

MINUTES OF A MEETING OF THE ECONOMIC DEVELOPMENT & ENVIRONMENT POLICY AND SCRUTINY COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 17 MARCH 2011

Membership

Councillors:

- | | |
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| * S Barker (Chairman) | A Hedley (substituting for J Schofield) |
| * B Aspinell | * D Kendall |
| A Brown | * M Mackrory |
| * R Callender | * G McEwen |
| * P Channer | * L Mead |
| * J Dornan | * G Mitchinson |
| * R Howard | * J Roberts |

* Present

Councillor N Hume, Cabinet Member for Highways and Transportation, was also present for the meeting; and Councillor J Lucas was present for the consideration of the item on Automatic Vehicle Location (Minute 16).

11. Apologies and Substitution Notices

The Committee Officer reported that apologies had been received from Councillors Anne Brown, John Schofield, and his substitute Tony Hedley.

12. Minutes

The Minutes of the meeting held on 24 February 2011 were approved as a correct record and signed by the Chairman.

13. Declarations of Interest

There were no declarations of interest.

14. Scrutiny Review on the Highways Strategic Transformation Programme (Minute 65/December 2010)

The Committee considered report EDE/07/11 setting out details on the proposed new contract for the delivery of the Highways Service.

Councillor Norman Hume, Cabinet Member, and Paul Bird, Director of Highways and Transportation, were in attendance for this item.

In his briefing paper attached to report EDE/07/11 the Cabinet Member addressed the issues identified in the Committee's scoping document for this scrutiny review, and set out some background information on the proposed new delivery model.

The key objectives of the Highways Strategic Transformation (HST) programme are to:

- Successfully procure and implement the preferred delivery model and lean ways of working by 1st April 2012.
- Design an efficient delivery model to generate sustainable financial savings leading up to 2012/2013 and beyond, and provide excellent customer service.
- Balance the potential benefits with the foreseeable risks.

The key benefits of the Programme include estimated savings of £4.15m in year 2012/13, and there will be ongoing efficiency targets agreed with the preferred bidder.

Supply-side savings for the transformation will be drawn from:

- Economies of scale.
- Economies of scope (synergies arising from the combination of differing service lines).
- Alignment and co-ordination of delivery.
- Greater transparency of demand; better matching of supply and demand.
- Better asset and resource utilisation.
- Reduced bidding costs.

Internal savings will be drawn from:

- Reduced man-marking and monitoring.
- Specification of outcomes rather than prescriptive inputs.
- Better asset and resource utilisation.
- Improved business processes.
- Reduced bidding costs.
- Reduced need for change control.

The Highways Improvement Programme (HIP) has already achieved over £7m in savings leading up to March 2012. This will act to significantly reduce the level of inefficiency in the current Highways and Transportation delivery model as a whole, and the outputs of this economic case are in addition to the HIP savings.

At the meeting Councillor Hume confirmed that a number of options for the delivery of the Highways Service had been considered, and the preferred delivery approach was for an integrated contract to be effective from April 2012. It was proposed that there should be one strong and customer focused strategic partnership with the capability and experience to deliver the majority of the services, currently supplied through more than ten contracts. It was estimated that the contract would have a value in the region of £0.5 billion to

£3 billion over a contract period of ten years depending upon the details of the final contractual arrangements.

The successful contractor will take over all contracts (bar one which expires in 2013) with the exception of major contracts with a value greater than £500,000.

A number of bidders have been considered, and the field has now been reduced to three companies who have indicated that they wish to work with Essex County Council for a ten year period namely Balfour Beatty, Jacobs Engineering and Ringway, and A consortium.

As part of the preparation for entering into new contractual arrangements, improvements are already being made to the Highways Service and significant savings have been identified.

During the meeting the Committee cross examined the Cabinet Member and Director on the proposed new contract and how it was envisaged that it would operate in practice, as well as the opportunities for its development in the future. It was informed that:

- As part of the transformation of the Highways Service, consideration has been given to the lessons learned from past projects like Contract 2000, and the existing contractual arrangements.
- The contract value range (£0.5 billion - £3 billion) has been set to ensure all options remain open over the period of the contract.
- It was acknowledged that there was a perceived risk in the appointment of a single service provider. However, there would be much greater emphasis upon partnership working with the new contractor under a collaborative model rather than the existing traditional client/contractor model. At present the Council has ten different contractual relationships whereas the aim would be for one effective integrated relationship based upon clear parameters.
- Contractors will be challenged to ensure works are carried out effectively. The Council will insist upon full visibility of first tier sub-contractors. If the contractor subcontracts any part of its services, it will remain responsible for performance as if services had not been subcontracted. There will be opportunities to use local companies to take on sub contractual work, and it was also intended that there would be an emphasis upon capturing and maintaining jobs as a part of the local supply chain so that benefits would accrue within the Essex economy.
- There may be an opportunity in the future to provide services directly for or in partnership with neighbouring highways authorities. However, there will be a period of at least two years before any further consideration is given to the expansion of the service outside

of the County. During this period experience will be acquired on the annual budgetary process, and the how the relationship is working in practice. In the longer term a Joint Venture project may be considered.

- It was confirmed that winter maintenance will be an integral part of the new contract. However, the existing relationships that the Council has with local farmers and parish councils will continue. Not all highways works will be undertaken through the one provider, as the Council will adopt the best form of delivery for different parts of the Service.
- The contractor will be held to account. There will be an overall Strategic Partnership Board consisting of County Council staff and the Integrated Service Provider directors, which will be supported by an Operational Board for day to day matters. As part of managing the new contract more detailed consideration will be given to how the Council may ensure that there is ongoing scrutiny and good governance, and positive Member engagement. It was also indicated that in the future the contractor would be called upon to attend the Committee's meetings.
- Customer perception will be included as a performance indicator in the contract, and customer service will be at the heart of the Highways Service.
- The physical location of the contractor's staff will established through joint agreement. The Council's current property review will have an impact on the location of local Highways offices. The ownership of depots will be maintained.
- With reference to the size and value of the contract itself, the witnesses reassured the Committee that the best advice was being sought to ensure that it is in the best interests of Essex tax payers. While the purpose of today's meeting was to have an overview on how the proposed new contract for the delivery of the Highways Service would operate in practice, the Committee would be afforded an opportunity to consider in more detail the content of the new contract as it is developed. Nevertheless the Cabinet Member emphasised the importance of both the Council and the contractor using good skills to ensure that the partnership was working effectively.

In conclusion the Cabinet Member confirmed that excellent advice had been received concerning the drafting of the new contract and agreed that it was appropriate that the Committee should have sight of the document prior to its final agreement.

It was agreed that the Committee accepted the report now submitted, and that it be afforded the opportunity to consider the final contract in

more detail at the appropriate time so that the Committee may influence its content.

15. Local Transport Plan (Minute 54/October 2010)

The Committee considered report EDE/08/11 concerning the proposed Local Transport Plan (LTP).

Councillor Norman Hume, Cabinet Member, and Paul Bird, Director of Highways and Transportation, were in attendance for this item.

Cllr Hume informed Members that the LTP sets out the principle highways strategy and objectives for the next 10 – 15 years. With reference to the previous minute, he advised the Committee that the proposed new contractual arrangements do fit in with the LTP vision. The new contract will deliver some of its objectives for the County. Members noted that under the commissioning model the Council will still fully own the LTP, and in turn will commission the services it requires. The Plan will also contain high level performance indicators from which an annual report may be produced.

Councillor Howard indicated that he wished to see the promotion of rail networks, particularly in the south of the County, within the Plan. The Director acknowledged that investment in rail needs to be considered. He added that whilst a three year implementation plan has to be produced, the LTP can be reviewed and amended at any time.

Councillor Mackrory noted that whilst this was a broad high level policy document there had clearly been consultation with stakeholders, including the Committee's joint Task and Finish Group. Furthermore most Borough and District Councils have contributed to the consultation and were content with the work that had been achieved.

Part of the Committee's discussion was focussed upon the relationship between highways infrastructure, and local development planning. The following main points were made:

- The witnesses confirmed that the Highways Authority is not bias towards allowing development, and its responses to consultation on planning applications are based on the evidence available.
- The Cabinet Member was familiar with complaints that unpopular development had been allowed on the basis that the Highways Authority had not objected to it, but he rejected the notion that 'highways' was responsible for unpopular planning permissions being granted.
- The Council must act within national guidance and if it fails to do so it will be vulnerable to challenge. Ultimately it is the local planning

authorities that will determine planning applications, and must have robust local development frameworks in place.

- Highways development control activity will not be a part of the proposed new contract as it must retain its independence outside that contract.

