



HIGHWAYS CONTRACT OPTIONS APPRAISAL REPORT

Highways & Transport Services Contracting Landscape

November 2018 FINAL v0.3

West Sussex County Council Highways & Transport Services Contract Landscape

Options Appraisal Report

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Abbreviations, Common Terms and Definitions

H&TS	Highways and Transport Services
NEC	New Engineering Contract – <i>Industry standard contracting form</i>
OAR	Options Appraisal Report
SCAPE	Public Sector Procurement Frameworks Organisation
SMT	H&TS Senior Management Team – <i>these are Matt Davey’s immediate reports</i>
TMC	Term Maintenance Contract
WLT	Wider Leadership Team – <i>Service Leads, Senior staff and Senior Users</i>
WSCC	West Sussex County Council

Contract Model Options	Contract options that have been appriased
Option2View	A4 summary page for each Contract Option
Options Appraisal	Objectively scored assessment of each Contract Option

1 Introduction

1.1 Context

West Sussex County Council (WSSC) have in recent years, successfully delivered contracts that have supported the Council to lower the cost of services and helped to maintain good service standards. The Council must remain focused on being efficient and agile against a backdrop of revenue (and capital) spending pressure. There is also further demand to deliver devolved services for local Communities and to transform service team operation against this changing environment. Highways & Transport Services (H&TS) manages several service-based contracts with 3rd party suppliers. The Highways Term Maintenance Contract (TMC) is currently delivered by Balfour Beatty and was subject to a re-procurement in 2017/18. A Legal challenge resulted in the procurement being abandoned and the existing Balfour Beatty contract extended to April 2019 to enable future options to be considered.

1.2 Purpose of the Options Appraisal

This report provides a detailed appraisal of possible contract models and Procurement considerations that the Council may wish to consider. The report seeks to recommend a preferred model, following shortlisting of 3 to 5 contract model options, providing rationale on rejected options and recommending future business case work that should be undertaken once the preferred model is agreed. The report does not provide details of proposed Project Governance or Benefits Realisation, as these would be considered as part of any future Full Business Case.

To provide an objective assessment, the Options Appraisal has considered different information sources; such as key objectives, commercial considerations, workshops with Leadership staff and market insight. Recognised industry standard contracting models have been used as the basis for this appraisal, which is generally in-line with guidance published by DfT (and HMEP – Procurement Toolkit). These are well established contracting models, supported and understood by the Industry and used by other Local Authorities. Indeed, funding from DfT is now aligned to support Authorities that promote a standardised delivery approach.

1.3 Service Challenges and Current Pressures

Budget and Affordability

Like many Councils, a further significant level of savings are likely to be required during 19/20 and 20/21; some of which is likely to be burdened on H&TS. With a considerably pared back service, standards and investment decision making will need to be considered, possibly resulting in services being reduced, or stopped. Additionally, the £2M savings target carried over from 2017/18 will need to be delivered. Against this backdrop, any future contract needs to be sufficiently agile to allow services to be descoped and standards changed without commercial disputes.

Abandoned Procurement Legal Challenge

The abandonment of the recent procurement has been decided in order to establish a clear basis from which to procure a future service. The claim lodged in relation to the original procurement remains live however and its outcome uncertain. Therefore, any new procurement arrangement needs to be carefully considered in respect of this claim, as it develops and is kept under review.

1.4 National Contracting Picture

1.4.1 Highway Authority Contracting Trends

There is a marked change in the way that Authorities are procuring term highway contracts which is evident in the contracts below, with Authorities looking for greater value for money and National contracting organisations diversifying their market solutions. This shift has undoubtedly been influenced by market instability, such as the likes of the Carillion collapse, and there remains ongoing concern that this could be just the tip of the iceberg.

Authority	Contract Type	Details
BANES	TMC & Frameworks	Traditional TMC and top-up contracts
Northumberland	Framework	TMC, Surfacing and Minor Works Frameworks
Gloucestershire	TMC & Framework	Traditional TMC and Surfacing Frameworks
Lincolnshire CC	Alliancing	Mixed delivery Alliancing model
Liverpool CC	Framework	Traditional TMC, Surfacing and Minor Works
Telford & Wrekin	Single Supplier	TMC +
Wokingham DC	Single Supplier	Traditional TMC only
Hertfordshire CC	Integrated	Extension of existing Integrated contract
Suffolk CC	Teckal hybrid	TMC Teckal with Top-Up Frameworks
Manchester CC	Framework	4-year TMC Surfacing and patching framework

1.4.2 Regional Delivery

DfT are actively promoting regional collaboration and rewarding Authorities who achieve this shared service approach. Good market examples are the Midland Highways Alliance which is entering its third generation contracting

model, using multi-provider frameworks across a range of service requirements. This move away from single supplier long term contracts is happening but will take time. WSCC have held discussions with Hampshire and East Sussex to explore options of collaborative delivery. Some joint working is possible (ie with Hampshire) around the Winter service.

