review
	PS4/16 Responsibility for off street parking	The policy determines the responsibility for off street parking and when the County Council will contribute to costs.	Approved by LMTE on 16/10/17	Next Review January 2022

	PS4/19 Resident Parking Scheme - Charges	This policy was designed to establish the principles governing the financing of Residents Parking Schemes	Approved by LMTE on 16/10/17	Next Review January 2022
	Highways Conservation Policy		TBC	TBC
	Highway Asset Inspection Manual		TBC	TBC
Licencing and Enforcement Policies	**PS8/2 Banners Across the Highway**	The purpose of this policy is to allow the suspension of banners across the highway under controlled conditions.	Approved by LMTE on 16/10/17	Next Review January 2022
	PS8/3 Obstruction on the Highway	The purpose of this policy is to control the obstruction of the highway so as to minimise the inconvenience and danger to the user.	Approved by LMTE on 16/10/17	Next Review January 2022
	PS4/27 Temporary Event Signing **(Formerly Event Signing on Lamp Posts in Urban Areas)**	Circumstances and conditions for authorising temporary signing not including AA/RAC type signs	Approved by LMTE on 16/10/17	Under Review

	PS8/5 Post on Highway Verges	The purpose of the policy is to set out how we will regulate and permit posts on verges in order to ensure the safety of highway users and usability of verges e.g. for maintenance works.	Approved by LMTE on 16/10/17	Under Review
	PS8/4 Permission to trade on the Highway	The purpose of the policy is to set out how we will permit and control the obstruction of purpose made footways and pedestrian areas by trading and similar activities in order to ensure their continued safety and serviceability.	Approved by LMTE on 16/10/17	Under Review
	PS8/6 Roadside Sponsorship	This policy sets out how the Council will permit planting, landscaping and sponsorship of highway assets with appropriate recognition of sponsors.		Under Review

	PS8/7 Roadside Memorials and tributes	Policy on memorials and tributes at scene of death	Approved by LMTE on 05.09.2006	Under Review
	East Sussex Permit Scheme	Details of charging non-Highway organisations for carrying out works on the highway	Approved by LMTE on 18/7/17 Reviewed May 2019	Next Review May 2021

Table 2 Other CET Policies

Policy Number	Policy
No number	Drainage at new developments
PS2/1	Public Transport Policies
PS3/1	Development and delivery of the capital programme of local transport improvements (Formerly: Procedure for the Preparation of Road Schemes)
PS3/5	Private Street Works
PS05/02	Local Speed Limits
PS05/05	Limitations on the Introduction of No Cycling Order
PS4/7	Provision of Pedestrian Facilities
PS05/06	Provision of Traffic Signs - General
PS4/8	Road markings including cats eyes
PS05/07	Traffic Mirrors
PS05/08	Tourist and Amenity Signs
PS4/10	Provision of Traffic Signs - Place name signs
PS4/17	Provision of Doctors' Parking Spaces
PS4/18	Provision of Special On-Street Parking Spaces for Orange Badge Holders
PS4/20	Distribution of surplus revenue from on-street parking schemes
PS4/23	Siting of bus shelters

PS05/09	Provision of access markings
PS4/25	Traffic Calming
PS05/10	Speed Reactive Signs
PS5/1	Provision of school crossing patrols
PS5/3	Road Safety Audit Procedures
PS5/4	Investigation of Road Traffic Fatalities and Potential Fatalities
PS6/1	Reservations of Land for Highway Schemes
PS6/2	Estate Roads Specification
PS6/3	Development Agreements
PS9/1	Waste Disposal
PS11/1	Provision on information to the public and outside bodies
PS4/20	Distribution of surplus revenue from on-street parking schemes

Annex 2

The 36 recommendations of the Code

RECOMMENDATION 1 - USE OF THE CODE This Code, in conjunction with the UKRLG Highway Infrastructure Asset Management Guidance, should be used as the starting point against which to develop, review and formally approve highway infrastructure maintenance policy and to identify and formally approve the nature and extent of any variations.

RECOMMENDATION 2 – ASSET MANAGEMENT FRAMEWORK An Asset Management Framework should be developed and endorsed by senior decision makers. All activities outlined in the Framework should be documented. (HIAMG Recommendation 1)

RECOMMENDATION 3 – ASSET MANAGEMENT POLICY AND STRATEGY An asset management policy and a strategy should be developed and published. These should align with the corporate vision and demonstrate the contribution asset management makes towards achieving this vision. (HIAMG Recommendation 3)

RECOMMENDATION 4 – ENGAGING AND COMMUNICATING WITH STAKEHOLDERS Relevant information should be actively communicated through engagement with relevant stakeholders in setting requirements, making decisions and reporting performance. (Taken from HIAMG Recommendation 2)

RECOMMENDATION 5 – CONSISTENCY WITH OTHER AUTHORITIES To ensure that users' reasonable expectations for consistency are taken into account, the approach of other local and strategic highway and transport authorities, especially those with integrated or adjoining networks, should be considered when developing highway infrastructure maintenance policies.

RECOMMENDATION 6 – AN INTEGRATED NETWORK The highway network should be considered as an integrated set of assets when developing highway infrastructure maintenance policies.

RECOMMENDATION 7 – RISK BASED APPROACH A risk based approach should be adopted for all aspects of highway infrastructure maintenance, including setting levels of service, inspections, responses, resilience, priorities and programmes.

RECOMMENDATION 8 – INFORMATION MANAGEMENT Information to support a risk based approach to highway maintenance should be collected, managed and made available in ways that are sustainable, secure, meet any statutory obligations, and, where appropriate, facilitate transparency for network users. Well-managed Highway Infrastructure A Code of Practice

RECOMMENDATION 9 – NETWORK INVENTORY A detailed inventory or register of highway assets, together with information on their scale, nature and use, should be maintained. The nature and extent of inventory collected should be fit for purpose and meet business needs. Where data or information held is considered sensitive, this should be managed in a security minded way.

RECOMMENDATION 10 – ASSET DATA MANAGEMENT The quality, currency, appropriateness and completeness of all data supporting asset management should be regularly reviewed. An asset register should be maintained that stores, manages and reports all relevant asset data. (HIAMG Recommendation 5)

RECOMMENDATION 11 – ASSET MANAGEMENT SYSTEMS Asset management systems should be sustainable and able to support the information required to enable asset management. Systems should be accessible to relevant staff and, where appropriate, support the provision of information for stakeholders. (HIAMG Recommendation 12)

RECOMMENDATION 12 – NETWORK HIERARCHY A network hierarchy, or a series of related hierarchies, should be defined which include all elements of the highway network, including carriageways, footways, cycle routes, structures, lighting and rights of way. The hierarchy should take into account current and expected use, resilience, and local economic and social factors such as industry, schools, hospitals and similar, as well as the desirability of continuity and of a consistent approach for walking and cycling.

RECOMMENDATION 13 – WHOLE LIFE / DESIGNING FOR MAINTENANCE Authorities should take whole life costs into consideration when assessing options for maintenance, new and improved highway schemes. The future maintenance costs of such new infrastructure are therefore a prime consideration.

RECOMMENDATION 14 – RISK MANAGEMENT The management of current and future risks associated with assets should be embedded within the approach to asset management. Strategic, tactical and operational risks should be included as should appropriate mitigation measures. (HIAMG Recommendation 11)

RECOMMENDATION 15 – COMPETENCIES AND TRAINING The appropriate competencies for all staff should be identified. Training should be provided where necessary for directly employed staff, and contractors should be required to provide evidence of the appropriate competencies of their staff. Well-managed Highway Infrastructure A Code of Practice

RECOMMENDATION 16 – INSPECTIONS A risk-based inspection regime, including regular safety inspections, should be developed and implemented for all highway assets. RECOMMENDATION 17 – CONDITION SURVEYS An asset condition survey regime, based on asset management needs and any statutory reporting requirements, should be developed and implemented. RECOMMENDATION 18 – MANAGEMENT SYSTEMS AND CLAIMS Records should be kept of all activities, particularly safety and other inspections, including the time and nature of any response, and procedures established to ensure efficient management of claims whilst protecting the authority from unjustified or fraudulent claims.

RECOMMENDATION 19 – DEFECT REPAIR A risk-based defect repair regime should be developed and implemented for all highway assets. RECOMMENDATION 20 – RESILIENT NETWORK Within the highway network hierarchy a 'Resilient Network' should be identified to which priority is given through maintenance and other measures to maintain economic activity and access to key services during extreme weather.

RECOMMENDATION 21 – CLIMATE CHANGE ADAPTATION The effects of extreme weather events on highway infrastructure assets should be risk assessed and ways to mitigate the impacts of the highest risks identified.

RECOMMENDATION 22 – DRAINAGE MAINTENANCE Drainage assets should be maintained in good working order to reduce the threat and scale of flooding. Particular attention should be paid to locations known to be prone to problems, so that drainage systems operate close to their designed efficiency.

RECOMMENDATION 23 – CIVIL EMERGENCIES AND SEVERE WEATHER EMERGENCIES PLANS The role and responsibilities of the Highway Authority in responding to civil emergencies should be defined in the authority's Civil Emergency Plan. A Severe Weather Emergencies Plan should also be established in consultation with others, including emergency services, relevant authorities and agencies. It should include operational, resource and contingency plans and procedures to enable timely and effective action by the Highway Authority to mitigate the effects of severe weather on the network and provide the best practicable service in the circumstances. Well-managed Highway Infrastructure A Code of Practice

RECOMMENDATION 24 – COMMUNICATIONS Severe Weather and Civil Emergencies Plans should incorporate a communications plan to ensure that information including weather and flood forecasts are received through agreed channels and that information is disseminated to highway users through a range of media.

RECOMMENDATION 25 – LEARNING FROM EVENTS Severe Weather and Civil Emergencies Plans should be regularly rehearsed and refined as necessary. The effectiveness of the Plans should be reviewed after actual events and the learning used to develop them as necessary.

RECOMMENDATION 26 – PERFORMANCE MANAGEMENT FRAMEWORK A performance management framework should be developed that is clear and accessible to stakeholders as appropriate and supports the asset management strategy. (HIAMG Recommendation 4)

RECOMMENDATION 27 – PERFORMANCE MONITORING The performance of the Asset Management Framework should be monitored and reported. It should be reviewed regularly by senior decision makers and when appropriate, improvement actions should be taken. (HIAMG Recommendation 13)

RECOMMENDATION 28 – FINANCIAL PLANS Financial plans should be prepared for all highway maintenance activities covering short, medium and long term time horizons.

RECOMMENDATION 29 – LIFECYCLE PLANS Lifecycle planning principles should be used to review the level of funding, support investment decisions and substantiate the need for appropriate and sustainable long term investment. (HIAMG Recommendation 6)

RECOMMENDATION 30 – CROSS ASSET PRIORITIES In developing priorities and programmes, consideration should be given to prioritising across asset groups as well as within them.

RECOMMENDATION 31 – WORKS PROGRAMMING A prioritised forward works programme for a rolling period of three to five years should be developed and updated regularly. (HIAMG Recommendation 7)

RECOMMENDATION 32 – CARBON The impact of highway infrastructure maintenance activities in terms of whole life carbon costs should be taken into account when determining appropriate interventions, materials and treatments.

RECOMMENDATION 33 – CONSISTENCY WITH CHARACTER Determination of materials, products and treatments for the highway network should take into account the character of the area as well as factoring in whole life costing and sustainability. The materials, products and treatments used for highway maintenance should meet requirements for effectiveness and durability.

RECOMMENDATION 34 – HERITAGE ASSETS Authorities should identify a schedule of listed structures, ancient monuments and other relevant assets and work with relevant organisations to ensure that maintenance reflects planning requirements.

RECOMMENDATION 35 – ENVIRONMENTAL IMPACT, NATURE CONSERVATION AND BIODIVERSITY Materials, products and treatments for highway infrastructure maintenance should be appraised for environmental impact and for wider issues of sustainability. Highway verges, trees and landscaped areas should be managed with regard to their nature conservation value and biodiversity principles as well as whole-life costing, highway safety and serviceability.

RECOMMENDATION 36 – MINIMISING CLUTTER Opportunities to simplify signs and other street furniture and to remove redundant items should be taken into account when planning highway infrastructure maintenance activities.

Annex 3

Gap analysis and actions of the 36 recommendations

	Recommendation	Compliant/Partially Compliant/Not Compliant	Actions to bring up to/remain compliant
1.	**Use of Code**	Compliant	
2.	**Asset Management Framework**	Compliant	
3.	**Asset Management Policy & Strategy**	Compliant	
4.	**Engaging & Communication with Stakeholders**	Compliant	
5.	**Consistency with Other Authorities**	Compliant	• Additionally, our updated Network Hierarchy Review (NHR) will be shared with other South East 7 Local Authorities once complete
6.	**An Integrated Network**	Partially Compliant	• NHR is still underway with majority of assets being complete by October and then consultation will take place to make us fully compliant with this recommendation
7.	**Risk Based Approach**	Partially Compliant	• Updated inspection manual and intervention level appendix mean this recommendation is mostly compliant, however the NHR Project outcome will make us fully compliant
8.	**Information Management**	Compliant	
9.	**Network Inventory**	Compliant	
10.	**Asset Data Management**	Compliant	
11.	**Asset Management Systems**	Compliant	

12.	**Network Hierarchy**	Partially Compliant	• NHR Project outcome
13.	**Whole Life/Designing for Maintenance**	**Partially Compliant**	• **Jacobs review of whole life costs design**
14.	**Risk Management**	**Compliant**	
15.	**Competencies and Training**	**Compliant**	
16.	**Inspections**	**Compliant**	• **If updated inspection manual and intervention level appendix approved at Lead Member meeting in November 2019**
17.	**Condition Surveys**	**Compliant**	
18.	**Management Systems and Claims**	**Compliant**	
19.	**Defect Repair**	**Compliant**	• **If updated inspection manual and intervention level appendix approved at Lead Member meeting in November 2019**
20.	**Resilient Network**	**Partially compliant**	• **NHR project outcome will update this**
21.	**Climate Change Adaption**	**Partially Compliant**	• **Locations for potential adverse events on the resilient network to be identified and updated with NHR outcome**
22.	**Drainage Maintenance**	**Compliant**	
23.	**Civil Emergencies and Severe Weather Emergencies Plans**	**Compliant**	
24.	**Communications**	**Compliant**	
25.	**Learning from Events**	**Compliant**	
26.	**Performance Management Framework**	**Compliant**	
27.	**Performance Monitoring**	**Compliant**	
28.	**Financial Plans**	**Compliant**	

29.	**Lifecycle Plans**	**Partially Compliant**	• **Compliant for a number of assets and ongoing work to complete for other assets**
30.	**Cross Asset Priorities**	**Compliant**	
31.	**Works Programming**	**Compliant**	
32.	**Carbon**	**Compliant**	• **Sustainability action plan/ SPIs**
33.	**Consistency with Character**	**Compliant**	• **If new Highway Maintenance in Conservation Areas approved at Lead Member in November 2019**
34	**Heritage Assets**	**Compliant**	• **Links to 33**
35.	**Environmental Impact, Nature Conservation and Biodiversity**	**Compliant**	
36.	**Minimising Clutter**	**Compliant**	

Cabinet

26 January 2021

Appendix 003

Highways Services Re-procurement Project

Service Delivery Model Options Appraisal

Contents

1. Purpose of Service Delivery Model Options Appraisal (Appendix 003)

1.1 The purpose of Appendix 003 is to identify possible options (known as Service Delivery Models) in which East Sussex County Council (ESCC) can deliver its future highways maintenance service beyond April 2023. It assesses the relative advantages, disadvantages and risks of different service delivery models. This Appendix 003 presents the methodology and findings of the Service Delivery Model Options Appraisal.

1.2 It details the work that was undertaken by an independent consultant, Proving Services Ltd, as well as additional considerations based on our discussions with other Local Authorities that have adopted the types of service delivery models we have considered. In addition to our assessment of the local context in ESCC.

1.3 The Service Delivery Model Options Appraisal did not identify a single preferred option, but was used to assess the sustainability of several potential delivery models and identify their relative strengths and weaknesses from a variety of perspectives.

2. Background

2.1 In response to unprecedented market announcements and provider-side changes, a comprehensive ***Provider Market Review*** was proposed as a research theme by the Future Highways Research Group (FHRG). This was administered by Proving Services Ltd. and is a form of Soft Market Testing. The results of which are set out in Appendix 007.

2.2 Following on from ***Provider Market Review*** *activity,* a separate ***Strategic Options Study (service delivery model options appraisal)*** was proposed using the FHRG using their market leading support tools.

2.3 Originally five authorities were invited to take part; East Sussex County Council, Hertfordshire, Suffolk, Surrey and Buckinghamshire. This was then expanded to seven with the additions of Oxfordshire and Somerset.

2.4 These authorities are procuring their future highways maintenance contracts over the next 1-3 years and therefore being part of The Strategic Options Study, enables ESCC to identify best practice and develop a detailed understanding of risks and drivers to develop business cases for selecting the next Service Delivery Model.

2.5 The study commenced in April 2020 and finished November 2020.

3. Scope and Context

3.1 The Service Delivery Model Options Appraisal, reviews the most common types of service delivery model options that are in use across the Local Government highways maintenance sector. Fifteen options have been identified; these are defined in table one.

3.2 Detailed financial appraisal of the complete list of options is excluded at this stage. This activity will be completed as part of analysing the shortlist of options within the next stage, which will be the development of the Detailed Business Case (DBC).

3.3 The options appraisal is focusing on the provision of highways service; the options appraisal does not include a review of potential client structures. It is acknowledged that the client ‘packaging’ of functions such as Network Management, Inspections, Asset

Management will influence the service delivery model selection and its degree of future success.

3.4 When analysing the shortlist of options in more detail at the DBC stage the Project Team will also set out the type and nature of services (contract packaging) to be included in the new service delivery model, an outline client structure and governance arrangements, indicative costs and savings, contract duration, key performance indicators, opportunities for commissioning and an outline of the quality objectives and incentives and penalties.

4.0 How the options were identified

4.1 A service delivery model is an overarching name given to the main type of arrangements an authority has in place to provide the various aspects of a service, in this case Highways Maintenance.

4.2 The range of service delivery models available to authorities to deliver highways maintenance services has been well tried and tested over the years, the options available are limited and were recently well defined through the Highways Maintenance Efficiency programme (HMEP). These different models were then further expanded as variations through development of the Proving Services Options appraisal toolkit.

4.3 For the purposes of this Options Appraisal fifteen variations of these models have been reviewed, these are defined in table 1 below.

4.4 These fifteen options represent the various configurations across many authorities and therefore have been considered on their merits, alongside the current ESCC model.

4.5 ESCC currently operate Option 2 – A Single Provider Integrated Model. To manage this service delivery model, ESCC established an Executive Client consisting of 35 members of staff. The Executive Client structure and service delivery models are two different things. There are different Client Team structures across Local Authorities and no two are the same.

4.6 Previously ESCC operated a ‘Mixed Economy’ arrangement, most closely aligned with Option 12. This is where a number of contracts were awarded to specialist contractors with majority of design (professional services) carried out by the authority.

