BLACKPOOL COUNCIL’S MANAGED FRAMEWORK AGREEMENT FOR HIGHWAYS ASSET MANAGEMENT

1.0 Purpose of the report:

1.1 To consider of the proposal to deliver and manage a framework type agreement which provides the opportunity for Councils to enter into for the supply of highways and asset management related activities including using a highway asset management computer system, undertaking highway surveys, ancillary asset management development including development of funding options based on the surveys.

2.0 Recommendation(s):

2.1 To progress with the implementation and award of the framework which is now in final draft for tendering.

3.0 Reasons for recommendation(s):

3.1 Blackpool’s Highways and Traffic Management Division is seen as good practice by the Department for Transport in relation to the management of Blackpool’s highways and has been encouraging Blackpool to lead in sharing and supporting other authorities in relation to highways asset management.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council’s approved budget? Yes
3.3 Other alternative options to be considered:

The authority could continue to manage its highway assets without sharing its processes and procedures. However, in conjunction with the Department for Transport it is in the town’s interest to be seen as exemplar authority in relation to highway asset management.

4.0 Council Priority:

4.1 The relevant Council Priority is:

“Deliver quality services through a professional, well-rewarded and motivated workforce.”

5.0 Background Information

5.1 Background

In 2009, Blackpool Council was awarded grant funding to develop advanced methodology for highways asset management. This was in recognition of the pioneering work already being demonstrated by the Council in this area. In return for the funding, the Department for Transport (DFT) encouraged the Council to establish itself as a Regional and National Centre of Excellence and disseminate good practice that could be transferred to other local authorities. This is particularly important for those Councils that wish to follow Blackpool Council in adopting new methodology and technology, which is fit for the whole of life management of the highways asset especially in an environment of austerity and financial constraints.

Since the award of funding Blackpool Council has had interest from local authorities across the UK who have adopted the ‘Blackpool Council Methods’ approach for highways data management. As a result, Blackpool has been ‘signposted’ by the Department for Transport, the Department for Transport’s Highways Maintenance Efficiency Programme (HMEP) and Local Government Association as an exemplar of good practice, these organisations continue to follow the progress of Blackpool Council. Furthermore, Councils are continuing to approach Blackpool to understand the context and good practice that Blackpool demonstrates. This is likely to increase with the new challenges planned by Government to adopt long term strategic planning via their asset management plans.
5.2 Important National Policy context and funding changes
In 2014, Department for Transport undertook a review of capital funding for highways maintenance and as a result there will be a move from 2017 towards incentivising Councils to adopt long term strategic planning via their respective Highways Asset Management Plans (HAMP). From 2017, these plans will be scored and categorised into bands 1, 2, 3 (3 being the best score) denoting the Department for Transport’s assessment of the quality of each plan. Based on this scoring funding will be calculated.

Councils that achieve a band 3 assessment will be awarded the full allocation of funding, whilst those in bands 1 and 2 will have their funding capped. The Department for Transport has made it clear that they expect band 3 Councils to demonstrate a strong ethos towards collaboration and leadership with respect to Highways Asset Management.

To ensure that Blackpool Council is assessed as band 3 and obtain full funding, it is imperative for the Council to continue to build on its reputation as a leader in Highways Asset Management and develop the Centre of Excellence approach. A key way of doing this is by developing Technical Steering Groups and delivering services to other Councils. Leading collaboration between Councils will significantly reduce the chance of being scored down by Department for Transport and therefore loss of highways revenue through government funding streams. This cost impact of not considering this collaborative approach could be a minimum of £200,000 per year.

Blackpool has already established and leads the Local Council Highways Investment Group (LCHIG) that is dedicated to establishing localised standards for data management and a common approach for Asset Management Plans. This goes some way towards demonstrating collaborative working and leadership.

Current members of Local Council Highways Investment Group are Manchester City Council, Stockport Council, Southend on Sea Council, Plymouth Council, Halton Council and Lancashire, with more Council’s showing interest in a common framework such as Brighton, Wirral, Derby and Royal Borough Kingston upon Thames Council to name a few.