The current **SE7 Highways Alliance** of which West Sussex is a founding member, is currently under review, but has not been actively supporting collaborative contracting for some years. The wider Southern Construction Frameworks are predominantly buildings and construction focused rather than focused around Highways.

Highways England are currently rolling out an Asset Led Delivery Model, across regional areas (to replace the existing Managing Agent and Asset Support Contracts). These contracts have the ability for Local Authorities to access the multi-disciplinary maintenance and works frameworks but are not always aligned to WSCC service areas.

The **Scape Framework** offers a route to market for public sector projects and services, against pre-qualified framework Lots. The framework Lots cover Civil Engineering, Minor Works, National and Regional construction and Built Environment Consultancy. These could be considered as alternative delivery options but WSCC would need to be mindful that a few different single suppliers deliver each framework lot, and not one lot covers all the required Highways services.

2 Key Requirements for a new Contract

2.1 Agreeing Suitability Drivers

The Council faces ongoing pressures over the next 2years, which will require all new contracts to support further financial savings, demonstrate value for money, and deliver the same service standards for less budget. Several cross cutting and complimentary initiatives are underway across H&TS to identify key requirements for the Service. A single set of Objectives was established as part of this Appraisal as described in Section 2.2. In addition to the key objectives, as series of “**Suitability Drivers**” were agreed by the H&TS WLT which were used to assess the broader contract types, in-order to establish a shortlist of options to appraise;

Objectives		Does this option satisfy the WSCC objectives that have been identified and agreed to be achieved within this Procurement?
Time		Does the contract model support a procurement and awarding a contract in-place during 2019?
Affordability		Does the likely cost of this option fit with the current and likely future WSCC budgets for service delivery?
People		Do WSCC have the resources, capabilities, knowledge and experience to manage this contract model option?
Political		How well does this option satisfy the needs and expectations of WSCC members, stakeholders and customers?
Future Applicability		Is the contract model flexible and agile enough to support any future West Sussex requirements such as scope increase?

2.2 Establishing Measurable Objectives

Working with the H&TS team, Key Objectives were established against which each contract model could be appraised. These were broadly in-line with the typical lists promoted by other Authorities; and advocated within the HMEP toolkit. These are considered from three different perspectives, each of which are aligned and would form the basis of any future contract Performance Management framework;

1. Corporate (Future West Sussex Plan)
2. Service based (Experiential Place Statements)
3. Contract specific (Workgroups)

Each set of objectives provided a good framework from which to appraise future contract model options. The Corporate objectives are as published in the Future West Sussex Plan and the other objectives are shown below:

2.2.1 West Sussex H&T Experiential Place Statements (EPS)

The following West Sussex Experiential Place Statements relate to work undertaken by the H&TS teams and work completed by Proving Services:

H&TS Experiential Statements		
EP Statement 1	EP Statement 2	EP Statement 3
West Sussex is a place where we are satisfied with the service commitment H&T has made and that our opinions can influence what H&T do.	West Sussex is a place that provides transport choices for all.	West Sussex is a place where the Highways are safe and well managed.

2.2.2 West Sussex H&T Service and Contract based Requirements

The following contract specific objectives were established by the H&TS WLT to appraise the proposed contract model options against:

Safe and Well Managed	We will deliver a safe and well-managed infrastructure that provides user confidence and is maintained to a satisfactory condition in accordance with the Council's policies.
Customer Focused	We place our Customers experience at the forefront of everything we do, by providing safe and accessible networks that promote clear travel choices and communicate our actions to our local communities and wider stakeholders.
Data Driven Decisions	We manage our Assets in an effective way utilising data to help inform our decision making and prioritise our investment so that our infrastructure is safe and well maintained.
Value for Money	We demonstrate Value for Money in our decision making, through our performance frameworks and if necessary consider income generation and commercialisation to help deliver a consistent standard of service.
Collaborative Relationships	We will secure Collaborative relationships with our Suppliers, Customers and Stakeholders to deliver partner mutuality, empower communities and maximise the potential from our contracts.
Resilient and Sustainable	We will deliver service levels and provide a resilient infrastructure network that is sustainable and reduces the impact on the local environment whilst supporting Social Value outcomes.

3.0 Proposed Contract Scope

3.1 Existing Landscape

H&TS manages and delivers over £1.5bN¹ (total contract value) in supplier contracts. To explore the maximum potential for H&TS, the total Service **contract landscape** has been considered. This included an assessment of all current contracts, frameworks and supply chain reliance, informed through the Council's Contracts Register and service level discussions held with the SMT. The H&TS contract landscape can be represented as shown in Figure 3.1.

