



Environment Committee

13 January 2022

Title

Highways Future Service Delivery Strategy Post September 2023

Report of

Chairman of Environment Committee

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

*Appendix 1 – Highways Service, high level service configuration
Appendix 2 – Highways Organisational Design
Appendix 3 – Current Options Assessment*

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Summary

The current Highways Service is managed through the Joint Venture established as part of the Development and Regulatory Services (DRS) contract with Regional Enterprise (Re). The contract commenced in October 2013 with an initial term to 30 September 2023. Re is a Joint Venture company owned by the Council and Capita.

The Policy and Resources Committee at the meeting of 9 December 2021 recommended to a future meeting of the Council that the council does not seek to extend the highways service element of Re and that the Council recommends the future strategy for the Highways service should be the subject of a separate report to the Environment Committee.

The future strategy for the Highways service is anticipated to be brought to the 8 March 2022 Environment Committee. The purpose of this report is to set out to the Committee

potential future service delivery options for discussion and noting.

In addition, this report summarises the glide path workstreams set up to ensure the service continues with its current transformation.

A critical glide path workstream is the commencement of a negotiation with Tarmac Kier JV, in line with the terms and conditions of the TfL HMPF Framework. The negotiation is to develop the terms of a potential future service provision post September 2023, when the Tarmac Kier JV arrangement currently terminates. The outcome of these negotiations is to be the subject of a future report to this Committee.

Officers Recommendations

- 1. That the Committee notes the potential Highways future service delivery options set out in this report.**
- 2. That the Committee notes that the proposed Highways future service delivery option will be brought to a future meeting of this Committee.**
- 3. That the Committee authorises officers to commence negotiations with Tarmac Kier JV to develop the terms of a potential future service provision post September 2023. The outcomes of these negotiations to be the subject of a future report to this Committee.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The highways network is one of the most valuable assets the Council owns, acting as a platform for social and economic prosperity and enabling the undertaking of safe, reliable, and sustainable journeys. The service supports emergency and response services and acts as the biggest utility conduit in the Borough. The highways network is ultimately intrinsic to a well-functioning sustainable community and is maintained within a clear and coherent strategy aligned to the Clean, safe and well run workstream set out in The Barnet Plan 2021-2025, legislation and national best practice "Well managed Highway Infrastructure: A Code of Practice".
- 1.2 The current Highways Service is managed through the Joint Venture established as part of the Development and Regulatory Services (DRS) contract with Regional Enterprise (Re). The contract commenced in October 2013 with an initial term to 30 September 2023. Re is a Joint Venture company owned by the Council and Capita.
- 1.3 The Policy and Resources Committee at the meeting of 9 December 2021 recommended to a future meeting of the Council that the council does not seek to extend the highways service element of Re and that the Council recommends the future strategy for the Highways service should be the subject of a separate report to the Environment Committee.

- 1.4 In this context this report sets out potential future service delivery options that are currently being developed by officers with the intention to bring the recommended future service delivery option to a future meeting of this Committee.

2. REASONS FOR RECOMMENDATIONS

Current Highways Service

- 2.1 The current highways service, through the DRS contract, delivers over 100 distinct activities as defined in the contract through a team of circa 105 full time equivalents. This includes management, design and engineering, business support and field-based inspection employees, but excludes staff employed by Tarmac Kier JV and third-party specialist engineering partners. In addition, the contract excludes the following activities:

- Transport Strategy
- Transport Modelling
- Winter Maintenance Operations
- Emergency Out of Hours Operations
- Street Lighting
- Parking Services

A high-level summary of the service is set out in Appendix 1 of this report.

- 2.2 The service has been the subject of a joint improvement plan. The delivery of this plan has seen refreshed senior leadership, organisational restructuring as illustrated in Appendix 2 to this report, implementation of a new asset management system, mobilisation of a new highways term maintenance contractor and renewed approach to the delivery of the Network Recovery Plan based on sustainable asset management principles.

- 2.3 The operational maintenance aspects of the service are delivered through the Highways Term Maintenance Contractor, Tarmac Kier JV in a contract which currently terminates 30 September 2023. This contract has had a slow start from commencement on 1 April 2021, as expected with a constrained mobilisation period, however much of the work delivered to date is in line with the contract specification. It is therefore recommended that negotiations commence with Tarmac Kier JV as to the service provision post September 2023 when the Term Maintenance Contract terminates.

