Sharing the road ahead
Developments and trends in road controlling authorities’ collaboration initiatives
THIS REPORT PROVIDES AN OVERVIEW OF ROADING COLLABORATION DISCUSSIONS IN NEW ZEALAND. IT SUMMARISES TRENDS AND OPPORTUNITIES IN THE COLLABORATION SPACE, AND DISCUSSES SOME OF THE BENEFITS THAT ARE BEING ACHIEVED.

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BACKGROUND
Over 50 territorial local authorities (TLAs) and the NZ Transport Agency’s Highways and Network Operations business group are engaged in regional collaboration discussions with the goal of improving and saving on their maintenance, operations and renewal activities and enhancing customer service.

The strategic context for these discussions is illustrated below – the Government Policy Statement as the overarching driver, the Maintenance and Operations Review and the Road Maintenance Task Force analysing and improving processes, and the Road Efficiency Group as the implementation vehicle. The Local Government Act and the need to deliver ratepayer value also feed into this context.

Collaboration is working with each other to do a task and to achieve shared goals.
Collins English Dictionary
The spirit of collaboration is driven by a number of factors:

- A close and trusting history of formal and informal collaborations between many of the parties.
- A high number of common issues and good alignment on objectives.
- The close geographic proximity and high number of common road users who can benefit from a ‘one network’ approach.
- The opportunity for a number of smaller councils to benefit from greater scale/expertise.
- The growing demand and complexity of roading management and an acknowledgement that there may be better and smarter ways of delivering M&O.

TLAs are acutely aware of the current financial constraints and that this environment will continue into the foreseeable future. This is graphically illustrated below by the ‘financial constraint funnel’ which shows the influencing factors since the global financial crisis, ie the reduced funding available to TLAs, the ongoing inflation of input costs and the need to meet future increases in demand, the scale of assets and level of service expectations. TLAs recognise that collaboration is a potential tool to address these financial constraints.

![Infrastructure Financial Constraints – “The funnel effect”](image-url)
**FINANCIAL IMPLICATIONS**

One of the main drivers of collaboration is the prospect of financial efficiencies. The annual expenditure on the maintenance, operation and renewals of New Zealand local roads is almost $1 billion p.a. (source: 2012 NZTA TIO data). The three largest expenditure categories (excluding emergency works) relate to seal maintenance, resealing and pavement renewals, which accounts for $408 million (41%) of the total. Clearly any investment or new approach that offers even a small percentage saving in expenditure or in extending the lifespan of the seals or pavements could provide a significant financial benefit.

<table>
<thead>
<tr>
<th><strong>ANNUAL NZ LOCAL ROADING EXPENDITURE</strong></th>
<th>$</th>
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<tbody>
<tr>
<td><strong>Local roads maintenance</strong></td>
<td></td>
</tr>
<tr>
<td>Emergency works</td>
<td>161,752,446</td>
</tr>
<tr>
<td>Sealed pavement maintenance</td>
<td>115,947,996</td>
</tr>
<tr>
<td>Traffic services maintenance</td>
<td>76,501,450</td>
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<tr>
<td>Network &amp; asset management</td>
<td>52,870,094</td>
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<tr>
<td>Environmental maintenance maintenance</td>
<td>46,214,747</td>
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<tr>
<td>Unsealed pavement maintenance</td>
<td>34,344,579</td>
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<tr>
<td>Routine drainage maintenance</td>
<td>32,915,956</td>
</tr>
<tr>
<td>Other</td>
<td>32,793,584</td>
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<tr>
<td><strong>MAINTENANCE SUB-TOTAL</strong></td>
<td>553,340,852</td>
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<tr>
<td><strong>Local roads renewals</strong></td>
<td></td>
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<tr>
<td>Sealed road resurfacing</td>
<td>173,789,570</td>
</tr>
<tr>
<td>Sealed road pavement rehabilitation</td>
<td>117,856,697</td>
</tr>
<tr>
<td>Drainage renewals</td>
<td>34,934,552</td>
</tr>
<tr>
<td>Traffic services renewals</td>
<td>31,778,259</td>
</tr>
<tr>
<td>Unsealed road metalling</td>
<td>35,821,646</td>
</tr>
<tr>
<td>Other (structures components, environmental, etc.)</td>
<td>47,961,000</td>
</tr>
<tr>
<td><strong>RENEWALS SUB-TOTAL</strong></td>
<td>442,139,237</td>
</tr>
<tr>
<td><strong>LOCAL ROADS TOTAL EXPENDITURE</strong></td>
<td>995,480,089</td>
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NEW ZEALAND COLLABORATION STATUS