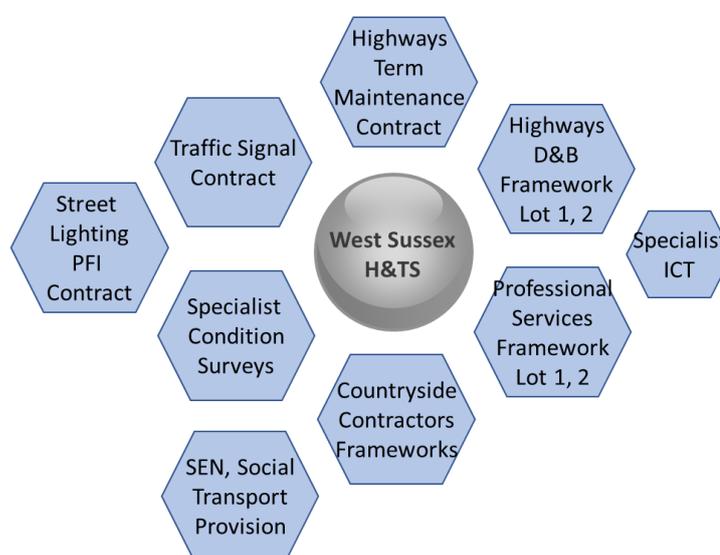


Figure 3.1 - H&TS Contract Landscape October 2018

Work undertaken by the SMT at the first Options Appraisal workshop (confirmed by the SRO and Senior Users) provided further definition in agreeing what would be out of scope (described in Section 3.3). The primary focus of the Options Appraisal would be Highway Maintenance activities, but in reviewing these, opportunities should be identified against other H&TS contracts and frameworks. Many of the existing H&TS contracts conclude within 5-years and as such any future contract model should be suitably agile to incorporate future services. This could be in terms of proposed duration (ie shorter term contracts); or in contract scope (ie able to accommodate more specialist services – such as Professional Services).

¹ Information obtained from WSCC Procurement Contracts Database.

3.2 Service Scope

The following primary service areas are included in the initial review of Contract Model options, with secondary considerations discussed against shortlisted options in Chapter 6:

Primary considerations

- Reactive Response, Highway Inspections and Condition Surveys
- Winter Service
- Drainage Cleansing (Gullies, Pipework, Chambers and Culverts)
- Routine Maintenance of Structures
- Arboricultural Work, Hedge Trimming, Weed Spraying and Grass Cutting
- Carriageway Resurfacing, Reconstruction, Patching, In-situ recycling, High-Friction and Re-texturing, In-situ recycling, Surface Dressing and micro-surfacing and surface treatments
- Footway reconstruction and micro-surfacing
- Cycleways, Bridleways and Public Rights of Way
- Drainage repairs, schemes and programmes
- Traffic Signs and Carriageway Markings
- Structures Repair and Programmed works
- Mechanical and Electrical
- Safety Fencing and Pedestrian Guardrails
- Capital Infrastructure Minor Improvement Schemes
- Specialist services (e.g. stone masonry)

Secondary considerations

- Capital Major Works design, build and delivery
- Asset Management systems and surveys
- Professional Services (Design, Management and Supervision)
- Customer Communications and Control Room
- Highway Operations
- Highway Network Management
- Streetworks Management and Coordination
- Green and Red Claims Management
- Countryside Management

Whilst other service areas within H&TS have been discussed, these are currently not within the scope of this report. However, all future contract model options are considered sufficiently agile, to include additional service scope as necessary.

4.0 Market Insight

4.1 Informal Pre-Market Engagement

A Prior Information Notice (PIN) has yet to be published for this contract and therefore no “formal” Pre-Market Engagement has been undertaken. Initial Market Insight was obtained (through established relationships) using a self-completed questionnaire.

4.2 Informal Industry Feedback

Informal discussion has been held with the incumbent provider Balfour Beatty Living Place, and two others. Whilst this was not a conclusive engagement and has limitations, the discussions provided a reasonable sounding about current market considerations relating to West Sussex.

Key areas of feedback

- Concern over failed Procurement by West Sussex (investment and time)
- Concern over Organisations already primed for future contract award
- Favour an industry standard contract model ie. HMEP, NEC, Frameworks
- Would like flexibility in the contract model to alter future scope (post award)
- Would like highways maintenance-based contract without design
- Longer term contracts ie 5 to 10yrs preferred by T1 Contractors
- Shorter term flexible contracts for Frameworks and Tier 2 suppliers
- Simple procurement with opportunity to discuss solutions
- Clear performance frameworks with incentives
- Budget visibility and affordability, rather than reducing requirements

4.4 Financial Insight

There is very little information published across the industry relating to the cost of different contract models. Using our industry insight, we have established that Frameworks are slightly cheaper than Traditional TMC Contracts in terms of fee and overheads, generally due to a smaller staff overhead for Capital Works. Larger aggregated contracts can deliver savings of 2-4%. The biggest reduction in staff costs is in the integrated contracts which are significantly larger than any of the others. The SCAPE framework offers a fixed Fee/OH model (c5%) which is the cheapest option, but services are all Target Cost approach – with pain/gain share mechanisms.