Future Service Delivery Strategy Options

- 2.4 Highways is a particularly complex service which is subject to cyclical, financial and operational peaks in demand. As such any future service delivery strategy needs to be both flexible and agile to adapt to rapidly changing circumstances and capable of making the best use of resources, internal and external.
- 2.5 The work undertaken by the service through the joint improvement plan to date has placed the service on a solid platform to move to a new service delivery strategy. This work has fed into an officer review tasked with identifying and developing future options post September 2023 aligned to best practice in asset management.

- 2.6 A detailed options assessment is being conducted in relation to the options available to the Council, the status of this options assessment including advantages and disadvantages of the respective options currently being considered is set out in Appendix 3 of this report, table 1 below summarises the current options under consideration:

Option	Description
1. Bring All Services In-House including operations through a DSO / DLO arrangement	In-source all activities including management, strategy and policy, design capability and operational services providing an end-to-end in-house service.
2. Total Outsource of all activities maintaining a 'Thin Client' model	Traditional client and contractor relationship with the initial service design defined by the client and service delivery transferred to the contract provider.
3. Local Authority Trading Company	Development of a wholly owned Local Authority Trading Company not restricted by the Public Contract Regulations regarding suppliers.
4. Joint Venture with a commercial partner	Formation of a Limited company in partnership with an external service provider through a negotiated agreement. The Council would be the majority shareholder and the provider would provide design and operational delivery capability.
5. Client led collaborative arrangement through a mix market service provision	Client led collaborative arrangement through a mix of self-delivered, internal, and external service provision based upon asset management principles. Maximizing the benefit of internal capacity and capability augmented by client defined professional and operational external providers.
6. Wider Collaboration and Alliance Service Delivery model	Longer-term collaborative contract with a number of suppliers to deliver large scale multidisciplinary project and/or programmes of work.

Table 1: Current Options Assessment

These options will be the subject of further analysis to enable a preferred option to be presented at a future meeting of this Committee.

- 2.7 Aligned to the options assessment a glide path of activities has been developed consisting of seven workstreams as summarised in table 2 below. These glide path workstream activities are agnostic in relation to the final selected option and as such will be conducted to ensure that service improvement journey continues its current positive trajectory.

Workstream	Outcome
1. Improved Customer Satisfaction	Enhanced Member and Customer experience through clearly signposted and delivered services. Resulting reduction in enquiries.
2. People	Clear recruitment strategy aligned to glide path communication plan taking existing staff and new appointments on the journey.
3. Policy	Risk-based asset management policy approach moving the

Workstream	Outcome
	service from a reactive to planned delivery model.
4. Procurement	Service aligned construction management procurement strategy enabling effective and timely operational delivery through the client led collaborative arrangement.
5. Project Management	Medium to Long Term forward pipeline delivered through Project Management Office led project management design & engineering services.
6. Digital Journey	Embedded asset management system and development of website, improving digital transactional and feedback services
7. Finances	Medium and long-term cost certainty enabling effective planning, resourcing, and delivery

Table 2: Glide Path Workstream Outcomes

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None at this stage of the development of the future service delivery strategy.

4. POST DECISION IMPLEMENTATION

4.1 Work will continue with:

- Options assessment leading to the delivery of a future report to this committee setting out the outcome of the assessment and preferred option.
- Delivery of the glide path activities to deliver service improvement aligned to the options assessment.
- The commencement of negotiations with Tarmac Kier JV to develop the terms of a potential future service provision post September 2023

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The aims of the options assessment for the Highways Future Service Delivery Strategy are consistent with the council's Corporate Plan, Barnet 2024, in that it aims to ensure the delivery of high quality, good value services.

5.1.2 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate and committee priorities as set out in the Corporate Plan (Barnet 2024) and Annual Delivery Plans.

5.1.3 The Highway network is the Council's most valuable asset and is vital to the economic, social and environmental wellbeing of the Borough as well as the general image perception. The Highways provide access for business and communities, as well as contribute to the area's local character and the resident's quality of life. The move to the proposed Highways Future Service Delivery Strategy will ensure the service has the necessary capacity and capability to deliver against corporate priorities post September 2023.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The delivery of the Highways Service is within the financial envelope set by the Council through the approved MTFS.

5.2.2 The procurement activities, including negotiation of potential future service provision with Tarmac Kier JV are included in the Annual Procurement Forward Plan as approved by the Policy and Resources Committee at the 9 December 2021 meeting.