Three well known collaborative arrangements between RCAs have been developed over the past decade (Bay Roads, Marlborough Roads and the Transport Agency delegation of state highway maintenance to Rotorua District Council). Each of these has succeeded in delivering a range of financial and non-financial benefits to the partners, their stakeholders and road users. This is reflected by the fact that each arrangement is in the process of being revised and renewed to meet the future needs of the partners and of the new Transport Agency operating model.

The new collaboration discussions being facilitated by REG span the country and are engaging TLAs, regional councils and the Transport Agency’s Highway and Networks Operations group. Different approaches are being developed in each case, depending on the issues being faced by the participants, their current resources, existing levels of collaboration and the network characteristics.

Business cases supporting the collaboration initiatives are in various stages of development and/or approval. Examples include:

1. Waikato region
This collaboration, which was initiated by the Waikato Mayor Forum, includes 10 TLAs and the Transport Agency. The discussions have developed a proposal for a three pronged approach which comprises:
   a) ‘Centre of excellence’. The TLAs would collaborate to establish a regional centre of excellence which initially concentrates on providing asset management services to the respective roading managers. This will create a highly skilled resource that focuses on network data collection, technical analysis and providing recommendations to support high calibre decision making and the optimisation of roading investments. The Transport Agency may also choose to draw on this resource as it will provide some functions which are comparable to the new Transport Agency Network Outcomes group.
   b) ‘Localised clusters’. Sub-regional collaborations in operational or service delivery functions are developed between councils and/or the Transport Agency on a localised basis where they make good sense and are relatively easy to implement. The councils collaborating in these arrangements will also participate in the centre of excellence.
   c) ‘Broader collaboration’. Broader regional collaborations in operations and service delivery will be developed as time goes by and as levels of consistency increase. This will be facilitated by the centre of excellence and will depend on the collective demands of the participants. It may see the role of the centre of excellence expand to employ in-house specialists or coordinate the joint procurement of broader road asset related services.

2. Manawatu region
This group of six TLAs will build on their strong history of infrastructure collaboration by developing, along with the Transport Agency, a two phase approach. This will commence with a shared approach to inventory management, contract management and specialist bridges/structures and geotech services. The second stage will add a joint approach to maintenance intervention and renewals programming along with the potential shared outsourcing of specialist functions.

3. Gisborne District Council/Transport Agency collaboration
The collaboration between Gisborne District Council (GDC) and the Transport Agency has passed through the approval processes of both partners and is now in the implementation stage. It will bring asset management and decision making for the region’s local roads and state highways together in a co-managed Gisborne-based business unit – close to the assets, customers and suppliers.

It will provide smarter asset management, better decision making, regional efficiencies, cost savings at the professional services level and will generate significant savings through:

• Aggregating state highway and local road maintenance contracts, bundling of works contracts, and the inclusion of renewal & resurfacing works,
• Insourcing the professional services functions of GDC and the Transport Agency with additional support from the Transport Agency Network Outcomes group,
• Utilising the NZTA Network Outcomes Contract model and longer contract durations.

Financial modelling indicates savings over the status quo of between 6% and 13% which represent savings of $2.5m to $5.8m p.a.
‘TLAs are generally staffed by well skilled, knowledgeable and passionate roading practitioners.’

**NZ COLLABORATION DISCUSSION PROCESS**

More and more TLAs are using collaboration as a tool to address and seek solutions to business issues. At present, collaboration discussions in New Zealand are occurring between over 50 TLAs and NZTA in 12 regional groups. This development process has generally taken a “bottom-up” approach in order to:

- Identify the main issues and challenges faced by RCAs on an individual and collective basis.
- Determine the common issues and challenges across the region and their root causes.
- Develop objectives and opportunities to resolve these through collaboration.

