

Document	<b>Procurement Survey</b>
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Author	Andy Perrin, Proving
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# **Future Highways Research Group**

## **Procurement Survey**

**2023**

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**1. Sourcing process:** Are there any key lessons learnt from your recent sourcing activities, which other LHAs should consider? Did anything emerge during the process that you would do differently in future? Or anything you would definitely do again?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• We have recently awarded a term contract for a Professional Services partner.</li> <li>• Must effectively engage with the market in advance to generate interest, listen to feedback, triangulate and take on-board as much as you can.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• Two things we would recommend that have proved positive:               <ul style="list-style-type: none"> <li>○ Engagement of an external advisor/support who has recent experience of procurement and in particular the current market conditions.</li> <li>○ Early and consistent engagement with the market, listening to their feedback and taking this into account when finalising proposals.</li> </ul> </li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• Review the previous contract.</li> <li>• Keep records of issues and inconsistencies arising and where information was lacking to inform the next contract.</li> <li>• Address issues/inconsistencies and weaknesses, update terminology and reassess client requirements.</li> <li>• Work closely with legal and procurement teams throughout the process.</li> <li>• Increased flexibility/client choice introduced may lead to an increase in complexity with ITT, contract documents, etc.</li> <li>• Splitting the Framework Information into several documents may seem reasonable during the procurement but complicates contract finalisation and ongoing framework management.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• Competitive Procedure with Negotiation (CPN) procurement route was extremely valuable for the Highway Works contract. Useful step to fully understand risk of key areas of the contract.</li> <li>• Key areas of discussion – Reactive Service incentivisation and Pension liability risk of TUPE staff with admitted body status.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>• Lean Procurement / Lean sourcing worked well for us and was well received by bidders.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• We used the Competitive Procedure with Negotiation procurement process partly in response to supplier feedback about Competitive Dialogue being a huge investment/drain for them.</li> <li>• Generally the CPN process would have only 3-5 sessions with each bidder on specific topics but we ended up with around 10 days most with an am and pm session but the feedback was really positive. The number was related to the range and complexity of the scope. We asked the bidders to outline their proposal and then gave feedback which was honest (very in some cases) and this was well received.</li> </ul>

**2. Type of contract:** What contract type are you/will you be using, e.g. NEC4?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• NEC4</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>• NEC3 currently, looking at NEC4 for next iteration.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• We'll be using NEC4 for both our Professional Services Contracts and Highway Term Service Contract.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• NEC4 Framework Contract with choice of Professional Services Contract (PSC) or Professional Services Short Contract (PSSC) for Works Order Contracts.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• NEC4 – Term Service Contract – Option C (Highway Works).</li> <li>• NEC4 – Term Service Contract – Option C (Traffic Signals).</li> <li>• NEC4 – Professional Services Contract variant with Term option introduced – Option A / C / E available (Professional Services).</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>• NEC4</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• We have been using the Term Partnering Contract for around 18-20 years (now in its 3rd contract for us).</li> <li>• Although NEC now offer partnering elements, the TPC starts from that point and drives the parties to work together to find solutions from the outset of an issue (seeing it as a shared/joint problem) rather than what might be seen as an adversarial starting position to be overcome.</li> </ul>

**3. Climate and Social Value:** How are climate (particularly carbon reduction) and social value considerations factored into your highway maintenance contracts (e.g. explicitly weighted/ referred to in a specification/ not included at all)? Are there any lessons learned to consider regarding their inclusion, which LHAs coming to market now should consider??