Table 1: Highway Service Delivery Models and Definitions

Service Delivery Model Type	Option	Service Delivery Model Variation	Definition
Single Provider	**1**	**Contractor + Designer (Separate)**	• Single external contractor providing all blue-collar services (either directly or managing a supply chain) with separate single external consultant providing all design services. • No legal contractual relationship between the two.
	2	**Integrated (Contractor + Designer)**	• Single external contractor providing all blue collar and design services (either directly or managing a supply chain). • Single contract with authority.
Multiple Providers	**3**	**Multiple Providers per Service Area**	• All services outsourced to multiple contractors • E.g. Winter Service, Street Lighting, Design and Drainage each contract with multiple external contractors. • ESCC would be responsible for managing all the separate arrangements
	4	**Function Orientated Service Providers**	• All services outsourced to multiple contractors • E.g. Winter Service, Street Lighting, Design and Drainage each contract with a single external contract, which may or may not be a different provider for each function. • ESCC would be responsible for managing all the separate arrangements
	5	**Primary + Secondary (Risk sharing)**	• The Client contracts with two different contractors to share risk, one of which is the primary option. (primarily scheme delivery)
Framework	**6**	**4 Year Framework**	• 4 years as this is the term defined by OJEU. Contract can operate through joint working with other regional authorities. There can also be local frameworks. • For the purpose of this exercise we mean a framework arrangement for the bulk of services not just capital schemes
JV	**7**	**JV**	• Two or more organisations coming together to form a separate legal entity for commercial purposes. For the purposes of this exercise it assumes a public to private JV, with a least one entity being the local authority.
	8	**Pseudo JV (Profit Sharing)**	• As above but without the formation of a separate legal entity.
Teckal	**9**	**Arms-Length Company**	• Wholly owned local authority company limited by shares or guarantee.
Private Finance	**10**	**PF2**	• Private Finance Initiative.
	11	**Reactive and Cyclical only in-house**	• Reactive and cyclical services provided in-house, all other services contracted out.
	12	**Best Option by Function/Service**	• Each function contracts separately with the best provider; this may be internal or external. For the purposes of this exercise at least one function must be contracted out and at least one function provided in-house. (the contracted in function is traditionally the design function)

Mixed Economy	**13**	**Highways Alliance**	• 'Intelligent client' retains all policy and strategy functions, e.g. asset management and network management. Separate providers are appointed for term maintenance and design services and further providers may be appointed for specialist services, e.g. traffic signals. NEC contract clause X12, Partnering Agreement, is utilised to ensure a contractual commitment to collaboration between the partners. The Alliance framework encompasses all providers and is created and sustained through: • pre-contract engagement to ensure the objectives of all partners align; • a governance framework that places joint decision-making forums above individual contract discussions; and • regular professional and social events to nurture relationships and ensure cultural and behavioural alignment.
	14	**All In-House**	• Majority of services are provided internally, with large client team managing some outsourced specialist functions / top up services.
	15	**Primary Design + Add On**	• Primary design services are delivered in-house. All blue-collar services are outsourced. • Specialist design top up consultancy services are outsourced if needed.

5.0. How the options were accessed.

5.1 The Options Appraisal was delivered through two key stages as set out below.

5.2 **Stage 1**

5.3 **Objective** – the objective of stage 1 was to reduce the long list of 15 options down to a shorter list of more feasible options to be appraised in further detail at stage 2.

5.4 **Methodology:**

- A workshop was held that Identified the potential future strategic outcomes for the next contract which formed part of the options appraisal assessment criteria.
- Once the strategic outcomes were identified, each of the fifteen options were scored against the evaluation criteria in table 6.
- Two further workshops were carried out to appraise the fifteen options against the thirteen Critical Success Factors (CSF's) as set out in table 4 and these were scored against the evaluation criteria in table 5.

5.5 **Outcome:**

- Following the three workshops a ranked list 1 to 15 was produced.
- A recommendation was made to the Highway Services Procurement Project Board and the Scrutiny Member Reference Group to reduce the long list to a smaller list of feasible options for further analysis at stage 2.
- A recommendation was accepted by both and the long list was reduced to 5 options.
- The 10 options not taken forward to stage 2 were discounted from the project.

5.6 **Stage 2**

5.7 **Objective** – reduce the list of 5 to a short list of 2-3 options to be taken through to the detailed business case stage to then be further developed and appraised in more detail.

5.8 **Methodology:**

- The remaining five options were validated by the Project Team with support from Proving Services Ltd. This included extra evidence gathering and amendments to some scores from the stage 1 workshops.
- The additional evidence gathered included data and information from other Local Authorities who use the respective service delivery models as well as senior ESCC stakeholders who were not part of the initial stage 1 workshops.

5.9 **Outcome:**

- Following the validation and moderation of the scores, plus taking into account the limitations of the options appraisal process and other factors relevant to the context in which the Highways Maintenance service operations, the final five options were ranked.
- Three of the 5 options had potential criterial barriers to implementation identified against them, as set out in annex 001
- A recommendation was made to the Highway Services Procurement Project Board and the Scrutiny Member Reference Group discount the 3 options with critical barriers to implementation identified against them, leaving a short list of two options
- This recommendation was accepted by both and the final two options referred to as the "shortlist" was approved to be appraised in full within the DBC.

5.10 The full evidence files for scoring of the final five options is included in annex 001

5.11 Details of the three workshops facilitated by Proving Services Ltd, are set out below.

Table 2: Summary of participants in Strategic Options Review workshops

Workshop	Description	Participants	Dates
1	Identifying potential future Strategic Drivers/Outcomes and scoring these against the fifteen service delivery model options	Simon Wilson, Andy Perrin, Karen Farquharson (Proving) Dale Poore, Robin Hayler, Mat Jasper, Phil McCorry, Pippa Mabey, Nathaniel Burrows, Jon Wheeler	16 April 2020
2	Attractiveness and Achievability Scoring of the fifteen Service delivery models	Simon Wilson, Andy Perrin, Karen Farquharson (Proving) Dale Poore, Robin Hayler, Mat Jasper, Phil McCorry, Pippa Mabey (part of), Nathaniel Burrows (part of), Jon Wheeler	23 April 2020
3	Continued attractiveness and achievability Scoring of the fifteen Service delivery models	Simon Wilson, Andy Perrin, Karen Farquharson (Proving) Dale Poore, Robin Hayler, Mat Jasper, Phil McCorry, Jon Wheeler	27 April 2020

6.0 Methodology

6.1 Proving Services Ltd have developed an Options Analysis Toolkit which enables highways authorities considering future service delivery options to assess the relative:

- ***Attractiveness*** and ***achievability*** **(CSF's)** of each option; and
- Contribution each option will make to the delivery of the ***service's strategic objectives.***

6.2 The toolkit also enables authorities to undertake a broad consideration of a long list of potential options, to then inform the determination of a short list of options for consideration, selection, and full business case development.

6.3 Each participating authority used the same baseline Critical Success Factors set out in table 4. Table 1 provided each authority with a broad definition of the 15 most recognisable Service Delivery Models that are being applied across the sectorDefinitions were reviewed to ensure that they applied to the ESCC context

6.4 In addition to scoring the critical success factors, once the strategic drivers/outcomes had been determined following the first workshop, these were included as part of the options appraisal assessment criteria.

6.5 Scoring of the different Service Delivery Models (options) was undertaken through a Stakeholder Scoring Workshop. The attendees of this collectively possessed a thorough knowledge of the current service delivery model across and had a good appreciation of the other options being considered.

Table 4: Assessment Criteria – Critical Success Factor Definitions

Attractiveness		
Factor	**Weighting**	**Definition**
Economy	100	How much would this option cost to run compared to the current service delivery model. Are there any additional opportunities to reduce costs or increase revenues?
Efficiency	100	How productive and flexible would this option be once in operation, relative to the current delivery model?
Effectiveness	100	How would the outcomes and quality of service delivered under this option compare to the current delivery model?
Stakeholder Value	100	How would stakeholders (primarily service users, members and the client team) view this option relative to the current delivery model?
Achievability		
Factor	**Weighting**	**Definition**
Complexity	100	How complex (scale, diversity interdependencies, novelty and volatility) would the transition to this option be, relative to continuing with the current delivery model?
Capacity & Capability	50	How does our capacity and capability (including infrastructure and supporting services e.g. legal, HR and procurement), to transition to and maintain this option compare to our ability to continue with the current service delivery model?
Affordability	100	How affordable is it to transition to this option, relative to continuing with the current service delivery model?
Authority Readiness	75	How prepared is the authority to embrace this option, in terms of political preference, relative to continuing with the current service delivery model?
Provider Readiness	100	How willing is the provider market to embrace this option relative to the current service delivery model?
Sector Success Stories	75	Are there any relevant and proven success stories of similar service delivery models?
Governance and Reporting	25	How complex would the governance and reporting processes be for this option relative to those required for the current service delivery model?
Partner Management	50	How easy would it be to management partner relationships and performance under this option, relative to the current service delivery model?
Cultural Alignment	75	How well does this option align to the operational culture of the organisation and service, relative to the current service delivery model?

6.6 Scoring Methodology

The scoring methodology for *Attractiveness* and *Achievability* is set out in Table 5, and for Strategic Contribution in Table 5.

Table 5: Scoring Methodology: Attractiveness and Achievability (Critical Success Factors)

Attractiveness – Critical Success Factors	
100	This option would be more attractive than the current service delivery model for this factor.
66	This option would be equally as attractive as the current service delivery model for this factor. **NOTE:** Default assumption is current model scores **66**.
33	This option would be less attractive than the current service delivery model for this factor.
0	This option is not scored, or this option would be so unattractive for this factor, relative to the current service delivery model, that it would be a critical inhibitor to selection.
Achievability – Critical Success Factors	
100	This option would be equally as achievable as continuance with the current service delivery model for this factor. **NOTE:** Default assumption is current model scores **100** for Complexity, Capacity and Affordability.
66	This option is less achievable than continuance with the current service delivery model for this factor.
33	This option is significantly less achievable than continuance with the current service delivery model for this factor.
0	This option is not scored, or for this option, this factor would be a critical barrier to selection.

Table 6: Scoring Methodology: Strategic Contribution

Strategic Contribution	
100	This option would offer a greater contribution to delivery of this strategic objective than the current delivery model.
66	This option would be offering an equal contribution to delivery of this strategic objective than the current delivery model.
33	This option would be offering a lesser contribution to delivery of this strategic objective than the current delivery model.
0	This option is not scored, or for this option, this factor is a critical barrier to success.

7.0 Options Appraisal Results

7.1 Figure 1 below, sets out the 15 scored service delivery model options for ESCC.

Figure 1: Stage 1 ESCC Scored Strategic Options Appraisal

Refresh Data

Future Highways Research Group

			Strategic Performance									Attractiveness Analysis (VfM)						Achievability Analysis												Position Analysis	
			Optimise and improve network performance for all users and to support the local growth agenda.	Enhance the local economy through network expansion and improvement.	Sustain a financially resilient service that delivers best value with the resources available.	Engage effectively to understand and meet the needs of our citizens and communities.	Embrace best practice, innovations and new technologies.	Develop and sustain collaborative partnerships that deliver the objectives of all partners.	Attract, develop, empower and retain the best people.	Total	Weight-Adjusted Score	Economy	Efficiency	Effectiveness	Stakeholder Value	Total	Weight-Adjusted Score	Complexity (Inherent Risk)	Capability & Capacity	Affordability	Authority Readiness	Provider Readiness	Sector Success Stories	Governance & Reporting	Partner Management	Cultural Alignment	Total	Weight-Adjusted Score	Attractiveness, Achievability & Strategic Performance	Rank
Option Family	#	Option Name																													
Single Provider	1	Contractor & Designer (Separate)	66	66	66	33	66	100	66	66	66	66	33	100	33	58	58	66	66	66	66	100	100	100	100	100	85	82	68.6	3
	2	Integrated (Contractor + Designer)	66	100	66	66	100	66	100	81	81	66	66	100	66	75	75	100	100	100	100	100	100	100	100	100	100	100	85.0	1
Multiple Providers	3	Multiple Providers Per Service Area	100	66	66	100	100	33	33	71	71	33	33	66	100	58	58	33	33	33	33	33	33	66	33	33	37	34	54.4	11
	4	Function-Orientated Service Providers	100	66	66	100	100	66	66	81	81	33	33	100	100	67	67	33	33	33	33	66	66	66	66	33	48	45	64.0	7
	5	Primary + Secondary (Risk Sharing)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	13
Framework	6	4-Year Framework Agreement	33	33	66	66	66	33	33	47	47	33	33	33	66	41	41	33	33	66	33	66	66	100	66	66	59	54	47.5	12
	7	JV	100	100	66	100	66	100	100	90	90	33	100	100	66	75	75	33	33	33	33	66	33	33	66	33	40	40	68.4	4
	8	Pseudo JV (Partner + Profits Sharing)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	13
Teckal	9	Arms-Length Company	100	100	66	100	100	100	100	95	95	33	100	100	100	83	83	33	33	33	66	33	33	66	66	33	44	40	72.8	2
Private Finance	10	PF2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	13
Mixed Economy	11	Cyclical & Reactive In-House	100	66	66	100	66	66	66	76	76	33	33	100	100	67	67	33	33	33	33	66	66	66	66	33	48	45	62.3	8
	12	Best Option By Function / Service	100	66	66	100	66	66	66	76	76	66	66	100	100	83	83	33	33	33	33	66	66	66	66	33	48	45	67.8	5
	13	Highways Alliance	66	66	66	33	66	66	66	61	61	66	33	100	33	58	58	33	66	66	66	66	66	100	100	33	66	61	60.2	10
	14	All In-House	66	66	66	100	66	100	66	76	76	33	33	100	100	67	67	33	33	33	33	66	66	66	66	33	48	45	62.3	8
	15	Primary Design + Add On	100	66	66	100	66	66	66	76	76	33	66	66	66	58	58	66	66	66	66	66	66	66	66	66	66	66	66.5	6
		Factor Importance	100	100	100	100	100	100	100	/700		100	100	100	100			100	100	100	75	100	75	25	50	75					
		Average Factor Score	59	51	47	59	55	51	49			31	37	63	55	46	46	31	33	35	35	47	45	53	51	35	31	30			

Key: Anticipated Performance	
	Not Applicable (In This Context)
0	Critical Issue / Barrier to Implementation
33	Poorer Than Current Performance
66	Unknown or Parity (At Best) Performance
100	Parity Or Better Than Current Performance

8.0 Options Appraisal Recommendations

8.1 Figure 2 below provides a comparison of how the scoring of each options has contributed to the development of the shortlist of Service Delivery Options. It notes which options are also not viable to take forward. Further detail of the top five options are set out in section 9.0.

Figure 2: Stage 2: validated & ranked table of scored options

			Assessment Criteria				
Option	**Category**	**Description**	**Strategic Performance**	**Attractiveness**	**Achievability**	**Final Score**	**Recommendations**
2	Single Provider	Integrated (Contractor + Designer)	78.8	83.0	100.0	87.3	**Shortlist - Recommend to develop further within the DBC**
1	Single Provider	Contractor & Designer (Separate)	66.1	58.0	84.9	69.7	
9	Teckal	Arms-Length Company	91.5	83.3	29.3	68.0	**Validated at stage 2 - discounted due to potential critical barriers to implementation. Agreed by HSRP Board and SMRG**
12	Mixed Economy	Best Option By Function / Service	66.1	83.0	44.0	64.4	
7	Joint Venture	JV	87.3	74.8	22.0	61.3	
15	Mixed Economy	Primary Design + Add On	75.7	57.8	66.0	66.5	**Discounted at stage 1 validation as agreed by HSRP Board and SMRG**
4	Multiple Provider	Function-Orientated Service Providers	80.6	66.5	44.8	64.0	
11	Mixed Economy	Cyclical & Reactive In-House	75.7	66.5	44.8	62.3	
14	Mixed Economy	All In-House	75.7	66.5	44.8	62.3	
13	Mixed Economy	Highways Alliance	61.3	58.0	61.4	60.2	
3	Multiple Provider	Multiple Providers Per Service Area	71.1	58.0	34.2	54.4	
6	Framework	4-Year Framework Agreement	47.1	41.3	54.3	47.5	
8	Framework	Pseudo JV (Partner + Profits Sharing)	0.0	0.0	0.0	0.0	
5	Multiple Provider	Primary + Secondary (Risk Sharing)	0.0	0.0	0.0	0.0	
15	Private Finance	PF2	0.0	0.0	0.0	0.0	

8.2 The evidence files for detailing scoring of top 5 ranked options is included in Annex 00

9.0 Stage 2 - Options Summary

9.1 A detailed breakdown of the key benefits and weaknesses of the six shorlisted options is set out below.

Option 2	Single Provider Integrated Contract (Design & Works)	SCORE 87.3%

Model Description

- This is the current model being used by ESCC
- This is an outsourced model that will require the Council to run a procurement process to select the single provider.
- The Council enters into a contract with a defined specification with a single service provider to deliver all of its highways related services for a specified time period.
- The Council will retain a team to manage the contract with the procured service provider. This offers the potential to enter into a long-term contract between the public and private sectors.

Key Benefits

Risk

- The risk associated with the delivery of the services is transferred from the Council to the private sector provider.

Financial

- A single provider avoids ongoing tendering costs for the Council, whilst also being attractive to the private sector partner with a long contractual term and extent of workload to be provided.
- The cost of the provision of the services by the single service provider will be as set out in the contract with mechanisms for increases agreed to keep in line with value for money assessments.

Quality of Service

- A single specification and order process will be established at day one. Any interface issues between the activities is for the provider who will have the responsibility for managing its supply chain.
- The provision of services should ensure a consistent approach to delivery.

Control

Control will be exercised through the terms of the contract and dependent on the resourcing and effectiveness of the client team to exercise rights. The manner of service delivery will be for the provider.

Key Weaknesses

Risk

- The effectiveness of risk transfer will depend on the terms of the contract and the Council's contract management function.

Financial

- The Council is committing all its budget at the outset.
- There is no ongoing competition between service providers to encourage lower pricing. If providers struggle to deliver profitably, performance may suffer and/or more changes are requested, increasing the anticipated budget.

Quality of Service

- The service specification may become outdated over time with changes resulting in additional costs.
- Risk of reputational damage should the contractor not provide the services to the standard required by the Council.

Control

- The manner of service methods is primarily for the provider leaving reputation risk with the Council. The remedy regime may not lead to immediate improved performance undermining the appearance of control. The ultimate sanction for control would be termination.

Option 1	Single Provider Contractor & Desgin (Separate)	SCORE 69.7%

Model Description

- Single external contractor providing all blue-collar services (either directly or managing a supply chain) with separate single external consultant providing design services.
- No legal contractual relationship between the two, the Council manages each contract and the relationship between the two organisations

Key Benefits	Key Weaknesses
Risk • The risk associated with the delivery of the services is transferred from the Council to the private sector provider. • Transparent risk allocation to each specialist provider **Financial** • Could be attractive to the private sector with a long contractual term and extent of workload to be provided. • The cost of the provision of the services by the single service providers will be as set out in the contract with mechanisms for increases agreed to keep in line with value for money assessments. **Quality of Service** • The provision of services should ensure a consistent approach to delivery as the contracts awarded to the specialists **Control** Control will be exercised through the terms of the contract and dependent on the resourcing and effectiveness of the client team to exercise rights. The manner of service delivery will be for the provider.	**Risk** • The effectiveness of risk transfer will depend on the terms of the contract and the Council's contract management function. • The Council bears the risk of any interface or inter-dependency issues if performance is poor. • The Council requires a skilled client team. **Financial** • There is no ongoing competition between service providers to encourage lower pricing. If providers struggle to deliver profitably, performance may suffer and/or more changes are requested, increasing the anticipated budget. **Quality of Service** • Reduces the ability for the Council to deliver an integrated service and consistent approach to service delivery. • The service specification may become outdated over time with changes resulting in additional costs. • Risk of reputational damage should the contractor & consultant not provide the services to the standard required by the Council. **Control** • The manner of service methods is primarily for the provider leaving reputation risk with the Council. The remedy regime may not lead to immediate improved performance undermining the appearance of control. The ultimate sanction for control would be termination. • Two sperate contracts and relationships will mean having to identify who may be in default (rather than having a single provider integrated (works and design) to be liable for any default).