**COMMON ISSUES**

The top 10 issues and challenges faced by RCAs and the objectives and opportunities to solve these are as follows:

<table>
<thead>
<tr>
<th>ISSUES/CHALLENGES</th>
<th>OBJECTIVES/OPPORTUNITIES</th>
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<tbody>
<tr>
<td>1. Maintaining a financially sustainable, safe and reliable network</td>
<td>Maximise whole-of-life value of the assets, while enhancing safety and ensuring a sound resilient local and regional network.</td>
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<tr>
<td>2. Asset management abilities</td>
<td>Enable better decision making and investment optimisation by improving AM data, analysis and expertise.</td>
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<tr>
<td>3. HR – retaining staff and skills</td>
<td>Improve the ability to attract, develop and retain staff with the desired mix of skills, experience and knowledge.</td>
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<tr>
<td>4. Levels of service (classification &amp; consistency)</td>
<td>Assist the development and implementation of consistent road classifications and related LOS considerations as part of a ‘one-network’ approach.</td>
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<tr>
<td>5. Growth/land use changes</td>
<td>Provide a basis for better understanding and responding to growth and land use changes.</td>
</tr>
<tr>
<td>7. Competitive physical works market</td>
<td>Support the retention of competitive market conditions.</td>
</tr>
<tr>
<td>8. Professional services / consultants</td>
<td>Support the retention of accessible, affordable and suitably skilled expertise in support of TLAs retaining ownership of decision making.</td>
</tr>
<tr>
<td>9. Retaining ‘local’ governance/decisions</td>
<td>Enable and support good local decision making.</td>
</tr>
<tr>
<td>10. Procurement and value for money</td>
<td>Provide for benchmarking and information to support ‘smart buying’. Allow for local procurement if appropriate/cost effective. Provide a foundation for possible joint procurement.</td>
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OBSERVATIONS

• TLAs are generally staffed by well skilled, knowledgeable and passionate roading practitioners. They operate in a tightly-resourced, demanding and dynamic environment where they must balance the requirements of road users, rate payers, elected representatives, contractors, Transport Agency and other stakeholders.

• The co-funded maintenance and renewal expenditure across the 65 TLAs (excluding Auckland Transport) totals $622 million pa, at an average $9.7 million per TLA.
  › The highest 20 spending TLAs account for $335 million pa, ie 54% of the total expenditure, at an average of $16.8 million per TLA.
  › The lowest 20 spending TLAs account for $71 million pa, i.e. 11% of the total expenditure, at an average of $3.6 million per TLA.

• The larger TLAs are already operating substantial networks and should be able to achieve reasonable economies of scale in physical works. Any gains from collaboration in service delivery may be small on a percentage basis, but still significant in financial terms.

• The smaller TLAs are less able to individually achieve economies of scale in physical works, but often compensate for this by taking a greater hands-on involvement with the contractors and by using small local contractors with lower overhead costs. There may be larger percentage gains from collaboration in service delivery amongst smaller TLAs, but the financial savings are less significant.

• Most TLAs acknowledge they have weaknesses in asset management (AM). In many cases the TLAs that have developed more advanced asset management have the greatest realisation that ‘they don’t know what they don’t know’. The weaknesses in AM generally appear to stem from:
  › a lack of management knowledge and therefore leadership on AM
  › a lack of capacity (due to time constraints/human resourcing) and to a lesser degree capability
  › financial constraints (the need for short term savings inhibiting investment in longer term decision making tools)
  › a belief that local knowledge and practical skills can provide more appropriate decision making
  › the scale of work required to build and validate the accuracy of RAMM data.

• Human resource aspects are critical to the performance of the TLA – across all roading functions including AM:
  › Many TLAs have small roading teams that lack resilience, should one or more staff member leave.
  › Many staff are approaching retirement age and there is a shortage of new roading engineers being brought into the industry.
  › A number of roading managers lack a clear understanding of the fundamentals of AM and many are unaware of the function and benefits of advanced AM tools, eg dTIMS.

COLLABORATION FRAMEWORK

The collaboration discussions are exploring opportunities across AM and network operations (using the framework and philosophy shown in Appendix A) and service delivery spectrum. It is generally agreed that AM is the priority area where collaboration will deliver strong benefits through improved standards, skills and consistency. This reflects that improved and consistent AM will:

• help resolve many of the other issues shared by TLAs, including skills shortages, the need for consistent benchmarking data, the response to the impact of land-use changes and economic development (eg dairy farming, logging, HPMVs)

• create a solid foundation for any future network operations or service delivery collaborations

• provide the baseline data to enable any future move to performance based procurement contracts (whether by individual TLAs or in collaborations)

• lead to better investment decisions to maximise the whole-of-life value of the assets by ensuring the right treatments are applied in the right places at the right time.

