



Essex County Council

## Place Services and Economic Growth Policy and Scrutiny Committee

10:30	Thursday, 17 December 2020	Online Meeting
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The meeting will be open to the public via telephone or online. Details about this are on the next page. Please do not attend County Hall as no one connected with this meeting will be present.

**For information about the meeting please ask for:**

Lisa Siggins, Democratic Services Officer

**Telephone:** 033301 34594

**Email:** democratic.services@essex.gov.uk

### Essex County Council and Committees Information

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Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

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		<b>Pages</b>
<b>1</b>	<b>Membership, Apologies, Substitutions and Declarations of Interest</b>	<b>5 - 5</b>
<b>2</b>	<b>Minutes of the Previous Meeting</b>	<b>6 - 9</b>
	To approve as a correct record the Minutes of the meeting held on 26 November 2020.	
<b>3</b>	<b>Questions from the Public</b>	
	A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed.	
	If you would like to ask a question at the meeting, please email <a href="mailto:democratic.services@essex.gov.uk">democratic.services@essex.gov.uk</a> before 12 Noon on the working day before the meeting (Wednesday 16 December).	

**4 Update on Ringway Jacobs Contract**

**10 - 56**

Members to receive report (PSEG/15/20) alongside a presentation from Cllr Kevin Bentley, Deputy Leader and Cabinet Member for Infrastructure and Andrew Cook, Director for Highways and Transportation.

**5 Date of Next Meeting**

To note that the next meeting will be held on Thursday 21 January 2021. It is expected that the meeting will be held online, via Zoom.

**6 Urgent Business**

To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

**7 Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

**Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**



## Agenda item 1

**Committee:** Place Services and Economic Growth Policy and Scrutiny Committee

**Enquiries to:** Peter Randall, Senior Democratic Services Officer

### **Membership, Apologies, Substitutions and Declarations of Interest**

#### **Recommendations:**

To note

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

#### **Membership**

(Quorum: 5)

Councillor I Grundy  
Councillor A Erskine  
Councillor I Henderson  
Councillor S Hillier  
Councillor P Honeywood  
Councillor D Kendall  
Councillor S Lissimore  
Councillor B Massey  
Councillor R Moore  
Councillor C Pond  
Councillor R Pratt  
Councillor W Schmitt  
Councillor C Weston  
Councillor A Wood

Chairman

# **Minutes of the meeting of the Place Services and Economic Growth Policy and Scrutiny Committee, held digitally on Thursday, 26 November 2020**

## **Present from the Committee:**

Councillor I Grundy (Chairman)	Councillor S Lissimore
Councillor A Wood	Councillor C Pond
Councillor R Moore	Councillor R Pratt
Councillor A Erskine	Councillor D Kendall
Councillor S Hillier	Councillor C Weston
Councillor P Honeywood	Councillor B Massey

## **Also in Attendance:**

Cllr M Mackrory	Cllr V Metcalfe
Cllr A Turrell	Cllr M Buckley

### **1. Membership, Apologies, Substitutions and Declarations of Interest**

There are no changes to the membership of the committee since the last meeting.

It was noted by the committee that this would be a joint meeting, with members of the Corporate Policy and Scrutiny Committee also invited to attend.

Apologies were received from Cllr W Schmitt

### **2. Minutes**

Members approved as a correct record Minutes of the meeting held on 29 October 2020.

### **3. Questions from the Public**

There were no requests to speak from members of the public.

### **4. Covid Update – Passenger Transport**

Members noted report PSEG/13/20. Members additionally noted that the passenger transport team are due to return to the committee in January 2021 for an update on the upcoming passenger transport strategy.

## 5. ECC Economic Recovery Programme

The panel for this item was:

- Cllr Tony Ball, Cabinet Member for Economic Development
- Steve Evison, Director for Sustainable Growth
- Mark Doran, Director for Sustainable Growth
- Andy Burgess, Head of Economic Growth.
- Ricky Thackrar, Principal Economic Growth Officer

Cllr Tony Ball introduced the panel and officers proceeded to talk members through a presentation. Key points raised included:

- Unemployment - Essex claimant count has surged to over 5.6% or 50,575 workers as at October 2020. This is an improvement since the summer 2020 peak at over 70,000 but still considerably more than the 2.2% average across the previous 10 years.
- Most businesses have been able to trade again since Aug 2020 however the second period of national lockdown in November will have a further significant impact on employment.
- Nearly 40% of the Essex working age population are being supported by central government temporary fiscal measures.
- It is estimated that 18,000 employers are furloughing (27% of all Essex employers), and 108,000 employees are currently furloughed (12.8% of all Essex employees).
- Travel, Hospitality, Retail, and Leisure generate 15-40% of Essex GVA. Despite being buoyed by more businesses opening up to take advantage of the Eat Out to Help Out scheme in August and increased demand for staycations, these sectors continue to be significantly impacted with a disproportionate impact on coastal communities.
- Deprived areas continue to be the hardest hit but Covid is impacting traditionally prosperous places with Braintree (39.4%) & Epping Forest (38.5%) all experiencing furlough rates well above the national average (32%).
- But areas in deprivation are less resilient to economic shocks and likely to find it harder to bounce back, with Tendring & Harlow highly affected with 37.3% and 40.3% workers furloughed respectively).
- Unemployment is impacting all age groups but has had an initial disproportionate impact on those aged 16-24 with 13.7% or 10,700 of all new Essex claimants were aged 16-24 as of June 2020.
- In July and August 20, those aged 25 to 65 are now 2.5 times more likely than other age groups to work in a highly impacted sector or be furloughed.
- The framework for the economic recovery programme will take place in two phases: Phase 1 – Crisis response – Adapting to social restrictions and building economic resilience. Phase 2 – Responding to structural changes and investing in future prosperity.
- Since the move to tier 2, ECC has provided the following support to business:

- Continuous provision of Free Business Advice.
- Factsheet for hospitality to clarify rules and set out sources of support.
- Developed Business Adaptation Grant for Tier 2 focused on hospitality.
- Streamlined process for additional outdoor space.
- Marketing campaign Great Days Out, Close to Home.
- Held a number of business roundtables.
- Future support will include:
  - Engagement with chambers of commerce, BIDs and districts.
  - £2.2m in targeted funding for business adaptation.
  - Marketing to build consumer confidence.

Following the presentation members were invited to discuss the item with the panel. Key points raised by the committee included:

- Green investment – members enquired around investment in Green businesses and apprenticeships in green open space management and burial work in local town councils – Members were told that engagement on that level hadn't yet taken place, but any effort to tie into ECC's green overarching green agenda would be welcome.
- Kickstart programme – Members raised questions around the timings for the scheme – it was noted that the scheme would be moving forward in two waves, with an initial tranche of internal placements, followed by a secondary process where ECC becomes an intermediary body for local businesses. Additional resources have been brought on board to deliver the scheme.
- Business Support – members noted that the proposed business support function doesn't go live until April 2021. Concerns were raised around the businesses struggling now. Members were assured that the existing 'Back to Business Essex' service was continuing to operate and has adapted well to Covid pressures.
- Resourcing – Members raised concerns around capacity to deliver proposals in the CMA. Members were informed that further resource had been made available to aid delivery of services.
- Transport – members requested that officers and the Cabinet Member tie in with the passenger transport team to ensure that opportunities created by the economic recovery programme are accessible to all Essex Residents.
- Tourism – Members noted that the tourism industry in Essex relies heavily on volunteers to deliver schemes and events. It was noted that further support to tourist centres in the form of guidance and joined up working would be necessary for these sectors to succeed.
- Short term placements – Members raised concerns around the 'cliff-edge' created by short term placements, with the long-term job prospects of those placed in the scheme at risk. Members were assured that this would be monitored moving forward to ensure good conditions for placement holders. This is seen as a reputational issue for ECC. Historically, these sort of schemes often lead to full-time, permanent employment.
- Town centres – Members raised concerns around the impact of the pandemic on already struggling town centres. The panel shared concerns

and noted that the pandemic had clearly expedited an already growing process of retail moving away from the high street. Members were assured that officers were working with district partners to ensure that support and grant funding were in place where appropriate.

- Opportunities within the agricultural sector – Members noted that agricultural opportunities were a prime area for skills growth. Officers agreed in principal, and agreed to explore opportunities in agriculture and agri-tech.

Cllr Grundy thanked Cllr Ball and the panel for their attendance.

## **6. Date of Next Meeting**

Members noted that the next committee activity day is scheduled for Thursday 17<sup>th</sup> December

## **7. Urgent Business**

None received

## **8. Urgent exempt Business**

None received

## **Close of meeting**

The formal meeting was closed at 11.31

<b>Report title:</b> Update on Ringway Jacobs Contract	
<b>Report to:</b> Place Services and Economic Growth Policy and Scrutiny Committee	
<b>Report author:</b> Peter Randall, Senior Democratic Services Officer	
<b>Date:</b> December 17 2020	<b>For:</b> Discussion
<b>Enquiries to:</b> <a href="mailto:Andrew.Cook@essex.gov.uk">Andrew.Cook@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Purpose of Report

- 1.1. The purpose of this report is to update a joint meeting of the Corporate and Place Services and Economic Growth Policy and Scrutiny Committees on the Ringway Jacobs Contract.

## 2. Background

- 2.1. At Scrutiny Board on October 15 2020 it was agreed that a joint session should be convened to receive an update on the Ringway Jacobs Contract.
- 2.2. During the session, members will receive a presentation on the Essex Highways contract. This will include high level contract performance data, a recap on the decision to extend the contract and an update on the impact of Covid-19 on highways operations.
- 2.3. Between December 2018 and May 2019, A task and finish group consisting of members of both the Corporate, and Place Services and Economic Growth Policy and Scrutiny Committees met to discuss the Ringway Jacobs contract and possible contract extension.
- 2.4. The group produced the attached report (Appendix A), containing 23 recommendations.
- 2.5. In July 2019, Cllr Bentley, Deputy Leader and Cabinet Member for Infrastructure attended a joint scrutiny session of both committees to present his response to the task and finish recommendations. A written copy of these responses is also attached (Appendix B).
- 2.6. The contract was extended at Cabinet in February 2020, as outlined in the report attached, decision FP/479/07/19 (Appendix C).

## 3. Session Aims

- 3.1. Members are asked to discuss the report and provide feedback/recommendations to officers. Members are also asked to outline the future ongoing scrutiny relationship they would like to see put in place to monitor the contract.