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• Social value was factored into the tender assessment (10%) and form part of the contract.</li> <li>• We used the Social Value Partnership to manage the process and evaluate the tender responses for us.</li> </ul>
Devon County Council	<ul style="list-style-type: none"> <li>• Devon have entered requirements for data sharing as per the 'Devon carbon reduction model' real time system into our minor frameworks contract (in year 2) and a recent resurfacing contact.</li> <li>• It is too early for us to comment on the lessons learnt as these are new initiatives.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• We have included both social value and sustainability with our future PSC contract and will be doing the same for the HST.</li> <li>• We are asking bidders how they can support HCC to deliver the objectives set out in our Sustainable Herts Strategy and how they will deliver social value. Both of these are being discussed/explored/challenged during the negotiation stages and we will be looking for clear evidence that these proposals can be delivered.</li> <li>• The providers will be required to submit 3 three year plans (updated each year during the life of the contract) on what they will deliver with regards sustainability and social value.</li> <li>• Both social value and sustainability will be scored as part of the tender evaluation process.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• Expectations from Suppliers set out in Principles and Aims of the framework contract. Included in Quality Questions.</li> <li>• Specific responses required to demonstrate how the Supplier would innovate, assist and contribute towards social value, climate and carbon reduction, both at ae strategic level and also throughout the project lifecycle at an operational level.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• 10% of quality marking was awarded to Climate and Social Value related activity.</li> <li>• I would recommend focusing the bidders on a particular issue that your authority is looking to improve. If this element of the contract is left open, there is the potential for the bid commitments to be a tick box exercise without strategy. My perception is that the bid team would also welcome this steer in what is a vast area.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• These were significant aspects of our tender and to some degree shaped the overall model – it was clear to us from market engagement that added value in these areas would be maximised with a larger scope/value of contract.</li> <li>• Whilst we weren't explicit that they were required we allowed dedicated roles for Social Value, Innovation and Environmental Impact to be included as part of the offering (which are recoverable).</li> <li>• We also made it clear from the outset that delivering the services whilst extremely important were almost "a given" and that this should provide the foundation to deliver beyond that in these areas.</li> </ul>

	<ul style="list-style-type: none"><li>• In terms of evaluation we used a 70% quality/30% price split. Of the quality 10.5% was allocated to the approach to innovation, 4.9% to Social Value Delivery and 4.9% to Environmental Management and Sustainability.</li><li>• Through a combination of the documented strategies, feedback at each stage of the tender and the level of engagement we got into during the negotiation sessions the level of output generally improved over the process with bidders really coming to understand what we were aiming for.</li></ul>
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**4. Operating model:** Does/ will your solution vary the previous/current client/contractor split for delivery? Does the solution require more or less internal contract management?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• We didn't have an existing provider, so this is a first tranche. Requires contract management on our side which didn't exist before.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• Our proposed operating model will be similar to the current version and comprise:               <ul style="list-style-type: none"> <li>○ An HCC client team.</li> <li>○ A Highways Service Term Contract to deliver reactive repairs, small scale maintenance, routine maintenance, winter service, inspections and some larger scale capital maintenance and improvement schemes.</li> <li>○ A Client Support Term Contract providing consultancy services such as design, contract management and project management.</li> <li>○ Framework contracts to deliver the majority of capital maintenance and some improvement schemes.</li> <li>○ Transport Planning framework contract – to provide transport planning services and some consultancy services.</li> <li>○ Objective is to create a 'one team' approach to delivering services but via separate contracts, but where all providers work collaboratively.</li> </ul> </li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• The framework factored in increased contract management and support at framework level on behalf of clients collectively.</li> <li>• Increased management information required at framework level as well as at operational project management level to help identify and tackle emerging issues at framework level.</li> <li>• Client learning/sharing of issues and client mutual support through collaborative working (Framework Community).</li> <li>• There is a recognition that some client officers may be less familiar with contract management and additional support will be needed through training, guidance and support than historically required.</li> <li>• There has been more consideration of risk and sharing of risk between Client and Supplier with an emphasis on risk sharing in the principles of the framework and additional optional X clauses available to offer clients more control over risks.</li> <li>• The Contract provides the Client with more options in selection of Suppliers.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>• We propose the split for our solution will remain the same. We operate a mixed economy model for professional service and works (separate contracts and providers).</li> <li>• We may need to strengthen our in-house commercial and contract management support as this is quite lean which hasn't necessarily worked to our advantage.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• In our old contract (which ended in 2022) we had a reasonably large scope with many core/statutory functions included alongside the majority of the capital programme. The exceptions were:               <ul style="list-style-type: none"> <li>○ Streetlighting (PFI).</li> <li>○ Traffic Signals (all Term Contractors indicated they would subcontract this without doubt – Colas later developed an offering in this area)</li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li>○ Routine Drainage Maintenance – originally tendered to engage the delivery suppliers but was won by the Term Contractor in partnership with a delivery partner although this changed 3 times over the life of the contract).</li><li>○ Arboricultural – let to a framework.</li><li>○ Grass Cutting – delivered by District and Boroughs although now taken in house.</li><li>○ Surface Dressing – let to a framework.</li><li>● We undertook an extensive review including interviews across other LHAs and the market with representation from a range of providers (1st, 2nd and 3rd tier) and were among the first to work with Proving/FHRG on the future Operating Model Toolkit.</li><li>● We determined that with the existing model largely operating well and the desire to maximise the “additionality” we would make a minor iteration and included both surface dressing and routine drainage in the scope of services.</li></ul>
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**5. Pricing models:** What have LHAs found to be the most effective pricing models to evaluate the price submissions (particularly relating to works)?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• We used a model based upon what work we expected to put through the contract given what we had alternatively procured before through multiple different ways.</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>• TSC element with BOQ items, uplifted annually with BCIS indices.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• We are still developing the pricing model.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• The pricing model used data on workload types, quantities and breakdowns to build the pricing model against which to evaluate proposed labour rates, with percentage variations for fees (as outlined for PSC and PSSC contracts), regional areas and offshore resourcing.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• We created five different variants of the Price List model that tested the following scenarios:               <ul style="list-style-type: none"> <li>○ Base – anticipation of the annual service using existing quantities where applicable.</li> <li>○ Increase in Capital Maintenance Budgets.</li> <li>○ Decrease in Capital Maintenance Budgets.</li> <li>○ Increase in Revenue Funding.</li> <li>○ Severe Winter.</li> </ul> </li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• Because of the wide range of scope we have used a range of models for different work types:               <ul style="list-style-type: none"> <li>○ Direct costs such as non-operational staffing, managing depots and so on are passed through at cost (with overheads and profit added) rather than agreeing a fixed value to allow flexibility.</li> <li>○ Winter service, Immediate Response, Safety Defects and Routine Drainage use a Target Cost model – the Council assumes volume risk (i.e. no of defects etc. can't be easily predicted) and then the target is adjusted but the cost model is fixed per item and gain share calculated against that.</li> <li>○ Schedule of Rates for all planned work with few exceptions.</li> <li>○ Subcontract tendering for some schemes (mostly structures) due to design requirement.</li> <li>○ We allocated an amount of profit to be awarded contingent on achieving strategic objectives. Bidders were asked to put an amount of profit "at risk" and were evaluated on this with higher amounts gaining higher scores.</li> </ul> </li> <li>• The biggest challenge was combining this into an evaluation model. We split the 30% across multiple factors and whilst we did our best to remove the opportunity to "game the system", in retrospect this could have been even better and might have been useful to test with a 3rd party for potential weaknesses.</li> </ul>