In addition, the focus on AM collaboration shows TLAs have an appreciation that collaboration can deliver a higher and more consistent level of AM than could be achieved independently (due to resources, capability and capacity issues).
The position of collaboration on AM is shown on the following diagram, where a consistent approach to data collection, road classifications and levels of service underpins a move to more advanced AM. This in turn will provide the basis for further collaboration in Network Management functions and Service Delivery. A higher level of AM understanding will also enable TLAs to move towards performance based contracting, either individually or in collaborations.

**ASSET MANAGEMENT COLLABORATION**

Asset management is at the centre of many of today’s collaborative initiatives. The method of delivering AM collaborations in each region is still being developed and will be based on the needs of the participants and their existing skills and resources. A number of regional collaborations are proposing to create shared ‘centres of excellence’ which will provide a high and consistent level of AM services to roading managers.

The consistent need across the country and the proposal to development the centre of excellence concept provides the opportunity for a centrally led national framework which would:

- improve AM systems, skills and consistency across all TLAs
- establish minimum AM standards
- provide a vehicle for dissemination of best-practice
- avoid duplication
- create consistency for comparison between RCAs.

The improvements in AM will build on the work already being undertaken by REG, TLAs and the Transport Agency and on the direction being suggested by other stakeholder groups:

- Transport Agency M&O Review, the Road Maintenance Task Force.
- REG One Network Road Classification.
- REG Asset Management work group.
- Transport Agency Network Outcomes group.
- AM Centre of Excellence direction from LGNZ.
- AM opportunities identified by the Office of The Auditor General Managing public assets and the Infrastructure Efficiency Task Force.

**ISSUES RELATED TO ASSET MANAGEMENT COLLABORATION**

While there is a strong desire to collaborate on AM, there are several issues that may inhibit the participation of some TLAs:

a) **Valuing the potential savings.** TLAs are looking for short and medium term savings, whereas many of the benefits from improved AM will be realised by optimising the whole-of-life value of the assets. Furthermore it is difficult to value these savings as it varies on a case-by-case basis depending on the existing standard of AM being achieved by each TLA.

b) **Common road classifications and LOS.** Certain benefits of a shared approach to AM will depend on TLAs adopting common road classifications and moving toward common LOS, intervention criteria etc. It may take time for realignment to occur and for a recalibration of the LOS expectations of rate payers/road users and elected representatives.
c) **Paying the operating costs.** There will be expenses involved in advancing AM, including the costs of improving RAMM data collection, quality and the analysis of that data.

d) **Impact on other TLA functions.** The roading function represents a large proportion of the management activity of many TLAs. The staff of many small TLAs divide their responsibilities over roading and other assets.

**NETWORK OPERATIONS AND SERVICE DELIVERY COLLABORATION**

Collaboration can be applied in a number of business activities. While the focus of collaboration discussions has been on the opportunities in AM, opportunities are also being identified in network operations and service delivery. These will benefit from the foundation provided by improved AM. The financial benefits of widespread service delivery collaborations are likely to be limited for the RCAs with large networks that are already within an optimum size for contracting efficiency. However these collaborations may deliver other non-monetary benefits (eg an improved ‘one network’ approach).

These collaboration opportunities may take the form of:

- TLA and Transport Agency collaborations, particularly on non-strategic state highways and where there is a lot of management duplication and inefficiency, eg a high distance of travelling on SHs for contractors to reach local roads (and vice versa). Examples of this are the approved Gisborne District Council/NZ Transport Agency shared roading business unit and the similar proposal which is being developed by the Whangarei District Council and the NZ Transport Agency in Northland

- collaboration in some individual work categories, eg street-lighting, roadmarking

- joint procurement of renewal forward works programmes

- following existing service delivery models, eg Bay Roads, Marlborough Roads and the Transport Agency delegation of state highway maintenance to Rotorua District Council

- following other network operation models eg Manawatu-Wanganui LASS; joint Transport Agency/TLA traffic operations centres, eg mini JTOC in Tauranga.