## 4. List of appendices

- **Appendix A:** Ringway Jacobs Task and Finish Group Report.

- **Appendix B:** Written response to Task and Finish report from Cllr Kevin Bentley.
- **Appendix C:** FP/479/07/19: Extension of the Essex Highways Partnership Contract with Ringway Jacobs

# Scrutiny

Improving public services

## Ringway Jacobs

A Joint Task and Finish Review

April 2019

**Place Services and Economic Growth  
Policy and Scrutiny Committee**

**Corporate Policy and Scrutiny  
Committee**

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## **1. Foreword from the Chairman of the Task and Finish Group, including the summary of recommendations**

As Chairman of the Ringway Jacobs Task and Finish Group, I am pleased to submit the following report and recommendations to the Cabinet Member. This paper is the end result of a really ambitious piece of work, with officers and members acting collaboratively to conduct a comprehensive and wide-ranging scrutiny exercise. Given the sensitivity of the subject matter, I think we can all be proud of the manner in which this investigation was conducted.



Being a 'critical friend' within a political environment is not always easy. I am really pleased with how members came together, leaving rosettes at the door to provide positive and constructive insight. As local representatives we are always uniquely placed to offer genuine challenge, but this particular exercise required us to draw beyond local experience, looking strategically at the system as a whole. I'd like to thank members for their knowledge and insight, but particularly for their positive engagement with this process. I think that it is clear from the recommendations that our determination has been rewarded with some really insightful and ambitious outcomes.

I am sure that members of the Task and Finish Group will join me in thanking officers for their time and commitment to this project. Collectively, we have learnt a great deal from this exercise. We are incredibly grateful for the hard work that Essex Highways and Essex County Council (ECC) staff have devoted to this project to ensure its success. We have benefitted from a great deal of expertise, knowledge and candour throughout this process and the report is stronger for it. We look forward to building on this open and ongoing dialogue as we move forward.

As local members we have a responsibility to ensure that the services offered by ECC are robust and ensure value for money. Providing an effective and efficient highways system will always be an unenviable task. Alongside task and finish colleagues, I feel strongly that by continuing to strengthen the relationship between members and highways and by building on the recommendations within this report, there is a great potential for scrutiny to truly add value.

I hope that the recommendations set out in this piece of work go some way to building on the good work already taking place and I look forward to working more closely in the future.

Thank you for your consideration. I commend this report to the Committees.

**Cllr Tony Ball**  
**Chair, Task and Finish Group**

## **Summary of recommendations**

### **Contract Re-procurement**

1. Members of the Task and Finish Group recommend to ECC Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.
2. Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.

### **Ongoing Scrutiny**

3. A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.
4. The annual review of Key Performance Indicators (KPI's) that are presented to the Cabinet Member should also be presented to the Place Services and Economic Growth Policy and Scrutiny Committee and the Corporate Policy and Scrutiny Committee for further review, with time to offer recommendations.
5. The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.
6. The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the 'buddy system'. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the 'buddy system' already in operation.

### **Maintenance**

7. The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the 'risk impact' scale, but only slightly on the 'risk probability' scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.
8. The Cabinet Member and officers should explore reviewing the current Maintenance Strategy (last updated in 2008) with a view to determining suitability of ECC's current policy priorities and is encouraged to make use of the Working Group. This should include a conversation around road classifications and priorities as well as the current criteria for defects to warrant repair.
9. Members noted with concern that particular KPI's outlining timescale requirements for street light repairs had been removed from the contract. Members ask that KPI A14 (average number of days taken to repair lighting faults within control of the Local Authority is reinstated.
10. Members should receive a more accurate indicative timetable for remedial works and larger schemes, with estimates on timescales provided for communication with local residents.
11. A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard.

### **Reporting of defects**

12. Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.
13. The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.
14. All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.

### **Customer Services and Communications**

15. It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed, but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.
16. Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.
17. A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.

### **Supply Chain**

18. The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.
19. ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.
20. All third parties carrying out work on ECC's behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.
21. The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.
22. ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group should engage with these and the Chairman of the Ringway Jacobs and Essex

Highways Working Group should be invited to attend Supply Chain Forum meetings.

23. Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.

## **2. Background**

The aim of the group was to provide recommendations and feedback to be taken into account when ECC makes its decision as to whether or not the option of renewing the contract for a further five years is implemented.

### Membership

At the November 2018 meetings of the Corporate Policy and Scrutiny Committee and the Place Services and Economic Growth Committee, it was agreed that this item would be included in both work programmes moving forward and commence with immediate effect, a review of the current Ringway Jacobs highway maintenance contract and established a Task and Finish Group.

The full membership of the Task and Finish Group was as follows:

- Councillor Tony Ball, Wickford Crouch
- Councillor Jo Beavis, Halstead
- Councillor Michael Hardware, Harlow West
- Councillor Stephen Hillier, Pitsea
- Councillor David Kendall, Brentwood South
- Councillor Valerie Metcalfe, Buckhurst Hill and Loughton South
- Councillor John Moran, Saffron Walden
- Councillor Ron Pratt, Southminster
- Councillor Anne Turrell, Mile End and Highwoods
- Councillor Carole Weston, Rochford West.

At the initial scoping meeting on 17 December 2018, the group agreed Councillor Tony Ball would be the Chairman of the Task and Finish Group.

During this scoping meeting, the group identified four key areas they wished to explore further:

- KPI's
- Perception
- Quality of repairs
- Other authorities.

### Evidence base of the scrutiny review

A scoping document (Appendix 1) was agreed during a meeting of the Task and Finish Group on 17 December 2018. Evidence was sought from those identified in the scoping document and those listed below attended as witnesses:

Councillor Kevin Bentley	Deputy Leader and Cabinet Member for Infrastructure
Councillor Lesley Wagland	Deputy Cabinet Member for Infrastructure
Andrew Cook	Director for Highways and Transportation
Peter Massie	Head of Essex Highways Commissioning
Laura Lee	Head of Procurement – Corporate and Place
David Forkin	Head of Maintenance and Operations
Diane Crix	Category and Supplier Relationship Specialist
Mark Godson	Head of Communications, Essex Highways

The Task and Finish Group are content that it has received views and contributions from relevant individuals to undertake this review. The contributions received are highlighted in the section below, which is presented together with recommendations for the Cabinet Member, Councillor Kevin Bentley, from whom the Task and Finish Group invites for a response.

### **3. Evidence and recommendations**

#### Key evidence

The Task and Finish Group held four formal meetings, during which officers presented and provided information based on the key lines of enquiry identified during the scoping meeting.

#### **Contract Re-procurement/extension**

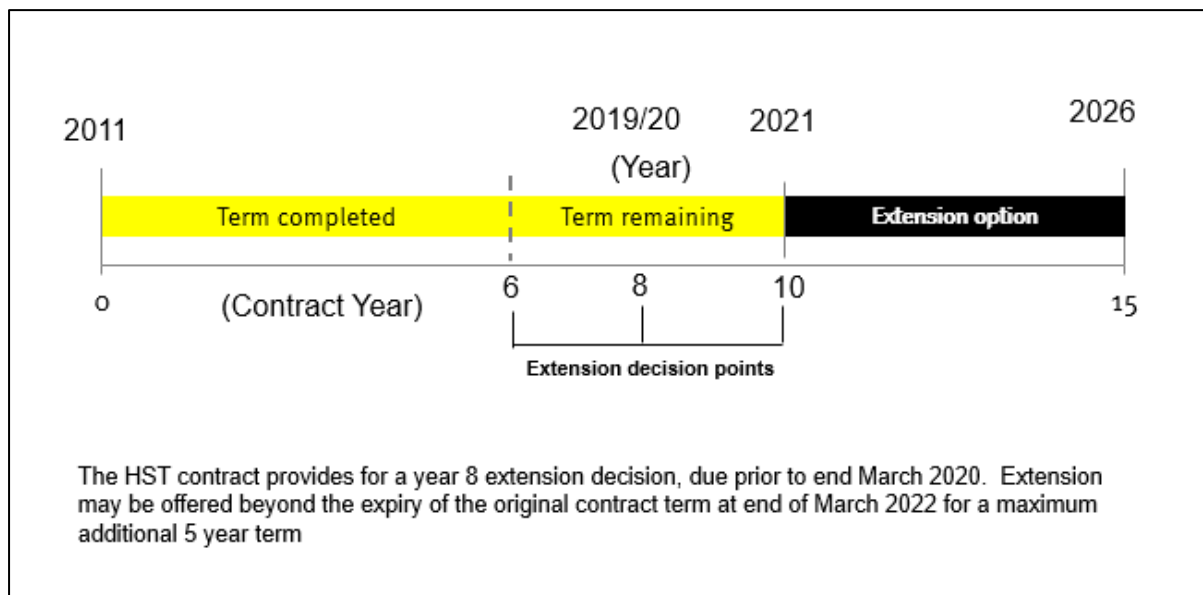
From the offset, Task and Finish Group members looked for clarity around the intentions of the Cabinet Member to re-procure, and the readiness for ECC to explore an alternative procurement strategy should the Task and Finish Group recommend it.

Officers provided guidance around how a re-procurement exercise might work, the potential options available to ECC moving forward and some background information to inform recommendations.

The current contract was procured in 2011 with ECC accumulating 13 previous contracts and awarding one overarching highways service contract to a wholly joint venture between Eurovia Ltd and Jacobs (Ringway Jacobs). This represents 50% of Ringway Jacobs's business. Annual spend on this service has varied between £78.7m and £154.7m (dependant on the priorities of ECC leadership at the time), split between capital and revenue. The contract is based on actual cost plus arrangements with a fixed percentage, and corporate overhead, also a fixed percentage, applied to transactions. When completing work through the supply chain as a provider, Ringway Jacobs and its parent companies will apply a joint profit value to ensure that profits are not duplicated and ECC is assured of value for money.

Activities covered by the contract include reactive repairs (footway and carriageway repairs), winter services, white lining, gulley maintenance, capital structure maintenance. Contract mechanisms incentivise performance with deductions for missed KPI's overspends and lost productivity. KPI performance for the last 3 years has been between 94-99%. Over £20m of efficiencies have been delivered since the start of the contract.