It was finally noted that the draft LTP is scheduled to be approved by the Cabinet Member as a Key Decision at the end of March.

In conclusion the Committee noted the report, and the Chairman thanked Councillor Hume and Paul Bird for their contribution to the meeting.

16. Scrutiny Review on the Automatic Vehicle Location System (Minute 66/December 2010)

The Committee considered report EDE/09/11 concerning the business case for the future development of Automatic Vehicle Location (AVL) that may replace the existing Bus Telematics system prior to a formal decision being reached by the Council.

Councillor Norman Hume, Cabinet Member, and John Pope, Head of Passenger Transport were present to answer Members' questions.

In his briefing paper attached to report EDE/09/11 the Cabinet Member addressed the issues identified in the Committee's scoping document for this scrutiny review, and set out some background information on how the proposal for AVL is being taken forward and benefits of the new system.

The outline business case proposes the introduction of an AVL system that will cover all buses operating on local services in Essex, Southend and Thurrock, the existing Real Time Passenger Information System will no longer be required, but will utilise as much of the existing infrastructure as possible. Under the new system, each bus will be fitted with an electronic ticket machine that will transmit its location by an on-board Global Positioning System (GPS) back to a core system. The advantages of this proposal are wide and include financial benefits and added functionality.

The core system will extract the automatic vehicle location information from all the buses. The data will be used not only to give live bus location information to on-street displays, mobile phones and the internet, but to also automate the capture of journey information, allowing it to be used by both the operator and the local authority. The journey data will enable both the authority and bus operator to improve the punctuality of services and monitor traffic flow together with reporting a true account of passenger use and concessionary fare information.

During the course of discussion the following points were noted:

- The proposal for an AVL system is presently out to tender with a response date at the end of April. While some indicative financial figures have been estimated, it will be necessary to see what proposals those suppliers who may bid for the contract come forward with.
- Discussions are to be progressed with the County Council's partners, Southend on Sea Borough, and Thurrock Councils, on options for seeking some joint funding for the project.
- AVL has good support from bus operators with anticipated county wide coverage.
- The Councils' expenditure will consist of pump priming the system, and the initial purchase of ticket machines. However, the on-going maintenance costs of ticketing equipment would become the responsibility of the bus operators.
- It may be possible to modify the existing on street display signs to accept information from the new system.
- Real time information on bus services will become available via on-street displays, mobile phones and the internet.
- More accurate information may be supplied on the concessionary journeys undertaken.
- It was agreed that an effective communication strategy was essential to ensure information about the system is widely known.

In conclusion the Committee welcomed the report now submitted and noted the benefits of the AVL proposals compared to the existing bus telematics system. While there was still a lot of work to be undertaken before a new system may be implemented, Members indicated that they were now supportive of the project being taken forward. No further action was proposed as a part of this review.

17. Forward Look

The Committee considered report EDE/10/11 on its latest work programme and noted the following action being taken in respect of scrutiny reviews:

Use of Inert Waste for Recreational Development

The Task and Finish Group would submit its scrutiny report to the next meeting of the Committee on 12 May 2011.

Legacy from 2012 Olympic Games

Arrangements were being made for a site visit for the full Committee to the Hadleigh Mountain Bike course and Basildon Sporting Village.

Corporate Carbon Reduction

A report of the Task and Finish Group would be submitted to the Committee in due course.

Renewable Energy and the Generation of Energy

A review would be undertaken following completion of the work being undertaken by the Corporate Carbon Reduction Task and Finish Group.

Statutory Undertakers

It was proposed that the Committee undertake a half day visit to the Highways Department to see how the processes around managing and co-ordinating highways works are operated in practice, and meet those Highways Officers and Inspectors involved in the work.

Park and Ride Schemes

It was confirmed that this item would be considered at the Committee's next meeting on 12 May.

Civil Parking Enforcement

This issue would be considered once partnerships have been operating for a period of time.

Credit Unions, and Debt Advice and Citizens Advice Bureau

It was noted that these matters would be referred to the Safer and Stronger Communities Policy and Scrutiny Committee as they fall within its remit.

Other matters being investigated as potential scrutiny reviews were Changes in the Civic Amenity Service; Community Infrastructure Levy; and Minerals Development Document.

18. Dates of Future Meetings

The Committee noted that its next meeting was scheduled for Thursday 12 May 2011 at 10.00am.

There being no further business the meeting closed at 2.30pm

Chairman