It is estimated by the Local Government Association and the 2014 published report from the Government’s Public Accounts Committee into maintenance of strategic infrastructure (concentrating on roads), that as many as 20 to 30 Councils still do not have asset management plans. However as the deadline approaches for 2017 it is likely that Councils, not just those without asset management plans, but those in bands 1 and 2 will consider options for working with others to improve their practices.
Therefore an important next step for Blackpool to help ensure it achieves status 3 funding is to manage the flow of requests for support from other Councils through a managed procurement framework. This will allow any Council in the UK interested in a similar approach to Blackpool to purchase the surveys, asset management development, technology and consultancy needed to rapidly transform the robustness of their Highways Asset Management plans and systems.

It is anticipated that Blackpool Council will be able to levy an administration charge for each Council that uses the ‘Framework’ approach to offset its own costs. Depending on the number of Councils, this could create an income source with administrative costings calculated to ensure no impact on Blackpool budgets. For each Council being part of the framework approach would be a significant saving in their costs of procurement and officer time.

5.3 **Collaborative working**

Purchasing and buying consortiums or collaborative buying mechanisms are not new, however they are the biggest area where Councils can save money in procurement of services. The National Procurement Strategy 2014 strongly advocates partnering and collaboration by aggregating spend through effective collaboration or by sharing services on common goods and services.

5.4 **Why have a framework approach**

The 2015 Public Contract Regulations define a framework agreement as “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged”. A framework agreement sets out the terms in relation to price and quality, which allow an authority to call off (or procure) services without needing to go back to open competition. This and other approaches are a valid way of sharing costs and expertise.

It is well known that Councils can make savings by aggregating spend through effective collaboration with each other.

Blackpool will act as the lead authority for the framework agreement. This type of framework will allow Blackpool to retain integrity of the approach taken and ensures Blackpool owns the deployment of its approach. Therefore Councils wishing to join the Framework approach would require permission to access the framework from Blackpool Council.

The establishment of a framework agreement accessible to other local highway authorities means that only a single procurement exercise would need to be undertaken thereby saving time and associated staff costs for any Council who applies to draw down the framework. Once established, the framework would enable
Councils to be more responsive in fulfilling their requirements for a highways asset management system. They would have access to a compliant and quick route to market. It is anticipated that Blackpool could recoup its costs of establishing the framework through the application of a costed access agreement.

5.5 **Scope of the framework**
The local highway authorities who access the framework will purchase access to a Blackpool method which is now a recognized pathway to developing a robust business case for highway investment.

Initial advice (provided by Blackpool Council)
- Blackpool Council will outline the Blackpool methodology
- Explanation of the framework and the benefits it can bring including the membership of Local Council Highways Investment Group and the efficiencies of collaborative working
- Explain how to call off the framework.

The Highways Asset Management System
- The framework provider will supply an advanced highway asset management computer system
- Access to the highway asset management computer system which stores all the highways asset information and displays it geographically
- The system will be future proofed to an ‘advanced’ standard that will support national standards and guidelines.

Detailed condition and treatment surveys
- The framework provider will undertake the detailed highway condition and treatment surveys (treatment is an assessment of the required maintenance work to bring the road or footpath up to a desired standard)
- This survey information will be uploaded to the highway asset management computer system.

Ancillary asset management development
- The framework provider or the individual local highway authority can use the highway computer system for modelling of options for planned maintenance, based on the highway surveys providing accurate costs for high level investment decisions to inform a future programme of highway works
- These investment decisions will be key success criteria for any LHA’s long term highway asset management planning.

5.6 **Summary of benefits**

Summary of benefits to Blackpool Council
- Blackpool Council will be able to maintain their position as a national exemplar highway authority as recognized by the Department for Transport
The approach allows for additional annual revenue into the department that offsets Blackpool’s own overheads and costs with tendering. Particularly if as is suspected, more Councils will show interest in raising their tiered funding assessment.

There are good PR opportunities for the Council - demonstrating to communities that Blackpool's highways and the Council’s practices are the most advanced in the country and help maintain Blackpool's top position in the National Highways and Transportation survey, which will be crucial to maintaining a Band 3 assessment.

