Annex 2

OXFORDSHIRE COUNTY COUNCIL

DMsqd

Service Delivery Models

Executive Summary Report

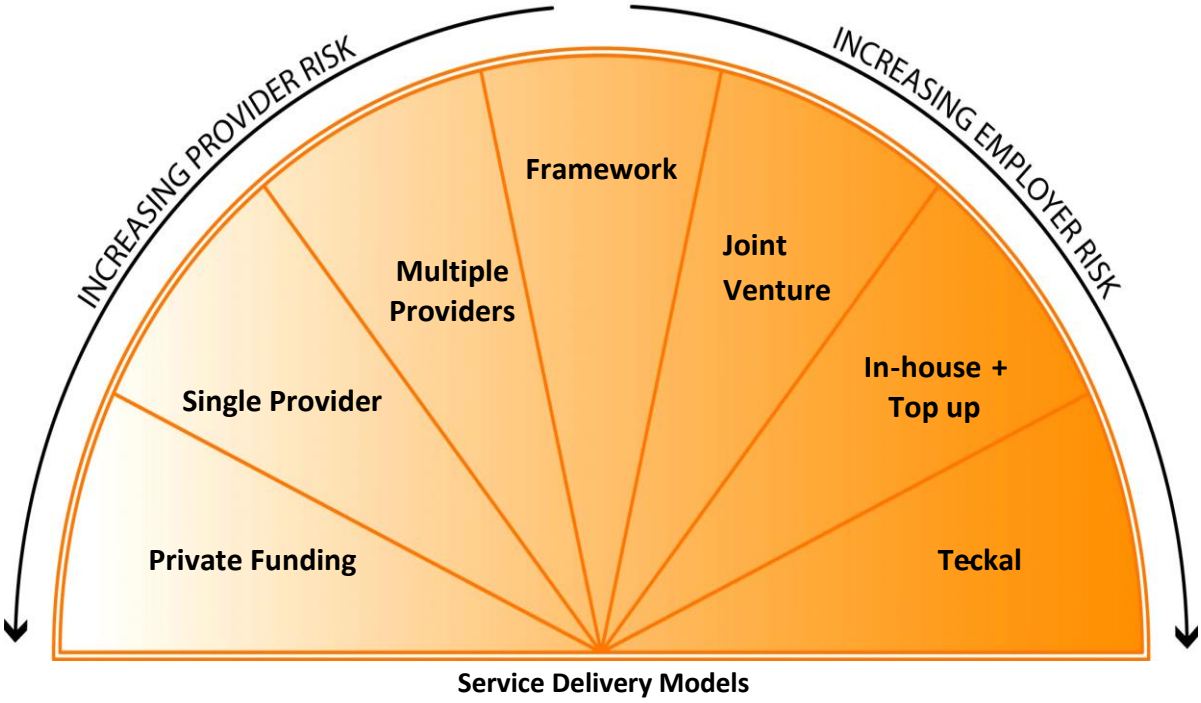
January 2023

Executive Summary

Phase one

OCC commissioned an experienced and well-respected consultancy to work alongside Officers and Members to evaluate service delivery options for the highways term maintenance contract which is set to expire on the 31st March 2025 with no option for extension.

Initially a long list of options was drawn up along with the key attributes of each model. The models included:



Phase two

Each model above was considered in turn against how they could potentially meet a series of critical success factors (CSF's) as determined by OCC. The CSF's were as follows:

- How well does the model fit with OCC Strategic Priorities
- To what extent does the model allow OCC to optimise opportunities
- Is the model economic, efficient, effective and transfers risk appropriately
- Considering OCC constraints how achievable would it be to implement the model
- Is there sufficient capacity, capabilities and appetite in the market to deliver the model
- How affordable would the change be
- Can the model prove fit for purpose over the length of the contract

From this assessment a shortlist of models was identified to take forward to the next stage of evaluation.

Phase three

The shortlisted models included:

- Single Provider - most service transferred to private sector partner. Client retains some elements of service such as strategy, performance management etc. A common approach is for the highway maintenance services and the design services to be procured separately, e.g. a term contractor and a term consultant.
- Framework - assumes more than one provider with similar skill set to allow mini competitions to be held for appointment against work packages.
- Multiple Providers - authority procures individual services from different providers such as routine highway maintenance, technology assets, street lighting, design services etc. Client retains some elements of service such as strategy, performance management etc.
- In-house + top up - simple top-up arrangement to fill gaps/weaknesses in the client team. The amount of highway maintenance function remaining with the client depends on how much top up is involved, be it single or multiple providers. Note: An option for In-house was not included here as in reality the model does not exist. All councils in England who use the in-house title for their delivery model always outsource a number of specialist elements of the highways service that often includes the high spend items on surfacing and surface dressing.

