

Scrutiny Committee, 8 March 2017

Information Bulletin

The Information Bulletin is a document that is made available to the public with the published agenda papers. It can include update information requested by the Committee as well as information that a service considers should be made known to the Committee.

This Information Bulletin covers the following items:

1. [Highways Services Contract - Update](#)
2. [Fire stations managed through Private Finance Initiative \(PFI\) contract](#)

1. Highways Services Contract – Update

- 1.1 On 20 December 2016, the Scrutiny Committee considered the Highways Services Contract and made a number of requests for further information to be included in the information bulletin for the Committee's 8 March 2017 meeting. These requests, and the responses provided, are set out below:-

To request a diagram/schedule showing the management and accountability for "Suffolk Highways" (Suffolk County Council and Kier), and confirmation of its legal status;

- 1.2 The diagram at Appendix 1 shows the 'senior management organisational structure' being implemented for Suffolk Highways. The 'Service Manager' is the County Council's formal contractual representative (in its capacity as the 'employer' of Kier as the Highway Services Contract provider). The Service Manager must be satisfied that Suffolk Highways is delivering the overall contractual requirements.
- 1.3 Suffolk Highways is an alliance that could be defined as an 'Unincorporated Association by Agreement'. It is not a company or joint venture but an informal partnership seeking to deliver local highway services in Suffolk as effectively as possible.

To request an information bulletin describing the new structure, including arrangements for recruitment, as soon as this was available and ideally in time for the Committee's formal meeting on 8 March 2017;

- 1.4 Appointments to the senior management organisational structure depicted in Appendix 1 constitutes the first phase of organisational change. This begins the process of bringing together the separate organisational structures of the Operational Highways service of Suffolk County Council (SCC) and Kier's local resource for the joint, 'integrated team' delivery of the Highway Services Contract. Whilst this is being jointly progressed, appointments to SCC posts are in accordance with SCC's Organisational Change Management Policy for the SCC permanent employees who are 'in scope' and follow Kier's appointments process for the Kier personnel who are in scope.

1.5 The second phase of organisational change has not progressed yet. So, as the SCC and Kier employees must be advised of the organisational structures first, detailed organisational charts cannot be provided at this point in time as they will be the subject of consultation with the SCC and Kier staff below the senior management organisational structure. Formal consultation with staff in both Kier and SCC regarding the second phase is due to commence imminently.

To request clarification of the relationship between Suffolk Highways and the Network Assurance Team;

1.6 In the same way that the Service Manager must fulfil an independent role in terms of the Highway Services Contract, the Network Assurance Team must operate with a degree of independence too. This is so that the network assurance function is seen to treat Suffolk Highways and all of the public utilities on an equal footing in terms of the application of the requirements of the New Roads and Street Works Act 1991. In that respect, the Network Assurance Team reports to the Service Manager post. Its vehicles carry the ‘Suffolk County Council’ branding/livery whilst Suffolk Highways branding/livery is used for other vehicles.

To request further information about how much of the highways contract was sub-contracted, in terms of financial value and workload, to whom, and how work was awarded and monitored and how much of that was further sub contracted;

1.7 £28.5m of services were sub-contracted in the last Kier financial year representing approximately 50% of the annual contract spend.

1.8 Companies used were:

Aecom Ltd	Jark Construction Ltd
ALE Construction Limited	Landmark Surveys Ltd
Alpha Highways Consultants Ltd	Manit Contractors Ltd
Arbus Ltd	MC1 Limited
Archway Products (UK) Ltd	Mervyn Lambert Plant Ltd
Ashfern Surfacing Contractors	Miles Macadam Limited
Bagnall & Morris Waste Services Ltd	Mouchel Ltd
C & L Construction (BSE) Ltd	Norfolk Partnership Laboratory
C D C Blowers Ltd	Palmer (Fencing) Ltd
Carrington West Ltd	PRS Surveys Ltd
Central Piling Limited	Rhino Asphalt Solutions Ltd
Claret Civil Engineering Ltd	SCS Technaseal
Coastground Limited	Sean Hegarty Ltd
Connect Scaffolding Ltd	Tarmac Trading Ltd
Dynniq UK Ltd	Tilbrooks Landscape Limited
Electrical Testing Limited	Toppesfield Limited
Entech Technical Solutions Ltd	Velocity UK Ltd
Frank Davey Ltd	Wiles Contractors Ltd
Garrod Construction Ltd	Wilson & Scott (Highways) Ltd
Garrow Shand Contracting	WSP UK Ltd
Groupbridge Limited	Yotta Ltd
Industrial Water Jetting Systems Ltd	

1.9 Spend by work type for the major categories is as follows:

Design - £4.7m. This is predominately on design of the two major bridges.