5.2.3 There are no Staffing, IT or Property implications because of this report.

5.3 Legal and Constitutional References

5.3.1 Prior to the Environment Committee consideration of this report, reports have been considered by the Financial Performance & Contract Committee and Policy & Resources Committee. Constitutional references are detailed in the reports to those committees referenced in section 7 (Background Papers). Due to the significance of the services currently provided by Capita (including the RE Highways service), Council will consider a Review of the Capita Contracts at its meeting on 25 January 2022. Subject to Council approving the recommendation relating to the RE Highways service, a further report will be brought back to the March meeting of this Committee which seeks formal approval for the proposed Highways Delivery Strategy and preferred future service delivery option as referred to in this report.

5.3.2 The Council's Constitution Article 7 – Committees, Forums, Working Groups and Partnerships (Responsibility for Functions, 7.5) gives the Environment Committee responsibility for all borough-wide or cross-constituency matters related to the street scene.

5.3.3 Legal advice will be sought as required, including on contractual, public procurement, consultation, and employment related matters, to ensure that the council acts lawfully at all times.

5.4 Insight

5.4.1 The service delivery will be informed by insight data provided through the Councils asset management systems and other sources.

5.5 Social Value

5.5.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. As set out in the council's Contract Procedure Rules, commissioners should use the Procurement Toolkit,

which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through the contract management process.

5.6 Risk Management

5.6.1 Effective management of risk is an integral part of asset management and the Council's Risk Management Framework has established strategic and departmental risk registers.

5.6.2 The Code of Practice 'Well-managed highway infrastructure' (2016) advocates the adoption of a risk-based approach to the management of highway infrastructure assets, and the options assessment for the Highways Future Service Delivery Strategy has been developed in accordance with this.

5.7 Equalities and Diversity

5.7.1 Good roads and pavements have benefits to all sectors of the community in removing barriers and assisting quick, efficient, and safe movement to schools, work and leisure. This is particularly important for older people, people caring for children and pushing buggies, those with mobility difficulties and sight impairments. The state of roads and pavements are amongst the top resident concerns and the Council is listening and responding to those concerns through the management of an effective highway network.

5.7.2 The physical appearance and the condition of the roads, pavements and highway infrastructure have a significant impact on people's quality of life. A poor-quality street environment will give a negative impression of an area, impact on people's perceptions and attitudes as well as increasing feelings of insecurity. The Council's policy is focused on improving the overall street scene across the borough to a higher level and is consistent with creating an outcome where all communities are thriving and harmonious places where people are happy to live.

5.7.3 There are on-going assessments carried out on the conditions of the roads, pavements, and highways infrastructure in the borough. These ongoing assessments incorporate Public Rights of Way on which there were requests by letter, email, and phone-calls from users.

5.7.4 The Equality Act 2010 outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

5.7.5 The broad purpose of this duty is to integrate considerations of equality into day-to-day business and keep them under review in decision making, the design policies and the delivery of services. There is an on-going process of regularisation and de-clutter of street furniture and an updating of highway features to meet the latest statutory or

technical expectations.

5.8 Corporate Parenting

5.7.1 No direct or indirect impacts on looked after children or care leavers identified beyond those applicable to the population as a whole.

5.9 Consultation and Engagement

5.9.1 None as a direct result of this report.

6. ENVIRONMENTAL IMPACT

6.1 Implementing the recommendations in the report will lead to a positive impact on the Council's carbon and ecology impact aligned to the council's emerging Sustainability Strategy in relation to supply chain operations and material selection including use of low carbon and recycled materials.

7. BACKGROUND PAPERS

7.1 Policy and Resources, 9 December 2021, Recommendation from Financial Performance & Contracts Committee – Review of Capita Contracts

<https://barnet.moderngov.co.uk/documents/g10890/Public%20reports%20pack%2009th-Dec-2021%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>

7.2 Financial Performance and Contracts Committee, 23 November 2021, Review of Capita Contracts:

<https://barnet.moderngov.co.uk/documents/g10801/Public%20reports%20pack%2023rd-Nov-2021%2019.00%20Financial%20Performance%20and%20Contracts%20Committee.pdf?T=10>

7.3 Financial Performance and Contracts Committee, 8 June 2021, Item 8, Review of Capita Contracts:

<https://barnet.moderngov.co.uk/documents/g10799/Public%20reports%20pack%2008th-Jun-2021%2019.00%20Financial%20Performance%20and%20Contracts%20Committee.pdf?T=10>