Option 9	Teckal Arms Length Company	SCORE 68.0%

Model Description

A company wholly owned by the Council will be set up and able to provide services back to the Council, as a single provider. The common form of corporate vehicle utilised is a private company limited by shares and may be created with a shareholders agreement that will include a business plan.

This new company will be exempt from the Public Contract Regulations 2015 (as amended) if it satisfies the requirements of the 'Teckal Exemption' as set out in Regulation 12 (1):

a) More than 80% of activities must be performed for the controlling local authorities;

b) There cannot be any private sector ownership;

c) The Teckal company's primary purpose must not be commercially orientated; and

d) The controlling local authorities must exercise decisive influence over the strategic objectives and significant decision.

It will not need to be procured by the Council.

Key Benefits

Risk

- The risk is retained by the Council albeit transformed to a separate entity to deliver.

Financial

- Tendering rules for public contracts do not apply, resulting in significant time and financial savings in procurement.
- The Council is not paying any 'profit' element and does not need to pay a 'risk transfer premium'.
- The company has a 'safe harbour" to improve and develop skills that may be 'sold' to other public sector entities and learns to manage risk as an arm's length organisation.
- Any surplus generated through efficiencies is returned to the Council in the form of either dividends or rebate, which will enable the Council to reinvest in other services, unless to be reinvested in the service.
- The Council will have the ability to respond to reduced budgets or changing priorities and be flexible, without financial liability or commercial renegotiation.

Quality of Service

- Flexibility in the way that works and services are allocated.
- Employment within a Council company can be attractive to staff.

Control

- The Council will be the sole shareholder of newly incorporated company and can therefore exercise control over its operation. This will be done be setting out certain 'reserved matters' in its shareholders agreement and/or articles of association which require shareholder consent.

Key Weaknesses

Risk

- No transfer of risk to the private sector, as the newly incorporated company will be a wholly owned by the Council. Therefore, risk will ultimately sit with the Council.
- The remedy regime for poor performance cannot pass much by way of financial risk so requires an interventionist approach conducted by an experienced client team.

Financial

- The Council will need to fund/resource the establishment of the arrangement.
- There is a clear limit on pursuing external commercial activities, without running the risk of falling foul of Regulation 12 requirements.
- Financial risks and risks of poor delivery ultimately remain with the Council.

Quality of Service

- Limited influence from the private sector, therefore reducing access to innovative practices and the up to date practices of the private sector.
- Public sector employment can be hard to recruit into for specialist resources.

Control

- The Council may be unfamiliarity with the potential arrangement and therefore have insufficient skills and experience to set up and operate the Teckal arrangement.
- Managing potentially conflicting positions as shareholder and client can result in conflicts.
- The service contract requires an interventionist approach.

Option 12	Mixed Ecomony Best Option by Function / Service	SCORE 64.4%

Model Description
• Each function contracts separately with the best provider; this may be internal or external. For the purposes of this exercise at least one function must be contracted out and at least one function provided in-house. (the contracted in function is traditionally the design function) • A series of providers will be procured and contracts entered into to deliver the various highways related services. This is a simpler version of the framework option as the providers will be procured to deliver particular packages of works and/or services. This provides that specialist organisations deliver the relevant discrete highway maintenance service elements. • The Council will retain a team to manage the contracts with the various providers and manage the interfaces between them.

Key Benefits	Key Weaknesses
Risk • Some or majority of risk related to the individual functions will be transferred to the private sector. • The appointments can be longer than those under a framework arrangement. • Less of a risk of service disruption compare with a single provider, if a contractor was do go into administration. **Financial** • There are no ongoing tendering costs for the Council. • The Council is not paying an overhead to a single provider to manage multiple providers (supply chain) but doing it itself. **Quality of Service** • Engaging the private sector allows for access to wider skills and resources. Specialists are appointed directly. **Control** • The Council will have control as to the initial choice of service providers and the contract terms.	**Risk** • The Council bears the risk of any interface or inter-dependency issues if performance is poor. • The Council requires a skilled client team. **Financial** • No ongoing competition between service providers to encourage competitive pricing. • This will therefore require that the Council implement a robust performance measurement regime. **Quality of Service** • Reduces the ability for the Council to deliver an integrated service and consistent approach to service delivery. • Interface and inter-dependency issues remain with the Council **Control** • Logistically, it may be difficult for the Council to manage and administer as there will be multiple points of responsibility for various the various disciplines. • Direct contracts and relationships will mean having to identify who may be in default (rather than having a single provider to be liable for any default).

Option 7	Joint Venture (Public to Private)	SCORE 61.3%

Model Description

- A joint venture created between the Council and a private sector entity (or entities).
- This would be established by a procurement and the joint venture once created, as a separate legal entity, will operate as a single provider. With an investment and representation in the joint venture the Council will have additional rights of control and potential return but will carry some risk in the delivery of works and services.
- Clarity will be required as to:
  - what benefit the private sector can bring;
  - why a joint venture might better deliver the Council's objectives.

Key Benefits	Key Weaknesses
Risk • As a form of single provider, any contract with the Council will pass risk to the JV. However, as a shareholder in the JV the extent of risk passed may not be as great as to a single provider. • Within the JV itself risk and reward are likely to be shared. Any benefit will be shared. **Financial** • The risk of delivery to budget is passed to a separate entity. • The private sector will bring a profit motive and focus on efficiency. Any benefits will be shared. **Quality of Service** • The Council will have access to the skills and resources of the private sector and the contract can impose similar service specification requirements as for a single provider. **Control** • The Council will have roles as client; shareholder; and in appointing directors. The combination offers considerable control.	**Risk** • A JV is usually attractive to councils where there is infrastructure development and capital can be deployed and risk taken with considerable reward on increased values. Less common on service provision where there may be limited upside benefit where they can only be achieved through efficiencies. Extracting that benefit can be achieved in other ways (particularly contractually) without the need for a complex JV being procured and created. **Financial** • The JV will be funded by the council through its payments for works and services. Unless the private sector provides extra finance (at a cost) for which it may want a greater share of returns, the Council will continue to hold some financial risk for service performance in the JV. **Quality of Service** • There may be difficulties in matching public and private sector cultures in one vehicle for the efficient provision of services. **Control** • Councils can fail to maximise the benefits of this model by not engaging at joint venture level but only as a client. • There is the potential for a conflict of interest between the members / officers of the Council and the joint venture in the performance of rules as client and shareholder and for individuals as directors. Enforcing contractual rights can be difficult.

Cabinet

26 January 2021

Appendix 004

Highways Services Re-procurement Project

Document Title: Highways Asset Management

Strategy 2018-2024

Phil McCorry

eastsussex.gov.uk

East Sussex
County Council

Highway Asset Management Strategy 2018-2024

Contents

Foreword

We are pleased to be able to introduce East Sussex County Council's Highway Asset Management Strategy for 2018 to 2024.

The local highway network is East Sussex's largest and most valuable publically owned asset with a replacement value of £8.58bn. It is used every day by residents, businesses and visitors and provides a vital contribution towards the economic, social and environmental well-being of the County.

This Strategy sets out how the highway service will deliver against the Council's key priorities, taking into consideration customer needs, asset condition and best use of available resources.

The importance of asset management and continuous efficiency has also been reinforced by Central Government, where funding streams are linked to those authorities who can demonstrate value for money and efficient delivery of highway maintenance activities.

The County Council is committed to the development of good practice and continuous improvement. Reviews of both the Highway Asset Management Strategy and Asset Management Policy will be undertaken annually, and we shall continue to work in partnership with our customers, elected Members and staff.

By employing an asset management approach, East Sussex will continue to increase the value achieved in road maintenance, improving network resilience and reducing the burden on revenue budgets through the delivery of effective programmes of preventative maintenance over the next six years and beyond.

Rupert Clubb
Director of
Communities, Economy
Environment and Transport

Cllr Nick Bennett
Lead Member for
Transport and

Introduction

The importance of Highway Infrastructure to East Sussex

East Sussex highway infrastructure provides a vital contribution to the economic growth of the county. The local highway network is without doubt the most valuable publically owned asset managed by East Sussex County Council (ESCC) with a total value of £8.58 billion (2017). The importance of the highway infrastructure to the communities of East Sussex is substantial.

Why Asset Management?

Asset management is a strategic approach that seeks to optimise the value of highway assets over their whole life (Whole Life Cost). East Sussex County Council recognises that by taking an asset management based approach to its local highway maintenance, investment can be targeted on long-term planned activities that prevent expensive short-term repairs. This approach is in line with suggested best practice and Government guidance.

Our Asset Management approach not only maximises value for money, ensuring informed investment decisions can be made, but also manages risk and maintains a highway environment that is safe and secure and accessible for our customers.

Asset Management Policy

The ESCC Highway Asset Management Policy is a high level document which establishes the Council's commitment to infrastructure investment through an asset management approach aligned with the Council Plan. The Policy is not a stand-alone document and is published alongside this strategy on the Council's website.

Asset Management Strategy

This Highway Asset Management Strategy sets out how the Asset Management Policy will be delivered. It is informed by the adoption of a highway asset management framework which establishes the activities and processes that are necessary to develop, document, implement and continually improve highway asset management within East Sussex. It is aligned to the Council's priority outcomes and seeks to follow the latest advice and guidance from recognised bodies such as the Department for Transport (DfT).

In support of the Council Plan 2014-2018[1] and the Local Transport Plan 2011-2026, this Council recognises that an asset management approach to the maintenance of the highway network will aid in the achievement of the Council's vision, as set out below:

Council vision: 'To deliver our priorities at a time of reducing resources and increasing demand we must work as One Council with a clear focus on achieving the best outcomes we can for East Sussex.'

Local transport plan vision: 'To make East Sussex a prosperous county where an effective, well managed transport infrastructure, and improved travel choices help businesses to thrive and deliver better access to jobs and services, safer, healthier, sustainable and inclusive communities and a high quality of life.'

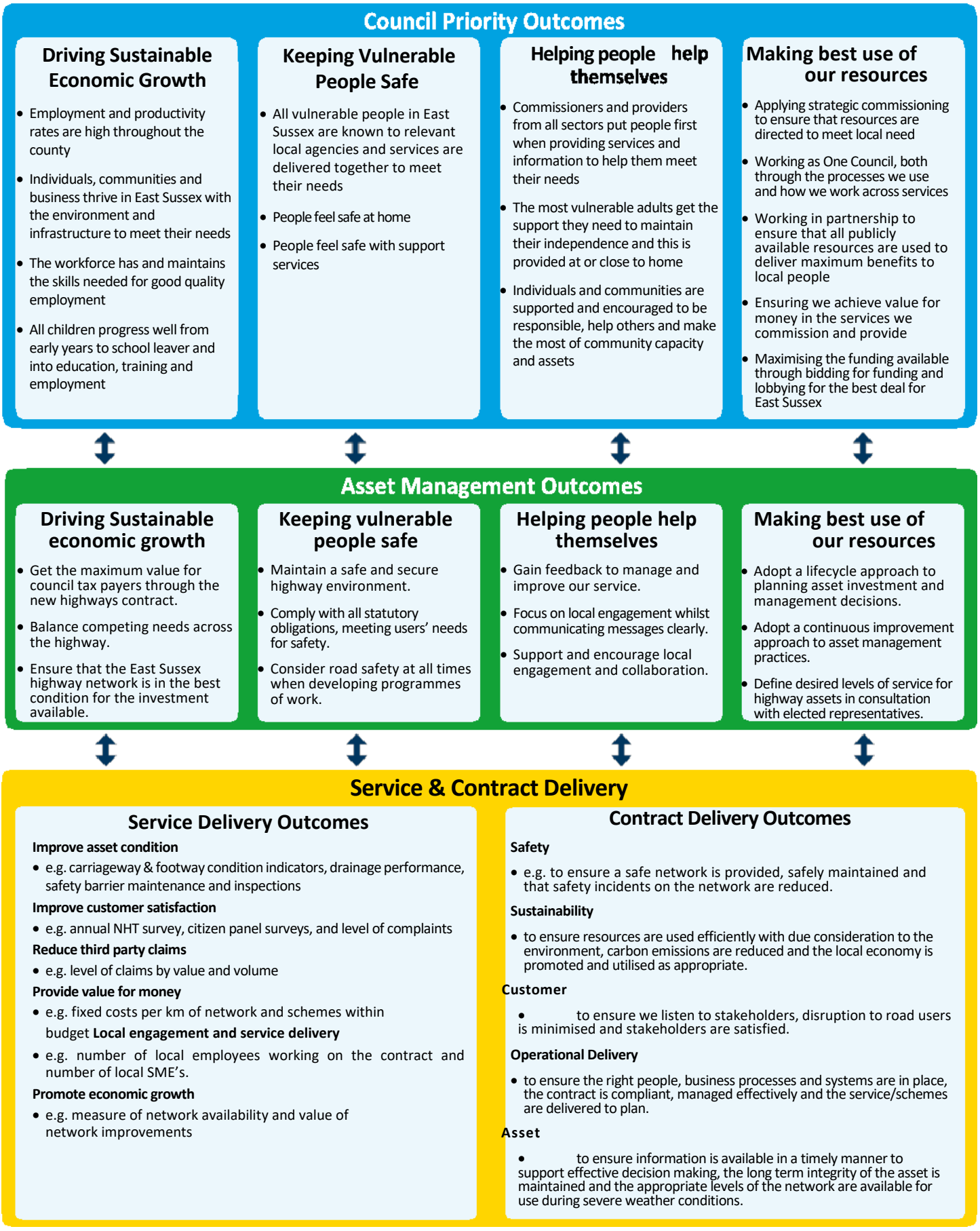
Service and Contract Delivery Outcomes

East Sussex County Council recognises that the delivery of an efficient highway service cannot be undertaken without effective maintenance of the existing highway network. It is therefore essential that new infrastructure that supports the Council's priority outcomes can be maintained to the appropriate standard in the future and that existing highway infrastructure remains serviceable. The Council is committed to having the best network condition for the investment available, and supports an asset management based approach for the maintenance of the highway network.

The current highways contract arrangement commenced in May 2016 and a Contract Management Group was established to oversee the delivery of this providing specialist contract, commercial, performance and service development functions. A series of asset management outcomes linked to service outcomes have been created that are directly aligned to the achievement of the Council Plan.

The highway service is delivered through a highway maintenance and infrastructure contract for which a series of service delivery and contract outcomes have been established respectively. The relationships between these outcomes are shown as Figure 1. The highways work programmes are established on an asset management basis for delivery through the highways contract. This will ensure the works remain aligned to this asset management policy and strategy and the Council's priority outcomes. It will also support advance planning of key investment decisions for the Council.

Figure 1 – Relationship between council outcomes and asset management outcomes



Asset Management Framework

East Sussex County Council has developed a Highway Asset Management Framework (see figure 2.) that is based on the recommendations made within the 2013 Highway Management Efficiency Plan (HMEP). The framework summarises all activities and processes that are necessary to develop, document, implement and continually improve our approach to asset management. An Asset Management Implementation road map and a supporting implementation plan are being used to ensure the full implementation of the framework. The framework is shown in figure 2 and is summarised below.

Context

This establishes the context for highway infrastructure asset management in East Sussex. The context includes a variety of factors that need to be taken into consideration when determining the Council's expectations for the highway service. The factors include: national transport policy, local vision and local transport policies, expectations of stakeholders and legal and financial constraints.

Planning

This sets out the key activities that are undertaken by East Sussex as part of the asset management planning process. The activities include:

- Policy – East Sussex's published commitment to highway asset management.
- Strategy – East Sussex's published statement on: how the policy will be implemented, the implementation of an asset management framework, the strategy for each asset group, and the commitment to continuous improvement.
- Performance – The levels of service to be provided by East Sussex's highway service and how performance will be measured and reported.
- Data – East Sussex's strategy for data collection and management, without which informed decisions cannot be taken.
- Lifecycle planning – East Sussex's lifecycle plans for each asset group which when combined with funding levels and desired levels of service enable informed decisions to be taken.
- Works programmes – East Sussex's rolling programme of works for each asset group.

Enablers

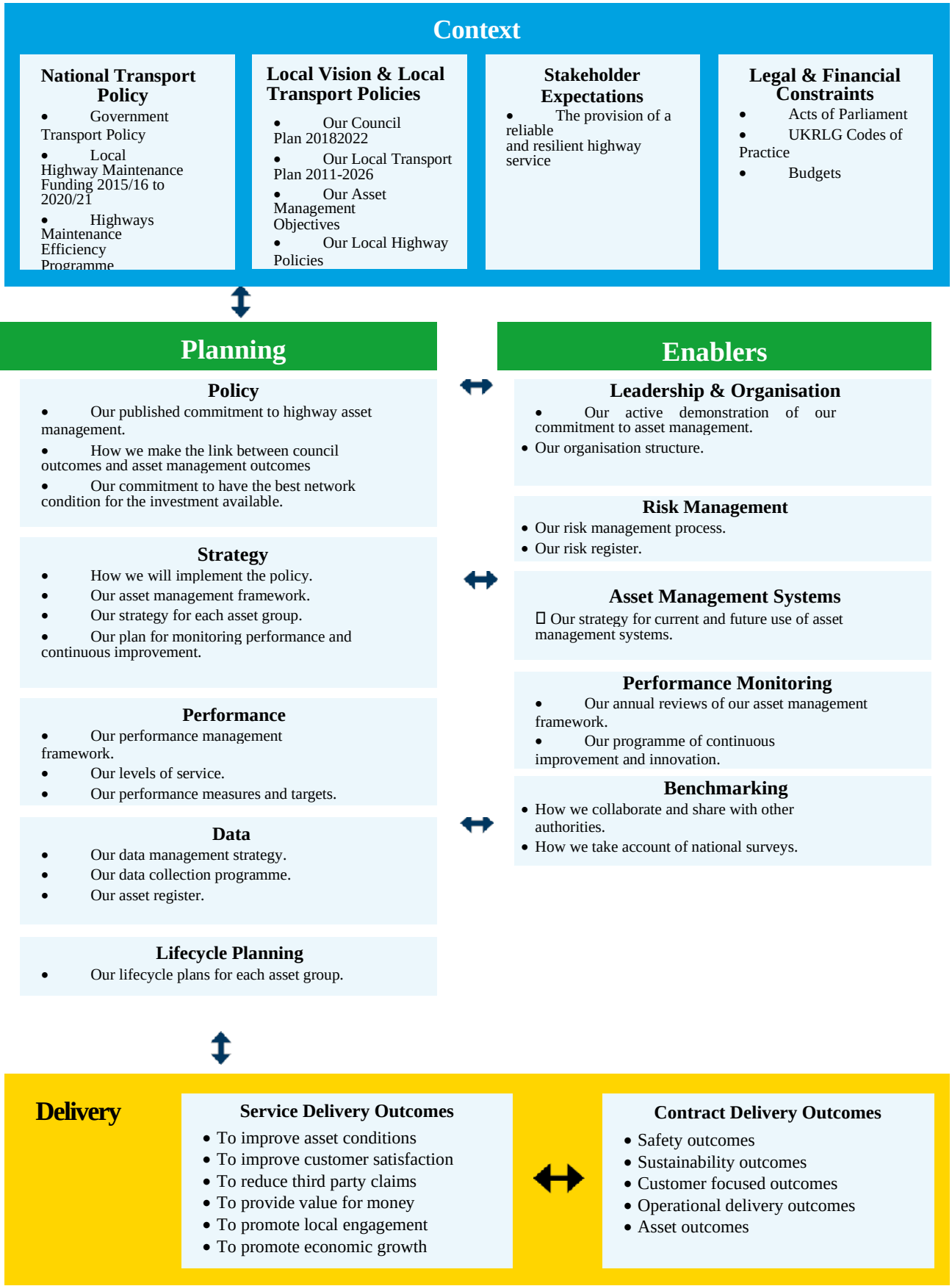
Enablers are a series of supporting activities that support the implementation of the Asset Management Framework. They provide a means of:

- developing organisational leadership and the adoption of an asset management culture
- effectively communicating and collaborating with all stakeholders
- development of the competencies and skills of all highways staff
- effective means of managing risk
- strategy for the use of asset management systems
- measuring the performance of the asset management framework
- benchmarking progress and collaborating with other highway authorities
- fostering a culture of continuous improvement and innovation

Delivery

As set out in Section 1, the delivery component of the framework sets out how the highway service will be delivered via the new highway maintenance contract for which a series of service delivery and contract delivery outcomes have been established respectively.