**TLA CONTRACTING MODELS**

The majority of TLAs follow a traditional contracting model with many retaining a professional services consultant engaged in the management of the network. The opportunity exists for TLAs to move towards more innovative procurement models, such as performance based contracting or alliancing. This reflects the recommendations of the Road Maintenance Task Force.

It is possible that the benefits of moving to a performance based or alliance model (even on an individual basis) would be greater than could be gained by collaborating in service delivery under a traditional contracting model. Collaboration may support a move to more innovative procurement models by providing more advanced AM, assisting the TLAs to become ‘smarter buyers’, and creating economies of scale.

The alliancing model is already in use by some TLAs, for example Hamilton, Auckland Motorway Alliance, Southland, and Wanganui District Councils. In the case of Wanganui, the

‘TLAs can move towards more innovative procurement models, such as performance based contracting or alliancing.’
move to the alliancing model saw outputs shifted from being 60% reactive to 90% programmed, which has increased its physical work efficiency by over 10% and reduced waste and duplication by 20%.

INTERNATIONAL COLLABORATION

APPROACHES

Collaboration methods are ever evolving, and in order to maximise possible benefits it is important to stay up to date with the latest developments overseas. A Road Maintenance Task Force literature review of international collaboration initiatives has drawn encouraging conclusions.

The review shows that ‘achieving greater efficiency in road maintenance is also a high priority in many other countries, with governments facing growing budget constraints and needing to obtain better value for money from their expenditure. While work is underway to identify opportunities for improvement, for example the United Kingdom Highways Maintenance Efficiency Programme, proposed solutions suggested to date are either already in practice or known in New Zealand.’

UK HIGHWAYS MAINTENANCE EFFICIENCY PROGRAMME (HMEP)

The UK has developed a Highways Maintenance Efficiency Programme. Its genesis, drivers and subsequent findings closely align to the RMTF, as are its three areas of focus:

• Continuously seek new and improved ways of delivering services to highway users and managing highways assets.
• Make use of collaborative partnerships to improve processes and outcomes.
• Deliver a sustainable balance between meeting the needs of highways users, improving quality and minimising costs.

HMEP have adopted a ‘pull’ strategy to develop collaborations by relying on RCAs to actively seek out and acquire the guidance that they have developed. They have also focused more specifically on two collaboration approaches of alliancing and shared services in conjunction with developing expertise on collaborative culture development. Rather than facilitating discussions themselves, HMEP are providing the following guidance to the sector:

• Local highway authorities collaborative alliance toolkit
  This toolkit guides authorities through the processes of setting up and operating a collaborative alliance, enabling savings and learning from current good practice and evidenced case studies.
  Alliancing examples in the UK have focused on issues such as skills recruitment and development, combined procurement efficiencies, drive for innovation and efficiencies in process and technology.
  Note: ‘Collaborative alliancing’ is often the term used in the UK to refer to the alliancing contract model. This collaborative alliancing may involve a single client RCA or a collaboration of RCAs.

• Shared services toolkit
  A toolkit to help local authorities set up and operate highway maintenance shared services, including good practice examples.

• Creating the culture to deliver toolkit (under development)
  A toolkit based around a training programme which focuses on individuals and organisational culture to ensure they can fully benefit from a collaborative approach.

UK COLLABORATION FRAMEWORKS

The UK has focused on methods to develop a culture that will foster successful collaborations across public and private sectors. In 2010 British Standards released BS 110000 Collaborative business relationships as a way of framing up conversations and providing consistent processes to support collaboration between agencies and the private sector. This seems to have quite broad support in the infrastructure sector.

British Standards have approached the international standards organisation who have decided to progress with converting BS11000 into an ISO.
UK COLLABORATION INITIATIVES

A literature review shows that a variety of road management collaborations have been established in the UK. These tend to focus on supply chain initiatives, procurement innovations and network performance/customer service improvements. Little specific mention is made of AM in these collaborations, but this may be because improved AM is seen as an inherent outcome of alliancing.

UK collaborations range from small scale shared service initiatives to large scale procurement projects, e.g. London Highways Alliance Contract (LoHAC) which involves Transport for London and 33 borough councils. Examples of UK collaborations and a summary of the monetary and non-monetary benefits (where reported) are shown in appendix C.

STARTING YOUR OWN COLLABORATION CONVERSATION

Collaboration discussions in New Zealand are taking many forms from sharing asset management knowledge or data at one end of the spectrum, to integrated shared service delivery at the other.