Blackpool will be able to steer new development in highways efficiency and continue to leverage efficiencies through better use of technology and services.

Blackpool Council will be able to demonstrate in their Highway Asset Management Plan how the Council is leading collaboration, leveraging savings for itself but seeking to make efficiency savings for Council’s nationally, this will add value to the assessment of Blackpool's HAMP.

Leading collaboration between Councils will significantly reduce the chance of being scored down by Department for Transport and therefore loss of Highways revenue through government funding streams. This cost impact of not considering this collaborative approach could be a minimum of £200,000 per year.

It is imperative for the Council to continue to build on its reputation as a leader in Highways Asset Management and develop the Centre of Excellence approach. A key way of doing this is by developing Technical Steering Groups and delivering services to other Councils.

### 5.7 Summary of benefits to other local highway authorities

- The Framework approach will provide value for money when taking into consideration the potential savings versus the cost of subscription for use of the framework.
- Other Council’s would also benefit from the collaboration which is now essential to ensure that they are assessed as Band 3 and obtain full funding.
- Existing members of Local Council Highways Investment Group have already benefited from use of the Blackpool Council method as they have also been recognized by the Department for Transport for their work.
- Nearly all existing Local Council Highways Investment Group authorities have used the Blackpool Council method and have been successful with their application for major ‘Challenge’ funding from the Department for Transport which they are using to invest into their highway network.
5.8 **Risks**

As a mitigated risk, the contract for delivery will be between the Client (Purchasing Council) and the Contractor and will indemnify Blackpool Council against any failure in delivery. This ensures Blackpool will not burden any risks associated with supplier issues (if this occurs).

Services bought through the Framework will be relatively low value. It is estimated that the costs of the service to a typical Council will be less than £90K.

The specification for the framework will stipulate high levels of public indemnity for the services in the framework. This will be high and will be based on proven methods developed in Blackpool over the previous seven years.

Any additional risks identified will be managed through an approach to risk management that is integral to the Council’s corporate processes.

Any fraudulent procurement practices that are identified will be reduced in both the supply chain and post contract award.

In order to mitigate procurement risks the framework would be procured in line with Public Contract Regulations and the Council’s Contract Procedure Rules.

5.9 Does the information submitted include any exempt information?  

No

5.10 **List of Appendices:**

None

6.0 **Legal considerations:**

6.1 Legal support and involvement will be available as necessary and required.

6.2 The Managed Framework Agreement for Highways Asset Management will go through the OJEU process.

7.0 **Human Resources considerations:**

7.1 The framework will be managed by the Highways and Traffic Division, supported by the Procurement Team.

8.0 **Equalities considerations:**

8.1 Available to all authorities who are interested.
9.0 Financial considerations:

9.1 Authorities who use the framework will pay a fee to the Council, which will cover costs and contribute to the Council’s financial position.

10.0 Risk management considerations:

10.1 Risks have been covered in 5.8 of this item.

11.0 Ethical considerations:

11.1 Sharing good practise.

12.0 Internal/External Consultation undertaken:

12.1 Consultation has been undertaken with Blackpool’s Highways Consultative Forum.

13.0 Background papers:

13.1 None

14.1 Key decision information:

14.2 Is this a key decision? No

14.3 If so, Forward Plan reference number:

14.4 If a key decision, is the decision required in less than five days? N/A

14.5 If yes, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If yes, please give reason:
16.0  Scrutiny Committee Chairman (where appropriate):

Date informed: N/A  Date approved: N/A

17.0  Declarations of interest (if applicable):

17.1  None

18.0  Executive decision:

18.1  The Cabinet Member agreed the recommendation as outlined above namely:

   To progress with the implementation and award of the framework which is now in final draft for tendering.

18.2  Date of Decision:

   5th October 2015

19.0  Reason(s) for decision:

   Blackpool’s Highways and Traffic Management Division is seen as good practice by the Department for Transport in relation to the management of Blackpool’s highways and has been encouraging Blackpool to lead in sharing and supporting other authorities in relation to highways asset management.

19.1  Date Decision published:

   5th October 2015

20.0  Executive Members in attendance:

20.1

21.0  Call-in:

21.1
22.0 Notes:

22.1