Figure 2 – Highway Asset Management Framework



Strategy for Main Asset Groups

Introduction

This section summarises the existing highway asset, its current condition, and a summary of the strategy to be employed for each asset type in the future. An understanding of, and agreement to, the levels of service required from each asset type is essential for the successful delivery of the strategy.

Highway Asset

The highway asset is shown below together with a summary of its current condition. **Table 1 - Summary of Highway Asset - 2016/17 figures**

Asset Group	Quantity	Condition
Carriageways	3,375km	Approximately 5% of the principal network, 6% of the non-principal and 19% of the unclassified network in East Sussex is identified as requiring maintenance.
Footways and Cycleways	2,481Km	The 2016/17 performance figures for the footway network show that 30% of the network is either functionally impaired or structurally unsound.
Structures	483 bridges, 239 retaining walls and 2 tunnels	The Bridge Condition Stock Indicator rates the average condition of East Sussex County Council bridge stock at 86 (Good). The BCSI (critical element) value is lower at 76 (Fair). At present ESCC monitors 18 structures at substandard.
Drainage	98,000 gullies and 505 km ditches	96% of the gully stock is free flowing
Street Lighting	37,500 column and wall mounted street lights, 10,000 other inventory items, 3,000 street lights belonging to Parish, Borough and District Councils.	Street lighting assets are monitored in accordance with the Institute of Lighting Professionals.
Traffic signals	66 signal controlled junctions and 140 signal controlled crossings.	A detailed review of condition is taking place in 2018.
Road markings signs and street furniture	900 grit bins, 24.7km of guard rail, 40,000 safety bollards, 43,695 road signs, 2,500km of road markings, 28.5km of safety fences/barriers	Road markings are renewed on a budget capped approach with key lines being replaced as a priority and as need arises.
Soft Estate	4,468km of vegetated verge, 75km of verge designated as Wildlife Verges and 55,000 individual trees, 36km of hedges and 50 ornamental shrub sites.	Existing information is being gathered, collated and gap analysis undertaken. Once the gaps in knowledge have been ascertained, surveys will be carried out to plug these, especially relating to the tree resource and the ecology of the soft estate.
Asset Data Management	Inventory of all of the above	The data sets vary in their completeness but they are the source of all that is undertaken upon the highway and key to the highway service achieving its goals.
Highway Asset Lifecycle	Assessing best investment practice for the assets.	Approximately 50% complete 2016 review.

Highway Asset Hierarchy

The carriageway asset is currently managed according to a hierarchy based on road classification, and further divided by urban/rural road type as outlined in Table 2 below. The hierarchy is designed to recognise the relative importance of routes to the communities (social and economic) that they serve. The carriageway hierarchy traditionally has been used as a tool to help ensure that highway maintenance activities are effectively prioritised.

Table 2 – Asset Hierarchy

Category	Road maintenance hierarchy description	East Sussex road hierarchy general description
1	Motorways	Category 1 not applicable to East Sussex
2	Strategic Route	Primary Route
3a	Main Distributor	Inter Urban Route
3b	Secondary Distributors	Intra-Urban Routes
		Intra-Rural Routes
4a	Link Roads	Business or Industrial Roads
		Residential Roads
		Village Roads
4b	Local Access Roads	Country Lanes
		Minor Urban Roads
		Minor Rural Roads

Value and Scope of carriageways

Carriageways are the most valuable highway asset in East Sussex, having a gross replacement cost (GRC) of nearly £3.5 billion and they receive the greatest levels of maintenance expenditure. They were the first asset for which lifecycle plans were developed using current condition and have resulted in the creation of several investment scenarios. This has enabled a greater understanding of where to target investment to achieve the desired levels of service. Lifecycle planning will allow the impact of highway maintenance activities in terms of whole life carbon costs to be taken into account when determining interventions, materials and treatments.

East Sussex County Council is responsible for the maintenance of 3,375km of roads, providing transport links across the county from housing areas to the national motorway network. The condition of the carriageway asset is measured through annual surveys and inspections. In 2016, 19% of the unclassified network was identified as requiring maintenance, compared to just 5% of principal roads and 6% of non-principal roads. The national average figures were: 17% unclassified; 6% non-principal and 3% principal. The figures need to be viewed in context with the increase in local authority road traffic numbers. There was an increase in East Sussex from 1993 to 2016 of 483 million vehicle miles, up 21.4%.

Planned maintenance is delivered by an annual works programme. This programme is capital funded and schemes have been identified using an asset management approach. This evidence approach is endorsed by Council Members and achieved a four year capital programme for carriageways of £70 million between 2014 and 2018 a further five years of programme of capital funding has been agreed totalling £75million to achieve a steady state of condition commencing in 2017/18, £15 million per year.

Management of potholes and other carriageway safety issues arising across the network is delivered using revenue funding which is anticipated to reduce over coming years. By employing an asset management based approach and improving the coordination of road maintenance East Sussex will continue to increase the value achieved in road maintenance. Asset Management will also improve network resilience and reduce the burden on revenue budgets through the delivery of effective capital programmes of preventative work.

Surveying the carriageway and Prioritisation of work

ESCC has reviewed its carriageway survey standards to ensure it records sufficient information to understand the condition of it highway assets and to meet the reporting requirements of the Department for Transport and our approach is to undertake annual SCANNER surveys to meet the requirements of the DfT:

1. SCRIM surveys annually of the primary network
2. Explore the use of Highway Safety Inspectors Reports
3. Explore the use of video surveys for footways and unclassified routes
4. Explore the potential for introducing deflectograph surveys on the primary network

Approach: Desired outcomes will be achieved through the continued development and implementation of the carriageway strategy in line with the East Sussex Highway Asset

Performance Indicator	12/13	13/14	14/15	15/16	16/17
% Principal Roads requiring maintenance (Council Plan)	8	7	5	5	5
% Non-Principal Roads requiring maintenance (Council Plan)	10	9	9	6	6
% Unclassified Roads requiring maintenance (Council Plan)	19	25	17	22	19

Framework to achieve short, medium and long term goals

- Continue to improve the forward programme of works by improved data management
- Introduce more detailed scheme briefs at handover stage to improve the quality of the final product
- Continue to develop and refine lifecycle models
- Benchmark with other authorities and continue to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans

Short-term desired outcomes (18/19 Financial Year):

To sustain a steady state of condition with the highway asset:

- 19% of unclassified roads requiring maintenance
- 6% for non-principal roads
- 5% for principal roads

Medium-term desired outcomes 5 years (18/19 to 23/24 Financial Year):

To develop a Member endorsed programme of work for the following five years to effectively deliver the budget plan, and a steady state of annual performance targets:

- 19% of unclassified roads requiring maintenance
- 6% of non-principal
- 5% of principal

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 Financial Year):

- Develop a compelling case for the funding of carriageway maintenance beyond the current five year budget plan
- Implement programmes of work delivering best value against service outcomes

Footways and Cycleways

Footways and cycleways are critical assets supporting access and mobility for people in East Sussex. Securing continuous improvement in the safety and serviceability of footways and cycleways is necessary to encourage alternatives to car, particularly for journeys in urban areas. Well maintained footways aid social inclusion, particularly improving accessibility for vulnerable people.

East Sussex County Council is responsible for the maintenance of 2,433km of footways providing access to residential and rural areas. The Council also maintains 48 Km of cycleways both on and off carriageway. The footway and cycleway asset has a gross replacement cost of approximately £399 million.

Footway:	(any defect in the footway or designated cycleway, causing in a change in level, resulting from raised or sunken ironwork, pothole, failed surface, displaced paving, kerb)
High: Cat 1	Greater than 40mm deep and at least 200mm wide in all directions
Medium: Cat 2	Greater than 30mm and less than 39mm deep and at least 200mm in all directions
Low: Cat 3	Greater than 20mm

ESCC is reviewing its present footway network to ensure alignment with the Code of Practice and to make sure that limited resources are appropriately targeted.

Cycleways

The cycleway hierarchy is determined not by use or functionality but by location which reflects the differing risks associated with shared, partially segregated and fully segregated cycle routes. See below.

	Description
1	Cycle lane forming part of the carriageway, commonly a strip adjacent to the nearside kerb. Cycle gaps at road closure point (No Entry to Traffic, but allowing cycle access).
2	Cycle track – a highway route for cyclists not contiguous with the public or carriageway. Shared cycle /pedestrian paths, either segregated by a white line or other physical segregation, or unsegregated.
3	Cycle provision on carriageway, other than a marked cycle lane or marked cycle provision, where cycle flows are significant.
4	Cycle trails, leisure routes through open spaces. These are not necessarily the responsibility of the Highway Authority, but may be maintained by an authority under other powers or duties.

Similarly to footways ESCC needs to review its present cycleway network and reflect the Code of Practice so that limited resources are appropriately targeted.

Surveying the footway / cycleway and Prioritisation of work

ESCC has been reviewing its survey standards and exploring more efficient ways of capturing data and records sufficient information to understand the condition of the asset and to meet the reporting requirements of the Department for Transport.

Work prioritisation needs to be comprehensible to all users of the asset in that it uses criteria which are ‘smart’: specific, measurable, achievable, realistic and timely. The prioritisation also needs to be flexible to meet the aspirations of stakeholders. ESCC are working on a system that joins condition, hierarchy and risk together, but is also flexible to meet changing needs.

Approach: Desired outcomes will be achieved through the continued development and implementation of the carriageway strategy in line with the East Sussex Highway Asset Management Framework.

Our Performance

Performance	2012/13	2013/14	2014/15	2015/16	2016/17
% footway that is structurally unsound (lower is better)		12	21	15	14
% footway that is functionally impaired (lower is better)		19	3	15	16
% total footway requiring maintenance(lower is better)		31	24	30	30

Framework to achieve short, medium and long term goals

- Continue to improve the forward programme of works by improved data management
- Introduce more detailed scheme briefs at contractor handover stage to improve the quality of the final product
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve aims through the lifecycle plans

Short-term desired outcomes (18/19 Financial Year):

- To sustain a steady state of condition with the footway and cycleway asset
- To undertake a high definition photographic survey of part of the network (1/3) and understand its condition

Medium-term desired outcomes (18/19 to 23/24 Financial Year):

- To develop a Member endorsed programme of work for the following five years
- To undertake a high definition photographic survey of part of the network (1/3) and understand its condition
- To sustain a steady state of condition/ improvement with the footway and cycleway asset
- To refine the condition survey to meet the objectives of ESCC

Long-term desired outcomes (23/24 to 28/29 Financial Year):

- To develop a second Member endorsed programme of work for five years
- To undertake a high definition photographic survey of the last third of the network and understand its condition
- To sustain a steady state of condition/ improvement with the footway and cycleway asset
- To refine the condition survey to meet the outcomes of ESCC

Structures

East Sussex County Council actively manages its highway structures in accordance with principles set out in the UK Roads Liaison Group publication 'Well Managed Highway Infrastructure, A Code of Practice'.

There are 483 bridges and 296 culverts which belong to East Sussex County Council, 239 retaining walls and 2 tunnels being maintained, with a gross replacement cost estimated to be £523.8 million (2017 values). A further 311 structures are being inspected to ensure the safety of the highway user. Routine maintenance of structures is based on a prioritised system of required work with the aim of minimising the risk to public safety and future maintenance costs.

The condition of the structures asset is measured primarily by two factors: BSCIavi (Bridge Stock Condition Indicator average) and BSCIcrit (Bridge Structure Condition Indicator critical) which are derived from bridge inspections.

In accordance with the nationally recognised indicators published by ADEPT (The Association of Directors of Environment, Economy, Planning and Transport) and in common with most Local Authorities, there has been a slow reduction in the overall stock value which at present in East Sussex is within the range denoted 'good'. Out of the total stock, 58 structures are rated below 'fair'. This information is stored within a bespoke database and used to determine lifecycle planning strategies.

All structures are maintained in a condition 'fit for purpose and safe for use'. If safety critical components are identified as being deficient after inspections, immediate steps are taken to make them safe. At present, 18 substandard structures are monitored to determine their structural performance and are managed in accordance with the code of practice.

Desired outcomes: The principle factor for determining the forward strategy is to maintain the asset in a condition 'fit for purpose and safe for use'. The target is to adhere to our 10 Year Structures Plan and maintain the level of the BSCI. Additional targets include alleviating culverts that cause property flooding, enhancing safety at highway structures and mitigating railway sites where vehicle incursion is an issue.

Approach: There are likely to be further financial pressures in the future, reducing the availability of finance for the maintenance of the structures stock. The key financial driver is to ensure that the time for intervention of planned maintenance to a structure is determined to provide the best financial return for that investment. This will be managed by use of the structures lifecycle models, reviewing the 10 Year Plan, monitoring the BSCIs and applying professional, qualified engineering judgement.

Our Performance

Performance	2012/13	2013/14	2014/15	2015/16	2016/17
Number of substandard structures (Lower is better)	17	17	18	18	18
BSCI average rating (Higher is better)	86 good	86 good	86 good	86 good	86 good
BSCI critical element (Higher is better)	76 fair	75 fair	76 fair	76 fair	76 fair

Framework to achieve desired goals

- Continue to improve the forward programme of works
- Introduce more detailed scheme briefs at handover stage
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans

Medium-term desired outcomes 5 years (18/19 to 23/24 financial years)

- To maintain the asset as 'fit for purpose' and 'safe for use'
- Target and maintain the existing BSCI scores
- Alleviate any culverts that are causing flooding to third parties
- Mitigate any risk from road over rail vehicle incursions

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 financial years)

- Build a strategic investment plan for the asset to facilitate investment at the right time for each structure
- Ensure the structures are maintained to the highest safety and condition standard within the available budget

Drainage

East Sussex County Council is adopting a risk management approach towards highway drainage, taking into account the geographical location of the assets, known local flooding hot spots and risk to the highway. The Council's highway drainage asset is critical to ensuring the controlled removal of water from the carriageway for its safe use. The impact of failure from the drainage asset on other highway infrastructure is significant, particularly to the carriageway. As a consequence it is vital that we have an up to date inventory of all highway drainage assets and their condition.

The current inventory of highway drainage assets across East Sussex includes approximately 98,000 gullies 10,000 grips and 500km of drainage ditches. Outside of routine maintenance the current approach to repairs and improvements is predominantly reactive. This is the result of an incomplete inventory, lack of condition data and a lack of knowledge of the risks posed by this critical asset across the county performance.

The limitations of this approach have been made evident with the current backlog of drainage defects identified. Our ability to model a capital programme and lifecycle plan for our highway drainage asset is limited for these reasons.

To proactively maintain the entire drainage asset into the future, we will continue to build a complete inventory and good understanding of condition including the associated risks that come with failure. This will enable us to undertake programmes of preventative maintenance whilst monitoring and reviewing performance.

Improving our knowledge of drainage infrastructure across the county enables us to demonstrate evidence-based decisions on drainage maintenance and supports our ability to secure future funding investment, while demonstrating savings in revenue expenditure through efficient and effective maintenance.

The proposed new performance indicators are to drive this required improvement in our knowledge.

UFRN	Description	Measure
1	Number of road gullies cleaned and checked as 'free flowing' with their position recorded appropriately	Number
2	Length of drain validated as fit for purpose and position recorded appropriately.	Length metres
3	Length of ditching cleaned and validated as fit for purpose and position recorded appropriately	Length metres
4	Number of headwalls inspected and checked as 'free flowing' and position recorded appropriately	Number
5	Number of Manholes / access chambers inspected and checked as free flowing and position recorded appropriately	Number

Desired outcomes:

- **Move away from reactive maintenance towards planned improvements**
- **Implementation of a proactive maintenance approach to reduce flooding and damage to other highway infrastructure**

Approach:

- **Continued proactive maintenance of known drainage assets in accordance with industry guidance such as the HMEP Guidance documents**
- **Collection of inventory and condition information for the remaining unknown drainage assets to enable clear lifecycle plans to be developed**
- **A proactive approach for future programmes of prioritised maintenance to be achieved**

Our Performance

Performance Indicator	12/13	13/14	14/15	15/16	16/17
% Highway gullies that are free flowing and clear of obstruction (PP)		98%	98%	98%	96%

- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans
- Develop a forward programme of capital improvement works to deliver extra investment in drainage over the next six years

Short-term desired outcomes (18/19 Financial Year):

To sustain a steady state of condition with the drainage asset:

- Resolve the various historic paper records into a single image of the network
- Work with the County Flood Risk Management Team and build relationships with the Environment Agency, Southern Water and Borough / Districts in East Sussex to better understand the associated third party concerns

Medium-term desired outcomes 5 years (18/19 to 23/24 Financial Year):

- Continue working with the County Flood Risk Management Team and build relationships with the Environment Agency, Southern Water and Borough / Districts in East Sussex to better understand the associated third party concerns
- Continue to build a robust set of drainage records
- Produce a Member endorsed five year works programme

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 Financial Year):

- Continue to build a robust set of drainage records
- Produce a second five year Member endorsed programme
- Continue working with the County Flood Risk Management Team and build relationships with the Environment Agency, Southern Water and Borough / Districts in East Sussex to better understand the associated third party concerns

Street Lighting

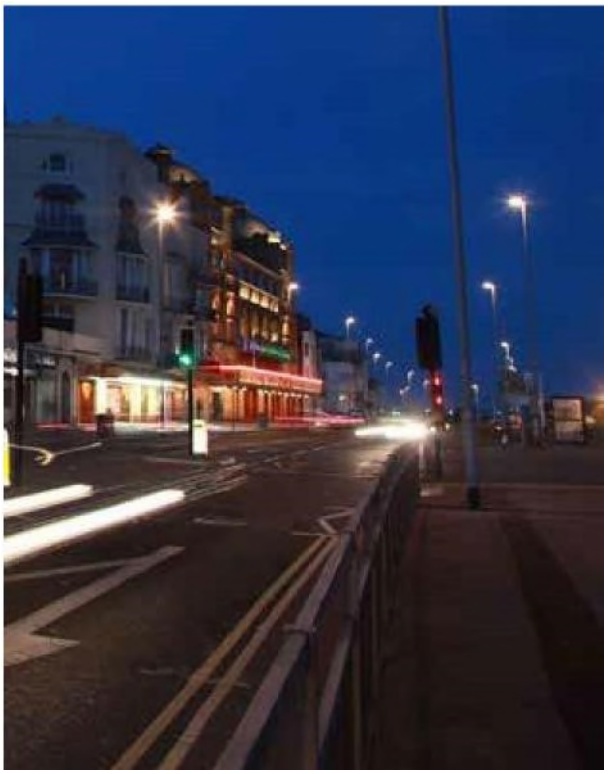
Street lighting is an important highway asset, contributing to public amenity, safety and the night time economy. With a gross replacement cost of £70.173million (2017), the lighting asset consists of approximately:

- 37,500 East Sussex street lights (column and wall mounted)
- 10,000 other inventory items (such as illuminated and reflective bollards, subway lighting, internally and externally illuminated signs and school warning lights)
- Approximately 2,000 concrete columns installed before 1982
- 3,000 street lights for parish, borough and district councils under individual, rechargeable maintenance agreements

There is concern as to the accuracy of the inventory figures and stock condition; as a result the following is required:

- Complete inventory undertaken
- Condition data on the inventory
- Listing of any critical risks

East Sussex County Council operates a six year routine maintenance cycle, with all columns in the county being visually inspected for structural and electrical condition at each visit. Monthly night scout patrols are also in operation, allowing faults to be identified and logged into a lighting management system. This maintenance cycle has an overall aim of minimising non-routine visits and improves the efficient operation of the asset. The frequency of these visits has been extended to six years due to the introduction of part-night street light operation and LED (light emitting diodes) light sources.