**6. Commercial tension:** Depending upon the economic climate at the time of tender, clients may enjoy either very favourable or excessive rates during the course of the contract. Are there any mechanisms that LHAs use (other than indexation) to ensure a fair and relative price is paid for the service that reflects market conditions throughout the contract?

Authority	Response
Dorset Council	<ul style="list-style-type: none"> <li>We set a 5 year plus 2 + 2 + 1 extension model, the idea being that people would price competitively at the start based on a long term gain rather than short term win.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>We are considering benchmarking as an option. The contracts are likely to be cost based.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>More emphasis on commercial management, including stronger tying back of subsequent works order prices to the rates in the bid – including lump sums.</li> <li>In addition to indexation using industry indices, there is an open book accounting and periodic auditing requirement.</li> <li>Clients are able to use different procurement methods to make their own comparisons.</li> <li>Comparisons are made with other similar industry frameworks.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>We have built in a requirement to undertake benchmarking to validate the contract remains value for money. These don't kick in for several years so we don't yet know how effective they will be.</li> <li>The Term Partnering Contract allows a fair degree of flexibility, so where we see either an issue or possible benefit we can pursue these.</li> <li>We employed the BCIS indices with the intention to run an initial amendment to reflect changes from tender to contract start and then an annual price adjustment. However, our contract mobilised in the early part of 2022 when prices began rising rapidly and the main contractor was struggling to get supply chain partners to agree to prices. We therefore agreed to carry out a monthly retrospective increase to the prices based on the published indices.</li> <li>Ultimately, we are maybe paying slightly more as although we benefit from any reduction in the indices immediately, few have shown a negative reduction. As these are passed on directly to the supply chain this was deemed the fairest reflection of the cost pressures they were facing.</li> </ul>