The contract timeline is set out in the chart below:



In terms of high level options moving forward, officers outlined five potential avenues for exploration. ECC could either:

- Extend the contract for five years with some changes to existing arrangements
- Extend the contract possibly not for the full five years with some changes to existing arrangements
- Re-procure with a different model
- Re-procure with the same model
- Extend for one year to allow more time to gather evidence, review options and make time for potential service transformation

Members formed a view that officers and the Cabinet Member displayed a preference for option A.

When explored further, Members were made aware of potential procurement timelines and the amount of work required for ECC to be in a secure position to undergo a complete re-procurement exercise or to explore alternative methods of managing the highways service (i.e. dynamic purchasing/procurement model, multiple contracts/providers or a new provider with a new contractual arrangement).

Members came to a view that it was clear through the activity already undertaken in preparation that extension was a foregone conclusion, rather than one of multiple options for potential exploration - some of which might offer a more dynamic and effective highways service. With this in mind, the Task and Finish

Group felt that there was little option other than to move forward with option A. There are, however, a number of areas with which members can envisage significant improvement if the steps outlined throughout this report are taken on board. This begins with a greater involvement of Scrutiny moving forward.

#### **Associated recommendations:**

1. Members of the Task and Finish Group recommend to Essex County Council's (ECC) Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.
2. Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.

#### **Ongoing Scrutiny**

- Members agreed that, moving forward, a greater role for scrutiny should be factored into re-procurement conversations. It was noted that the work of the Task and Finish group had yielded a great amount of information, and opened avenues of inquiry far beyond what was possible with the timeframes allowed for this initial piece of work. It was agreed that continuing member input should take the form of a working group (hereafter referred to as the Ringway Jacobs/Essex Highways Working Group). This should be used as a means by which to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the task and finish group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Task and Finish Group agreed that the Working Group should meet quarterly in order to properly cultivate a regular and meaningful dialogue with key stakeholders
- Members discussed the KPI process with officers and the method with which KPI's are reviewed annually, with some removed and some introduced. Officers advised that, prior to the start of each contract/financial year, a review exercise of performance against contract measures is undertaken by officers and the Cabinet Member where potential changes to measures and targets are explored. This is influenced by previous performance, changes in policy/procedures/legislation, new ways of working and value for money. Officers asserted that the collaborative contract allows for a more dynamic approach to KPI's, with both parties working constructively to ensure that expectations are both ambitious and fair

- Officers used the example of the KPI SC5/CP07. This relates to the percentage of public rights of way that are easy to use. In year one of the contract this was set at 75%. Due to re-evaluated funding for this particular area of focus, the KPI was reduced to reflect reductions in investment
- As can be seen below, in years two and three of the life of the contract the target dropped to 57% and in year 4 dropped further to 54%. In response to this, Ringway Jacobs proposed an updated methodology which would make the results of the survey against which the KPI was measured fairer – for example, if a fingerpost was missing from a route, only that section of the route ‘failed’ rather than the whole route, so 250m might fail, rather than the whole route of 1200m

### **SC5/CP07**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
75%	57%	57%	54%	56%	65%	65%

- Members agreed that it would be useful to involve scrutiny members more closely in the annual review process to ensure that KPI’s more accurately reflect local need
- Officers did note the cost implications of introducing new KPI’s. Any new contract expectations would have to be properly benchmarked and incentivised through new KPI arrangements. KPI’s that are not met at the end of the year result in a profit reduction for Ringway Jacobs
- KPI’s are set on annual basis and any changes are agreed and signed off by the relevant Cabinet Member. Those KPI’s that are not met are subject to an improvement plan. Some KPI’s are measured annually, with progress unknown until the new financial year begins
- After year three, the total number of KPI’s were streamlined as they were judged by ECC to overlap each other and/or were no longer relevant with regards to ECC’s strategic goals
- If any KPI’s remain red for two consecutive months, Ringway Jacobs must present an improvement plan to ECC showing how this will be rectified. This is reported to the Essex Highways board. The Cabinet Member is informed of such occurrences on a quarterly basis
- Members were quick to commend the Cabinet Member on the success of the ‘buddy system’ and the positive impact of this upon member relationships with Essex Highways. Similarly, members were impressed with the work currently taking place to open up the Local Highways Panels (LHPs) to greater public involvement. It was agreed that this represented a significant step in the right direction, albeit with considerable room for improvement in future. It was noted, however, that greater work could be

done to ensure that members are more directly informed of work in their local area, with access to new forms of scrutiny beyond formal committee work

- The Task and Finish Group were impressed with the extent of benchmarking work that has already taken place with regards to preparing ECC for future conversations around procurement and market alternatives. Members were left with the impression that they had only touched the surface of this particular strand of work and agreed that this could be an area for the working group to take forward
- Members noted that due to timescale associated with this piece of scrutiny work, they have not yet had the opportunity to engage in site visits to other local authorities, something which was identified as part of the scoping exercise undertaken at the beginning of this process. This is something the Ringway Jacobs and Essex Highways Working Group would consider as part of its work programme.

### **Associated Recommendations**

3. A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.
4. The annual review of Key Performance Indicators (KPI's) that are presented to the Cabinet Member should also be presented to the Place Services and Economic Growth Policy and Scrutiny Committee and the Corporate Policy and Scrutiny Committee for further review, with time to offer recommendations.
5. The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.
6. The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the 'buddy system'. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the 'buddy system' already in operation.

## Maintenance

- Officers noted that ECC employs a fairly expansive team of Highways Inspectors who monitor and inspect according to set patterns. They record and raise defects as and when they occur
- When carrying out an inspection officers record the defect, check the severity of impact and nature of the damage, the rate of interaction and then apply a risk assessment and timeline for completion of works
- The impact of the defect outlines the imminent threat of damage and the size/shape/depth of the defect and position in the road. Following questions, members were assured that this would take into account the size/width of the road – narrow roads would incur a higher impact score. Members were further assured as to the consistency of approach, allowing for a fair triaging of potentially hazardous defects across the county
- Members noted that it would be useful if the above table and allocated score were made available to the public at the time of triage, with updates available online upon enquiry. This would provide greater assurance as to the timescale of works involved. It was also noted that it would be useful if greater education around this were made available to members, allowing for more effective communication between local representatives and residents
- Members discussed the effectiveness of the ranking system altogether. It was noted that this was potentially outdated. Officers acknowledged that a pipeline of work could be developed to explore the feasibility of reviewing this system
- Officers noted emerging technologies to aid in effective early intervention strategies to improve the quality and expediency of repair work. This was described very much as a future prospect however. Officers were keen to assert that work with Ringway Jacobs allowed for greater opportunities for innovation and development due to the size of the organisation and the scope of Ringway Jacob's 'reach' and resources. This would reportedly not be an option if ECC explored multiple smaller contracts or chose to innovate using in-house resources
- Members also noted previous Task and Finish conversations around 'criteria' for repairs and discussed the potential for this also to be reviewed as part of ongoing conversations
- Officers reported that, if members were to see highways maintenance as a spectrum from asset based focus (ABF) to customer responsiveness we have tended to be more ABF. We are moving more to a compromise now under current leadership.

## Inspection regime

- The inspection regime is not set out in the contract, but KPI's around maintenance are. The criteria for intervention are owned by ECC as part of the maintenance strategy and ECC sets out the resource for repairs. If ECC sets out a more austere or strict funding model, then the contract KPI's will adjust to meet this. Greater integration of ECC and Ringway Jacobs staff has led to a more effective inspection/follow through process
- Essex Highways operates its own inspectors who will quality assure and inspect a random sampling of repairs per year. Last year, 213 spots were inspected with only 2 failures. On top of this, routine audits were carried out periodically as part of a desktop exercise to ensure quality
- Members discussed the importance of hiring internal ECC inspectors and the impact of this in relation to the nature of a 'collaborative' contract.

#### Maintenance of road signage and street furniture

- This rests in the same area of the KPI's as the rest of maintenance. However, the budget for signage maintenance is so strict that only 'safety critical' signage is replaced (i.e. a 'bend warning' sign would receive greater priority than basic direction signage)
- Members expressed frustration at the speed and quality of streetlight repairs. Officers discussed the grouping prioritisation formula Ringway Jacobs adopted to determine the timing of repairs.

#### 'Make safes'

- Members discussed the make safe process and temporary repairs. Officers outlined the timelines expected to ensure a permanent repair and outlined variances in relation to overall probability/impact score.

#### Relationships with local businesses

- The committee commended ECC on the quantity of work provided through the supply chain to local Essex small maintenance and engineering businesses. Quality of utilities works is price driven. When large companies carry out work they do so according to a budget and this often drives down the quality of final works. Smaller companies often carry out work to a superior quality at a more affordable price.

#### Utilities repairs

- Members discussed warranty arrangements when utilities organisations carry out work on Essex Highways. Members agreed that this was an area for further conversation.

#### Materials used in repair work

- Members discussed the potential for innovation in relation to repairs work carried out by Ringway Jacobs. This was discussed specifically in relation to innovations such as recycled plastic road patching

- Officers were keen to assert the importance of remaining cynical until breakthroughs are tested effectively and are assured as safe. That being said, a great amount of work is done to ensure that materials used are not outdated.

### Cyclists and walkers

- Members expressed frustration at the sole focus on carriageways. It was noted that greater esteem be given to footways and cycle paths:
  - Inspectors are trained to pick up on whether or not cyclists will be affected by defects. Greater innovation could include getting more immersed in swerve data (how often cars have to swerve to avoid cyclists). This is a work in progress
  - Overgrowth and vegetation on footpaths are not considered a 'priority' in the same way as other defects (potholes etc.) are under the current Maintenance Strategy
  - Officers were also asked about whether investing in data from Apps such as 'STRAVA' would help in data gathering. Officers were sceptical as to the worth of this.

### **Associated Recommendations**

7. The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the 'risk impact' scale, but only slightly on the 'risk probability' scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.
8. The Cabinet Member and officers should explore reviewing the current Maintenance Strategy (last updated in 2008) with a view to determining suitability of ECC's current policy priorities and is encouraged to make use of the Working Group. This should include a conversation around road classifications and priorities as well as the current criteria for defects to warrant repair.
9. Members noted with concern that particular KPI's outlining timescale requirements for street light repairs had been removed from the contract. Members ask that KPI A14 (average number of days taken to repair lighting faults within control of the Local Authority is reinstated.
10. Members should receive a more accurate indicative timetable for remedial works and larger schemes, with estimates on timescales provided for communication with local residents.
11. A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard.