In addition to these maintenance activities, limited capital column replacement projects to replace life expired lighting columns are also undertaken. Replacing the columns at these locations with newer equipment minimises the risk of failure and the occurrence of non-routine faults.

ESCC are also investigating the opportunity of 'Green Bank' funding to bring the stock up to a modern standard.

Desired outcomes:

- To ensure the safety of the public
- Full inventory and condition assessment
- Reduce the risk to maintenance operatives
- Reduce energy consumption
- Reduce the cost of maintenance
- Halt deterioration of the asset

Approach:

- Working with the Joint Venture and / or a third party for data collection
- Combine routine inspection
- Regular night scouting
- Testing and cleaning
- Record public fault reports
- Continue with key projects to meet targets for reduced energy consumption, including the reintroduction of part night lighting where appropriate, and the installation of dimming and more efficient equipment

The above approach will be supported with the use of inventory systems programmes which also help to mitigate risk, and comply with current British Standards.

Our Performance

Performance	2012/13	2013/14	2014/15	2015/16	2016/17
Number of street light columns in excess of the action age (lower is better)	5,983 16% of total stock	6,137 16.3% of total stock	7,472 19.9% of total stock	7,977 21.3% of total	
Kilowatt hours	14,239,492	12,419,934	10,722,502	9,694,404	9,693,828
Carbon used	7,704	6,719	5,716	4,812	4,329

Framework to achieve desired goals

- Continue to improve the forward programme of works
- Introduce more detailed scheme briefs at handover stage
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans
- Develop approach and funding to replace concrete columns

Medium-term desired outcomes 2 to 5 years (20/21 to 23/24 Financial Year):

- **Develop a fully comprehensive inventory of all lighting elements**
- **Produce a hierarchy of need based upon community reassurance**
- **Refine the lifecycle model demonstrating funding requirement for various performance outcomes**
- **Develop a five year, Member endorsed forward plan of preventative maintenance**

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 Financial Year):

- Develop a programme of work which is Member endorsed for the funding of lighting elements for a second five year period
- Implement programmes of work delivering best value against the proposed investment plan


17
HyFlex

Traffic Signals

Traffic signal controlled junctions and pedestrian crossings form an important highway asset, contributing to the safe and efficient use of the road network and promoting economic growth within the county. Their efficient operation and maintenance allows those using the road network to move around the county with the minimum of delay and disruption. Efficient maintenance regimes ensure that the traffic signal installations are maintained in a safe structural and electrical condition.

There are currently 266 signal controlled junctions, 155 pedestrian signal crossings and 151 vehicle activated signs (VAS) installed across the county with a gross replacement cost of £16.38million (2017). The traffic signal sites also have white lining, anti-skid surface and pedestrian barrier rails associated with them. An annual inspection is undertaken which checks the physical condition of the infrastructure and the operation of the equipment. This includes a visual assessment of the structural and electrical condition as well as an electrical test every sixth year.

There is concern as to the accuracy of the inventory figures and stock condition of this asset and as a result the following is required:

- A complete inventory undertaken
- Condition data on the inventory
- Listing of any critical risks

Fault notification is based on reports from the general public, the Police and our partner. Key Performance Indicators (KPI's) are set and monitored to ensure that our contractor attends and rectifies faults within specified contract time periods. An age-based refurbishment programme is generated on an annual basis which is reviewed along with the annual inspection results, to ensure that all of the signal sites are maintained to an acceptable operational condition.

Desired outcomes:

- Ensure the safety of the public
- Full inventory and condition assessment
- Efficient operation of the asset
- Reduce the risk to maintenance operatives
- Reduce energy consumption
- Reduce the cost of maintenance
- Halt deterioration of the asset
- Move towards automatic fault reporting systems

Approach:

- Working with the Joint Venture and / or a third party for data collection
- Combined routine inspection and testing
- Timely attendance and repair of faults to ensure the safe operation of the asset
- Use of an inventory system to record and monitor fault and asset information
- Schedule of annual inspections to identify issues that pose a risk
- Reduced energy consumption through the use of LED lanterns signal heads
- De-cluttering and removal of unwanted equipment or its relocation on to other existing assets to reduce the number of items to maintain and reduce future maintenance costs (combined infrastructure)
- Replacement of surface cut detection loops with underground vehicle sensors to reduce future maintenance costs, reduce the opportunity of loop failure and maintain the long term structural integrity of the road surface
- Design of efficient replacement traffic signals schemes that deliver the lowest whole life costs

Our Performance

Performance	2012/13	2013/14	2014/15	2015/16	Performance
Number of Signal Controllers (Junction and Pedestrian crossings) in excess of action age (Lower is better)	8	52	10	13	Number of Signal Controllers (Junction and Pedestrian crossings) in excess of action age (Lower is better)

Framework to achieve desired goals

- Continue to improve the forward programme of works by improved data management
- Introduce more detailed scheme briefs at contractor handover stage to improve the quality of the final product
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans

Framework to achieving desired goals: Short to Medium-term desired outcomes:

- A full survey of all of the sites that have powered lights/ equipment is required to understand the type and state of the facilities
- The survey results need to be put into a formal report with recommendations for investment based upon risk to the public, operatives and corporate image
- From the above a formal request for monies so that a programme of works can

Medium-term desired outcomes 2 to 5 years (20/21 to 23/24 Financial Year):

- Develop fully comprehensive inventory of all traffic signal controlled equipment
- Refine the lifecycle model demonstrating funding requirement for various performance outcomes
- Develop a 5 year, Member endorsed forward plan of preventative maintenance

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 Financial Year):

- Develop a compelling case for long term sustainable funding beyond the current five year budget plan
- Implement programmes of work delivering best value against the proposed preventative investment plan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Push button
Wait for signal

Road markings, signs and street furniture have a significant presence within the public highway environment and appropriate design and maintenance of these assets is required to offer a safe, clear and attractive public space for all users.

East Sussex County Council is responsible for the maintenance of over: 900 grit bins; 24.7km of pedestrian guard rail; 40,000 safety bollards; 28.5km of safety fences / barriers; 43,695 road signs and nearly 2,500km of road markings. In maintaining these assets, the approach is to ensure that they offer good long term value. Community initiatives have been set up to work alongside parish and town authorities such as jointly-funding the maintenance of fingerposts. There is a need to have a robust inventory that is regularly checked and updated to ensure the continuing knowledge of the asset condition.

Approach:

- Develop a lifecycle model for road markings, signs and street furniture from inventory
- Implement a programme of preventative maintenance in 2019/20
- The programme will consider all existing road marking maintenance activity and propose a plan offering a coordinated, best value approach in future
- Use of the signs inventory to support initiatives such as street de-cluttering to improve the public realm for road users and limit maintenance liability

Framework to achieve desired goals

- Continue to improve the forward programme of works by improved data management
- Introduce more detailed scheme briefs at contractor handover stage to improve the quality of the final product
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve its aims through the lifecycle plans

Medium-term desired outcomes 5 years (18/19 to 23/24 Financial Year):

- Develop a methodology for collecting data that will allow the Asset Management Team to know precisely what assets there are in this category and their condition
- Implement programmes of work delivering best value against service objectives

Long-term desired outcomes 5 to 10 years (23/24 to 28/29 Financial Year):

- Develop a compelling case for long term sustainable funding beyond the current fiv year budget plan
- Implement programmes of work deliverin best value against service objectives

Soft Estate

The highway soft estate provides the setting for the county's roads. It includes trees, hedges, verges and other vegetated and natural areas within the boundary of land managed as public highway.

In urban areas it generally comprises verges between the road and pavement and any trees growing within them, but also larger green areas associated with the highway, and individual trees within paved areas. Especially in rural areas, more extensive areas of habitat can be included, often comprising areas of woodland planted to mitigate the visual impact of new roads, and wetland and other habitats provided to compensate for habitat lost during new road construction.

Drainage assets such as ditches, soakaways and balancing ponds often form part of the soft estate.

Increasingly organisations' soft estate elements such as woodlands and wetlands are considered as natural capital with a measurable value, providing equally measurable benefits year on year in the form of what are known as ecosystem services – in other words 'what nature does for us'.

The East Sussex Highway soft estate is no exception, and ecosystem services provided include:

- Visual amenity and aesthetic value; enhancing economic values, improving quality of life and providing health benefits for residents and enhancing the attractiveness of the county to tourists
- Screening to residential areas
- Psychological traffic calming and a safer road environment
- Highway drainage management through run-off areas, ditches and wetlands
- Absorption of atmospheric carbon through vegetation growth
- Air pollution removal by trees and other vegetation, e.g. particulates and noxious gases.

Recent work (2015) in Highways England's Area 1 (Devon and Cornwall) valued the 300,000 or so trees on the network's verges at over £40m using the Capital Asset Valuation for Amenity Trees (CAVAT) method, and the total **annual** benefits provided by the highway soft estate at over £760,000.

The management of the East Sussex's highway soft estate has suffered in recent years from continual reductions in the funding of planned works such as grass cutting, leading to poor appearance and reduced customer satisfaction, whilst lack of knowledge of the asset has led to a reliance on reactive management of trees and other woody vegetation.

An asset management approach in the future could save money by targeting works aimed at improving the soft estate's aesthetic appeal, the ecosystem services it produces, and its biodiversity, thus also helping the county to comply with wildlife legislation.

The gathering and amalgamation of data currently held in diverse forms, together with new ecological, arboriculture, and other surveys will help us to accurately define our asset whilst ongoing research will provide innovative and cost effective solutions to our soft estate management.

The highway soft estate asset includes approximately 4,468km of vegetated verge, at least 55,000 individual trees on A roads and in major towns and approximately 36km of council maintained hedge. In addition there are a number of areas of woodland and scrub, ornamental shrubs and wetland areas.

Nearly 75km of verges are designated as Wildlife Verges and managed specifically for the wildlife interest they contain.

Approach: Desired outcomes will be achieved through the continued development and implementation of the carriageway strategy in line with the East Sussex Highway Asset Management Framework, following standards of best practice and collaborating with our partners.

Framework to achieve short, medium and long term goals

- Continue to improve the forward programme of works by ongoing survey works where knowledge gaps exist and improved data management
- Introduce more detailed scheme briefs at contractor handover stage to improve the quality of the final product
- Continue to develop and refine lifecycle models
- Benchmark with other authorities as it continues to follow and develop best practices
- Seek to secure appropriate funding levels to achieve aims through the lifecycle plans

Short-term desired outcome – 2018

1. The production of a document that can explain the journey required to achieve a safe, visually appealing and bio-diverse soft estate which is economic to maintain and meets the aspirations of the various communities of East Sussex.
2. The above will need a consultation document produced.

Medium-term desired outcomes 5 years (2019/20 to 24/25)

1. Develop a methodology for collecting data will allow the Asset Management Team to know precisely what assets there are in this category and their condition. Based upon the above document.
2. Implement programmes of work delivering best value against service objectives developed through the consultation process.

Long-term desired outcomes 5 to 10 years (2019/20 to 2029/2030)

1. Develop a compelling case for long term sustainable funding beyond the current five year budget.
2. Implement programmes of work delivering best value against service objectives.

Risk Management

Managing risk is integral to the effective and efficient management of the highway asset. The identification of current and future risks associated with all aspects of Highway management is embedded in the asset management approach, in accordance with our Corporate Risk Management Framework and established best practice.

Risk types include:

- Health and Safety
- Strategic
- Financial
- Regulatory
- Reputational
- Operational

Risk information is recorded corporately as a county council and with our contract partners within the Highways risk register. The Highway risk targets the identification of strategic and operational risks encountered within our works and operations. Risk registers also exist at all levels within the organisation to ensure potential issues are captured, analysed and mitigated.

Risk based decision making is used to inform and define the management approach to our assets, including, inspection regimes, setting levels of service, responses, resilience, priorities and programmes. By adopting a risk based approach highways maintenance can be carried out in accordance with local needs, safety, priorities and affordability. Guidance and training of the risk based approach and its implementation is provided to all those roles with responsibility for taking the risk based decisions. Competencies and training for those staff have been identified and are regularly updated providing a programme of continuing professional development.

A review of the current network hierarchies in East Sussex was undertaken in 2018 to ensure that appropriate management is targeted towards roads of greatest need, in order to reflect our risk based approach to the highway network.

Each asset group has different needs based upon its usage and that variance in need is reflected in the management approach taken to the asset.

Sustainability

The East Sussex Highways Sustainability Action Plan provides actions to mitigate direct and indirect impacts of highway maintenance on the environment and communities. This includes; Consideration of whole life carbon costs; Appraisal of materials, products and treatments for maintenance for environmental impact, nature conservation and biodiversity; and risk assessment and mitigations for the effects of extreme weather on highway infrastructure assets (Climate Change Adaptation).

Issues affecting the environment that are taken into account in highway maintenance, include:

- Carbon costs and energy reduction
- Noise
- Materials utilisation
- Waste management and recycling
- Air quality and pollution control
- Nature conservation and biodiversity
- Environmental intrusion

Actions include production and application of a carbon model, operational carbon footprint analysis, and training for sustainable designs of projects.

Highway maintenance sustainability links to the wider environment and sustainability principles and outcomes of East Sussex County Council and our Highways contractors.

Data Management

East Sussex County Council undertakes a risk based approach to asset management through its knowledge of the various elements of the highway. The knowledge of the asset is undertaken by:

- Holding and updating all appropriate records
- Validating the records
- Ensuring the data is transparent for decision makers

A data management strategy is one way of documenting information and demonstrating the benefits of data. The East Sussex County Council strategy comprises the following elements:

- **Identify business need** - This is through the appropriate data being collected and an appreciation of the validity of the information and how it is best used

- **Data ownership and accessibility** - The Asset Management Team has designated owners of data who are responsible for its validity and access to it

- **Data collection** - East Sussex County Council strives to ensure the data collected is accurate, appropriate and collected in such a way that repeatability of collection is achievable

- **Frequency of collection** - The data collection is based around the risk of that data from changes to the highway network through climate and use

- **Data Storage** – The data is stored to meet the requirements of East Sussex County Council I.T. Strategy and the Data Protection Act 2010

- **Data Management** – The data is managed currently through the ESAMS system developed by East Sussex

- **Data Disposal** – The data collected is not going to be disposed in the medium term as it allows for a reflection on the management changes to the network

East Sussex County Council will collect appropriate data that allows it to make sound judgements on the rate of deterioration of the highway and all of its component parts, these include:

- Carriageways
- Footways
- Structures
- Lighting columns and associated electrical apparatus
- Road gullies, associated pipework and chambers
- Trees, vegetation and associated green space (ecological concerns)
- Safety barriers and fences
- Any other attributes to or on the highway

The data gathered in these surveys, including details on inventory, asset location and performance, is recorded and stored in asset information databases. These provide a central repository for asset information which can be easily interrogated to obtain information necessary for the day to day management of the asset and to inform short and long-term maintenance needs. As part of the implementation of asset management, we will review current data collection techniques and continue to update our data management strategy.

Life Cycle Planning

Life cycle planning comprises the approach to the maintenance of an asset from construction to disposal. It is the prediction of future performance of an asset or a group of assets based upon investment scenarios, usage and maintenance strategies.

Typically there are five stages to the life of an asset:

1. Creation! acquisition – a new asset as a result of a new development of capital project
2. Routine maintenance – cyclic and reactive maintenance designed to maintain the asset in a serviceable condition
3. Renewal! replacement – major work required when cyclic maintenance ! reactive works are unable to sustain the asset to the required standard
4. Upgrading – improvement to an asset to meet increased demands
5. Disposal – decommissioning of an asset when past its economic life

Effective lifecycle planning is about making the right investment decision at the right time to ensure that the asset delivers the required level of service over its expected life span to a minimum cost.

The work undertaken by East Sussex Highways is driven by a lifecycle approach through its:

- Knowledge of the asset through the survey work
- The cyclic work undertaken to repair minor faults
- The upgrading work that takes place each year to meet increased demand on the original asset.

Best Practice and Performance Monitoring

East Sussex County Council is committed to the development of good practice and continuous improvement, having already played a leading role in the development of the regional agenda on highway asset management.

Examples of activities that demonstrate our commitment include:

- Membership of the South East 7 Alliance
- Membership of the South East Service Improvement Group
- Participation in Project Outcome (with Surrey)
- Performance Management Framework
- NHT National Survey
- CQC Efficiency Network
- Membership of the CIPFA HAMP Network
- Attendance at a variety of local and regional events

We are continually reviewing our progress against this plan. Asset management, service delivery and contract delivery outcomes are key to good delivery. We will monitor our performance against those outcomes in this document to enable us to identify where we are making progress and where we may need to make changes, to ensure we continue to manage the asset in the most efficient manner, and to ensure that we are able to continuously improve.

Glossary

The following terms are used in this strategy:

Asset management

A strategic approach which identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the highway infrastructure, to meet the needs of current and future customers.

Asset valuation

The calculation of the current monetary value of an authority's assets. It excludes therefore any consideration of the value to the community in terms of the economic and social benefits of providing a means for people to travel in order to work, socialise and live.

Critical asset

An asset without which you cannot deliver a statutory service.

Deterioration

The change in physical condition of an asset resulting from use or ageing.

Gross Replacement Cost

The total admissible cost of replacing the existing highway asset to a modern equivalent standard, taking into account up-to-date technology and materials.

Levels of service

Levels of service typically cover condition, availability, capacity, amenity, safety, environmental impact and social equity.

Lifecycle Planning

Making the right investment at the right time to ensure that the asset delivers the requisite level of service over its full expected life, at the minimum cost.

Whole Life Cost

The total costs incurred in the creation, maintenance and disposal of an asset.

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Appendix 005

Highways Services Re-procurement Project

Document Title:

Scrutiny Member Reference Group Interim Report

Highway Services
Re-Procurement Project

Interim Report of the Reference Group

Councillors John Barnes
Bob Bowdler (Chair)
Godfrey Daniel
Andy Smith

November 2020

The interim report of the Highways Contract Re-procurement Reference Group

Contents.