**7. Weightings:** How are quality, price and any other factors weighted in your specification?

Authority	Response														
Derbyshire County Council	<ul style="list-style-type: none"> <li>Quality 60, Price 30, social value 10.</li> </ul>														
Dorset Council	<ul style="list-style-type: none"> <li>60 quality 40 price.</li> </ul>														
Hertfordshire County Council	<ul style="list-style-type: none"> <li>We'll be using a 70:30 price split. The 70% will be divided across service delivery, mobilisation, social value and sustainability.</li> </ul>														
Leicestershire County Council	<ul style="list-style-type: none"> <li>A Price : Quality ratio of 40:60 was used, but client preferences varied between 70:30 and 30:70. An option was therefore introduced for subsequent works order contracts to adjust this to reflect different client approaches once good quality economical suppliers are procured.</li> <li>Quality Questions were weighted. The size and scale of the framework meant that Organisation and Management, and Resourcing, Resilience and Business Continuity were weighted highest (22%) to ensure robust, well managed and well-resourced efficient and effective services are provided. Performance Management and Continuous Improvement, Communication and Collaboration, and Mobilisation were weighted 12%, and Skills and Framework Community Development and Social Value 10%.</li> </ul>														
Lincolnshire County Council	<ul style="list-style-type: none"> <li>Quality 60% - Price 40% <ul style="list-style-type: none"> <li>Mobilisation Plan</li> <li>Health &amp; Safety</li> <li>Quality Management</li> <li>Opportunity and Risk Management</li> <li>Operational Delivery</li> <li>Systems and Interfaces</li> <li>Key People and Communications</li> <li>Performance</li> <li>Social Value</li> </ul> </li> <li>Within Quality we included a Commercial terms score that allowed the bidders to adjust elements of the commercial terms in a positive or negative way. This element was scored to a set criteria.</li> </ul>														
Norfolk County Council	<ul style="list-style-type: none"> <li>Probably 70/30 quality/price.</li> </ul>														
Surrey County Council	<ul style="list-style-type: none"> <li>As described above we split 70 quality :30 price</li> <li>Delivery methodology was essentially method statements for the delivery of all the services in scope.</li> <li>Each question below was further subdivided with marks apportioned across each element. We were guided by Bird and Bird (our advisors) that it was better in the long run (to avoid procurement challenges) to be as specific as possible with the questions.</li> <li>We also split price down further.</li> </ul> <table border="1" data-bbox="432 1727 1254 2007"> <thead> <tr> <th>Question</th> <th>Split</th> </tr> </thead> <tbody> <tr> <td>1. Delivery methodology</td> <td>14%</td> </tr> <tr> <td>2. Approach to Health &amp; Safety</td> <td>3.5%</td> </tr> <tr> <td>3. Early Contractor Involvement (ECI)</td> <td>5.6%</td> </tr> <tr> <td>4. Quality of work (Quality Control Plan)</td> <td>7%</td> </tr> <tr> <td>5. Organogram</td> <td>1.4%</td> </tr> <tr> <td>6. Staff Resourcing/Allocation</td> <td>4.2%</td> </tr> </tbody> </table>	Question	Split	1. Delivery methodology	14%	2. Approach to Health & Safety	3.5%	3. Early Contractor Involvement (ECI)	5.6%	4. Quality of work (Quality Control Plan)	7%	5. Organogram	1.4%	6. Staff Resourcing/Allocation	4.2%
Question	Split														
1. Delivery methodology	14%														
2. Approach to Health & Safety	3.5%														
3. Early Contractor Involvement (ECI)	5.6%														
4. Quality of work (Quality Control Plan)	7%														
5. Organogram	1.4%														
6. Staff Resourcing/Allocation	4.2%														

	7. Diverse workforce	1.4%	
	8. Environmental Management and Sustainability	4.9%	
	9. Delivering Social Benefits	4.9%	
	10. Approach to innovation (Innovation Strategy)	10.5%	
	11. Collaboration with Council and its other partners	7%	
	12. Protecting and enhancing reputation	2.8%	
	13. Continuing value for money	2.8%	
	<b>Total</b>	<b>70%</b>	