## Reporting of defects

- It was further noted that greater information was required as to the ratio of defects recording by the public and those recorded by Inspectors. This would allow for a greater understanding of resource allocation and sustainability of service, alongside investment in new detection technology solutions
- Members discussed with officers the efficiency of standard inspection techniques, led by Inspectors. Members asked whether it would be more effective to simply allow for a wholly customer led reporting system with all resources driven into maintenance. This was noted by officers, but it was agreed that to do so would not provide a wholly representative, impartial representation of defects and would not allow for effective triaging of repairs
- Members noted the discussion around reporting tools and agreed that this should be explored further at a later meeting.

## Associated Recommendations

12. Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.
13. The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.
14. All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.

## Customer Services and communication

- It was agreed that originally there was a real push and genuine logic behind prioritising major roads to improve quality. Now that these are in a good state of repair there was an acknowledgement from the Cabinet Member that a reprioritisation was necessary to focus on urban and rural roads. It was noted that this would go a long way to redressing perception imbalances within remote communities. The 2019/20 contract period would focus largely on local roads and footways

- When the contract was drawn up it was noted that an active decision was made to maintain control of communications. While no processes are currently in place it was claimed that the contract would allow for responsibility for communications to formally pass to Ringway Jacobs. Cllr Wagland asserted that this could go a long way to reducing current disconnects between Ringway Jacobs, ECC and members. Potentially a more joined up approach was necessary in the long term, with a joint responsibility for public facing communications would be more prolific
- Members were largely positive regarding the 'buddy system' – building on the good work of the previous local area offices approach and providing dedicated support. Largely however, members noted a distinct communications void between Ringway Jacobs, Essex Highways and members. It was noted that this would need to be addressed in order to cultivate a more effective partnership moving forward
- Members were largely positive about changes to local highways panels, making them more open and transparent. It was agreed that further work should be undertaken to open these to the public more effectively to reduce disconnect between Essex highways and the public. It was also noted that often the output from these in terms of reports were often not particularly accessible with regards to costings, staffing costs etc
- Members engaged in discussion around what processes were in place to inform them as local members, as well as members of the public regarding planned work and timescales. It was acknowledged that the 'roadworks' system is not particularly accessible/user friendly and is rarely up to date. Many members also raised concerns regarding the quality and depth of communications. There is rarely clarity around the scope of the repair (temporary/permanent), timings of work and potential delays
- Members noted the reputational damage to ECC when repairs go wrong. Members of the public do not distinguish between Ringway Jacobs and ECC. It was further noted that when distinctions are made, the conclusion drawn was almost always negative with members of the public assuming that all poor highways work was completed by Ringway Jacobs. This is simply not the case, witnesses claimed, with the vast majority of non 'big-ticket' works completed by subcontractors on behalf of, and managed by Ringway Jacobs. Members noted that Ringway Jacobs was ultimately responsible for poor works due to their project management and quality assurance role
- It was noted by witnesses that ECC systems are inadequate in accepting reports of issues and articulating the timing of work being carried out when notifying local residents
- Witnesses acknowledged that ECC had little control over external organisations and work being carried out on their behalf. It was agreed that more work could be done to liaise effectively with utility companies to

ensure that repairs were not delayed and problems were resolved effectively and expediently

- Witnesses noted that ECC had an excellent record disputing insurance claims. This was largely due to the holistic approach employed by the courts. So long as ECC can display that a reasonable level of routine maintenance is in place then it cannot be held liable for individual accidents related to highways disrepair
- Members noted that, while the buddy system works well, the frustration is with partners and external organisations. The site [www.roadworks.org](http://www.roadworks.org) is great but oftentimes is not effective or up to date. It is difficult to get the good news out there amongst the poor perception
- Members discussed the worth of investing large amounts of money in a communications campaign to improve the quality and quantity of material released to the public. It was noted that this would be a balancing act. To make any notable difference this would require a significant amount of money – which could arguably be better spent reinvesting into the system. It was agreed that this would be the subject of further investigation.

### **Associated Recommendations**

15. It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed, but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.
16. Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.
17. A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.

### **Supply Chain**

- Not all highways work is undertaken by Ringway Jacobs. The majority of it is completed by supply chain partners. These pieces of work are awarded according to usual ECC tendering processes

- Essex Highways monitor the quality of works carried out by the supply chain. If a defect is identified within the first year, Essex Highways would repair it
- Some contractors offer financial compensation instead of repairing the defect(s). If they do repair it, no cost is born by ECC or Essex Highways
- Independent inspectors - The inspection regime is not set out in the contract but KPI's around maintenance are. The criteria for intervention is owned by ECC as part of the Maintenance Strategy and ECC sets out the resource for repairs. If ECC sets out a more austere or strict funding model, then the contract KPI's will adjust to meet this. Greater integration of ECC and Ringway Jacobs staff has led to a more effective inspection/follow through process
- Members discussed the importance of hiring internal ECC inspectors and the impact of this in a 'collaborative' contractual environment
- Members of the task and finish group discussed the potential for the working group to be more involved when it comes to larger pieces of work. It was agreed that greater scrutiny and oversight could help to ensure value for money and quality of works completed
- The Task and Finish Group received evidence around the quarterly Ringway Jacobs Supply Chain Forum. Members were interested to hear of the outcomes of meetings that had taken place throughout 2018/19. Around 70 delegates from the national Ringway Jacobs supply chain attend, representing hundreds of millions of pounds of annual work. Here, they receive corporate training and receive presentations on issues such as H&S, Social Value, Work Programmes, Supply Portal; Processes e.g. finance Road Safety, Technology, and Environment. ECC currently attends and presents where it is seen as appropriate. Delegates also take part in 'efficiency workshops' to help determine more effective and joined up ways of working. Suggestions have previously included:
  - Longer contracts – at least four years, continuity of work.
  - Better scheduling – by areas, even level of work
  - Utilise local resource
  - Better communication and early engagement at all stages including upfront on task, design, pre site investigation, specification review
  - Sponsorship (road names, roundabouts)
  - 1% of turnover into a community fund for a local community project throughout the year
  - Micro-LED in depots. Possible for works too
  - Different contract option, i.e. SOR based rather than Target Cost or Fixed Cost
  - Greater collaborative work: - Learning lessons, closer working with supply specialism, and better use of surplus material.

- Members agreed that it would be beneficial for ECC to draw more on the expertise within through the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage.

### **Associated recommendations**

18. The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.
19. ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.
20. All third parties carrying out work on ECC's behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.
21. The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.
22. ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group should engage with these and the Chairman of the Ringway Jacobs and Essex Highways Working Group should be invited to attend Supply Chain Forum meetings.
23. Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.

## Appendices

### Appendix 1

<p align="center"><b>Essex County Council</b>  <b>Place Services and Economic Growth Scrutiny Committee and the Corporate Policy and Scrutiny Committee</b></p>
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#### WHAT ARE WE LOOKING AT?

<b>Review Topic</b>	Ringway Jacobs contract renewal
<b>Type of Review</b>	Joint Task and Finish Group

#### WHY ARE WE LOOKING AT THIS?

<b>Rationale for the Review</b>	Following agreement from the Chairman of the Place Services and Economic Growth Policy and Scrutiny Committee and Corporate Policy and Scrutiny Committee, a joint Task and Finish group has been established to investigate renewal of the Ringway Jacobs highways maintenance contract.
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#### HOW LONG IS IT GOING TO TAKE?

<b>Timescales</b>	Four month review with final report submitted to a joint committee (with members from both Place Services and Economic Growth Policy and Scrutiny Committee and Corporate Policy and Scrutiny Committee) for approval on the 18 April 2019.
<b>Provisional Timetable</b>	17 December 2018 – 18 April 2019

#### WHAT INFORMATION DO WE NEED?

<b>Aim</b>	The aim of this piece of work is to review current highways contractual performance and to make recommendations to the Deputy Leader and Cabinet Member for Infrastructure ahead of renewal with Ringway Jacobs in November 2019.
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## Key Lines of Enquiry

### KPI's

- The reason for the reduction in the amount of KPI's set (115 down to 56)
- An explanation of what the percentages mean and how they relate to performance (Appendix A)
- KPI's (Appendix A) changed to a RAG grading so it shows which targets are/are not currently being met
- An explanation around KPI's MI1 – MI3
- Investigate whether extreme weather has affected performance
- Understand the mechanisms in place to ensure that KPI's are adaptive to changing needs and circumstances
- Explore whether any further KPI's are required

### Other Authorities

- Explore how similar sized local authorities manage their highway maintenance contract – Kent County Council
- Explore whether other authorities who use Ringway Jacobs are satisfied with the service they are receiving – Central Bedfordshire, Cheshire East, London Highways Alliance
- Identify the changes that Cheshire East made to their contract Ringway Jacobs

### Quality of repairs

- Explore the detail behind the repairing defects at the first attempt
- An explanation on the definition of a temporary repair
- Explore the new/different ways of repairing highway defects
- Explore the focus of repairs i.e. local roads, footpaths etc
- Impact extreme hot and cold weather has on operations
- Explanation of the fault repair process from reporting/identification through to inspection and rectification, including timescales and risk assessment process

### Perception

- Explore the differences between public perception of how the contract is performing against ECC's/Ringway Jacobs perception

### General

- The Essex contract makes up 50% of Ringway Jacobs business. What does the other 50% include?
- Is there a communications strategy included in the contract?
- An explanation from the Cabinet Member on the current highway maintenance focus (local roads, footpaths)
- An explanation on the current inspection regime
- Explore whether the current partnership driven contractual arrangements preferable to a more traditional, adversarial contract
- Explore whether there is anything specific the Cabinet Member wishes the Task and Finish Group to explore

<b>What primary/new evidence is needed?</b>	<ul style="list-style-type: none"> <li>- The current Ringway Jacobs contract</li> <li>- The current KPI's within this contract</li> <li>- ECC press releases</li> </ul>
<b>What secondary/ existing information is needed?</b>	<ul style="list-style-type: none"> <li>- Information on the types of enquiries received from Members, MP's and members of the public relating to highways (Member Enquiries, Customer Enquiries)</li> <li>- The types of queries reported via the online Tell Us About Something tool</li> </ul>
<b>What briefings and site visits might be relevant?</b>	Members were interested to see how highway maintenance repairs were carried out
<b>Other work being undertaken/Relevant Corporate Links</b>	None.
<b>What is inside the scope of the review?</b>	All aspects relating to highway maintenance in line with the current Ringway Jacobs contract.
<b>What is outside the scope of the review?</b>	Passenger Transport – unless it pertains specifically to interactions with wider highways planning.