Each model above was considered in turn against how they could potentially meet a series of operation success factors (OSF's) as determined by OCC. The OSF's were as follows:

- Is the model suited to deliver social value initiatives that support the local economy from the outset and on an ongoing basis
- Is the model sufficiently flexible to embrace new carbon reduction measures as they become available over the life of the contract
- Is the model sufficiently flexible to embrace new innovations as they become available over the life of the contract
- Will the model deliver a positive customer experience
- How agile is the service likely to be with regards to flexibility to change, responsiveness of the contractor to deliver savings in key areas
- Does the model facilitate the right balance with regards to risks transfer
- What are the estimated comparative costs of making the change (implementation and delivery)

Based upon a quality/price (cost) of 60/40 the evaluation exercise showed that a 'Single Provider' model represented the best option by a clear margin.

However, other models, particularly the "In House plus Top Up" also scored well against a number of the OSFs. Therefore, the team considered there would be merit in considering whether some of the elements of the service that are currently delivered via the single provider model with Milestone could be delivered by the Council in future.

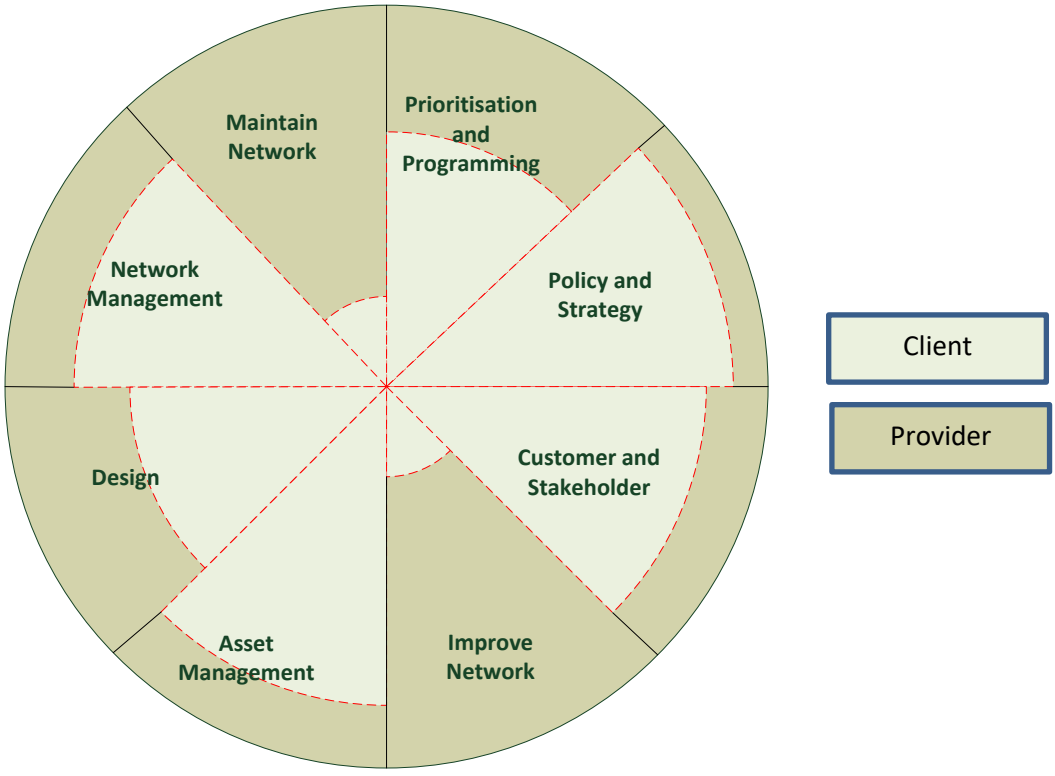
Phase four

Therefore, the final stage of this model evaluation exercise was to establish the following

- Where the balance of service delivery should lie between the client and the private sector including any self-delivery of the core maintenance function by OCC.
- The applicability of Frameworks within the overall model
- The pro's and con's of including design as part of a more fully integrated service

The key service areas under consideration for Oxfordshire County Council address all those functions required to manage and implement a full highways term maintenance contract. Each service area was considered in turn in terms of where the optimum split should lie between the Council and its chosen private sector partner.