**8. Procurement strategy:** What strategy did the LHA adopt, i.e. Competitive Dialogue/Competitive Procedure with Negotiation?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>Competitive procedure with negotiation. However, we were able to appoint without negotiation.</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>Competitive procedure.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>We are using Competitive Procedure with Negotiation. So far we have found this to work well, especially the negotiation stage, as it allows us and the potential providers to discuss issues and challenges. This does take a lot of organising though to get all the various meetings set up and get everyone there.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>Confirmed retain NEC4 contract.</li> <li>Client requirements identified.</li> <li>Industry engagement exercise undertaken with potential suppliers to inform contract development and ensure the framework was attractive to the market so competitively fought.</li> <li>A Bidders Day was held.</li> <li>All correspondence was through the procurement portal for transparent and auditable contract development through the technical query process.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>Competitive Procedure with Negotiation on all three contracts but only decided to proceed with CPN on the Highway Works contract.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>Competitive Procedure with Negotiation (Lean Procurement).</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>CPN as described above.</li> <li>We had an initial open Supplier Qualification stage which was quite competitive with the intention to take 4 bidders forward to a subsequent stage. The 4 successful bidders were invited to submit an Initial Tender which totalled around 50 pages across all questions with specific page limits – we didn't provide much in the way of feedback on the SQ submissions rather focussed on the structure going forwards. These were evaluated and the lowest scoring not taken forward. There was quite a bit of debate about how to do this – take 4 through and drop one or take 3 through. There was a slight difference in how the 4 bidders presented their Initial Tenders and the one we dropped might not have been if we had only taken 3 forward so it gave a slightly wider pool at that stage – this was balanced against the bidders' need to engage and so with a lighter 1st stage they at least hadn't invested in the full submission.</li> <li>The remaining three were invited to submit Detailed Tenders (c. 220 pages). As part of this phase we held initial feedback sessions where bidders were invited to explain/"present" their approach and we gave feedback to inform their tender development. We then offered further sessions around each of the question subjects for them to test ideas, test understanding and so on. Once submitted these were passed to a full panel evaluation with moderation including their pricing submissions.</li> <li>The results of the evaluations weren't shared with the bidders but were used to provide targeted feedback on areas of strength or opportunities for further improvement – again these were on a question by question basis but often shorter than the previous phase as the collective knowledge and understanding was much greater.</li> </ul>

	<ul style="list-style-type: none"><li>• Final submissions were made and evaluated allowing a few weeks from the final negotiation session until the submission deadline. We extended the pricing submission by a week in response to some clarifications.</li><li>• The idea of the approach was to ensure that the level of response (no of pages, amount of time invested etc) was proportionate to the bidders' chances of being successful. It also allowed the quality of responses to be developed and improved with a (sort of) ideal outcome being extremely close scores. The structure supported by Bird and Bird sought to drive very close scoring (and therefore very strong bids by all) underpinned by a very robust process and strong governance, limiting the risk of challenge by an unsuccessful bidder even if there was almost nothing between bids.</li><li>• A key feature driven by Bird and Bird at the outset was to invite comments and feedback on documents such as specification and contract terms and any discussion, negotiation and/or amendments would be completed ahead of the final tender submission stage. Critically, we made it clear that we would be issuing one final set of these documents (rather than a varied version per supplier) and would not enter into any further negotiation with the successful bidder – they were effectively all bidding on an equal footing.</li></ul>
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**9. KPIs:** What KPIs / other incentivisation, linked to extensions/ reductions of contract periods, have you used to evaluate supplier performance. Have these been challenging enough and encouraged the desired level of performance during the contract?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• KPI's currently being developed.</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>• Amongst fairly standard KPIs requiring an average of 60% before extensions wouldn't be offered, we also included a commissioner satisfaction KPI which if dropped below 60% (in isolation to other KPIs) would mean no extension offered.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• KPI's currently being developed.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>• Historically, 10 No. 360 degree KPIs have been used at operational level with a target performance score of 8.0.</li> <li>• Contract extension criteria includes continuous improvement in performance; however, this was difficult to demonstrate when average performance scores were above target throughout and issues may be at framework level, falling outside of this.</li> <li>• The operating model requires increased management information at framework level as well as at operational project management level to help identify and tackle emerging issues at framework level.</li> <li>• The new framework aims to develop further the basket of operational level KPIs and introduce framework level KPIs to update the toolkit (e.g. for carbon and climate) and better focus on increasing efficiency and effectiveness in service delivery.</li> <li>• A new option to adjust framework rankings for suppliers based on trends in performance - potentially changing the direct call off suppliers - has been introduced to incentivise performance.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• All three contracts, Highway Works / Traffic Signals and Professional Services Contracts, are linked via the X12 NEC4 option Multiparty Collaboration.</li> <li>• KPIs are applicable to all contracts: PIs for each separate contract with the Client (authority) also having a set of PIs as a separate party.</li> <li>• Incentivisation linked to contract extension and balance of Pain / Gain shares. Increased performance for poorly performing Client (authority).</li> <li>• Low Service Damage (LSD) threshold set within Contract Data Pt 1 against each contract specific PI. Improvement Plan cycle and financial LSD implemented if successive failure on specific PIs.</li> <li>• Performance working group attending by all parties, where all scores are discussed and challenged openly. Client (Authority) score also done in the same way.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• As much as we sought to move away from metrics about potholes etc these remain an essential tool to demonstrate to Members and the public. We have however tried to reduce their overall importance with metrics around 7 Strategic Themes.</li> <li>• Operational Excellence is one theme (which is the "traditional" day to day KPIs) but we also look at Greener Futures, Innovation, Social Value, Partnering, Customer Needs and Financial Resilience. As previously described a proportion of profit is linked to deliverables in the above</li> </ul>