#### WHO DO WE NEED TO CONTRIBUTE/CONSULT? (INITIAL MEETING TO ESTABLISH THIS)

<b>Relevant Portfolio Holder(s) and other Member involvement</b>	<ul style="list-style-type: none"> <li>- Councillor Kevin Bentley, Deputy Leader of the Council and Cabinet Member for Infrastructure</li> <li>- Councillor Lesley Wagland, Deputy to the Cabinet Member for Kevin Bentley</li> </ul>
<b>Key ECC Officers</b>	<ul style="list-style-type: none"> <li>- Andrew Cook, Director Highways and Transportation</li> <li>- Peter Massie, Head of Commissioning Essex Highways</li> <li>- Laura Lee, Category and Supplier Lead</li> </ul>
<b>Partners and service users</b>	County Authorities who also use Ringway Jacobs (Buckinghamshire, Central Bedfordshire, Cheshire East and London Highways Alliance.)

#### WHAT RESOURCES DO WE NEED?

<b>Lead Member and Membership</b>	Councillor Stephen Hillier Councillor David Kendall Councillor Jo Beavis Councillor Valerie Metcalfe Councillor Michael Hardware Councillor John Moran Councillor Ron Pratt Councillor Anne Turrell Councillor Carole Weston Councillor Tony Ball (Lead Member)
<b>Co-optees (if any)</b>	None.

<b>Lead Scrutiny Officer/Other</b>	Richard Buttress, Democratic Services Manager Peter Randall, Senior Democratic Services Officer
<b>Expected Member commitment</b>	A maximum of 7 meetings to be held between December 2018 and April 2019, as set out below.
<b>WHAT ARE THE RISKS/CONSTRAINTS?</b>	
<b>Risk analysis</b> (site visits etc.)	Risk management form to be completed if any site visits are included as part of the review.
<b>Possible constraints</b>	
<b>WHAT WILL BE REQUIRED FROM STAKEHOLDERS?</b>	
<b>Internal stakeholders</b>	<ul style="list-style-type: none"> <li>• Time to attend Task and Finish Group evidence sessions</li> <li>• Information and advice</li> <li>• Communications for any potential press release following the review</li> <li>• Legal/contractual advice</li> </ul>
<b>External stakeholders</b>	<ul style="list-style-type: none"> <li>• Time to attend Task and Finish Group evidence sessions</li> <li>• Written evidence</li> </ul>
<b>WHO ARE WE DIRECTING ANY RECOMMENDATIONS AND ACTIONS TO?</b>	
<b>Recommendations to</b> (key decision makers):	Councillor Kevin Bentley, Deputy Leader of the Council and Cabinet Member for Infrastructure
<b>Reporting arrangements</b>	Task and Finish Group final report to be presented to the full joint Committee for a response from the relevant Cabinet Member on Thursday 18 April 2019.
<b>Follow-up arrangements</b>	<p>The final report should be responded to by the cabinet member in the usual way, as set out in the 'Protocol for Working Arrangements Between the Cabinet and Overview and Scrutiny Committees' as agreed at Full Council in October 2013.</p> <p>A follow up item will be scheduled for each committee separately in October 2019 to review uptake of, and progress against agreed recommendations.</p>
<b>ADDITIONAL INFORMATION/NOTES</b>	

<b>Meeting dates</b>	<p><u>January 2019</u>  Monday 14 January 2019  Monday 21 January 2019</p> <p><u>February 2019</u>  Monday 11 February 2019  Monday 18 February 2019</p> <p><u>March 2019</u>  Monday 11 March 2019  Monday 18 March 2019</p> <p><u>April 2019</u>  Monday 1 April 2019  Monday 8 April 2019</p>
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<b>Report title:</b> Ringway Jacobs Joint Task and Finish Group – response to recommendations	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Cllr Kevin Bentley, Deputy Leader and Cabinet Member for Infrastructure	
<b>Date:</b> Tuesday 30 July 2019	<b>For:</b> Discussion
<b>Enquiries to:</b> Hilde Dahmer, Senior Strategy Adviser	
<b>County Divisions affected:</b> All Essex	

## **1. Purpose of Report**

- 1.1 In November 2018, it was agreed that a joint Task and Finish Group between the Corporate Policy and Scrutiny Committee and Places Services and Economic Growth Scrutiny Committee would be formed, to carry out a review of the Ringway Jacobs highway maintenance contract.
- 1.2 The committees invited Cllr Kevin Bentley to this meeting to present his formal response to the recommendations put forward by the Task and Finish Group.

## **2. Response from Cllr Kevin Bentley to the Task and Finish Group recommendations**

I would like to thank members of the joint scrutiny task and finish group for their comprehensive report on the current contractual arrangements we have for the delivery of highway maintenance and management services here in Essex. Whilst there is a large amount of work still on going before we will be in a position to determine the future of the contract, much of the work of the group will be of great value to me in guiding future activity. As is appropriate with such reports, I have asked officers to review all 23 recommendations and provide the committee with responses on each one. In some cases, this provides clarification, and in others confirmation of activity to close out the actions.

These responses are set out below;

- 1) Members of the Task and Finish Group recommend to ECC Cabinet Member that the most sensible option is to renew the contract with Ringway Jacobs for five years, with the caveat that a number of changes are made to current arrangements. These are set out in the recommendations below in the following categories: ongoing scrutiny, maintenance, reporting of defects, customer services and communications and supply chain works.**

As indicated when I received the report, any decisions on contract extension will be made by cabinet in the Autumn and I have been clear with officers that the decision will be based upon an appropriate evidence base. In the meantime,

preparations are being made for re-procurement should this be the most appropriate decision to make.

- 2) Members still have serious concerns regarding the readiness of ECC to re-procure. Within three years, both Place Services and Economic Growth Scrutiny Committee and Corporate Policy and Scrutiny Committee need to be satisfied that ECC is in a secure position to re-procure, with a clear place for scrutiny factored into the timeline.**

We have in place sufficient resource and experience to re-procure the contract if that is the decision taken, as well as having planned the timeline accordingly. Officers have been instructed to engage the market and prepare for a procurement process to acquire a new partner and/or contract for the authority and the timeline for the decision of cabinet in the autumn allows nearly two and a half years for this to occur before the termination of the existing arrangement.

- 3) A working group (hereafter referred to as the Ringway Jacobs and Essex Highways Working Group) should be established to facilitate an ongoing engagement with Ringway Jacobs and ECC Highways officers. This will continue the work of the Task and Finish Group, encouraging member-driven scrutiny looking at procurement, highways policy and overall contract performance. The Ringway Jacobs and Essex Highways Working Group should meet quarterly. A six-monthly update, presented by the Chairman of this Working Group, will be delivered to both scrutiny committees. The Group will be comprised equally of members from both the Place Services and Economic Growth and Corporate Policy and Scrutiny Committees and operated through current task and finish arrangements.**

While I welcome the role that scrutiny have to play in having oversight of our highways contract, I believe it appropriate that we wait until we have the outcome of the decision on future provision before determining the exact nature and frequency of this activity which will necessarily be different depending upon whether we extend the existing arrangements or procure a new contract.

- 4) The annual review of Key Performance Indicators (KPI's) that are presented to the Cabinet Member should also be presented to the Place Services and Economic Growth Policy and Scrutiny Committee and the Corporate Policy and Scrutiny Committee for further review, with time to offer recommendations.**

I am happy to endorse this recommendation which should commence with the development of the KPI suite to serve as the performance framework for the 20/21 financial year. These will be draw together in late 2019.

- 5) The Ringway Jacobs and Essex Highways Working Group will continue the benchmarking work of this committee, exploring the work of other highways authorities.**

Please see reference to my earlier response on the role and remit of this group in the different scenarios we are currently considering.

- 6) The Cabinet Member is to be commended for improvements in the quality of relationships between members and Ringway Jacobs officers. This is due, in large, to the success of the ‘buddy system’. Member relationships with regards to local pieces of work however, could be improved. There should be a mechanism put in place for direct scrutiny of specific contract elements or pieces of work, even if this simply involves the local member being consulted upon request. This could be through an enhanced version of the ‘buddy system’ already in operation.**

We continue to work on enhancing the amount of advance information provided to County Members relating to highway schemes of all types. In addition to the introduction of the buddy system we have also implemented new systems in relation to accident reductions schemes which give members early sight via the LHP meetings and have enhanced the amount of information available to members through our website. We will continue to seek ways of enhancing member awareness of activity going forward.

- 7) The Cabinet Member should consider asking officers to review the risk matrix. As it stands, serious defects that might register significantly on the ‘risk impact’ scale, but only slightly on the ‘risk probability’ scale could potentially receive a less urgent timescale for repair than their impact would necessitate. This should be addressed. Members should be engaged through the Ringway Jacobs and Essex Highways Working Group to aid in the review and update of the risk register.**

While I respect the view of members on this issue, the risk matrix we have adopted reflects industry best practice and our inspectors are continually trained to ensure that their application of this approach results in a robust assessment. I would therefore be concerned if we were to amend this approach without significant justification.

- 8) The Cabinet Member and officers should explore reviewing the current Maintenance Strategy (last updated in 2008) with a view to determining suitability of ECC’s current policy priorities and is encouraged to make use of the Working Group. This should include a conversation around road classifications and priorities as well as the current criteria for defects to warrant repair.**

I am pleased to confirm that the maintenance strategy is in the process of being updated and should be available to members shortly. This seeks to expand our best practice approach to the management of some assets across into areas where we haven’t previously had an adopted position such as structures.

- 9) Members noted with concern that particular KPI’s outlining timescale requirements for street light repairs had been removed from the contract. Members ask that KPI A14 (average number of days taken to repair lighting faults within control of the Local Authority is reinstated.**

I am happy to review this and look at the case for re-instatement of KPI A14 for the performance year 20/21 onwards should the evidence warrant it and in line with recommendation 4 would seek the views of the member working group to review.

