

To: Environment Highways & Waste Policy Overview & Scrutiny Committee - 12 January 2012

By: Bryan Sweetland, Cabinet Member for Environment Highways and Waste

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Subject: Highways and Transportation Enterprise Term Maintenance Contract

Classification: Unrestricted

Summary: This report details an assessment and impact of the Highways and Transportation term maintenance contract delivered by Enterprise since 1st September 2011.

1. Introduction

On the 1st September 2011, Highways and Transportation commenced a new Term Maintenance Contract with Enterprise AOL. This is to provide core maintenance services, these include;

- Routine maintenance, carriageway, footway structure repairs
- Winter Service
- Emergency out of hour's response
- Drainage gulley emptying and repairs
- Signs and lines maintenance
- Integrated transport schemes
- Street lighting
- Scheme delivery
- Tunnels and Structure

The initial contract term is five years; this could be extended by a further five years but is subject to satisfactory performance and assessment by the County Council.

2. Progress

Enterprise have invested heavily in this contract, they have mobilised a fleet of 198 vehicles this includes the 63 gritting vehicles.

The headcount establishment of those working on the contract is 321 staff, of these 309 were TUPE transferred from Ringway. They have appointed an

entirely new management team. They have also appointed 79 approved sub contractors who are available to work on the contract.

In the first three months of operation 19,836 orders (£5.2m) have been completed, 2,100 salt bins filled and 4,000t out of the 23,000t salt stock has been used and replenished.

Kent has invested heavily in training (2,648 hours), this is vital to ensure that officers understand the contract, comply with its requirements and ensure that best value is achieved. This will continue for the next few months – training has so far centred around ordering work in accordance with the contract and using the price list in accordance with the engineering specifications.

3. Delivery of service

Enterprise and Kent have worked well during the start of the contract; it is notable that both organisations have commented that there has been a common approach to operate a successful contract that delivers work to high quality, efficiently and to the appropriate price.

Kent's approach has been to be firm but fair in all commercial/contractual matters, the principles of the price list are robustly adhered to where new rates or pricing queries have been resolved. Further to this, depot and property lease contracts and charges have been fully applied and penalties have been applied where there has been non compliance of the Kent Permit Scheme.

Routine enquiries reported by the public completed in 28 days are just above standard at 91%.

At each payment application managers have scrutinised cost and payment disputes have been made – this is a healthy process and quite normal in such contracts.

4. Issues and further developments

The contract handover has been almost seamless with only a slight drop in output experienced. Two service areas that were affected are street lighting maintenance and MHF schemes. Both these areas have been subject to increased focus to resolve the delays and actions have been taken to ensure that full programmed delivery can be assured and output increased.

Whilst IT systems have been live from the 1st September 2011, developments have been undertaken to improve the interfaces across both Enterprise and KCC systems. Specifically it was found that a minority of job statuses have not been consistent across systems' this has now been resolved. Whilst this has not impacted upon delivery of work, it is critical to the production of accurate management and customer information.

Enterprise treat the supply chain and sub-contractors more rigorously than the previous Contractor, this is due to greater commercial rigour linked to the increased risk placed upon Enterprise, however it should be noted that stricter quality standards are applied – sub contractors are paid with 30 days of invoice.

As the ordering process is fundamentally different, there have been further training requirements for personnel, particularly linked to ICT systems for ordering works (i.e. using the correct schedule of rates).

5. Conclusion

The operation of this new contract has to be viewed as a success to date. As expected there are areas that still require attention (i.e. drainage), but these are limited and are constantly improving. The transfer of productivity and quality risk to Enterprise has proved to be the right decision and KCC are achieving greater value from this contract.

6. Recommendations

Members of the Committee are asked to note that:

- (1) The implementation of the Term Maintenance Contract has resulted in some promising early results
- (2) Further operational improvements and staff development are required to extract full efficient working
- (3) IT System enhancements across both organisations are identified and are planned to be delivered

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