A useful approach to the collaborative work is to not seek a specific solution at either end of the spectrum, but to focus on alignment of objectives in order to find the right solutions for your organisations.

SPECTRUM OF COLLABORATION

As a start, many regions are investigating opportunities for collaboration with their regional partners, having regular conversations and sharing knowledge and practices. Here is a simple guide for how to start the conversation:

- Invite participants to meet if they are prepared to work closely together.
- Approach it with an open mind and be flexible.
- Openly share objectives and goals.
- Work through the process together.
- Find the right model for your region.

REG is available to assist you at any stage during this process, whether it is to start the conversations, seek alignment of objectives, or to build the business case around a specific model/initiative.

You can contact REG through our website www.nzta.govt.nz/REG or via email roadefficiencygroup@nzta.govt.nz.
### Appendix A: Asset Management/Network Management Spectrum

#### Inventory Management
- Asset Register (if separate from RAMM)

#### RAMM
- RAMM Updates
- Validation/Auditing
- Treatment Selection Algorithm (TSA)

#### Specialist Functions/Inspections
- Bridges/structures
- Geotech
- Surveying
- Overweight permits

#### Road Safety
- Road safety programme
- Safety reporting & inspections

#### Management Planning
- Environmental
- Incidents
- Emergencies
- Events
- Corridor Access Requests

#### Financial
- Valuations
- FWP/LTP Inputs
- Budget management
- Benchmarking
- Risk services

#### Customer Relations
- CRM
- Communications

#### Policy & Strategy
- Transport strategies
- Bylaw Management
- Speed, traffic
- Growth strategies
- Rezoning
- District plan

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#### Data Collection
- Condition rating
- SCRIM (skid resistance)
- Traffic counting
- Network Video
- High Speed Data

#### Deterioration Modelling
- dTIMS modelling

#### Transportation Modelling
- Demand forecasting
- Infrastructure supply

#### Maintenance Intervention
- Maintenance intervention strategy

#### Pavement Renewals
- Assessment
- Lifecycle analysis
- dTIMS calibrations

#### Capital Improvements
- Business case development

#### FWP/LTP
- Technical Performance Measure analysis

#### Levels of Service
- Road classifications
- Intervention criteria

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#### Optimised Treatment Selection

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#### Operational Level
- Network Inspections
- Maintenance Contract:
  - Preparation
  - Tendering
  - Evaluation
- Concept design
- Economic evaluation
- Design
- Contract:
  - Preparation
  - Tendering
  - Evaluation
- Construction MSQA
- Project management
- Concept design
- Economic evaluation
- Design
- Contract:
  - Preparation
  - Tendering
  - Evaluation
- Construction MSQA
- Project management
Preparation of these tools will involve LEAG, SOLGM, IPWE, NZTA in Centre of Excellence

- Social activity
- Economic activity
- Population
- Migration/Mode
- Vehicle mix
- Use (now and in future)
- Forecasts and assumptions
- Training
- GIS
- Procurement approach
- Risk assessment
- Condition assessment
- Decision making (DfTM)
- Whole of life optimisation

Highway Plan
- Regional Land Transport
- Strategic
- NZTA investment + revenue
- GPS

Factors
- Programs, Council LTP’s, State

Informing by

Policy & Investment

NZTA/PCAs

Decisions

Technicals
- Renewals
- Operations
- Maintenance
- (delivery)

Performance
- Collection systems (standard information measures)

Recommendations for how:

Monitoring

Activity/Asset Management Plan

Activity/Asset Management Plan is informed by best practice tools including:

- High level content for transport activity/asset management plans

Road Efficiency Group   | Sharing the road ahead 2013
West Yorkshire: Joint Procurement of Condition Surveys

Through joint procurement of the Highway Technical Inspection and Testing Services contract by 8 council authorities, savings of 38% (£167,000) have been achieved over previous year’s work which had cost £434,000.

A tendering process was carried out with a single tender document produced by Leeds City Council as the lead council. By participating in a shared contract and tendering process, the administration costs were minimised for each authority and the aggregated contract offered a scope of work that resulted economies of scale.