**10) Members should receive a more accurate indicative timetable for remedial works and larger schemes, with estimates on timescales provided for communication with local residents.**

It was acknowledged by officers during the task and finish process that our ability to transform back office programming information into publicly (or member) available information was deficient at present and I have been clear that we need to improve our systems to allow this to happen.

**11) A specific KPI should be included within the contract for all work carried out by utility companies to be inspected before the two-year maintenance repair ends. This inspection should determine whether the work has been completed properly and to an agreeable standard. Reporting of defects**

I am happy to look at the resource implications of such a requirement and whether the cost/benefit would warrant such a change in activity.

**12) Officers and Members raised a number of concerns regarding the interaction between Ringway Jacobs and Essex Highways systems (Confirm/online reporting tool). This should be seen as a priority moving forward, to ensure a more effective, joined up service is offered in future.**

IS integration has been an ongoing issue between our organisations since the start of the contract but I am hopeful that recent improvements will allow more seamless integration between teams, creating jointly accessible collaborative project spaces and improving access to respective organisations systems.

**13) The ease with which faults can be reported has a huge amount of impact on overall public perception of the highways service offered by ECC. Ringway Jacobs and ECC should learn from best practice in terms of fault reporting with a view to designing a more effective system. This should provide members of the public with more detailed information regarding the defect including an estimated timescale for repair. We are aware that work is already being undertaken to improve the online tools and the Working Group would welcome being involved in this moving forward.**

I am again pleased to confirm that we have a live project in place making progressive improvements to the existing report it tool that allow a more appropriate experience for those wishing to report defects to us. This will see us move to better mobile compatibility and geo-locating for defect identification together with enhancements to the look and feel of the tool to improve the customer experience.

**14) All Members should receive quarterly drop-in and training opportunities on issues around reporting of defects, changes to the online tool, and follow up enquiries.**

While I am happy to offer members the required training opportunities, attendance at these types of sessions to enhance member knowledge of the service and its activity have in the past been less than desirable. I would therefore welcome recommendations from the scrutiny panels as to how we would increase attendance going forward to maximise the benefits?

**15) It was noted by members that, while ECC and Ringway Jacobs are both excellent with regards to reactive communications, both need to work together to produce a more proactive communications agenda. Members of the Working Group gave considerable time investigating this area and would like to undertake further analysis as part of its future programme. Members understand that expectations need to be managed but feel strongly that Ringway Jacobs should be measured on overall public perception through an additional KPI – the manner of which to be determined by the Cabinet and officers, with input from the Essex Highways Ringway Jacobs Working Group.**

Perception is critical to the success of the service however it is difficult to quantify as data points would fluctuate on a daily basis, including the fact that it is incredibly difficult to measure at all.

However, I have worked to improve perception and this has been confirmed anecdotally – asking Essex Highways to work with the Future Highways Research Group to develop a forward calendar of proactive communication activity that will represent best practice in the sector. I am very keen to instigate a culture where communications are part of the first principals for any scheme in the same way as we consider health and safety responsibilities.

**16) Members question the value of the National Highways Tracker (NHT) as an effective method of measuring satisfaction. Officers and Members should explore whether the NHT is fit for ECC, and whether an in-house alternative could potentially lead to greater ownership of results, more validity of feedback, and more control over the questions asked.**

I have instructed officers to address this issue. Again, working with the Future Highways Research Club from Cranfield University who represent the leading highway authorities in the country, we are developing our own satisfaction survey as part of a gradual move away from reliance upon the NHT survey.

**17) A single, clearer set of lines of responsibility for informing members of changes to roadworks and reported repairs be implemented which could be written into the Ringway Jacobs contract.**

Because of the dynamic way in which roadworks change and the fact that our own activity represents only a proportion of disruption on the network, we have moved to adopting the use of Roadworks.org of all activity on the Essex network

including utility company works. This gives members and the public alike the opportunity to get the most up to date information and set up their own updates should they require them.

- 18)The Cabinet Member should consider the potential for ECC to employ or contract its own independent inspectors to assess the quality of works carried out by Ringway Jacobs parent companies, as well as the wider supply chain. This could be conducted as a sampling exercise, with a KPI associated to ensure that the quality of works remains consistent.**

I have asked officers to review the potential for this as part of any variation to the existing contract or new contract in due course. It will require a business case for additional resource to be developed.

- 19)ECC needs to more closely oversee larger pieces of supply chain work. The Working Group should be more engaged moving forward and provided assurances as to the value for money and quality of work provided by third parties.**

It would be useful for the task and finish group to provide me with some examples of the areas there are specifically interested in so that I am able to consider this recommendation further.

- 20)All third parties carrying out work on ECC's behalf should be branded accordingly, explicitly stating that the organisation is representing ECC. The quality and consistency of signage on Essex Highways works also needs to be greatly improved in terms of the information provided and the expected timescales outlined for completion.**

I am happy to undertake to review this recommendation with officers as we move forward. Some of the recommendation overlaps with my previous comments about communications but there is an interesting issue here about branding that I wish to pick up separately.

- 21)The Cabinet Member should explore encouraging Ringway Jacobs to adopt an incentive-based scheme when procuring further works beyond those originally contracted. This could take the form of a ranked preference system as already in operation in authorities such as Hampshire County Council.**

The existing contractual mechanisms allow for incentivisation of all work through the efficiency mechanism process. We are also establishing the ability to trade Essex Highways for third party work as a further incentivisation mechanism.

- 22)ECC should draw more on expertise from within the Supply Chain Forum, collectively determining solutions to local government pressures around efficiency and reputational damage. There needs to be a mechanism in place to ensure that these efficiencies are monitored and fed back into the supply chain. The Ringway Jacobs and Essex Highways Working Group**

**should engage with these and the Chairman of the Ringway Jacobs and Essex Supply Chain Forum.**

I think it would benefit the scrutiny committee if they had a more detailed understanding of the work of the supply chain forum and how it operates.

**23) Ringway Jacobs is to be commended for its social value work and commitment to activities beyond those required through the contract, especially with regards to work carried out with the armed forces. ECC should be better at publicising this work. The Cabinet Member should encourage Ringway Jacobs to adopt more internal social value measures, and the working group are to be engaged to monitor the ongoing number of apprentices within Ringway Jacobs.**

I would concur with the scrutiny committee wholeheartedly here – the valuable work that we undertake on a wide range of social value issues should be encouraged and more widely publicised going forward. I am also happy to provide nominated representatives of the scrutiny committee with updates on apprentice numbers going forward.”

### **3. Next steps**

- 3.1 Both committees to review the responses above and to have a discussion on the topic during the meeting.

**Forward Plan reference number:** FP/479/07/19

<b>Report title:</b> Extension of the Essex Highways Partnership Contract with Ringway Jacobs	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Andrew Cook Director for Highways and Transportation	
<b>Date:</b> 25 February 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Laura Lee, Head of Procurement Place and Corporate, <a href="mailto:Laura.Lee@essex.gov.uk">Laura.Lee@essex.gov.uk</a> or Diane Crix Category and Supplier Relationship Specialist, <a href="mailto:diane.crix@essex.gov.uk">diane.crix@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

### **Confidential Appendix**

This report has a confidential appendix which is not for publication as it includes exempt information falling within information relating to the financial or business affairs of any particular person (including the authority holding that information) paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

## **1. Purpose of Report**

- 1.1 In order to facilitate the continued operation of the Essex Highways Partnership for the delivery of highway services in Essex, Cabinet is asked to consider the extension of the existing contract with Ringway Jacobs until 2027.
- 1.2 This report makes a recommendation to extend the existing Essex Highways Partnership contract with Ringway Jacobs for a period of 5 years commencing 1 April 2022.

## **2. Recommendations**

- 2.1 To agree to the commitments for the Contract extension period set out in the confidential appendix and paragraphs 3.11 to of this report which include a change to the payment mechanism and agreeing a new process for Red Claims ("the Commitments")
- 2.2 To agree, subject to the prior completion of the deeds identified in recommendation 2.3 and 2.4, to extend the Essex Highways Contract (the Contract) with Ringway Jacobs for a period of five years until 31 March 2027 with a break clause taking effect at the end of year thirteen of the contract by giving two year's notice.

- 2.3 To delegate authority to the Director for Highways to enter into a Deed of Variation to the Contract to implement the Commitments, including changes to the payment Mechanism and implementing a revised process for Red claims, the terms of which shall be agreed in consultation with the Monitoring Officer. Completion of both red claims and payment mechanism changes are pre-conditions of the extension.
- 2.4 To agree to settlement of Red Claims which have been notified to or settled by ECC before 31 March 2019, with Ringway Jacobs on the terms and for the figure contained in the Confidential Appendix to this Report and to delegate authority to the Director for Highways to enter into a Settlement Agreement the terms of which shall be agreed in consultation with the Monitoring Officer.
- 2.5 To agree to draw down from the Transformation Reserve of £105,955 in 2020/21 and £60,000 in 2021/22 to the Deputy Leader and Infrastructure portfolio for Highways and Transportation and to note that future requests will come through over the contract duration that cover the remaining values as detailed in the confidential appendix.