	<p>themes and can be adjusted year to year to shift focus to a different theme as needed.</p> <ul style="list-style-type: none"><li>• We have let for an initial 10 year period and allowed for extensions of up to a total of 21 years. We have not tied ourselves to specific measures for extensions or even specific extension periods (between 2 &amp; 4 years for each one).</li><li>• We are only 18 months into the new arrangements so it is hard to really judge success, however we allocated 50% of the year one at risk profit to a successful mobilisation and 50% to the Operational KPIs to ensure adequate focus on these areas during mobilisation and stabilisation.</li></ul>
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**10. Resource management:** Any advice for managing resources through procurement/de-mobilisation/mobilisation and BAU? Did you use external consultants to assist with the procurement process?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>We used an external consultant to help us in the tender process and mobilisation.</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>We used WSP.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>We did seek additional funding (circa £2.8m) to cover the likely additional costs of procurement including the mobilisation period. This funding was to cover additional resource, external advice, legal support, hiring venues.</li> <li>Our approach to procurement is that it is led by the service (Highways) with support from our strategic procurement group (Corporate team).</li> <li>The additional budget will be partly used to cover temporary backfilling of highways teams where they are heavily involved in the procurement.</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>Mobilisation and de-mobilisation plans and resources were required as part of the bid to ensure that they were properly considered and resourced by the successful suppliers.</li> <li>Sufficient time (2-3 months) was built into the procurement programme for mobilisation.</li> <li>This mobilisation period would have worked well but there was an over-reliance on two key people who were then unavailable at the start of the mobilisation period, which delayed the process and contract finalisation.</li> <li>Would advise that sufficient time is built into the programme for mobilisation. Don't treat it merely as contingency for programme slip. Ask for suppliers to consider and resource for mobilisation. The procurement team should plan out the process and consider resilience in the procurement team to avoid delays.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>We have a dedicated PM to deliver the procurement/mobilisation relying on internal resources and specialism from within the authority to support that. BAU for demobilisation.</li> <li>We use a (in house, but trading as a service) legal team to endorse the terms of the contract and would advocate a consultant to support the drafting of the contract.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>We had a dedicated Programme Manager (Paul Wheadon, Strategic Contract Group Manager) who had been involved in running and developing the previous contract. We used subject matter experts (SMEs) to develop our specifications and this was backed up by our Professional Services partner to help with structure.</li> <li>Some of the SMEs took a much greater involvement and lead and so whilst they retained certain elements of their substantive roles, colleagues in their teams were asked to take on additional responsibilities and/or roles were backfilled.</li> <li>We had tried engaging an external Programme Manager who had previously led a procurement in a Unitary, however they failed to engage with the relevant stakeholders to gain the inputs required and lacked the organisational knowledge so we pivoted to PW taking over.</li> <li>We were supported by two colleagues from Procurement as well as Bird and Bird who project managed the development of the tender strategy, documents and structure and the council officers executed it with their</li> </ul>