West Yorkshire Authorities - Joint Procurement: Collaborative Surface Dressing (Resurfacing) Contract

Through joint procurement of the surface dressing (resealing) contract the three authorities (Calderdale, Bradford and Kirklees) have made approximate 10-20% financial savings. These councils are members of a West Yorkshire collaborative procurement group which meets to identify and progress potential efficiencies.

Single Customer Service Support Line - Bedfordshire Borough Council and Central Bedfordshire - Bedfordshire Highways

By adopting a single customer service support line, Bedford Borough Council and Central Bedfordshire Authorities have achieved around £4 million of efficiency savings each year.

Prior to the new contract the client had a large monitoring team together with separate term maintenance contractor and design consultant to deliver highways services. In addition customer calls relating to highways could be received at a number of locations. These services were very reactive, with customer calls being dealt with as and when they arose, creating high volumes of calls.

The managing agent contractor (MAC) contract was created to bring together an end-to-end provision within a single contract. The contract was built around performance metrics that were outcome focussed and aligned with the strategic needs of the local authority. Monitoring, managing and reporting of performance was the responsibility of the service provider under an accredited quality management system, with performance targets being linked to potential contract extensions. This allowed the client monitoring team to reduce to just eight staff.

The client moved to a model of operating a single customer service support line allowing calls to be managed, monitored, recorded and dealt with more efficiently and effectively.

A system of highway stewards was adopted, where stewards spend time proactively meeting elected members, parish councils and other stakeholders. This enables local views to be understood thereby making works programmes more collaborative and better able to meet local needs, while not losing sight of engineering principles. One and five-year works programmes are developed in consultation with members and town and parish councils, with these programs communicated at a local level on an annual basis. Highway stewards’ collective knowledge ensures the operational activities addressed local needs and concerns.

Having a single ‘end-to-end’ service provider has enabled the implementation of a ‘walk and build’ programme which has helped to deliver a rapid, proactive highways maintenance service, reduce bureaucracy and make best use of resources.

During the first year of the partnership, savings of 23% against capital schemes was estimated to have been achieved through reduced design cost, more effective and fit for purpose designs and reduced man-marking and client supervision.

The local authority MAC model has now been adopted by a number of other local authorities across England.

Midlands Highway Alliance (MHA)

Involves 18 city and county councils and the Highways Agency with large, high volume, interrelated networks. They share a common goals to improve performance, share best practice and make efficiency savings in the delivery of highway services by working together. MHA provides regional procurement and implementation of highways maintenance, professional services and capital works through procurement framework agreements. On average the members are each saving £4 million per year compared to the costs of individual procurement.

MHA splits its services into 6 workstreams:

- Term maintenance. This group aims to identify areas of best practice and help to bring efficiencies to the MHA authorities for their term maintenance contracts. For example, Nottinghamshire County Council used the MHA term maintenance documents last November to support their term maintenance procurement and estimates savings of £100k through their use.
- Capital projects – major and medium schemes.
- Professional services – providing one preferred supplier which all members can choose to use.
- Assets, standards & commodities – developing shared specifications, standards and management systems.
- Skills academy – for the development of engineering graduates, technicians and practitioners.

London Highways Alliance Contract (LOHAC)

Involves local urban networks with high traffic volumes in small geographic areas that had traditionally been operated by Transport for London and 33 borough councils through over 100 separate maintenance contracts. Contracts for city and borough roads have now been issued with 8-year terms across 4 geographic areas using the new engineering
contract (NEC) form which focuses on performance based supplier partnering and collaboration. In summary:

This is anticipated to save up to £450m during the next eight years. This significant saving will be achieved by:

• consistency in the quality of works and materials
• use of common specification contracts
• efficient practices and coordinated working, minimising disruption on London roads
• a reduction in contract tender costs and optimised plant and labour costs
• more efficient stock control.

LEARNINGS FROM LONDON:

1. Borough council members perceived they would suffer a loss of control from signing up to the shared contracting arrangements, however the LoHAC allows for local authorities to make their own investment decisions, but with a common service provider carrying out the works. The standards of operations can also be set locally but the costs are transparent and understood by everyone.

2. There are significant opportunities in standardisation, eg materials specifications, although the LoHAC allows for different standards to exist.

3. The utilisation of contractor resources is a key area of improved efficiency. Works cannot be carried out on the Transport for London routes before 10am and after 3pm, to avoid rush hour traffic. This means that the LoHAC contractor has the opportunity to carry out work on nearby local borough roads during these rush hours.