### **3. Summary of issue**

#### **Background**

- 3.1.1 Ringway Jacobs are ECC's highways partner enabling ECC to fulfil its statutory requirements as the local highway authority for Essex. The contract with Ringway Jacobs commenced in February 2012 (the Contract). The scope of the Contract includes but is not limited to reactive repairs footway and carriageways, winter services, white lining, gully maintenance, capital structure maintenance. The contract services 5000 miles of highway, 4000 miles of footways, 4000 miles of public rights of way, 127,000 streetlights, 1500 structures. By 2018, 2002 miles of carriageway had been surface treated, 24,000 km's per year of carriageway is inspected, an average of 37,000 street lighting defects are dealt with p.a., an average of 70 miles of footways surfaced p.a., 65,000 driver improvement courses delivered annually, and an average of 100,000 gullies cleaned p.a.
- 3.1.2 The Contract is for an initial period of 10 years which expires on 31 March 2022. The Contract allows for an extension up to a maximum of 5 years until 31 March 2027. An extension to the contract is at ECC's discretion and is based on performance of Ringway Jacobs on the contract Key Performance Indicators in the preceding two years of the contract. RJ have met the performance Targets required and ECC is able to consider an extension.
- 3.1.3 The annual capital and revenue expenditure on the Contract in the last four years is currently between £137m - £155m per annum. The forecast for capital and revenue expenditure for the next five years is estimated at £130m per annum. The value of the five-year extension is estimated to be in the region of approx. £700m subject to continued levels of capital budgets, grant funding, and revenue budgets. The total forecast spend over the 15-year life of the

contract is within the original limits published in the original 2011 procurement documentation

- 3.1.4 The Contract performance is managed through a set of Key Performance Indicators. The contract has achieved 94 - 99% performance against these indicators from year 4. The partnership between ECC and Ringway Jacobs is an award-winning partnership and recognised nationally among ECC's peers and with the Department for Transport for its achievements.
- 3.1.5 The Contract is managed through a robust governance structure comprising monthly contract and board meetings, bi-monthly strategic meetings and quarterly Strategic Partnership Board meetings.
- 3.1.6 Ringways Jacobs deliver some of the works and services under the contract through directly employed resources with approximately 75% of delivery being managed through their supply chain and through shareholder relationships with Eurovia and Jacobs. Ringway Jacobs is a wholly owned joint venture company between Jacobs and Eurovia which has been in place since 2005. The ECC contract represents just under 50% of Ringway Jacobs business.
- 3.1.7 In the most recent years of the contract through its collaborative approach, the contract has delivered a number of improvements and innovative solutions including: -
- Developing an enhanced Report-it tool to improve customer experience.
  - Introduction of new communication channels including Highway Highlights newsletter.
  - A significant reduction in outstanding defect numbers.
  - A continued LED conversion programme for street lighting and illuminated signs.
  - Exemplar in securing external funding.
  - Creation of a series of taskforces to tackle the most challenging schemes (A120, A12, A127, Army & Navy, Beaulieu Park Station).
  - Achieving BS11000 collaborative business relationship accreditation.
  - In excess of 51,000 people now interface with the Essex traffic control centre's daily traffic updates
- 3.1.8 Customer service and communication for the highway function is managed jointly between ECC and Ringway Jacobs. A joint review has looked to improve areas of the service to reduce complaints for example, Ringway Jacobs has positively changed to way it operates when delivery Local Highway Panel (LHP) schemes to reduce cost and speed up delivery times by creating an in-house direct delivery team for implementation of small Local Highway Panel schemes, reducing the time spent on design and contracting the supply chain. Direct-delivery gangs can be involved earlier and start delivery on the ground sooner. Overall this has resulted in works being delivered more quickly and at lower overall cost. In addition, where potholes need repair, the broader carriageway area surrounding it has been assessed to see whether larger-scale patching can combine deterioration repairs and prevent repeat visits, thus reducing complaints

Additionally, relationships have been developed with lay assessors acting as community volunteers, as well as Parish clerk representatives. ECC has assigned each County Member a person within Essex Highways to whom they can escalate Highways issues.

- 3.1.9 Ringway Jacobs deliver a number of social value initiatives in support of Essex and its residents including apprenticeship schemes, recruitment of ex Armed Forces personnel, fundraising for local charities, volunteering and environmental projects. Ringway Jacobs have their head office located in Chelmsford employing local people in support of the Essex economy.

## **Evidence Based Decision**

- 3.2 Officers embarked on an extensive programme of evidence gathering in order to inform the options for the future delivery of Highways services and whether to extend the Contract. Details of this process is set out in the below paragraphs

### **Cranfield University Proving Services**

- 3.3.1 Six workshops were held between Ringway Jacobs and ECC Officers, led by Proving Services. Proving Services are a research body associated with Cranfield University who work closely with The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) to deliver benchmarking services for their membership.
- 3.3.2 The workshops focused on value for money on Highways service delivery, mutuality (the relationship between ECC and Ringway Jacobs), value for money on Major Infrastructure Schemes, communications, and commercial income generating opportunities.
- 3.3.3 In terms of benchmarking for value for money highways services, ECC scored 7<sup>th</sup> highest out of 21 authorities assessed and through the development of a range of commercial opportunities, this position is likely to improve. In terms of Major Infrastructure Scheme design for capital works, Jacobs in its capacity as an independent professional service provider scored 45% each for effectiveness and economy, which is equal to the performance of other professional service supplier's in the Major Infrastructure Scheme design arena despite the relatively low percentage.
- 3.3.4 Proving Services also conducted a workshop analysing alternative service delivery models available in the market. The models included single provider, multiple providers, use of frameworks, ECC entering into a corporate joint venture with a partner, ECC operating a wholly owned trading company, PFI, and bringing the service back for delivery by ECC and 'top up' of delivery through the supply chain. The analysis considered attractiveness, achievability and political appetite for each model. The results were highly in favour of continuation of the current style of Integrated model, followed by a model of single provider for highways and single provider for design as the best fit for ECC.

- 3.3.5 To determine relative provider performance, Proving Services undertook a survey of 18 ADEPT members on the performance of their Highways provider. The results compared to a previous survey in 2015. The survey concluded that Ringway Jacobs was the 2<sup>nd</sup> highest performing supplier of those reviewed and the most improved since 2015. Their overall score was within 2% of the top performer and the improvement trajectory suggests they will continue to close this gap.

### **Market Testing**

- 3.4.1 Officers conducted independent market testing during 2018 and 2019 and tendered packages of works worth £2.3 million through the Eastern Highways Alliance framework, while at the same time instructing delivery of similar packages of works through Ringway Jacobs.
- 3.4.2 The results demonstrated that 75% (3 of 4 packages) of the areas tested delivered better value for money through the existing Contract as further detailed in the confidential appendix. The Contract makes provision where a benchmarking/market testing exercise shows that the Authority is paying prices which exceed those payable for the same goods, works or services under other contracts, this will be taken forward in the supply chain joint review workstream
- Inlay being 6% cheaper
  - Footways being 30% cheaper
  - Road Markings 13% more expensive
  - Gullies being 36% cheaper
- 3.4.3 In all cases these comparisons are made between works delivered through Ringway Jacobs, and the Eastern Highways Alliance Framework
- 3.4.4 Due to the size of the Essex Highways contract, Ringway Jacobs can negotiate long-term deals with their own suppliers which reduces the impact of future cost increases to ECC. For example, negotiating multi-year contracts with set rates, shields ECC from unmanaged inflationary increases. Furthermore, due to the length of the contract that Ringway Jacobs will be able to offer to their suppliers, longer-term discounts can be negotiated which pass directly back to ECC.

### **Market Intelligence**

- 3.5.1 Similar suppliers in the market to Ringway Jacobs were invited by ECC to discuss their approach to a contract of this size. These suppliers included Amey, Balfour Beatty, Colas, Costain, Skanska and Kier. Following this, it was determined that all were interested in integrated contracts rather than separate contracts being let for single specific elements such as surfacing, street lighting gully cleansing. This analysis confirmed the Service Delivery model approach for ECC.
- 3.5.2 All alternative suppliers in paragraph 3.5.1 confirmed that they were exploring innovation in their delivery of highways services but no one provider appeared

to have an innovative edge. Due to the size of ECC's highways contract, ECC's contract is always likely to be a large part of any supplier's business, as ECC's is with Ringway Jacobs, therefore this risk of proportionality would always be apparent.

- 3.5.3 The market has seen recent instability with the collapse of Carillion and profit warnings from other major suppliers. This is a risk for consideration in the event of re-procurement. There is no guarantee that a re-procurement would deliver the level of savings sought in the shorter term, or that a better commercial arrangement was obtainable.
- 3.5.4 Peers from other highways authorities have reported that recent procurements have resulted in a lack of bidders which may be due to suppliers being selective about the cost and resources they deploy to tender for large contracts. As a result, reduced competition for contracts due to market conditions has seen a consequential increase in fee margins significantly above that which ECC is currently paying.

### **Engagement with Other Local Highway Authorities**

- 3.6.1 Officers engaged with over 20 large authorities including Suffolk, Norfolk, Leicestershire, Kent and Warwickshire who have been or are in the process of procuring their Highways Services. The source of these contacts came from Public sector market insight (PORGE). Experience from other Local Authorities suggested that the market required contracts for at least seven years duration to achieve the maximum return on initial investment costs.
- 3.6.2 It is apparent from those Local Authorities who moved away from integrated contracts such as this Contract, that they needed to increase the size of their in-house commissioning teams. It was also apparent from the engagement that co-location with a provider was generally seen as a good enabler for better collaboration.
- 3.6.3 Most local Authorities operated a Contract based on NEC3 or NEC4 with a mix of payment methods, and some had incentivisation, and some did not. The engagement confirmed that innovation was seen to be generally lacking in the highways sector. Many have used Proving Services consultancy to aide their decision making.

### **Scrutiny Committee**

- 3.7 ECC Place and Corporate Scrutiny Committee panel created a Task and Finish Group comprised of cross-party members, to extensively review the Contract. Officers presented contractual requirements and data over a period of several months on a number of key themes which were determined by the Scrutiny committee including performance, and benchmarking with other authorities. Their overall recommendation was to renew the contract for 5 years with some suggested improvements which are being taken forward and tracked and reported through the usual contract governance meetings. The full report is appended to this report.

## **Supply Chain**

- 3.8 ECC undertook a review of Ringway Jacobs supply chain, through a deep dive into the ordering process for, and invoicing of, selected key suppliers which resulted in several recommendations arising from it. It has been agreed with Ringways Jacobs that a joint review of the supply chain will be conducted by ECC and Ringway Jacobs.

The supply chain review recognised the good work already in practice in this area but also made the following recommendations for continuous improvement: -

- Introducing more robust contract management and key performance indicators to drive performance
- A more robust procurement process to drive best value
- Developing the supply chain for greater market competition
- More frequent auditing of subcontractors
- Closer management of subcontractor risk
- Seeking further continuous improvement and efficiencies from the supply chain

## **Bid Pledges**

- 3.9 ECC officers undertook a review of the original tender submission made by Ringway Jacobs at procurement in 2012, and the 900 pledges within it. These pledges have been analysed against delivery and the majority have been delivered by Ringway Jacobs. There are very few minor items outstanding which will be progressed through the usual contract governance channels, excepting development of the productivity tracker which is a milestone delivery requirement.