Through discussions with Officers of the Council and based on the experience of DMsqd the following proposed service splits were identified:



Prioritization and Programming	
Client (approx. 60%)	**Contractor** (approx. 40%)
Takes the lead in prioritization of maintenance and investments in the network. Identifies any sequencing and other constraints and the "windows" for the works to be carried out in consultation with stakeholders.	Provides input into prioritization and programming of maintenance and investment programmes. Responsible for the detailed programming and sequencing of the work in accordance with constraints and "windows".

Policy and Strategy	
Client (approx. 90%)	**Contractor** (approx. 10%)
Works with Members and Senior Leadership to set Council's Vision and Objectives. Takes the lead on developing and implementing Highways and Transport Policies and Strategies aligned with County Council Vision and Objectives and National Government Guidance.	Provides advice and guidance on developing Highways and Transport Policies and Strategies as instructed by Client. Brings expertise and learning from other contracts ad sectors.

Customer and Stakeholder Engagement	
Client (approx. 80%)	**Contractor** (approx. 20%)
Provides main point of contact with Members and other stakeholders. Manages customer correspondence and contacts; website, social media channels etc. Leads on consultation regarding Highways and Transport Policies, programmes and schemes.	Provides information, reports, data, evidence etc to enable Client to consult and engage with stakeholders. Carries out programme and scheme communications (e.g. letter drops, info boards etc)

Improving the Network	
Client (approx. 10%)	**Contractor** (approx. 90%)
Quality Assurance of works on site via sample inspections and testing (e,g, CoW type function).	Responsible for all resources to programme, manage, deliver and supervise improvements to network including: • Junction and similar carriageway improvements / modifications • Footway and cycleway schemes • Structures refurbishments • Road Marking programmes • Drainage schemes • Traffic Safety Schemes

Asset Management	
Client (approx. 80%)	**Contractor** (approx. 20%)
Takes the lead in developing Asset Management Policies and Plans. Commissions surveys and asset condition data. Maintains and manages asset inventory and asset condition data. Carries out lifecycle planning and identification of maintenance and investment programmes that meet Council priorities and budgets	Provides input, bringing experience and expertise from other contracts and sectors. Provides asset updates and as-built information on completion of work. Provides input into lifecycle planning and programmes via expertise in costing, programming, alternative and innovative materials and treatments to maximise outcomes.

Design and other Professional Services	
Client (approx. 60%)	**Contractor** (approx. 40%)
Takes the lead in the design of improvement schemes.	Provides Proportionate Design Support to Client via • ECI • Walk, Talk, Build • Developing standard approaches for repetitive activities.

Network Management	
Client (approx. 80%)	**Contractor** (approx. 20%)
Responsible for network management duties under TMA and other legislation. Operates and manages permitting schemes and network occupancy.	Provides Early Road Space Planning to optimise network occupancy. Complies with permitting requirements.

Maintain the Network	
Client (approx. 10%)	**Contractor** (approx. 90%)
Highway inspections. Quality Assurance of works on site via sample inspections and testing (CoW type function).	Responsible for all resources to programme, manage, deliver and supervise the maintenance activities on the network including: • Reactive maintenance (defect repairs) • Cyclical maintenance (drainage cleansing, vegetation etc) • Emergency and incident response • Planned maintenance (patching programmes etc) • Winter maintenance and severe weather response

	• Structures maintenance (routine maintenance and minor repairs) • Conventional surfacing and reconstruction • Surface dressing • Surface treatments • Road markings • PROW maintenance

Service Delivery Model Assessment - Outcome

1. The optimum model for OCC to deliver its highways term maintenance contract from 2025 is the Single Provider model based on the service splits shown above.
2. Scheme works up to a threshold of £500k should be included within the main term maintenance contract.
3. Surfacing works, including conventional surfacing and surface treatments should be included within the main term maintenance contract.
4. OCC to take greater control of design by taking the lead in the design of improvement schemes by growing the capability and capacity of the existing in-house design team. Top-up design services can be sourced via an alternative mechanism when required leaving the contractor to focus on simple designs, walk/talk/build and Early Contractor Involvement.
5. Scheme works in excess of £500k should be delivered via external frameworks available through the likes of the Midlands Highways Alliance.