Introduction

1. The maintenance of the County's highways is one of East Sussex County Council's (ESCC) most visible services which everyone uses on a daily basis. Highways maintenance is of key importance to residents and businesses throughout East Sussex, who rely on roads and footpaths to be able to get to where they want to go, and to move goods and services around the County efficiently and safely.

2. The Place Scrutiny Committee and the former Economy, Transport and Environment (ETE) Scrutiny Committee have a long history of involvement with the Highways Maintenance Contract. Prior to the letting of the current Highways and Infrastructure Services (HIS) Contract the ETE Scrutiny Committee was closely involved in the development of the contract service delivery model and the key changes that were made to improve the service. Both Committees have also undertaken a number of scrutiny reviews on particular aspects of the service and policies in this area.

3. The current HIS Contract comes to an end on 30 April 2023 and officers have established the Highway Services Re-procurement Project (HSRP) to carry out the work needed to specify and retender the contract. The objectives of the Project are to select the next service delivery model (SDM) for the contract and the type of commercial contract that is to be used to retender the contract.

4. The Place Scrutiny Committee agreed to form a Reference Group to work alongside officers on the development of the new contract in keeping with the previous involvement the Committee has had in this work. The scope of the Reference Group's work is to:

- Act is a critical friend and provide input into the key stages of the Highway Service Re-procurement Project;
- Comment on the services to be included in the contract and the size and role of the client function;
- Provide input into the development of strategic outcomes and key performance indicators for the new contract;
- Review and comment on the contract model, Outline Business Case (OBC) and Detailed Business Case (DBC) prior to their approval by Cabinet;
- Represent wider Members' views on the key elements, delivery and performance of the contract and to advise on the ways to disseminate information about the development of the new contract to Members.

5. As part of the work of the Reference Group members will:

- Examine the arrangements and performance of the current Highways and Infrastructure Services contract to identify any areas for change and/or improvement.
- Consider the services to be included in the contract and the potential Service Delivery Models, including comparison with other local authorities.
- Review soft market research of the providers and developments/trends in the market for the provision of highway maintenance services (e.g. preferred contract type, duration, number of providers etc.).
- Review and comment on strategic objectives and key performance indicators (KPI's) for the new contract.
- Review and comment on the Outline Business Case (OBC) and Detailed Business Case (DBC) prior to their approval by Cabinet.

6. The Highway Services Re-procurement Project is comprised of a number of stages leading up to the commencement of the new contract in May 2023. This is a long-term piece of work and the purpose of this interim report is to cover the Reference Group's involvement in the first stages of the Project, which is the development of the Outline Business Case (OBC) prior to the agreement of the OBC by Cabinet in January 2021.

Background

7. Cabinet awarded the current Highways and Infrastructure Services Contract 2016-23 to Costain CH2M in December 2015. The services are delivered through an unincorporated joint venture agreement between Costain Ltd and Jacobs (formerly CH2M). This represented a change from the previous service delivery model (SDM), from a multiple provider arrangement to an Integrated Single Provider model. Separate contracts for the Highway term maintenance, maintenance of street lighting, traffic signals and fleet and special structures maintenance were replaced with an Integrated Single Provider contract for all services. This also included functions previously undertaken by the County Council's in-house highways team such as design work, dealing with insurance claims, customer services contact centre and Highway Stewards.

8. The current contract was awarded for a fixed seven-year term and has no provision for contract extensions, by design. The contract is based on the industry standard New Engineering Contract 3rd Edition (NEC3) Engineering and Construction Contract, modified as appropriate with output focused specifications to deliver our current maintenance policy and levels of service as the minimum required.

9. The contract includes 24 specific performance indicators (SPI's) which measure contract performance. It has targets linked to the contract outcomes which incentivise the contractor to deliver works for more value in order to access a potential 'gain share' reward payment, generated from any saving on target costs if a required performance level is achieved. Targets are increased each year to drive improvement.

10. The value of the work covered by the current contract arrangements is around £35 million to £40 million per year. This is broken down into the following elements:

- Highways Service Term Maintenance - £9.7 million revenue funding which covers reactive, cyclical and planned maintenance activities.
- Highways Core Capital Programme - £25 million covering structural road repairs, bridge maintenance and replacement street lighting programmes.
- Non-East Sussex Highways budgets - £5.4 million for Integrated Transport Management and Traffic Management & Safety.

11. The Highway Services Re-procurement Project uses the Council's four stage corporate Strategic Commissioning Framework and HM Treasury's Five Case Model as the basis for developing the business cases, which is considered best practice. The HSRP project is structured into the following:

Stage 1 – Planning & preparing the Outline Business Case (OBC)

Stage 2 – Planning & preparing of the full Business Case (DBC)

Stage 3 – Delivery of Procurement Strategy

Stage 4 – Implementation through Mobilisation & Training to Contract Commencement

12. The work of the Reference Group covers stages 1 to 2 of the Project. The work carried out by the reference Group to date, which is included in this report, covers stage 1, specific activities include the determination of the future contract outcomes and inputting into the options appraisal which evaluated a long list of options down to a short list of options.

Reference Group Work to Date

Strategic Case and Service Outcomes.

Development of the Strategic Case

13. The development of the Strategic Case is an assessment of why the Project is needed and the factors that will affect the procurement. The Council has a statutory duty to maintain the Highway in a safe condition and the road network must be available for people to use. The current HIS contract was let on a fixed term basis and therefore it is not possible to extend it. Consequently, the Council needs to procure a new contract to meets is statutory obligations and the policies it has in place.

14. The Reference Group noted that there are a number of future challenges arising from the new contract. They are:

- A likely increase in core costs (revenue) of the new maintenance contract;
- ESCC budget pressures are likely to continue
- There have been changes in the contractor marketplace and there are supply chain changes.

15. One of the strategic considerations when the contract was last re-tendered was the need to have cost certainty on the price of the new contract and to achieve savings required as part of the Council's Medium Term Financial Plan. This influenced the type of contract pricing used and the service delivery model selected to reflect the Council's financial position at that time.

16. The Council's financial position remains constrained, with a great deal of uncertainty about future levels of funding. Seeking price certainty would help with budget planning and mean the use of fixed price (lump sums) payment options, for the majority of core activities under the contract.

The Reference Group considers that having price certainty is important for the Council and should be included in the new contract arrangements.

Draft Service Outcomes

17. The Reference Group considered the draft service outcomes for the new contract which define the areas of focus for the new contract along with the Council's Overarching Priority Outcomes. The latter have been updated since the last contract was procured, and some of the Council's delivery outcomes have been changed to reflect the declaration of the Climate Emergency by the Council and the impact of Covid19 on services.

18. The service outcomes for the current HIS were developed to in conjunction with previous scrutiny reference group to address service delivery issues and desired improvements in the contract. They are listed below:

- To have the best network condition for the investment available and:
- Improve asset condition.
- Promote economic growth.
- Reduce the level of third-party claims.
- Provide value for money.
- Promote local engagement.
- Improve customer satisfaction and communications.

19. Since the development of the last contract, the service has delivered a number of improvements and successes, notably:

- An improvement in road condition as measured by the annual surveys
- Better understanding of ESCC's Highways assets
- Huge improvements in drainage response
- Demonstrable value for money
- £1.4million saving in the revenue budget
- Reduction in ESCC fixed costs and third-party claims.
- An improvement in customer satisfaction levels

20. Consequently, a new set of 8 service outcomes has been developed to reflect the changed circumstances and the new areas of focus in line with the requirements for the new contract. They are:

- Support initiatives that deliver carbon neutral services, schemes and incentives.
- Optimise and improve road network performance for all users and to support the local growth agenda.
- Enhance the local economy through road network expansion and improvement.
- Sustain a financially resilient service that delivers best value with the resources available.
- Engage effectively to understand and meet the needs of our citizens and communities.
- Embrace best practice, innovations and new technologies.
- Develop and sustain collaborative partnerships that deliver the objectives of all partners.
- Attract, develop, empower and retain the best people.

21. The Reference Group discussed the new service outcomes and whether they should be prioritised. Experience from other Councils showed that different service outcomes are important to different groups of residents and services users. The 8 service outcomes are consistent with the ones being used by other councils and capture the main areas of focus for the contract.

The Reference Group endorses the service outcomes for the new contract and agreed that they should be given equal weight rather than prioritise some over others.

Type of Commercial Contract

22. The Reference Group examined the type of contract that should be used. Industry best practice suggests that using the New Engineering Contract 3rd Edition (NEC3) Engineering and Construction Contract would be the best option, or a later revision (NEC4) if available at the time of procurement. NEC contracts are designed to get the best outcomes through shared objectives and a collaborative approach to service delivery. Using an NEC contract would be consistent with the current contract type which has successfully delivered services. All NEC contracts are designed around the following three principles:

- They stimulate good management of the relationships between those signing the contract and the work involved in the contract.
- They can be used in a diverse range of commercial situations, for a wide variety of work and in any location around the world.
- They are clear, simple and written in plain English, using a language and structure which is straightforward and easily understood.

The Reference Group supports the use of an NEC Contract for the procurement of the new Highways Maintenance Contract.

Outline Business Case

23. The development of the Outline Business case or OBC is where a range of future service delivery models (SDM) are appraised. The objective of the OBC is not to recommend a preferred SDM but to recommend a shortlist of potential feasible options that could best meet the Council's needs, the shortlisted options are then further developed in more detail at stage 2- the Detailed Business Case (DBC). The evaluation used three main groups of factors:

- Strategic Performance – delivering the service the Council needs
- Attractiveness; and
- Achievability in terms of having the capacity and resources to implement

24. The Reference Group were involved in a two-stage process whereby a short list of 5-6 SDM options was created through a strategic options analysis and appraisal process. This short list was then further reviewed to agree 2-3 options to be carried forward into the Detailed Business Case (DBC) stage of the procurement process.

25. The strategic options analysis was supported by Proving Services which is company based at Cranfield University formed as research group working with ADEPT (Association of Directors of Environment, Economy, Planning and Transport). Most of the members of the research group are County or Unitary authorities looking at the different options for the delivery of highways services and the highways sector.

26. Value for money and quality assurance are key areas of interest for the Project and Proving Services has been running a bench marking club for highways services with ADEPT over the last 8 years. Some of the key strategic themes for all authorities that have come out of this work are given below and are consistent with the service outcomes developed for the contract:

- Better connections with the communities they serve, including how they engage with the public and Parish & Town Councils;
- Local economy and environmental development issues;
- Democratically accountable services;
- Resilient and collaborative services; and
- Sustainable carbon neutral services.

27. The Reference Group heard from Proving Services that the value for money (VFM) assessment of the performance of the current contract is good for ESCC, and there is a lot that the Council may want to preserve.

28. The Reference Group commented that whatever service delivery model is selected, it needs to be flexible enough to deal with changes to transport that may be brought about as part of the revision of the Local Transport Plan (LTP) and climate change. The new contract also needs to be able to deal with changes that may result from the Government White Paper on Devolution.

Service Delivery Models

29. The Highway Services Re-procurement Project (HSRP) has been assisted by Proving Services in the development and assessment of the various service delivery models. Comparisons have been made with other local authorities to ensure ESCC is confident in its approach. The Reference Group considers there is strength and robustness in the approach that has been taken, which gives an increased level of confidence in the assessment and selection process used for the service delivery models.

Provider Market review

30. Proving Services have carried a out a review of the market on behalf of ESCC. It has become apparent from this work that there are 24 authorities who will be coming to the market to re-procure their highways services contracts roughly within three years of each other. This may create a sellers' market with the providers in the sector. It is also worth noting that some current providers may leave this market sector.

31. The market review work has included forming a study group of around 8 local authorities to look at the market in more detail and the range of service delivery models available. The interim results of this work are that providers will be selective in what contracts they bid for. They will look for authorities with a good reputation and who are fair and reasonable to deal with.

The Reference Group considers that it is important for the Council to adopt a service delivery model which is attractive to the provider market and that meets the council's service requirements.

Strategic Service Delivery Model options review and appraisal

32. A long list of 15 service delivery models was drawn up and assessed and scored against Performance, Attractiveness and Achievability factors. This produced a ranked list of options, the top 6 of which were shortlisted. The shortlisted options are:

- Option 2 - Single Provider Integrated Contract (Design & Works)
- Option 9 - Teckal Arms Length Company
- Option 7 - Joint Venture (Public to Private)
- Option 12 - Mixed Economy, Best Option by Function / Service
- Option 1 - Single Provider, Contractor & Design (Separate)
- Option 15 - Mixed Economy, Primary Design + Add On

33. Across the 8 authorities in the study group the 6 service delivery options shortlisted by ESCC represent the top performing options in terms of preferences. There is a good correlation between the ESCC shortlisted options, and the options identified as the preferred options by other local authorities. Appendix 008 of the Cabinet report sets out the full study findings. ESCC's top 6 options are the top 6 in terms of:

- being close to current service delivery models; and
- the top options for providers.

The Reference Group assessed and reviewed the top 6 shortlisted service delivery model options and confirmed their support to take them forward to the next stage, but recommended that the short list be reduced to 5 by dropping the 'Primary Design + Add On' option as it is very similar to the other options within the shortlist.

Service Delivery Models to be included in the Outline Business Case

34. The next stage of the analysis process was to consider the shortlist of 5 options in more detail to select 2-3 service delivery model options to take forward and include in the draft OBC for consideration by Cabinet. The key benefits and weaknesses of each model were reviewed and discussed by the Reference Group. A summary of the discussion of each option is outlined below.

Option 1 - Separate Contracts for Works and Design. This is similar to the current service delivery models but separates out maintenance works and design work into 2 separate contracts. In terms of market acceptability, the market likes this model and it reflects how the market is currently operating. The service appetite for this is mixed as the Council has had problems with this type of model in the past in terms of cost and efficiency in the handover of work. It would require a change in the structure of the Client. It scored second overall. Design is an area of focus for improvement.

Option 2 - Integrated Single Provider. There is a lot of confidence in delivering this model as it is the current service delivery model. In terms of market acceptability, the market favours this model. The range of maintenance activities provides a critical mass of work throughout the year and has the scope and scale of services including design work that is particularly attractive to the market. In respect of service appetite for this model there are no barriers to the implementation of this model, and there is some scope for improvement.

Option 9 – Teckal. This is where a Local authority Trading Company (LATC) would be formed to provide the services. There are a lot of aspects of this model that the Council has no experience of, and the Council may need to buy in additional expertise to run this service model. There is little market appetite for this model and there is a question as whether it would be profitable and will be more costly to set up. This model presents a number of potential critical barriers to implementation. There are not many examples of where this model is operating successfully.

Option 7- Joint Venture (JV). This option is very complex and has similar issues to the Teckal option. There would be a complex transition compared to the current model. There is no appetite from the market to create a Joint Venture. No one wants to do it, which is one of the critical barriers to implementation. There are merits in the model, hence the scoring, but very few JV contracts are in use at present or have been awarded recently. In terms of service appetite there are a lot on unknowns and there could be more barriers.

Option 12 - Mixed Economy. Under this model the Council would select different single providers for different aspects of the contract. This is very similar to the previous contract arrangement where there was a main contractor for works, separate contracts for lighting, traffic signals and fleet and special structures maintenance with an in-house design team plus an external top up contract. This is not something that the market favours as it is too narrow in scope and does not offer opportunities to do other work. This option is not favoured from a service perspective as there is no integration so ESCC would lose the efficiency gains it has achieved with the current contract arrangement, thereby adding to costs. The market appetite for this model is mixed to negative, and the client team would need to be larger.

35. The Reference Group commented that under the Separate Contracts for Works and Design model and the Integrated Single Provider model, the provider will sub-contract out the more specialist work leading to reputational risk for the Council if the quality of the work is not up to standard. The quality of work needs to be managed by the main contractor to prevent reputational damage. This has been an issue at times with the current contract and will need to be interrogated further at the DBC stage when looking at quality control and the provision of Highways Stewards.

36. The Reference Group noted that option 7 Teckal would be a huge change for ESCC and it scores lower. It would not be appropriate to take this option further forward in a time of such challenge in local authority funding, when cost certainty is important. It was acknowledged that JV option 7 and Mixed Economy Option 12 also have potential critical barriers to implementation and therefore the Reference Group agreed that these three options should not be taken forward.

37. The recommendation is to take the first 2 options forward into the draft Outline Business Case (OBC) namely:

- Option 2 - Integrated Single Provider model; and
- Option 1 - Separate contracts for Works and Design model.

38. The reference Group heard that the other local authorities in the Study Group who had completed their scoring of the options had equal top scores for the first 2 options, with the Integrated Single Provider option ranked first. The Reference Group commented that the scoring comparison with other local authorities gave confidence that the recommended final two options were the right options to be taken forward. Full details of the study findings are set out in appendix 008 of the Cabinet report.

The Reference Group endorses the recommendation that the final two options that should be taken forward in the draft OBC are options 1 and 2 as they represent the most favourable and sensible options.

Service Delivery and Continuous Improvement

39. As part of its work the Reference Group considered the areas of the current contract where there may be issues or opportunities for improvement. This is based on the operation of the existing contract and the scrutiny review work that the Committee has undertaken in this service area.

40. The Project Team have also sought the views of the Client Team and other Teams within the Communities, Economy and Transport department on areas where there may be scope for improvement. Further survey work has also been carried out to seek the views of the highways contract staff on ways in which the service might be improved. This work has been resulted in around 16 suggestions where staff think there is a possibility of making improvements.

41. A summary of the areas for improvement which the Reference Group suggests are taken forward through consideration of the DBC and addressed in the next stage of the project is given in appendix 1, with quality assurance and the role of Highways Stewards being one of the main areas for further work.

Summary

42. The Reference Group has completed the first stage of its work on the selection of the service delivery models and the development of the draft Outline Business Case. It supports the selection of Integrated Single Provider and the Separate contracts for Works and Design service delivery models as the recommendation of the OBC to further develop these two options at the next DBC stage

43. The Reference Group has identified some areas of interest for improvement of the contract and will continue its involvement as the project moves into the next stage to develop the Detailed Business Case.

Appendix 1:

Summary of the Areas for Improvement

Quality Control / Quality Assurance - There have been issues with the quality of sub-contracted work (supply chain management) and there is a need for more robust/greater control of this area of work and it can lead to reputational damage for the Council. The work on the DBC will explore whether the current resources in the Client Team for this work is sufficient and whether bringing the Highway Stewards in-house would provide a better service.

Member Communications - ESCC Councillors should always be included in communication on issues within their division and training could be provided on the role of Councillors and the issues that are important to them to improve the two-way dialogue with Contact Centre staff.

Highway Stewards - Consistency of stewardship (identification of all defects) and their ability to enforce issues and standards. There may need to be a greater understanding of their role and making sure they can deliver against these expectations. Their relationship with County Councillors is key and an introduction when taking over the role would be beneficial as Councillors are often aware of long-term issues within their Division. For issues which reoccur a different approach may be needed to investigate and find solutions.

Customer Communications – Timeliness of communications (all stakeholders): a response to enquiries is always given but not always in a timely way. A review of response times in the contract may be needed. Channel shift and innovation: it would be good to be able to use an app on a smartphone to report problems/log service requests (e.g. the Report It App used by Lewes DC and Eastbourne BC). The resilience of communications with the Contact Centre may need reviewing at times of peak demand.

Stakeholder Engagement – The relationship and approach to relationships with District Borough, Parish and Town Councils should to be reviewed as part of the new contract arrangements.