## **Ringway Jacobs Proposals**

- 3.10.1 Having determined through the evaluation work detailed in this report that continuation of the existing Contract was a viable option for ECC, Ringway Jacobs were invited to make a series of proposals to ECC for improvements to the Contractual service offer.
- 3.10.2 Ringway Jacobs were specifically tasked with developing ideas to facilitate a 20% reduction in revenue expenditure at ECC for the Contract which equates to £5.029m per annum. ECC, like most authorities, has reducing budgets and increasing demand and as such collaborate with our strategic partners to support the authority to deliver services within the financial envelope. In addition to revenue savings, Ringway Jacobs were also asked to realise further efficiencies in the delivery of capital schemes. Ringway Jacobs provided a range of options made up of service reductions, efficiencies, service cuts and income generation. Please see confidential appendix.

3.10.3 Ringway Jacobs have also developed a forward plan for innovation in service delivery to demonstrate that the contract remains abreast of industry developments, with a commitment to delivery which covers four themes: - Carbon Neutrality, Materials, Communications and Customer, and Technology Enablers.

Innovation during the contract to date includes: -

- Introducing drone surveys
- 3D mapping for underground services
- Introduction of MultiHog and Entyre machinery
- Introduction of the Technology and Innovation working group and delivery of the Essex Technology Strategy for Transport
- Implementing Vehicle Informed Asset Management (VIAM) studies which gathers real time data from vehicles to report on road conditions
- Access to leading R&D centre to inform the materials working group on appropriate and cost-effective materials

## **Discussion with Ringway Jacobs**

### **Contract Mechanism Changes**

3.11.1 ECC officers have been working with Ringway Jacobs to jointly review and streamline the payment mechanism for the contract and agree the interpretation of the contract. A solution for a streamlined and workable payment mechanism has now been finalised and will assist with prompt closure of year end accounting. Completion of the payment mechanism contract changes are a prerequisite to the proposed 5-year contract extension. Further details are set out in the Confidential appendix to this Report.

### **Red Claims**

3.11.2 Red Claims are insurance claims bought against ECC in relation to damage or accidents on the highway network (Red Claims). There has been an extended disagreement between ECC and Ringway Jacobs in relation to liability for payment of Red Claims.

3.11.3 ECC and Ringway Jacobs have worked to resolve the disagreement between the parties and terms of settlement for the backlog of liability has been agreed subject to drafting. Further detail on the Red Claims disagreement and the terms of settlement are contained in the confidential appendix

3.11.4 A Settlement Agreement in relation to all claims notified to or settled by ECC, is required between ECC and Ringway Jacobs to formalise the settlement, and the Deed of Variation to the Contract to formalise the extension Commitments contained in this report includes a new contractual process and clear allocation of responsibility for future claims. The recommendations in this report make completion of the payment mechanism contract changes a prerequisite to the proposed 5-year contract extension

## **Commitments Agreed**

- 3.11.5 As a result of this extensive range of evidence and the proposals received from Ringway Jacobs, discussion commenced with Ringway Jacobs on details for an extension
- 3.11.6 A group of ECC Members, led by the Cabinet Member for Infrastructure, set pre-requisites to these discussions, that the savings put forward were to be delivered by year 10 (2021/22) of the contract and a stretch target into year 11 (2022/23). The stretch target enables Ringway Jacobs to continue to find further savings opportunities through the full life of the contract. The 5-year extension term is conditional on delivery of these savings and implementation of the innovation plan to keep abreast of industry developments, with progress review at commencement of year 11.
- 3.11.7 Formal discussion commenced between Ringway Jacobs and a cross directorate ECC team comprised of Commissioning, Finance, and Procurement.
- 3.11.8 The parties agreed to a set of Commitments for delivery of the highways service during any extension period and such commitments include the following which will need to be formalised in a change to the Contract by way of Deed of Variation.
- Commitment from Ringway Jacobs to a sustained programme of planned innovation to keep abreast of developments in the industry over the remainder of the contract with clear deliverable benefits for ECC.
  - Commitment from Ringway Jacobs to the delivery of a 20% reduction in the revenue cost of the service
  - Confirmation of a five-year extension with contractual provision to manage performance against the Commitments and reduce the length of the extension from five years to three if Ringway Jacobs fail to meet the Commitments. ECC will review the performance at the end of year 10 of the original contract. If the Commitments are not being met, we can shorten the extension and have sufficient time to scope and go out to the market to procure an alternative provider at the end of the shortened extension period. Further details are contained in the confidential appendix
  - Ringways Jacobs to make additional savings on ECC's capital spend to improve the efficiency of this significant investment.
  - A reduction in Ringway Jacobs profit and corporate overhead charges at volumes beyond those envisaged in the original bid once a level of throughput has been reached which is based on historic work levels. Therefore, increased throughput will result in lower costs being charged to ECC.
  - Commitment to fund 50% of the investment costs required to reduce the cost of service delivery
  - Ringway Jacobs wage increases capped no greater than 1% above local authority pay awards
  - Commitment to a joint review of the supply chain to drive efficiency and address the findings from the benchmarking exercise set out in paragraph 3.4.2.

- Agreement to an amended process for red claims. Red Claims are claims by third parties against the ECC arising out of the condition of the Area Network or the performance of Ringway Jacobs services
  - Agreed changes to the Payment Mechanism of the contract designed to streamline the elongated year end accounts closure process.
  - Continued delivery by Ringway Jacobs of the existing annual cashable efficiency targets.
  - Delivery of a productivity tracker for capital delivery, to monitor output and cost for benchmarking purposes, as a key milestone priority.
- Further details are set out in the confidential appendix.

3.11.9 The delivery progress against these commitments will be monitored through the usual governance of Essex Highways Board, Strategic Essex Highways Board and Strategic Partnership Board as established in the existing contract. Milestone metrics will also be put in place to monitor progress at key junctures to ensure delivery is on track to confirm the full 5-year extension beyond the initial 3 years milestone delivery period.

## **4. Options**

4.1 Three options were considered: -

### **4.2 No Extension (Do Nothing)**

- The option to do nothing would result in the current contract expiring at the end of year 10 in March 2022, requiring an alternative provision to be procured to enable ECC to continue to deliver its statutory duty as the Highways Authority for Essex.
- The extensive evidence undertaken suggests that not extending is not the best option as the current contract has demonstrated that it provides appropriate value for money.
- Ringway Jacobs have made a number of delivery commitments for the coming 5 years which would not be delivered if no extension was given
- The cost of re-procurement would be significant, estimated at £1 - 1.5m in our work with Proving Services.
- There are no guarantees ECC would obtain a better commercial offer at the current time – in fact market intelligence suggests the opposite.

### **4.3 Full Extension with Break Clause (Preferred Option)**

- Ringway Jacobs have made commitments that ECC consider will improve the current delivery performance.
- The commitments made by Ringway Jacobs require milestone delivery measures which enables ECC to curtail the full extension period should there be underperformance.
- The current contract demonstrates value for money.
- Provides the maximum term to amortise required investment costs required for innovation and reduction in service delivery costs.
- Provides consistent and continuous service delivery.

- Avoids the immediate re-procurement allowing ECC to adequately plan and prepare for a full re-procurement in 2027.
- Provides longer for ECC to prepare the future requirements for re-procurement.

#### **4.4 Partial Extension**

- A partial extension is a possibility, however good progress has been made through discussions with Ringway Jacobs that could enable a full 5-year extension with the flexibility to reduce that if milestones were not achieved.
- Avoids immediate cost of re-procurement
- The current contract evidences value for money
- A shorter extension period does not provide as long to amortise investment costs, reducing commercial attractiveness.
- This extensive assessment would need to be revisited again to evidence a further extension.
- Provides consistent and continuous service delivery.

### **5. Next steps**

- 5.1 Subject to agreement to this recommendation, ECC will need to work with Ringway Jacobs to formalise the commitments made in extension discussions into a formal contract change.

### **6.0 Financial implications**

- 6.1 The financial implications associated with this decision are commercially sensitive and as such are contained within the confidential appendix. The £5.029m of savings reflected within ECC's future years budgets result in one off investment costs which are requested to be funded from the transformation reserve. Approval is sought to request drawn down from the Transformation Reserve of £105,955 in 2020/21 and £60,000 in 2021/22 to fund officer resources to support the project to facilitate the delivery of the £5.029m savings. Further requests for a draw down will be made over the contract period to support the workstreams as detailed in the confidential appendix.
- 6.2 In relation to Red Claims ECC and Ringway Jacobs have worked to resolve the disagreement between the parties, and terms of settlement for the backlog of liability have been agreed subject to drafting. Further detail on the financial terms of the settlement are contained in the confidential appendix.
- 6.3 The below provides an overview of the draft Revenue and Capital budgets for the Deputy Leader and Infrastructure Portfolio for future years. Within the below budgets there is sufficient funding to meet the obligations which may arise under this contract in these years beyond the one-off investment costs explained above. The service will manage within these budget allocations, seeking to secure external funding to support delivery of outcomes for Essex residents. Both the revenue and capital budgets detailed below also fund

activities outside of the Ringway Jacobs contract, which include but are not limited to areas such as the A130 PFI, BDUK, and Major Capital Projects.

	£,000			
	Budget 2020/21	Draft Budget 2021/22	Draft Budget 2022/23	Draft Budget 2023/24
Revenue - Deputy Leader & Infrastructure Portfolio	44,257	48,364	47,568	48,494

	£,000			
	Budget 2020/21	Aspirational 2021/22	Aspirational 2022/23	Aspirational 2023/24
Capital - Deputy Leader & Infrastructure Portfolio	143,098	168,354	251,619	303,449

## 7.0 Legal implications

- 7.1.1 The Contract provides for an extension of the terms for five years and provided that the processes are followed to extend the Contract, an extension can be given to Ringway Jacobs
- 7.1.2 ECC are a contracting authority for the purposes of the Public Contract Regulations 2015. The extension is permitted by the terms of the contract and the proposed changes to the contract are relatively minor compared to the value of the contract and would not have allowed for different tenders to bid for the original contract and do not change the balance of the contract in favour of the contractor.
- 7.1.3. Given the history of red claims it is important that this is resolved before any commitment to an extension is given. Therefore in the unlikely event that the Council is unable to agree the terms of the settlement agreement a further report to the Cabinet will be needed to determine the future of the service.

## 8 Equality and Diversity implications

- 8.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

8.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **9 List of appendices**

- Equality impact assessment
- Confidential appendix
- ECC Place and Corporate Scrutiny Committee Task and Finish Group Report