

## **Divisions Affected – ALL**

**CABINET**  
**18<sup>th</sup> October 2022**

### **Future Highways Maintenance Contract Model**

Report by Corporate Director for Environment and Place

## **RECOMMENDATION**

### **1. The Cabinet is RECOMMENDED to**

- a) Approve the commencement of work for a new highway's maintenance contract.
- b) Endorse the proposed approach and key stages as set out in this paper

## **Executive Summary**

2. The existing highways maintenance contract with M-Group Infrastructure (Milestone) is set to expire on 31<sup>st</sup> March 2025 with no options to extend remaining. Oxfordshire County Council therefore needs to decide on a model for highway maintenance delivery from that date and have undertaken any procurement or recruitment prior to the expiry of the existing contract.
3. Due to the changing nature of the highways maintenance sector and the new ambitious council policy, the model for how the council manages its highway maintenance needs to be fully explored before determining the best option for Oxfordshire.
4. It is proposed there are three main decision points for Cabinet; today's paper seeking support for the proposed approach; again, when initial options have been explored, and the project team have a preferred option/s for development and progression; and finally to seek approval to commence procurement of the preferred option.

## **Background**

5. Oxfordshire County Council are currently in contract with Milestone to provide highway maintenance services. The contract was for 10 years from 1st April 2010, with up to a further 10 years' worth of potential extension linked to performance. Due to extensions either awarded or revoked the contract is currently due to end on 31st March 2025 with no further opportunity for extension. The contract was originally held by Atkins, transferred to Skanska and finally

transferred to Milestone in 2021 as part of a divestment by Skanska.

6. The current contract is based on a 'Single Managing Agent' provider model, meaning that whilst core decision making lies with the County Council, a large element of delivery services are contracted to a single contractor (or 'managing agent') who will design, manage and co-ordinate works on behalf of Oxfordshire County Council. They have direct management, design, and some delivery resource, but specialist professional services and some works (such as surfacing) are contracted out.
7. The current Milestone contract allows for the below services across Oxfordshire:
  - Routine maintenance i.e. defects repairs, drainage, highway grass cutting, signs and lines
  - Winter maintenance including gritting
  - Delivery of the capital maintenance/renewal schemes
  - Structures – maintenance and improvement works
  - Small new infrastructure and improvement works < £500k
  - Arboricultural service and support
  - Countryside and Public Right of Way maintenance
  - Minor traffic schemes/works
8. Whilst this model was traditionally a preferred choice for many authorities, given the changing nature of the industry and new county council priorities, it is recognised that alternative approaches to highway maintenance delivery should be explored to assess if it continues to be the right approach for Oxfordshire is selected.
9. Initial exploration into the approach taken by other similar authorities is also being conducted to understand the different model types they are procuring / seeking to procure to both understand the reasoning for their approach and their experiences so far to help inform the best approach for Oxfordshire. Locally Buckinghamshire Council have opted for a 'framework' based model with greater in-house resource whilst West and North Northamptonshire have retained a single managing contractor model.
10. Early 'scene setting' investigations through Proving Services (Future Highways Research Group) have taken place to understand the current state of market and the 'attractiveness' of Oxfordshire as a partner for a future contract (see annex 1). Similarly, an initial evaluation of the types of models Oxfordshire may wish to consider have been provided and are currently being investigated.

## **Proposed approach**

11. The proposed approach has three main stages: Investigation and optioneering; development of the preferred option; and then procurement/delivery of that option. It is important that we undertake the first stage with an open mind and fully engage with members, communities, the market, and other local authorities to help shape. It is also important we utilise data to understand the cost, risks and

deliverability of options to shape and determine the preferred option for Oxfordshire.

12. It is considered important to understand which elements of the existing contract works well and which don't. Using this data a qualitative baseline can then be set to inform procurements. To achieve this it is proposed a survey is undertaken to enable councillors and key stakeholders to feed back on their experiences of the highways maintenance contract. This data will then be analysed by officers with outcomes feeding into identifying a preferred model.
13. Engagement and learning from other local authorities to understand their models and approaches and to learn from their previous experiences to help inform which model may be most appropriate for Oxfordshire. Where possible qualitative data will also be reviewed to see how different models perform against the existing Oxfordshire model.
14. Early soft market testing should also take place with highway maintenance contract providers to understand their views on market direction of travel, what the market can and cannot offer and future innovations to understand what other elements may need to be considered when developing a preferred model.
15. The Cabinet Member for Highway Management will lead and steer officers, with Cabinet shaping and approving the future model. It is proposed Cabinet will take formal decisions at three key stages during the optioneering and procurement process.
  - Presentation and approval of proposed approach (October '22)
  - Confirmation and approval of the preferred model to develop (March '23)
  - Approval to procure preferred model (Sept '23)

## Proposed programme

16. High level timescales for delivery have been developed showing expected key milestones, once an approach has been approved a more detailed plan will be developed.