Grass Cutting – The timing of the grass cutting service means that at present the grass is sometimes cut before wildflowers have time to set seed. Grass cutting arrangements under the new contract should be examined to see if more flexibility on the timing of cuts can be introduced to benefit biodiversity.

Performance Management and the Incentivisation Model - Do we have the right Strategic Performance Indicators for the contract? These will be reviewed as part of the next stage of the Project together with the incentives in the contract.

Third party works - Under the current contract there is a facility for other organisations such as Parish Councils to arrange and pay for works to be delivered by the contractor. At times the response times for third party works (internal & external) have been long/slow and this may need improving if this facility is retained within the contract.

Management of Utility Company reinstatement of works. The poor quality and timeliness of utility reinstatement work has featured in a number of scrutiny reviews. Are there any measures that could be taken in the new contract to strengthen the approach to this issue?

Knowledge and Management of the Drainage Asset – Work should continue to gain a full understanding of the location and condition of the highway drainage network.

Road Markings – Consideration should be made for the provision of additional resources within the contract core services for this category of work.

Road Repairs - There is a perception that the Council is not taking the easy approach to how repairs are prioritised. The process of managing repairs of potholes, particularly in times of poor weather or backlogs of works, may need reviewing (e.g. by using a process mapping approach). The use of innovation and a flexible approach to road repairs (e.g. use of jet patching and new techniques) should be encouraged in the new contract.

Climate Change – The new contract should take into account the Council's target for achieving carbon neutrality and include measures such as reporting the carbon footprint of the contract and the use of measures to reduce carbon emissions, such as electric vehicles and alternatively powered zero emission vehicles, in the delivery of the contract.

Appendix 2:

Scope and terms of reference of the reference group

The Reference Group was established to:

- Act is a critical friend and provide input into the key stages of the Highway Service Re-procurement Project;
- Comment on the services to be included in the contract and the size and role of the client function;
- Provide input into the development of strategic outcomes and key performance indicators for the new contract;
- Review and comment on the contract model, Outline Business Case (OBC) and Detailed Business Case (DBC) prior to their approval by Cabinet;
- Represent wider Members' views on the key elements, delivery and performance of the contract and to advise on the ways to disseminate information about the development of the new contract to Members.

Reference Group Membership and project support

Reference Group Members: Councillors Bob Bowdler (Chair), John Barnes, Godfrey Daniel and Andy Smith.

The Project Manager was Martin Jenks, Senior Democratic Services Adviser.

Phil McCorry, Business Improvement Manager provided ongoing support to the Reference Group throughout the review.

Reference Group meeting dates

Reference Group meetings – 27 May 2020, 16 July 2020, 8 September 2020, 29 September 2020 and 2 November 2020

Knowledge Bite sessions – 11 June 2020, 30 June 2020, 8 July 2020.

Witnesses providing evidence

The Reference Group would like to thank all the witnesses who provided evidence in person:

ESCC officers
Karl Taylor, Assistant Director; Dale Poore, Contract Manager Highway Infrastructure Services; Phil McCorry, Business Improvement Manager; Ruby Brittle, Stakeholder & Engagement Manager.

External Advisers

Simon Wilson, Proving Services

Evidence papers

Item	Date considered
Provider Market Review & Strategic Options Review (Options Appraisal) - Interim Findings	16 July 2020

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Cabinet

26 January 2021

Appendix 006

Highways Services Re-procurement Project

Document Title:

Future Options Study Summary of Findings

Title	**Future Options Study: Summary of Findings**
Research Theme	**Highways Sector Future Options Study**
Domain	FHRG / ADEPT
Component	Future Service Delivery Options
Date	October 2020
Author	Proving Services
Document Version	1.3
Distribution	Research Project Participants Only

Contents

1 Executive Summary

The highways sector is currently facing significant new opportunities and challenges. Modal shift and an increased focus on sustainability and social value were gaining momentum pre-COVID-19 and have accelerated since. Current contractual relationships between commissioners and providers of highways services are, in many cases, failing to deliver the collaboration and outcomes that either party had hoped for and for commissioners entering new, long term contractual relationships, the medium term landscape for the traditional highways function is now more difficult to predict. New technologies however, particularly with regards to 'smart places' technology, are attracting the interest of many potential new market entrants, from the energy and communications sectors, and are transforming the perception of the highways function from a costly liability to a potentially revenue-generating asset.

Against this backdrop, within the next five years, twenty-four local highways authorities will be coming to the end of their current highways term maintenance and associated contracts. Proving Services (Proving) were commissioned by eight county and unitary local authority members of the Future Highways Research Group (FHRG) to help assess the marketplace and evaluate future options for highways services delivery. These authorities recognise that this is the time to address historic weaknesses in contractual relationships and ensure future procurement enables authorities and their partners to fully address the challenges and opportunities now facing the sector. This review sought therefore to firstly establish the strategic direction of the sector over the medium term, as the backdrop against which different service models will need to deliver. A common methodology was then used to work with each authority to evaluate which of twelve potential service delivery models might best deliver these strategic objectives, in terms of both Attractiveness (value for money) and Achievability (see Appendix C for full definitions).

All participants across each of the eight authorities engaged fully with the review and several authorities involved portfolio holders and executive directors in the workshops. This can be helpful in gaining understanding and support for the outcomes more broadly within the political and executive hierarchies.

Our review found that authorities' experience of their existing service delivery arrangements and political and cultural preferences influence perceptions of each potential future service delivery model. To mitigate against undue bias, authorities were asked to evaluate the service model underpinning their existing arrangements from the perspective of what it might deliver, if properly specified and executed. As the discussions in each workshop unfolded, participants understood and were able to view their existing arrangements more objectively, which preserved the objectivity of the process.

Prior to our review and affirmed during it, Proving has identified a close convergence in strategic direction across the sector. Strategic drivers have evolved during this period to encompass not only the traditional objectives of developing and maintaining a good quality, free flowing network for all modes of user, but also significant contemporary challenges around sustainability, skills retention and succession planning, the need for better collaboration between public and private sector partners and the imperative of capitalising on new technologies and the interest of potential new market entrants. Each of the participants of this review is seeking to deliver these same broad objectives through their future service delivery arrangements.

There was a reasonable degree of consistency across the top five options chosen by the participant authorities. No single option, however, scored consistently highly across Strategic Fit, Attractiveness and Achievability. It is likely therefore that some authorities will look to procure a blend of options when they go to market.

The top ranked models overall, **Integrated Contractor** and **Designer and Separate Contractor** and Designer, achieved their position primarily through Achievability; scoring less highly for their perceived Attractiveness (VFM) or potential to achieve authorities' strategic drivers. The potential

economies and efficiencies of scale and benefits of joined up service delivery were, however, recognised as advantages of these models. Given the majority of participants currently work with only a small number of significant partners under their current arrangement, the transition to these models was deemed to be relatively straightforward. This outcome may be somewhat different therefore, for authorities with significant in-house or multiple provider arrangements currently.

The next most favoured models, **Best Option by Function** and **Function Orientated Providers**, were those that scored most highly for Attractiveness. These options involve selecting the best provider for each individual function within the service, in the case of **Best Option by Function** that provider may be internal or external. These models were generally deemed most likely to provide the best outcome in terms of economy, efficiency and effectiveness and were also considered attractive to internal stakeholders and local communities. The challenge of providing a fully joined up service under these models was noted, however.

Several authorities viewed the **Primary Design plus Add On** model favourably; taking design services back in house being seen as a model that would facilitate greater local involvement in the design process and also deliver VFM through greater cost control and more timely delivery. Challenges would be around the cost and complexity of transition; authorities are not certain of their ability to attract top talent and local government pension costs may be an inhibitor.

Several authorities chose not to consider less common models such as **Arms-Length Management Organisation (ALMO)** or **Joint Venture**. It is notable however that where scored, the level of control afforded by these models suggested they could be the most effective in the pursuit of strategic drivers. It was less certain however that they would deliver value for money and they were deemed amongst the most difficult to achieve, as local authorities tend to lack the requisite experience and commercial skills to successfully establish and operate these more complex models. There is also a dearth of current sector success stories to draw on with these models.

The majority of authorities did not favour **Multiple Provider** or **4 Year Framework** options due to the degree of direct client oversight required, the risk of divergent standards and an inability to provide an integrated service. A minority of authorities, however, expressed a contrary view, judging these models to be the best in terms of facilitating the involvement of local providers and ensuring a level of competition that could serve to both reduce costs and improve quality.

Options that would involve taking all or significant elements of the service back in house were generally viewed as attractive from the perspective of control and agility and may also be attractive to staff and local community stakeholders. There were conflicting views as to whether these models would perform better or worse than outsourcing models in terms of economy and efficiency but an acknowledgement that the lack of exposure to the wider market may dampen innovation. **The All In-house** and **Cyclical and Reactive In-house** models were often rejected however on the grounds of Achievability, in particular the cost and complexity of transition, again reflecting the starting point of the participant authorities.

There is little appetite for **Shared Service** models. Political sovereignty, dilution of focus and absence of sector success stories were amongst the barriers cited.

One option, **Highways Alliance**, was a later addition to the menu of options and as such was only considered by three authorities. For two of these authorities, this model ranked as the second highest scoring option. This model entails the use of contractual, governance and softer mechanisms to prioritise collaboration and the joint objectives of all partners above individual contracts. Other authorities may wish to consider this model as they refine the scope of the services to be procured, particularly those considering models that involve several partners.

Moving forward, whilst there is some consensus as to the top five or six favoured service delivery models, it is clear, and to be expected, that there is no 'one size fits all' model for the sector. As individual authorities crystalise their intentions as to exactly which functions and services will be encompassed in their next procurement, the methodology adopted for this review will enable them to develop and test variants of the twelve core models considered to identify the solution best matched to their own current status and future requirements.

2 Background

Proving Services re-established the Future Highways Research Group (FHRG) in 2017 as a forum for directors of service to share knowledge and experiences and identify, develop and assess innovations with the potential to transform the sector. ADEPT and Proving Services have an exclusive partnership offering access to the tools, materials and best practice research produced by the FHRG to all ADEPT local authority members.

The highways sector is currently facing significant new opportunities and challenges. Modal shift and an increased focus on sustainability and social value were gaining momentum pre-COVID-19 and have accelerated since. For commissioners entering new, long term contractual relationships, the medium-term landscape for the traditional highways function is now more difficult to predict. New technologies however, particularly with regards to 'smart places' technology, are attracting the interest of many potential new market entrants, from the energy and communications sectors, and are transforming the perception of the highways function from a costly liability to a potentially revenue-generating asset.

There has also been a recognition that current contractual relationships between commissioners and providers of highways services are, in many cases, failing to deliver the collaboration and outcomes that either party had hoped for. Following something of a contraction in the provider market, initiated by the collapse of Carillion, and a realisation that greater diligence and financial resilience will be critical features of future contracts, the past three years have also been a period of reflection for local authorities. Many are now considering increasing the size of their client function and/or an element of self-delivery to assure resilience and be able to exert greater control and agility over future direction and priorities.

Against this backdrop, within the next five years, twenty-four local highways authorities will be coming to the end of their current highways term maintenance and associated contracts. Proving Services (Proving) were commissioned by eight county and unitary local authority members of the Future Highways Research Group (FHRG) to help assess the marketplace and evaluate future options for highways services delivery. These authorities recognise that this is the time to address historic weaknesses in contractual relationships and ensure future procurement enables authorities and their partners to fully address the challenges and opportunities now facing the sector.

As part of this review, Proving interviewed thirteen private sector service providers to better understand their drivers, constraints, concerns, and the opportunities for improvement when working with local authorities within this sector. This element of the review has been reported separately [1] and fed into the future options review which is the focus of this report.

Over summer 2020, Proving has worked work with the following eight highways authorities, on an individual basis, to consider which of the myriad of potential future service delivery options may best deliver the future strategic objectives of the service in the context of both Attractiveness (value for money) and Achievability.

[1] Highways Market Place Review – Provider Consultation v2-4.

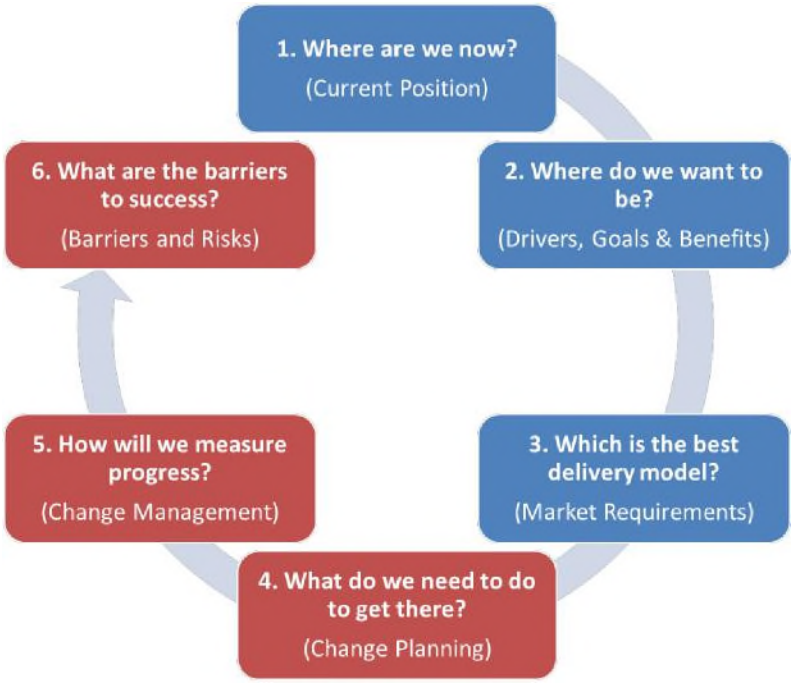
[redacted]

This report sets out some of the observations, conclusions and preferred future delivery models identified through these reviews.

3 Scope and Methodology

The scope of each future service delivery options review is captured in boxes 1 to 3 in Figure

1: **Figure 1: Future Service Delivery Options – Scope of Review**



Each review was undertaken through a series of workshops which considered:

- **What are the medium term strategic objectives the Service is seeking to deliver through its future service delivery model?**
    - Before we can consider which service delivery option will best serve us in the future, we need to have a clear understanding of what we will be trying to achieve.
- **How might each potential service delivery option contribute to the delivery of these strategic objectives, relative to our current model?**
- **How attractive and achievable is each potential service delivery option, relative to our current model** (see Appendix C for full definitions of Attractiveness and Achievability)**?**
    - Using an options analysis toolkit to weight each factor under consideration and facilitate scoring and ranking. An illustrative example of the toolkit is set out in Appendix E.

For each authority, the outcome of the above process was a provisional shortlist of potential future service delivery options which:

- Can be evolved as the procurement process develops and the scope and breadth of services to be encompassed becomes clearer.
- Helps to formulate a short list of options for full business case development.

The future service delivery options initially proposed for consideration are set out in Table 1.

Table 1: Future Services Delivery Options

Option Group	#	Option Name
Single Provider	1	Contractor & Designer (Separate)
	2	Integrated (Contractor + Designer)
Multiple Providers	3	Multiple Providers Per Service Area
	4	Function-Orientated Service Providers
	5	Primary + Secondary (Risk Sharing)
Framework	6	4-Year Framework Agreement
JV	7	JV
	8	Pseudo JV (Partner + Profits Sharing)
Teckal	9	Arms-Length Company
Private Finance	10	PF2
Mixed Economy	11	Cyclical & Reactive In-House
	12	Best Option (By Function / Service)
	13	Highways Alliance
	14	All In-House
	15	Primary Design + Add On
Shared Services	16	Shared Service (Neighbouring Authority)
	17	Regional Combined Service

As the early reviews unfolded and the market review data became available, it became apparent that certain options were not feasible either through non-availability or applicability to the sector or an absence of market interest. On that basis, the following options were subsequently excluded from the scoring process:

- **Primary + Secondary (Risk Sharing)**
- **Pseudo JV**
- **PF2**
- **Regional Combined Service**

On completion of the scoring exercise, individual authorities were provided with a provisional ranking of potential service delivery options which will help form a short list of preferred options for further investigation. Key judgements were documented and supported by a number of charts and documented analyses to summarise the outcomes. The detailed methodology, toolset, option definitions and scoring guidance underpinning each review are set out in Appendices B to D.

4 Highways Sector – Strategic Drivers

Over the past three years, Proving, working with many members of the FHRG, has identified a close convergence in strategic direction across the sector. Strategic drivers have evolved during this period to encompass significant contemporary challenges around sustainability, skills

retention and succession planning, the need for better collaboration between public and private sector partners and the imperative of capitalising on new technologies and the interest of potential new market entrants.

A consolidated set of strategic drivers and goals of members of the FHRG is shown below. Following debate and discussion centred on existing corporate and service objectives and future priorities, each of the eight participant authorities to this review adopted a set of objectives based around these consolidated drivers, albeit with some variation in intent and terminology between each authority.

- **Support initiatives that deliver carbon neutral services, schemes and incentives.**
- **Optimise and improve network performance for all users and to support the local growth agenda.**
- **Enhance the local economy through network expansion and improvement.**
- **Sustain a financially resilient service that delivers best value with the resources available.**
- **Engage effectively to understand and meet the needs of our citizens and communities.**
- **Embrace best practice, innovations and new technologies.**
- **Develop and sustain collaborative partnerships that deliver the objectives of all partners.**
- **Attract, develop, empower and retain the best people (with the sector).**

The exact strategic drivers adopted by each authority are illustrated in Appendix A. It is important to note that in some cases these strategic drivers are still to be socialised and approved with all relevant stakeholders.

5 Future Service Delivery Options – Ranking and Preferences

Each participant authority completed a comprehensive evaluation of the relative benefits of each potential service delivery model with a fully documented rationale, using the tools and approach described in Section 3 of this report.

The aggregated, summary outcomes, across all eight authorities, are illustrated in Tables 2 and 3.