	<p>oversight. This was a largely iterative process with the final document versions with each stage being developed alongside the preceding phase (i.e. ISDT finalised whilst ISIT was being undertaken).</p> <ul style="list-style-type: none"><li>• Bird and Bird also drafted the contract documents, supported their development through negotiation and finalised the contracts for execution.</li><li>• At times this was extremely challenging, however it was important to have people with subject knowledge and who would later be delivering the contract closely involved in the procurement. We had a core of several people involved most of the time and this was extended out to a wider group for evaluations and negotiation meetings.</li></ul>
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**11. Learning through mobilisation:** Are there any key issues that have emerged since the contract was mobilised that weren't previously considered, which LHAs going to market now should consider?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>N/A, not mobilised yet. Remember to invest in the mobilisation to generate the benefits.</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>The idea of profit as a % of the scheduled rates is an interesting one. If the rates go up by BCIS indices, so does the profit element. For example, profit will remain at say 1%, but this 1% will in effect be uplifted each year over the life of the long term contract by the BCIS amount for that item (for us potentially 10 years).</li> </ul>
Leicestershire County Council	<ul style="list-style-type: none"> <li>Don't underestimate the time taken in getting into contract with suppliers. Local authority legal and procurement processes are notoriously slow. Suppliers have quoted 3-4 months as typical (with 9-18 months in some instances), so consider mitigation for this e.g. longer mobilisation periods, 'Side letters', etc.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>COVID was a big issue, which obviously resulted in a change in the way the contract was administered as per the Service Manager Instructions. This included things such as: <ul style="list-style-type: none"> <li>Process around COVID specific CEs changed.</li> <li>Change to which contract options should be used at various points and how that's determined.</li> <li>Rate changes to Local Government Pension Scheme (LGPS) Employer contributions had to be adjusted too.</li> <li>Inclusion and need to consider Equality Impact Assessments (EqIA), Data Protection Impact Assessments (DPIA) in activity.</li> </ul> </li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>See Q6 re issue with Indexation.</li> <li>We had originally sought to roll over the RPIx indices as the base and review measure but all 3 bidders in the final stage made representations against this and urged us to consider BCIS which, after review and a survey to FHRG members, we adopted. Even then however we ended up with an adjusted approach.</li> <li>Everything else that has happened has been a more localised challenge and/or inherent in the process of changing contracts and supplier.</li> <li>In an ideal world, with a change in contractor we would have ceased all planned work from 31 Dec 21 (with contract go live on 27 Apr 22) and not intended to start any new programmes until September 22 to give adequate time to the planning required (walk/talk/build/design/permits etc). In practice this was never really an option with significant budgets and high Member expectation but this was further impacted by an increase in capital budgets for 22/23 even before the contract had started. This did put us on the back foot.</li> </ul>

**12. Local Authority PFI contracts:** Some exist, especially with street lighting. However, do any LHAs contract all/part of their highways contract through a Public Private Partnership? If so, could you provide more details (who with, duration, elements of service included/excluded) and their experience to date?

Authority	Response
Dorset Council	<ul style="list-style-type: none"> <li>• Street lighting PFI contract with Eneveo Ltd</li> <li>• <a href="#">Street lighting in Dorset - Dorset Council</a></li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>• Only Street lighting.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• We operate a PFI for streetlighting.</li> <li>• The key in my (PW) experience (I led mobilisation and then oversaw the contract for 10 years) is a fair degree of certainty over the asset. In the case of streetlights there are a finite number with known condition and so risk assessment etc. which allows the bidders to make informed judgements about investment requirements and risk when pricing. We were also able to commit to a whole asset upgrade during the first 5 years, so again the provider can more easily model deterioration risks.</li> <li>• Both of these are much less uncertain as you move to the wider highways asset – you either have to set a minimum condition score (which is probably impossible to price for) or establish an agreed investment value which may or may not be enough and what might be seen to be needed from year 0 may change after 5 years.</li> <li>• For us, the PFI has generally delivered the service outcomes with little or no issues. What is less clear is exactly how much value for money this has been. Other authorities who let PFIs for lighting at a similar time have experienced a high volume of issues and significant deductions. Some of this is down to their approach (an intention to focus on paying only the minimum required where they can “find” deductions vs ours which was to maximise the outcomes for the price we had agreed).</li> <li>• We also perhaps differed in that many other LAs retained individuals from the previous council team who led their procurement and remained as the contract management team and so knew what had been agreed in tender etc.</li> <li>• I (PW) came in to take over from a team who had mostly left and whilst I had substantial contract management and service delivery experience none of that was in streetlighting, highways or even construction. The procurement had taken 5 years to complete with some stop/start and scope changes and to a certain degree was pushed through at risk of losing DfT support, so some of the contract documentation undermined the Council’s position.</li> <li>• Rather than taking an adversarial approach, under a banner of huge expectation from Members, colleagues and the public we sought a pragmatic, collaborative solution to resolving these which others might have challenged. However, it was one of the few contracts where the Core Investment Period (replacing 89,000 lanterns and 70,000 columns over the first 5 years) was completed ahead of the target.</li> <li>• The other factor with the PFI was that the scope and outputs were very tightly defined (on the one hand a really useful feature) and so any change can take a lot of effort to implement. We undertook a further investment</li> </ul>