Appendix 1:

Re Highways Service, high level service configuration

At a high level the Highways Network statistics are as follows:

- 5 million square metres of road carriageway
- 3.5 million square metres of pedestrian footway
- Estimated Value £1600m
- Over 690km road length (top quartile for road length in London)

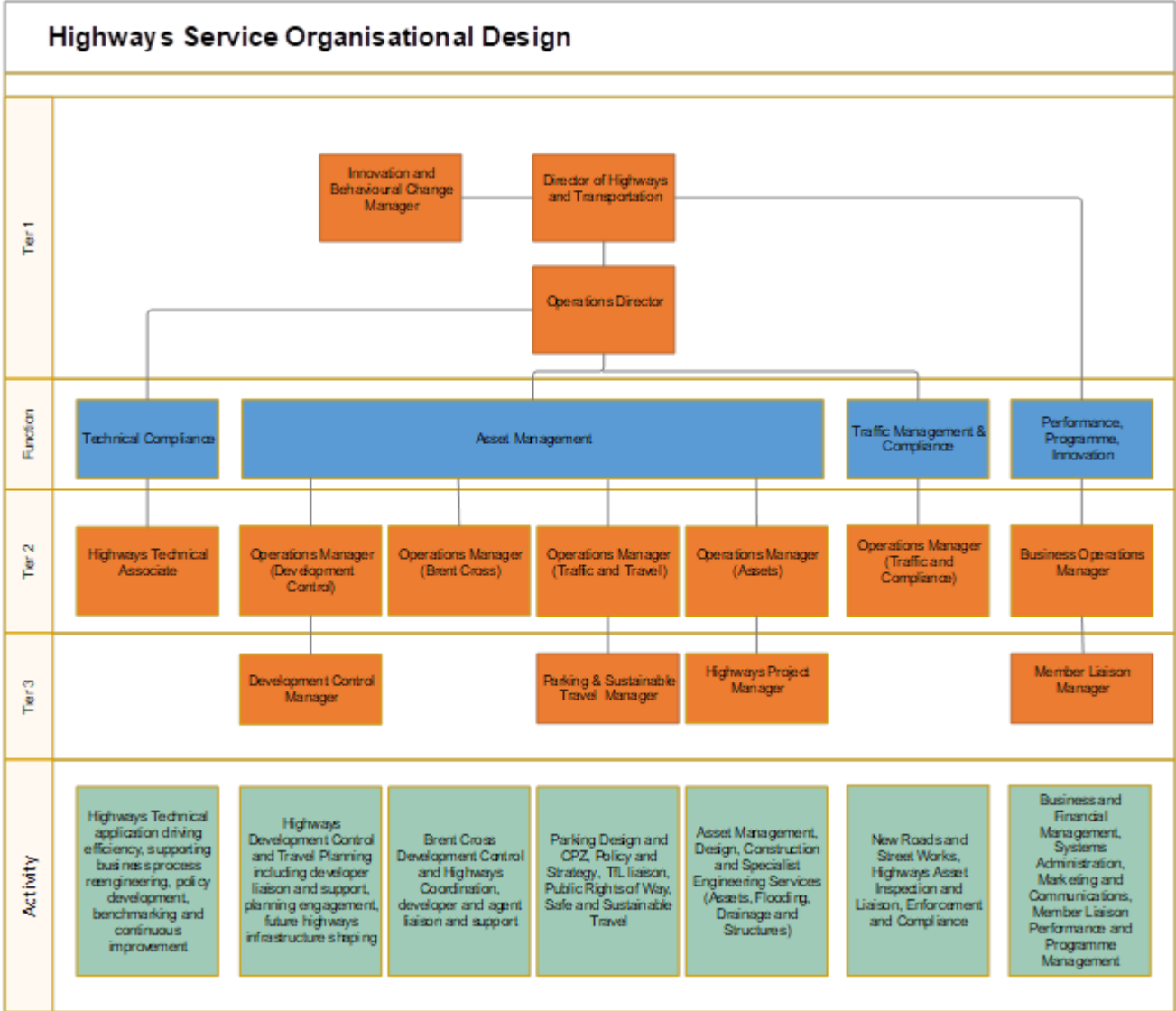
- **Highways Network Management** (Carriageways, footways and Asset Management; Crossovers, Drainage, Winter Gritting, Bridges & Term Contract Management)
- **Traffic & Development and Highways Strategy** (responsible for parking design, traffic schemes, highways planning, development control, travel planning, road safety education and the highway maintenance programme)
- **Transport and Regeneration** (undertaking transportation development control input into regeneration schemes)