Table 2: Ranking: Overall, Strategic Fit, Attractiveness, Achievability

Service Delivery Option	Ranking			
	Overall	Strategic Fit	Attractiveness	Achievability
Contractor + Designer (Int)	**1**	7	6	1
Contractor + Designer (Sep)	**2**	8	5	2
Best Option by Function	**3**	5	1	4
Function Orientated Provider	**4**	6	2	5
Primary Design + Add On	**5**	3	3	3
Joint Venture	**6**	2	8	10
Cyclical & Reactive In-House	**7**	9	4	6
ALMO	**8**	1	7	11
All In-House	**9**	4	9	9
Multiple Providers	**10**	11	12	12

Table 3: Ranking Spread

Service Delivery Model	Average Ranking Where Scored	Ranking At Individual Authority Level
Contractor + Designer (Integrated)	3.25	1, 2, 3, 3, 3, 3, 5, 6
Contractor + Designer (Separate)	3.68	1, 1, 2, 2, 3, 5, 7, 8
Best Option by Function	3.71	1, 1, 2, 4, 4, 7, 7, NS
Function Orientated Provider	3.75	1, 2, 2, 4, 4, 4, 6, 7
Primary Design + Add On	4	1, 1, 1, 3, 5, 6, 6, 9
Joint Venture	6.2	3, 6, 7, 7, 8, NS, NS, NS
Cyclical & Reactive In-House	6.29	4, 4, 5, 5, 8, 8, 10, NS
ALMO	6.5	2, 5, 5, 8, 9, 10, NS, NS
All In-House	7.4	5, 6, 6, 8, 12, NS, NS, NS, NS
Multiple Providers	8.25	2, 7, 8, 9, 10, 10, 12
4 Year Framework	8.88	3, 6, 9, 9, 10, 11, 11, 12
Shared Service	9.33	7, 8, 9, 10, 11, 11, NS, NS

Some of the key conclusions and judgements drawn from the reviews are:

- **Authorities' experience of their existing arrangements and political and cultural preferences influence perceptions of each model. To mitigate against undue bias, authorities were asked to evaluate the service model underpinning their existing arrangements from the perspective of what it might deliver, if properly specified and executed. As the discussions and workshops unfolded however, participants understood and were able to consider their existing arrangements more objectively which preserved the objectivity of the process.**

- **The top five options were consistent across the majority of authorities although there were some exceptions. No single option, however, scored consistently highly across Strategic Fit, Attractiveness and Achievability. It is likely therefore that some authorities will look to procure a blend of options when they go to market.**

- **The top ranked options overall, Integrated Contractor and Designer and Separate Contractor and Designer, achieved their position primarily through Achievability; scoring less highly for their perceived attractiveness (VFM) or potential to achieve authorities' strategic drivers. Given the majority of participants currently work with only a small number of significant partners under their current arrangement, the transition to these models was deemed to be relatively straightforward. This outcome may be somewhat different therefore, for authorities with significant in-house or multiple provider arrangements currently.**

- **The options that scored most highly for attractiveness, Best Option by Function and Function Orientated Providers, were generally deemed most likely to provide the best outcome in terms of economy, efficiency and effectiveness. They were also thought to be attractive to internal stakeholders and local communities. The challenge of providing a fully joined up service under these models was noted, however.**

- **Several authorities viewed the Primary Design plus Add On model favourably; this being seen as a model that would facilitate greater local involvement in the design process and also deliver VFM through greater cost control and more timely delivery. Challenges**

would be around the cost and complexity of transition; authorities are not certain of their ability to attract top talent and local government pension costs may be an inhibitor.

- Several authorities chose not to consider less common models such as ALMO or Joint Venture. It is notable however that when scored, the level of control afforded by these models suggested they could be the most effective in the pursuit of strategic drivers. It was less certain however that they would deliver value for money and they were deemed amongst the most difficult to achieve as local authorities tend to lack the requisite experience and commercial skills. There is also a dearth of current sector success stories to draw on with these models.

- The majority of authorities did not favour the Multiple Provider or 4 Year Framework options due to the degree of direct client oversight required, the risk of divergent standards and an inability to provide an integrated service. A minority of authorities, however, expressed a contrary view, judging these models to be the best in terms of facilitating the involvement of local providers and ensuring a level of competition that could serve to both reduce costs and improve quality.

- Options that would involve taking all or significant elements of the service back in house were generally viewed as attractive from the perspective of control and agility and may be attractive to staff and local community stakeholders. There were conflicting views as to whether these models would perform better or worse than outsourcing models in terms of economy and efficiency but an acknowledgement the lack of exposure to the wider market may dampen innovation. The All In-house and Cyclical and Reactive In-house models were often rejected however on the grounds of achievability, again reflecting the starting point of the participant authorities.

- There is little appetite for shared service models. Political sovereignty, dilution of focus and absence of sector success stories were amongst the barriers cited.

- One option, Highways Alliance, was a later addition to the menu of options and as such was only considered by three authorities. It is not included in the above analysis therefore, but for two of the authorities that did consider it, this model ranked as the second highest scoring option. This model entails the use of contractual, governance and softer mechanisms to prioritise collaboration and the joint objectives of all partners above individual contracts. Other authorities may wish to consider this model as they refine the scope of the services to be procured, particularly those considering models that involve several partners.

More detailed observations gathered on each of the models is set out in Table 4.

Table 4: Future Service Delivery Models: Key Observations

Model	Overall Ranking	Key Observations
Contractor and Designer (Integrated)	1	• The majority of participant authorities currently work with arrangements that closely mirror one or other of these options. These options scored highly therefore for achievability as the cost and complexity of transition would be minimal.

Contractor + Designer (Separate)	**2**	• These are also models that are favoured by the market, are supported by sector success stories and would have relatively simple governance and partner management arrangements. • The majority of authorities consider these models would deliver good VFM as delivering a joined up service. A minority of authorities however consider the lack of ongoing competition may compromise economy, efficiency and quality. • Experience has suggested these models do not necessarily deliver the innovation that may be expected of large organisations. Some authorities also consider agility and resilience may be compromised.
Best Option by Function	**3**	• Some of the participant authorities currently work with arrangements similar to these models. These 'best of breed' provider models scored highly for VFM, especially in terms of operational efficiency and effectiveness. There would be some challenge in ensuring a joined up service delivery across individual functions. • Niche providers should also bring innovation, best practice and the potential to liaise with customers on a more focused basis. • There are some notable sector success stories for these models. • The greatest challenge is around achievability, particularly the cost and complexity of transition and of ongoing management relative to, for example, an integrated model. Governance and partner management arrangements would also be more complex.
Function Orientated Provider	**4**	
Primary Design + Add On	**5**	• Viewed as a model that would facilitate greater local involvement in the design process and also deliver VFM through greater cost control and more timely delivery. • Challenges would be around the cost and complexity of transition; authorities are not certain of their ability to attract top talent and additional pension costs may be an inhibitor. • Authorities including this option in their shortlist would want to experiment with what the 'Add On' (Delivery) function may look like.
Joint Venture	**6**	• The majority view was that this model would be beneficial in terms of strategic focus due to the level of control exercised. • If properly established and with a partner who possesses the requisite commercial skills, this model could deliver very good VFM in the medium term. • Significant challenges were noted around achievability; the cost of set up, lack of relevant skills and experience on the client side and the absence of sector success stories to draw upon. • For some authorities, political and cultural reservations would be barriers to this model.
Cyclical & Reactive In-House	**7**	• Control and agility are the main drivers for this model as they would facilitate much greater ability to join up different works and keep the network flowing. This in turn should lead to greater stakeholder satisfaction. • Significant challenges would come in the shape of the cost and complexity of transition. Lack of competition and exposure to the wider sector may dampen the focus on cost and innovation.
ALMO	**8**	• This was the highest scoring model in terms of potential strategic focus due to the level of control and singular focus afforded by a model without significant partners.

		• If successfully established, this model is seen as having the potential to deliver substantial new revenue streams, but there are significant reservations as to whether this is achievable in practice for many. • An absence of the requisite skills and experience on the client side, reluctance of some stakeholders to embrace this model and the cost and complexity of transition are viewed as considerable barriers. There are no notable sector success stories for this model within the highways sector currently, albeit there are within the wider LG sector.
All In-House	**9**	• This model scored relatively highly for the ability to deliver strategic priorities given the level of direct control afforded. It may also be attractive to some stakeholder groups. • Whilst this model may facilitate a more joined up service, there was a recognition that the lack of competition and exposure to the wider market could mitigate against robust cost control and innovation. • The critical barriers to this model however are the cost and complexity of transition, a reflection of the participant authorities' starting point. The cost of investment in plant and infrastructure and in particular the additional pension costs led the majority of authorities to conclude this model is a non-starter.
Multiple Providers	**10**	• Some authorities expressed the view that the level of competition under both these models would drive down costs and increase quality. These models would also enable more direct engagement with local SMEs and a more localised, area based customer focus. • Authorities considered the lack of guaranteed work and frequent procurement would make it difficult to achieve long term programming and joined up delivery. There is also a risk of variable standards of work between suppliers, particularly under the Multiple Providers model. • Achievability makes both models prohibitive for most authorities. The cost and complexity of both transition and ongoing governance and partner management arrangements were viewed as significant barriers. Although a minority of authorities did consider that whilst the volume of partnerships may be a challenge, the client would have greater influence in these partnerships than in single provider models, these options only featured in the top six for one authority.
4 Year Framework	**11**	
Shared Service	**12**	• This model was not a favoured option for any authority. There was a concern that conflicts of interest between commissioning partners may mean a dilution in focus on local priorities and strategic objectives. Whilst in theory, this model should deliver economies of scale, authorities are sceptical about whether that would be likely in practice. • A lack of appetite from the market as well as across many stakeholder groups and an absence of sector success stories also weighed against this option, as did a view that governance and partner management arrangements could be complex.

6 Next Steps

The next steps for each participant FHRG member are to:

- Refine the Service's strategic objectives as necessary, following consultation with key stakeholders.
- Ensure the weightings for each factor accurately reflect their relative importance to the Service as this will impact the scores and ranking.
- Consider the future service delivery preferences and rationale of peer authorities and whether these influence the authority's own provisional assessment.
- As the final scope of services to be procured crystallises:
    - Fully define and document the options under consideration.
    - Test and refine the options under consideration in the context of the final scope of the service to be procured and the benefits of each option for individual functions.
- Develop full business cases for top ranking Options.

Appendix A – Strategic Drivers

Authority	Strategic Drivers
Authority A	• Ensure the safety and wellbeing of all employees and asset users. • Engage effectively to understand and better meet the needs of our communities. • Ensure we implement policies to work towards achieving a carbon neutral county. • Optimise and improve network performance for all users and to support the local growth agenda. • Sustain a financially resilient service that delivers best value with the resources available. • Embrace best practice, innovations and new technologies. • Attract, develop, empower and retain the best people. • Develop and sustain collaborative partnerships that deliver the objectives of all partners.
Authority B	• Support initiatives that delivery carbon neutral services, schemes and incentives. • Optimise and improve network performance for all users and to support the local growth agenda. • Enhance the local economy through network expansion and improvement. • Sustain a financially resilient service that delivers best value with the resources available. • Engage effectively to understand and meet the needs of our citizens and communities. • Embrace best practice, innovations and new technologies. • Develop and sustain collaborative partnerships that deliver the objectives of all partners. • Attract, develop, empower and retain the best people.
Authority C	• Support initiatives that delivery carbon neutral services, schemes and incentives. • Optimise and improve network performance for all users and to support the local growth agenda. • Enhance the local economy through network expansion and improvement. • Sustain a financially resilient service that delivers best value with the resources available. • Engage effectively to understand and meet the needs of our citizens and communities. • Embrace best practice, innovations and new technologies. • Develop and sustain collaborative partnerships that deliver the objectives of all partners. • Attract, develop, empower and retain the best people.

Authority	Strategic Drivers
Authority D	• The service will be delivered in line with authorities Sustainability Strategy, playing a key role in delivering the strategy's ambitions, both **in its own operations and the behaviours it encourages.** • **Manage, improve and maintain the network for all users and encourage and enable active and sustainable travel.** • **Sustain a financially resilient service that delivers best value with the resources available.** • **Optimise service efficiency and maximise income from commercialisation and external funding.** • **Embrace best practice, innovations and new technologies, enabling the service to continuously evolve and improve.** • **Attract, develop, empower and retain the best people capable of driving a dynamic and agile service.** • **Engage effectively to understand and meet the needs of our citizens and communities.** • **Develop and sustain collaborative partnerships that deliver the objectives of all partners.**
Authority E	• **Community engagement and empowerment enabling local decision making and influence on our programmes of work and local design.** • **Strive to deliver Right First Time delivering best value and high quality (technical and perception) workmanship.** • **Drive Innovation (methods, equipment and materials) to support efficiency, improved life, and carbon/climate agenda.** • **Greater emphasis and consideration of walking, cycling and bus within everyday prioritisation / decision making to improve healthy living and sustainable travel.** • **A safe, serviceable and sustainable network that is fit for purpose for all users under all conditions and supports the development of the local economy.** • **Sustain a financially resilient service that delivers best value with the resources available.** • **Develop and sustain collaborative partnerships that deliver the objectives of all partners.** • **Attract, develop, empower and retain the best people capable of driving a dynamic and agile service.**

Authority	Strategic Drivers
Authority F	• A flexible and agile service that attracts and retains the best people and embraces best practice and new technologies to enable innovation. • Sustain a financially resilient service that adopts robust asset management principles and delivers best value with the resources available. • A service based on the intelligent client model that develops and sustains collaborative partnerships that deliver the objectives of all partners. • Optimise service efficiency and maximise income from commercialisation and external funding. • A service that maximises social value and provides valuable local opportunities for individuals and businesses • A safe, serviceable and sustainable network that is fit for purpose for all users under all conditions and supports the development of the local economy. • A network that is adapted and resilient to climate change with a reduced carbon output, both in usage and maintenance to contribute to the commitment for the authorityto be carbon neutral by 2030. • An informed community that has high public satisfaction and is engaged and enabled to do more for themselves.
Authority G	• Support initiatives that deliver carbon neutral services, schemes and incentives (1). o Improve biodiversity and air quality, kind to the natural environment. • Optimise network performance for all users under all conditions (1). o Engage effectively to understand and meet the needs of our citizens and communities. • Enhance the local economy through network expansion and improvement to meet the growth agenda. o Increasing revenue, decreasing and offsetting costs, rechargeable costs recovery, developing the “authority • Role of SCC as an anchor institution within the local economy; driving social value and citizen wellbeing. • Sustain a financially resilient service that delivers best value with the resources available (1). o Embrace best practice, innovations and new technologies enabling the service to continuously evolve. o Commission the best value partner for each element of our service / strategic programme. • Attract, develop, empower and retain the best people capable of driving a dynamic and agile service. o Creating home-grown talent, local skills and capabilities. o Create a culture where people feel safe and can realise their potential.

Authority	Strategic Drivers
Authority H	• Support initiatives that delivery carbon neutral services, schemes and incentives. • Optimise and improve network performance for all users and to support the local growth agenda. • Enhance the local economy through network expansion and improvement. • Sustain a financially resilient service that delivers best value with the resources available. • Engage effectively to understand and meet the needs of our citizens and communities. • Embrace best practice, innovations and new technologies. • Develop and sustain collaborative partnerships that deliver the objectives of all partners. • Attract, develop, empower and retain the best people.

Appendix B: Option Definitions

Category	Service delivery model	Definition
Single Provider	**Contractor + Designer (Separate)**	Single external contractor providing all blue collar services with separate single external contractor providing all white collar consultancy and design services.
	Integrated (Contractor + Designer)	Single external contractor providing all blue collar and white collar services.
Multiple Providers	**Multiple Providers per Service Area**	E.g. Winter Service, Street Lighting and Drainage each contract with multiple external providers.
	Function Orientated Service Providers	E.g. Winter Service, Street Lighting and Drainage each contract with a single external providers, which may or may not be a different provider for each function.
	Primary + Secondary (Risk sharing)	The Client contracts with two different contractors to spread risk, one of which is the primary option.
	4 Year Framework	4 years as this is the term defined by NEC. Contract that operates through highways alliances. There can also be local frameworks. For the purpose of this exercise we mean a framework arrangement for the bulk of services.
Joint Venture	**JV**	Two or more arrangements coming together to form a separate legal entity for commercial purposes.
	Pseudo JV (Profit Sharing)	As above but without the formation of a separate legal entity.
Teckal	**Arms-Length Company**	Wholly owned local authority company limited by shares or guarantee.
Private Finance	**PF2**	Private Finance Initiative.
Mixed Economy	**Reactive and Cyclical only in-house**	Reactive and cyclical services provided in-house, all other services contracted out.
	Best Option by Function/Service	Each function contracts separately with the best provider; this may be internal or external. For the purposes of this exercise at least one function must be contracted out and at least one function provided in-house.
	Highways Alliance	'Intelligent client' retains all policy and strategy functions, e.g. asset management and network management. Separate providers are appointed for term maintenance and design services and further providers may be appointed for specialist services, e.g. traffic signals. NEC contract clause X12, Partnering Agreement,

		is utilised to ensure a contractual commitment to collaboration between the partners. The Alliance framework encompasses all providers and is created and sustained through: • Pre-contract engagement to ensure the objectives of all partners align. • A governance framework that places joint decision making forums above individual contract discussions. • Regular professional and social events to nurture relationships and ensure cultural and behavioural alignment.
	All In-House	All services are provided internally, e.g. nothing is contracted out.
	Primary Design + Add On	Primary design services are delivered in-house. Specialist design and consultancy services and all blue collar services are outsourced.
Shared Services	Shared Services (Neighbouring Authorities)	Shared service with neighbouring authority. The extent of sharing and exact configuration to be defined with the specific authority under review, depending on whether shared administration or two very distinct and separate services under a single contract.
	Regional Combined Authority	Service contracted and provided on a regional basis by one of the ten regional combined authorities.

Appendix C – Factor Definitions

Table 1: Factor Definitions

Attractiveness		
Factor	**Weighting**	**Definition**
Economy	**100**	How much would this option cost to run compared to the current service delivery model. Are there any additional opportunities to reduce costs or increase revenues?
Efficiency	**100**	How productive and flexible would this option be once in operation, relative to the current delivery model?
Effectiveness	**100**	How would the outcomes and quality of service delivered under this option compare to the current delivery model?
Stakeholder Value	**100**	How would stakeholders (primarily service users, members and the client team) view this option relative to the current delivery model?
Achievability		
Factor	**Weighting**	**Definition**
Complexity	**100**	How complex (scale, diversity, interdependencies, novelty and volatility) would the transition to this option be, relative to continuing with the current delivery model?
Capacity & Capability	**100**	How does our capacity and capability (including infrastructure and supporting services e.g. legal, HR and procurement), to transition to and maintain this option compare to our ability to continue with the current service delivery model?
Affordability	**100**	How affordable is it to transition to this option, relative to continuing with the current service delivery model?
Authority Readiness	**75**	How prepared is the authority to embrace this option, in terms of political preference, relative to continuing with the current service delivery model?
Provider Readiness	**100**	How willing is the provider market to embrace this option relative to the current service delivery model?
Sector Success Stories	**75**	Are there any relevant and proven success stories of similar service delivery models?
Governance and Reporting	**25**	How complex would the governance and reporting processes be for this option relative to those required for the current service delivery model?
Partner Management	**50**	How easy would it be to manage partner relationships and performance under this option, relative to the current service delivery model?
Cultural Alignment	**75**	How well does this option align to the operational culture of the organisation and service, relative to the current service delivery model?

Appendix D – Scoring Methodology

The scoring methodology for *Attractiveness* and *Achievability* is set out in Table 2, and for Strategic Contribution in Table 3.

Table 2: Scoring Methodology: Attractiveness and Achievability

Attractiveness	
100	This option would be more attractive than the current service delivery model for this factor.
66	This option would be equally as attractive as the current service delivery model for this factor. **NOTE:** Default assumption is current model scores **66**.
33	This option would be less attractive than the current service delivery model for this factor.
0	This option is not scored, or this option would be so unattractive for this factor, relative to the current service delivery model, that it would be a critical inhibitor to selection.
Achievability	
100	This option would be equally as achievable as continuance with the current service delivery model for this factor. **NOTE:** for **Complexity, Capacity and Affordability**, default score for current service delivery model is **100** with scores of 66 and 33 for models that are marginally and significantly less achievable, respectively.
66	This option is equally as achievable than continuance with the current service delivery model for this factor.
33	This option is less achievable than continuance with the current service delivery model for this factor.
0	This option is not scored, or for this option, this factor would be a critical barrier to selection.

Table 3: Scoring Methodology: Strategic Contribution

Strategic Contribution	
100	This option would offer a greater contribution to delivery of this strategic objective than the current delivery model.
66	This option would be offering an equal contribution to delivery of this strategic objective than the current delivery model.
33	This option would be offering a lesser contribution to delivery of this strategic objective than the current delivery model.
0	This option is not scored, or for this option, this factor is a critical barrier to success.

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Appendix E – Illustrative Example of Options Analyser