Patching - £2.7m

General civil engineering - £5.5m

Drainage cleansing - £1.4m

Surveys - £0.2m

Roadmarking - £0.8m

Machine surfacing - £10.0m

Street lighting and traffic signals - £0.8m

Traffic Management - £1.9m

Soft Estate - £0.5m

1.10 In terms of selection, companies need to pass certain criteria to be part of Kier's approved supply chain. Thereafter work is generally awarded with consideration to quality and price either on a job by job basis for higher value work, or by work type for disciplines such as drainage cleansing.

1.11 All members of the supply chain are regularly monitored for work quality and safety performance. This is either by means of routine visits by the relevant works supervisor, or a structured series of site visits by all members of staff, including SCC employees, as part of an audit regime. All staff are given targets as to the number of site visits they are to undertake each month. Underperformance in any area will be reviewed with the supply chain partner and an improvement plan will be instigated. An element of this will be an enhanced audit regime. Continuing underperformance will result in removal from the Kier approved supply chain.

1.12 Sub-contracting by members of the supply chain is not encouraged, but can be necessary when specialist skills are required. Such sub-contracting requires approval from Kier.

To support efforts to clarify the term "Design Costs", and request a case study to demonstrate the elements of the preparation of a project covered by this phrase, along with data to demonstrate how "design costs" relative to total costs had declined/changed as a result of taking a more pragmatic approach;

1.13 A typical design will involve a number or all of the tasks noted below. It can be seen that the term "design" encompasses a great deal of liaison and project management, in addition to just putting pen on paper and producing a drawing.

1. Assessing and reviewing the scope of works (this often requires further discussion and clarification with the 'Client' officer);
2. Identification of any information gaps;
3. Requesting data to facilitate with the design (traffic data, speed data, collision data, pedestrian/cycle data, history relating to scheme etc);
4. Desktop assessment and initial design development;

5. Management of the programme, scope and cost;
6. Management of the risks (usually on a risk register for larger schemes);
7. Visit to the site to undertake site survey (usually using a measuring wheel/tape but can include full topographical survey).
8. A further site visit is usually required to assess the proposals once the design is developed;
9. Developing proposals into appropriate drawings (the level of complexity varies from scheme to scheme);
10. Preparation of feasibility studies and/or options development;
11. Asset management considerations including whole of life costing;
12. Early contractor involvement – discussion with the operational team to determine the safest and most cost efficient way of delivering the works;
13. Investigation of utilities including assessment of drawings provided by utility authorities and possible site investigation (above and below ground);
14. Obtaining clarification and quotations from the utility authorities where adjustments/diversions are required;
15. Formal consultation on the proposals – a necessity to meet Article 8 of the Human Rights Act;
16. Investigation and determination of the traffic management required in order to safely construct the work;
17. Discussion and agreement with Network Assurance as to when such work could take place and not clash with any activity being pursued by the public utilities or other Suffolk Highway works;
18. Where a permanent traffic regulation order (TRO) is involved (which would be required for the imposition of waiting or loading restrictions, limitation on traffic movements, speed limit changes or weight restrictions for example), this has to follow the multi-staged approach that is defined in the Road Traffic Regulation Act 1984 and more general government consultation guidelines;
19. Review of consultation comments;
20. Making any changes to the proposals stemming from the consultation;
21. Potentially re-consulting and re-reviewing;
22. Preparation of a temporary TRO for either the safe working of the operational workforce or for the safe passage of the public through or around the works – even the closure of a footway requires a temporary TRO;
23. Where there is a permanent TRO to be implemented, obtaining Rights of Way Committee sign-off and approval of the Cabinet Member for Highways and Transport;
24. Advertising the temporary and permanent TROs (in a local newspaper) and placing notices locally. The publication cost for each order is circa £500 alone;
25. Undertaking Road Safety Audits at various stages in the design/construction process and responding to issues raised;

- 26. Fulfilment of duties under the Construction Design and Management Regulations 2015 (CDM);
- 27. Preparation of the works pack for any Suffolk Highway operations gang and supply chain subcontractor for the works on site;
- 28. Answering queries relating to the scheme from the inception to post completion.

Costs – Case Studies

1.14 As no two schemes are alike it is not possible to demonstrate how “design costs” relative to total costs have declined/changed as a result of taking a more pragmatic approach on a straight comparison basis. However, the following examples do demonstrate how added value is being achieved by Suffolk Highways.