Milestone	Milestone date
Approval of approach by Cabinet	Oct 2022
Investigation and development of preferred model	Oct 2022 – Feb 2023
Approval of preferred model by Cabinet	March 2023
Development of specification/s to support model	April 2023
Approval to procure preferred model by Cabinet	Sept 2023
Launch of procurement	Sept 2023
Closure and bid evaluation	Jan 2024 – March 2024
Appointment of contractor/s	March 2024
Mobilisation of new contract	April 2024 – March 2025
Launch of new contract	April 2025

## **Financial Implications**

17. Due to the scale and complexity of the project it is expected external specialist consultancy services will be required for the project. This is for both the optioneering and procurement stages, from both highways service and Legal & Procurement perspectives. It is estimated this will cost in the region of at least £300k split as follows:

- 2022/23 - £50,000
- 2023/24 - £150,000
- 2024/25 - £100,000

18. This cost will need to be recorded as a directorate cost pressure on the MTFP. To fund this pressure there will be a need to request additional funding to support the work, alternatively the cost of work will need to be absorbed by the services baseline budgets meaning less maintenance work on the ground taking place.

Comments checked by:

Filipp Skiffins, Assistant Finance Business Partner

## **Legal Implications**

19. Any procurement exercise to appoint professional services to support the project and new highway maintenance contractor/s will be completed in line with all relevant legislation and guidelines. Due to the scale and value of the contract/s being procured a member of the legal team will be appointed to the project team and will take ownership of the legal elements of the project.

20. As the 'Highway Authority' for Oxfordshire, the procurement of a new highway maintenance contract/s is essential to ensure Oxfordshire County Council meets its obligations under section 41 of the Highways Act 1980 to maintain highways which are deemed 'maintainable at public expense'.

Comments checked by:

Jayne Pringle, Interim Principal Solicitor – Contracts & Conveyancing

## **Procurement Implications**

21. Any procurement exercise to appoint professional services to support the project and new highway maintenance contractor/s will be completed in line with all relevant procurement policy and guidelines. Due to the scale and value of the contract/s being procured a member of the procurement team will be appointed to the project team and will take ownership for the procurement elements of the project. Once a preferred approach has been identified a detailed procurement strategy will be developed to support the delivery of the contract/s. It should be noted that legislative changes to the Procurement Regulations will come into effect Sept 2023, and the specific timings of the tender will need to be taken into consideration with regard to the project programme and risks.

22. Social value is at the heart of all Oxfordshire County Council procurement exercises. For any procurement associated with this project significant weighting will be placed on ensuring the Councils social values are delivered through any contract/s.

Comments checked by:

Melissa Sage, Head of Procurement & Contract Management

## **Staff Implications**

23. Due to the scale and complexity of the project there will be the need to appoint an additional and dedicated subject matter expertise on a fixed term / consultancy basis to advise on the type, scale and scope of the model/ contract/s we may wish to procure.

24. The wider project team will be internally resourced from both within the directorate and corporate centre.

## **Equality & Inclusion Implications**

25. It is not anticipated the procurement of a new highways maintenance contract/s will impact negatively on any 'protected characteristics' groups, nor on the armed forces, carers, staff, other Council services or providers. There is an opportunity through any procurement to positively impact rural communities and areas of deprivation. A full equalities impact assessment can be found in annex 2.

## **Sustainability Implications**

26. A climate impact assessment has been completed prior to this papers submission with the following results produced. Any future contract will look to adopt the latest technologies and innovations and reduce carbon through efficient maintenance planning and techniques where possible. A Climate Impact Assessment has been completed for the proposal which shows a net benefit of +13. The full Climate Impact Assessment can be found in annex 3.

## **Risk Management**

27. The procurement of a new highway maintenance contract/s offers many opportunities for Oxfordshire County Council by ensuring any selected model is appropriate for the current and perceived future challenges for the council.

28. Failure to award a new contract/s holds significant risk for this project, failure to do so by 31<sup>st</sup> March 2025 will potentially leave Oxfordshire County Council without a highway maintenance contractor to fulfil our maintenance obligations. To minimise this risk the project has been established well in advance of this date to enable a robust assessment and procurement process to take place.

29. A full assessment of risk and opportunity can take place once the approach proposed is approved and work commences to scope out future contract/s models.

BILL COTTON  
CORPORATE DIRECTOR FOR ENVIRONMENT AND PLACE

Annex:

- Annex 1 – Summary of preliminary investigation work so far
- Annex 2 – Equalities Impact Assessment
- Annex 3 – Climate Impact Assessment

Background papers: None

Other Documents: None

Contact Officer:

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September 2022