	<p>by converting to LED. One might argue therefore that we lost the value of previous investment as the equipment was due to last beyond the contract expiry, but as well as a lengthy joint procurement process, implementing the contract change took a significant time (maybe 12 months) with some cost over and above the investment costs.</p> <ul style="list-style-type: none"><li>• Sheffield, Isle of Wight and Hounslow all operate full PFIs -the latter two run by Ringway Jacobs. Sheffield is run by Amey.</li></ul>
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**13. Project 13 contract model:** Do any member LHAs operate this model (within maintenance realms, not capital works projects)??

Authority	Response
Hertfordshire County Council	<ul style="list-style-type: none"> <li data-bbox="432 333 1342 439">• We don't specifically operate this model but do look at the principles of effective collaboration and overall outcomes per whole life cost rather than lowest capital cost.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li data-bbox="432 445 1390 618">• No, however we have used the TPC for some time and this drives at achieving results through collaboration. This provided us with a reasonably clear view of the sector using an outcome focussed approach rather than from the perspective of purely delivering the services to a potentially tightly worded contract.</li> <li data-bbox="432 624 1366 723">• Our previous contract evolved significantly over the term and whilst a fair amount of this was through the extension agreement there were also substantive changes outside of this.</li> </ul>

**14. Asset data:** Please confirm where your asset information is located, for example with your provider or internal (within your own organisation). What software do you use to record your asset data?

Authority	Response
Derbyshire County Council	<ul style="list-style-type: none"> <li>• Internal</li> </ul>
Dorset Council	<ul style="list-style-type: none"> <li>• Confirm, held by us rather than any contractor.</li> </ul>
Hertfordshire County Council	<ul style="list-style-type: none"> <li>• Asset data is within HC systems which providers can access – at this stage we’re not proposing to change these arrangements.</li> <li>• We use CONFIRM.</li> </ul>
Lincolnshire County Council	<ul style="list-style-type: none"> <li>• All Asset information held on the authority side. LCC use Brightly (Confirm) as both the Works Ordering system (including commercial) and as our Asset Management System.</li> <li>• LCC stated within the Scope that we require the Contractor solution to incorporate Brightly software both for the back office and within the field. LCC provide licences to do so to the Contractor. This element featured strongly within the quality assessment.</li> </ul>
Norfolk County Council	<ul style="list-style-type: none"> <li>• Our Highway asset management system was procured in 2016. Yotta (now taken over by Causeway) were successful in winning a 5+5+5 year contract.</li> <li>• Asset info held in Causeway systems Mayrise &amp; MARCHpms &amp; Horizon, as well as National Street Gazetteer and bespoke systems and our GIS layers. Bridges in AMX.</li> </ul>
Surrey County Council	<ul style="list-style-type: none"> <li>• The Council has always retained its Asset Data even when we outsourced the Works Management elements of the systems to the service provider. The granularity of the data maintained during the last 12 years was limited (i.e. scheme data not linked back into an asset management record), however we have recently taken system ownership back in house and implemented Confirm. We use this alongside ESRI and the UKPMS to visualise data.</li> <li>• More information can be provided on our data strategy.</li> </ul>