2016 surface Dressing Programme

- 1.15 The proposed surface dressing sites were assessed in autumn 2015, with 151 sites selected, creating a coverage area of 1,000,000m². The preparation of these sites took place over the winter/spring of late 2015/2016, ready for commencement of the dressing in April 2016.
- 1.16 A team of 8 design engineers undertook the assessment, design, planning and programming works of the initial 1,000,000m² over a period of approximately 5 months.
- 1.17 The value for the initial surface dressing works was £8.1m including £4.6m of preparation (carried out between 15/16 and 16/17) and £3.5m of surface dressing works, including road markings, studs and traffic management.
- 1.18 In mid-March 2016, it was announced that £10m of additional funding had been made available over the next 2 years to enhance the carriageway maintenance programme. The funding was focussed towards increasing the year’s surface dressing programme by 2,000,000m² towards a total target of 3,000,000m², to be completed by the end of August.
- 1.19 431 additional sites were assessed for suitability, which were reduced to 247 selected sites, giving an overall total of 398 sites in the programme.
- 1.20 In order to deliver the additional 2,000,000m² of dressing in a very constrained timescale (April to July to assess, design and plan) an integrated delivery team was created to focus solely on the delivery of the programme. This included staff from Kier and SCC as well as some short term agency staff, generally co-located at Phoenix House. In addition to the assessment and design staff, the team was supported by operational staff, project management, Communications, the SCC contract team and Network Assurance.
- 1.21 By the end of the season, 2,500,000m² of surface dressing completed on 389 locations equating to approximately 6-7% of the county road network.
- 1.22 In addition to the efficiencies of the integrated delivery team, a significant saving was generated by the engineers using condition data to identify roads that were in the optimal window for surface dressing, (i.e. roads that have started to crack but have not deteriorated to such an extent that they require a disproportionately large amount of costly preparatory work undertaken prior to dressing).

1.23 Condition data was used to identify the additional £2,000,000m² of the 2016 surface dressing programme. Below is a summary of the costs of the traditional engineer lead programme compared to that driven by condition data:-

Preparatory costs for sites visually identified for surface dressing:
£31,553/site or £4.61/m²

Preparatory costs using the asset condition data led approach:
£4,254/site or £0.55/m²

1.24 If the entire 2016 surface dressing programme had been visually identified (using a non-asset condition led approach) the preparatory works could have cost in the region of £11.53m whereas it cost in the region of £5.44m.

1.25 The total savings to the programme using an asset condition led approach = £5.76m.

Local Highways Budget Team

1.26 In May 2016, an integrated team of Engineers and Technicians from Kier and SCC was formed with the primary goal of delivering Local Highways Budget (LHB) Schemes that had in the past become 'bogged down' with other more complicated design schemes being delivered.

1.27 At the start of May, 103 schemes were 'live' although none had been constructed. In January 2017 there were 257 schemes on the list, of which 145 had been completed on site. The table below outlines the status of the workload in the LHB team:

	May 2016	June 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec/Jan 2016
Design Ordered / Ongoing	52	42	36	43	43	39	48
Design Complete / Ordered for Construction	51	46	30	40	37	46	48
Construction Complete	0	37	72	82	101	120	145
Scheme Cancelled	0	14	15	15	16	15	16
Grand Total	103	139	153	180	197	220	257

1.28 The integrated design team approach has brought many benefits which have streamlined the design and approvals processes which in the past had delayed progress and added additional costs to the work. This often included 'to-ing and fro-ing' with the Area Offices as schemes developed and prior to construction. Since November 2016, this has moved on a further step with the team now fully responsible for the management of LHB budgets and face to face contact with Members. This enables the design team to fully appreciate and understand the

aims of LHB schemes from the outset and deliver suitable designs in close coordination with Members, without the requirement to liaise with Area Office staff on an approvals basis.

Bridges

- 1.29 Coronation Drive footbridge, Felixstowe is a wrought iron/steel plate girder structure spanning approximately 25m between two masonry abutments which was originally designed to carry traffic over the railway line. The structure is subject to periodic Principal Inspections which recommended the structure be demolished in situ and replaced with a bespoke superstructure on new abutments.
- 1.30 Suffolk Highways received a brief to provide services to design the demolition and replacement of the bridge.
- 1.31 Following a technical review of the scheme with the Structures Design Manager and a subsequent site visit with the Structures Design Manager, Structures Graduate & Schemes Design Manager a revised brief was issued to explore the possibility of refurbishing the existing structure.
- 1.32 The benefits of refurbishing the existing structure over replacement include:
- The bridge will be functional, safe and fit for purpose.
 - The design costs for refurbishment are likely to be lower than for replacing the super structure.
 - The refurbishment works will be less intrusive therefore significantly reducing impacts on members of the public. It will also be possible to keep the bridge opened to the public during the works.
 - The refurbishment process will take less time to complete than replacement.
 - Refurbishing the existing assets has a reduced cost when comparing to renewal.
 - Refurbishment will mean a smaller carbon footprint for Suffolk.
- 1.33 Through Suffolk Highways challenging the brief and proposed solution which was developed by a third party designer the option of refurbishing the structure rather than renewing it, could generate savings be in excess of £250k for the overall design and construction if selected.