- Highways Development Control
- Brent Cross Development Control
- Parking Design and CPZ
- Public Rights of Way
- Safe and Sustainable Travel Planning
- Engineering Design and Construction
- Highways Licences including Vehicle Crossovers
- Asset Condition Management
- Flood Risk Management
- Drainage Management
- Structures and Bridges
- Street works and Utility Management
- Highways Asset Inspection
- Highways Emergency Response (coordination)
- Highways Accident Investigations
- Network Recovery Plan (NRP) Programme
- Local Improvement Plan (LIP)
- Area Committee Support
- Asset Planning and Strategy
- Winter Maintenance
- Public Transport and Transport for London (TfL) engagement

The operational planned and reactive maintenance aspects of the service are delivered through the Highways Term Maintenance Contractor, Tarmac Kier JV in the contract which currently terminates 30 September 2023.

Appendix 2:

Highways Service Organisational Design



Appendix 3:

Current Options Assessment

Option	Description	Advantages	Disadvantages
Bring All Services In-House including operations through a DSO / DLO arrangement	In-source all activities including management, strategy and policy, design capability and operational services providing an end-to-end in-house service.	Retention of greatest overall control of the services, end to end from setting strategy through to design and operational delivery.	Inflexible model that does not factor in the demands of a highway service in relation to peaks and troughs, seasonality and resource requirements for specialist skills that may not need to be fully resourced.
Total Outsource of all activities maintaining a 'Thin Client' model	Traditional client and contractor relationship with the initial service design defined by the client and service delivery transferred to the contract provider.	Transfer of risk to contract provider. Clearly defined client strategy and policy framework. Defined boundaries between client and contractor activities be they design or operational delivery.	Requires significant set up arrangements with strong, effectively procured contracts and associated governance with a strong client structure managing commercial and performance measures. In flexible to the demands of the changing demands of the service.
Local Authority Trading Company	Development of a wholly owned Local Authority Trading Company not restricted by the Public Contract Regulations regarding suppliers.	Ability to be effectively set up to incorporate services and respond to trade opportunities quickly. Direct control over the serviced delivery and management of any profits secured. Flexible to develop opportunities with commercial partners including the ability to become a future Joint Venture organisation.	Requires resources to set up with associated due diligence in relation to financial, commercial and tax status. In addition, a need to determine resourcing especially in relation to funding, back-office provision, staff onboarding and incorporation of assets.

Option	Description	Advantages	Disadvantages
Joint Venture with a commercial partner	Formation of a Limited company in partnership with an external service provider through a negotiated agreement. The Council would be the majority shareholder and the provider would provide design and operational delivery capability.	<p>Delivery model known to the Council with the ability to mitigate and manage risk. Ability to effectively trade and manage income targets.</p> <p>Ability to access wider service suite offered by the commercial provider.</p>	<p>Requires significant set up arrangements with strong, effectively procured contracts and associated governance with a strong client structure managing commercial and performance measures.</p> <p>Risks and liabilities can still sit with the Council.</p>
Client led collaborative arrangement through a mix market service provision	Client led collaborative arrangement through a mix of self-delivered, internal, and external service provision based upon asset management principles. Maximizing the benefit of internal capacity and capability augmented by client defined professional and operational external providers.	The ability to implement a new client led approach to prioritisation and procurement of services aligned to outcomes. Maximisation of service efficiency and effectiveness through the deployment of self-delivered, internal (within the Council) and external service provider delivery aligned to an asset based 3 years plus delivery plan with the ability to flexibly approach third party income and grants.	Requires strong strategic management with aligned project management office capacity and capability to coordinate and deliver the plan for the benefit of our customers.
Wider Collaboration and Alliance Service Delivery model	Entering into a longer-term collaborative contract with a number of suppliers to deliver large scale multidisciplinary project and/or programme of work	Collaborative working model established in line with NEC4 alliancing model with the benefits of aligned objectives and risk share. Capable of delivering across multi-disciplinary suppliers i.e. consultants and contractors. Less opportunity for dispute.	Requires clarity of outcomes with significant set up arrangements to maximise the underlying risk and reward model.