4. Rather than being micromanaged by the councils, the contractors now have the opportunity to decide what to do when and where to manage resources and processes more efficiently.

5. The cost of constant retendering was significant and neither efficient nor effective. The previous 100 different contract arrangements were often won by the same contractors with hugely differing rates across London. The councils did not understand the true costs or have a strong ability to benchmark rates across the city.

CENTRAL WALES INFRASTRUCTURE COLLABORATION (CWIC) PROGRAMME - ASSET MANAGEMENT

Joint development by the Ceredigion and Powys local authorities of the highway asset management plan, highway inventory collection, highway condition surveys, preparation of the annual programmes of work, winter service – strategy and abnormal indivisible load routing.

• Removing duplication of work in preparation and development of HAMPS.
• Aligning pavement management systems.
• Common bridge and structures management systems.
• Joint procurement.
• Asset management.
• Regional asset management planning.

CENTRAL WALES INFRASTRUCTURE COLLABORATION (CWIC) PROGRAMME - STREETWORKS

A shared streetworks manager has been employed by Ceredigion and Powys since September 2010 to provide a consistent approach in dealing with utility companies etc. This paves the way for the establishment of a joint structure. Information systems are being updated for both authorities by and alignment of software packages being considered.

This joint approach has improved regional planning of street works with common systems based upon the best practices in each authority. The resulting efficiencies are estimated to have saved the equivalent of two full time equivalent employees.

SOUTH EAST 7 ALLIANCE - DEVELOPING TRAINING THROUGH AN ALLIANCE

The South East Seven (SE7) is a partnership of seven councils (Brighton & Hove City Council, East Sussex County Council, Hampshire County Council, Kent County Council, Medway Council, Surrey County Council and West Sussex County Council) that have committed to working together to improve the quality of services and to achieve savings across all council functions, including roading.

SE7 recognised the opportunity to develop and enhance the skills within the authorities and highways sector supply chain within the both now and in the future. This involved identification of the current skill gaps in graduate engineers, specifically towards highways.

In partnership with their suppliers and the University of Brighton, SE7 has developed a
A postgraduate course in highway engineering MSc. This develops competent and innovative highway engineers, enabling them to lead, manage, design and deliver sustainable highways for the future.

The course provides a workplace-based learning environment within local authorities and associated contractor/consultants over two-years. The course is structured into six modules and a dissertation/research project.

- Highway engineering context.
- Highway engineering theory.
- Highway design and implementation.
- Highway asset management and engineering principles.
- Highway contracts.
- Management and leadership within the highways sector.

COLLABORATIVE PURCHASING OF STREET LIGHTING LANTERNS - WEST MIDLANDS HIGHWAY ALLIANCE

The West Midlands Highway Alliance identified the efficiency opportunity to collaborative in the procurement of lanterns. A business case was developed and a tender framework agreement was led by Worcestershire County Council and the Eastern Shires Purchasing Organisation. The framework was broadened to be open to all local authority councils as well as educational establishments, emergency services, National Health Service, central government and their agencies.

This led to the successful procurement of framework agreement with assessed operational, technical and professional conformance and capabilities of suppliers. This provided an agreement which:

- is based on a common specification for the key items
- allows authorities to access, through individual contract, a choice of suppliers and products and to expand on the scope of works if required
- allows the contractors of authorities who have a current contract for the maintenance of street lighting which includes the supply to access the framework agreement on the same terms and conditions
- is centrally managed and monitored by Eastern Shires Purchasing Organisation
- is free to access with no hidden fees to be paid.

Actual savings identified by two participating authorities are 20% (Leicestershire County Council) and 33% (Wolverhampton City Council).

EASTERN HIGHWAY ALLIANCE

The Eastern Highway Alliance was established in 2010 made up of 11 highway authorities in the East of England driven by the lead authority, Cambridgeshire County Council.

During the establishment of the governance, opportunities for collaborative efficiency savings/cost avoidance were identified. These included the procurement of a schemes framework and a business case was written.

This leads to the development of:

- a best practice framework contract suitable for all members
- an agreement to ‘bundle’ previously individually tendered works into framework ‘packages’ by various members
- the award of the framework to four contractors in June 2012
- the understanding of the importance to monitor the savings and cost avoidance benefits from the first use of the contracts.