General

- 1.34 Recent feasibility work on the Ipswich and Bury St Edmunds Radial Routes schemes has clearly demonstrated that the Suffolk Highways rates and costs provide excellent value when compared to external suppliers. The Suffolk Highways team have completed each of their studies in a timely manner, with excellent dialogue with the Client Officer to produce studies that meet the requirements of the brief and detail the information required to develop the schemes further. The studies undertaken by Suffolk Highways have been completed at an average fee of £6,500 less than the third party suppliers.

To request further information about the work taking place on community engagement on highways issues and request that local councillors be kept informed of any pilot work taking place in their division;

1.35 Two assistant area managers have been developing a “Community Self-Help Scheme for Minor Highway Maintenance Guidance Document” that will be used as the basis of enabling local parish and town councils to locally deliver off-road highway maintenance-related services. These officers are now liaising with the Localities Team to finalise the document. Whilst this document has taken longer to develop than was hoped for, the request for any expressions of interest in this initiative, as set out in Highways Matters No 4 (issued on 4 April 2016 to all county, district and borough councillors), did not generate a level of response that suggested there was any significant appetite for local delivery of services. The response to the follow-up re-issue on 13 July as part of the Suffolk Association of Local Councils newsletter reinforced there was a general lack of appetite.

To request sight, as soon as practical, of the programme of works for highways maintenance for 2017/18;

1.36 Information is available on the County Council’s website at: <https://www.suffolk.gov.uk/roads-and-transport/roadworks/roadworks-in-suffolk/> regarding future works. Whilst this reflects the remaining the 2016/17 works, it will be the subject of further refinement for the 2017/18 programme. Due to a significant recent additional and unexpected financial allocation to the County Council by the Department for Transport (entitled the ‘National Productivity Investment Fund’), the overall programme is undergoing reconsideration so as to ensure full delivery of the potential extra work that this allocation provides.

Following the meeting, an additional request was made for a brief update on what progress, if any, has been made towards having a permit scheme to control the performance of utility companies, and the response is included below:-

1.37 At present, the focus for Suffolk Highways (besides continuation of the day-to-day highway service) is on progression and completion of the Highways Transformation Programme of which the subject of a ‘permit scheme’ was not a part. However, key aspects of the Highways Transformation Programme have been about collaborative working and the removal of unnecessary and/or obstructive bureaucracy. Unfortunately, a permit scheme approach is not collaborative by its nature and adds a multitude of bureaucratic layers to the current day-to-day tasks.

1.38 In that respect, the introduction of a permit scheme would require additional resources within Suffolk Highways and within all the public utilities as well. The cost of a proportion of these additional resources within the Network Assurance team would have to be met by Suffolk Highways, thereby diverting crucial funding away from works on the ground to personnel costs. The remaining proportion would need to be recovered from the public utilities (and any other organisations wishing to undertake work on the public highway) from their customers – thereby further increasing the gas, water, telephone, electricity etc bills that the general public would have to pay. Rather than incur the start-up costs of such a system and place a further financial burden on the general public, the alternative no-cost approach is to strengthen the relationship with the public utilities and other organisations seeking to undertake street works. These points were set out in

the extract from the East Anglian Daily Times article that was submitted as Appendix B to Evidence Set 3 for the Scrutiny Committee meeting of 20 December 2016.

- 1.39 Through the organisational change process for Suffolk Highways, the safety inspection role undertaken by highway inspectors will be tied in with highway condition inspection and, with that, the ability to take a stronger control over public utilities' and others' work on the highway by new 'highway condition technicians'. In addition, the resource currently working on licencing of street-based activities (e.g. materials licences, scaffold licences, skip licences and the like) across the county will be reassigned to the Network Assurance team and a more appropriate range of charges for highway occupation will apply and be enforced.

For further information, please contact: Mark Stevens, Assistant Director (Operational Highways), Suffolk County Council; Telephone: 01473 264994; Email: Mark.Stevens@suffolk.gov.uk;

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2. Fire stations managed through Private Finance Initiative (PFI) contract

- 2.1 There are 35 fire stations in the county, 11 of which are managed through a PFI contract. These stations are managed under one PFI contract.

The fire stations in question are:

New Builds:

- Ipswich East
- Lowestoft North
- Lowestoft South
- Nayland
- Needham Market
- Hadleigh

Refurbishments:

- Bury St Edmunds
- Felixstowe
- Haverhill
- Newmarket
- Sudbury

For further information, please contact: Dave Pedersen, Group Commander, Suffolk Fire and Rescue; Telephone: 07091 511029; Email: dave.pedersen@suffolk.gov.uk

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