Contract Option Opinion	<i>Market remains interested in West Sussex, but it is imperative that a clear contract structure and overall approach are clearly communicated at the start of any procurement. The overall preference for larger organisations appears to be large single contracts, or frameworks over a longer period (+5yrs), whereas</i>
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SME's prefer smaller frameworks and shorter durations.

5.0 Initial Procurement Considerations

5.1 Strategy

The procurement strategy is an integral part in determining a preferred contract model. ALL public procurement must comply with the Public Contracting Regulations 2015 (PCR 2015), which provide routes to market and certain parameters that must be met. The learning taken from the previous procurement will be incorporated as appropriate and included in any new strategy. A separate **Procurement Strategy** will be detailed within the **Full Business Case** to reflect the preferred contract model. Achieving the right procurement option is a critical success factor in developing and creating the right contract environment, behaviours and culture with any future provider.

5.2 Routes to Market

The market is familiar in responding to these procurements, but complex contracts and lengthy procurement timescales can be a barrier to response. The routes most likely at this stage covering the range of contract options under consideration are:

1. Open restricted process (suitable for specialist frameworks)
2. Dialogue or Negotiation (good for complicated single supplier contracts)
3. Scape Frameworks (good for negotiated single supplier contracts)
4. Dynamic Purchasing System (supports open list of pre-qualified suppliers)
5. Piggy-Back onto Neighbouring Authority contracts

ALL options require significant investment in terms of Client management time and in bidder response time and costs. Each offer a different level of scrutiny and examination during the process, enabling detailed solutions to be explored if required. In all cases a pre-selection, or SSQ process would be undertaken to shortlist appropriate organisations to participate. This may be used to qualify organisations onto a multi-supplier Framework.

The national SCAPE (2) framework offers a different and interesting approach. This uses a fixed fee and overhead approach (c5%) and offers a broad scope of services. Budgets would be established annually, and a mature performance framework would monitor quality and costs. Significant penalties for non-performance (which are aggregated against total Framework turnover) are applied for poor quality and non-compliance. This would be a single supplier approach and no-further

procurement is required with this being an existing National framework open to all UK Local Authorities.

6.0 Contract Model Option Appraisal

6.1 Shortlisting against Suitability Drivers

An initial filter of a wide range of contract models was undertaken using the “Suitability Drivers” described in Chapter 2. The shortlisted options were:

a.	Single Supplier Commissioning Model
b.	Single Supplier Traditional TMC Contract
c.	Mixed Economy Single Provider Frameworks
d.	Mixed Economy Multiple Provider Frameworks
e.	In House - with Top-Up delivery
f.	In House

Further appraisal of the likely benefit that each model would deliver was undertaken against the objectives described in Section 2. Scores were awarded as follows:

Score	0	1	2	3	4	5
Definition	Does not support objective	Slightly supports	Partly supports	Mostly supports	Largely supports	Fully meets objective

Scores for all Objectives (and sub-objectives) were collected and averaged across each group. The overall preference was established by averaging across all Objectives² shown below.

West Sussex County Council

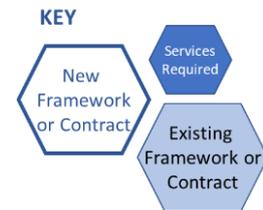
Shortlisted Contract Options Appraisal Summary		Corporate Objective	Rank	Experiential Objectives	Rank	Service Objectives	Rank	TOTALS	Overall Rank
a.	Single Supplier Commissioning Model	2.80	3	3.31	6	3.33	5	3.15	6
b.	Single Supplier Traditional TMC Contract	3.00	2	3.85	1	3.65	4	3.50	3
c.	Mixed Economy Single Provider Frameworks	3.20	1	3.79	2	3.77	1	3.59	1
d.	Mixed Economy Multiple Provider Frameworks	3.20	1	3.67	5	3.77	1	3.55	2
e.	In House - with Top-Up delivery	3.00	2	3.68	4	3.69	3	3.46	4
f.	In House	2.60	4	3.78	3	3.71	2	3.36	5

During the appraisal Options (a and b), (c and d) and (e and f) were closely aligned and all variants on the same contract approach, ie Single Supplier, Framework and In-House. Options b, c, and e, and would therefore only be the preferred contract options to be considered going forward.

² Results of the Full Appraisal Model provided in summary.

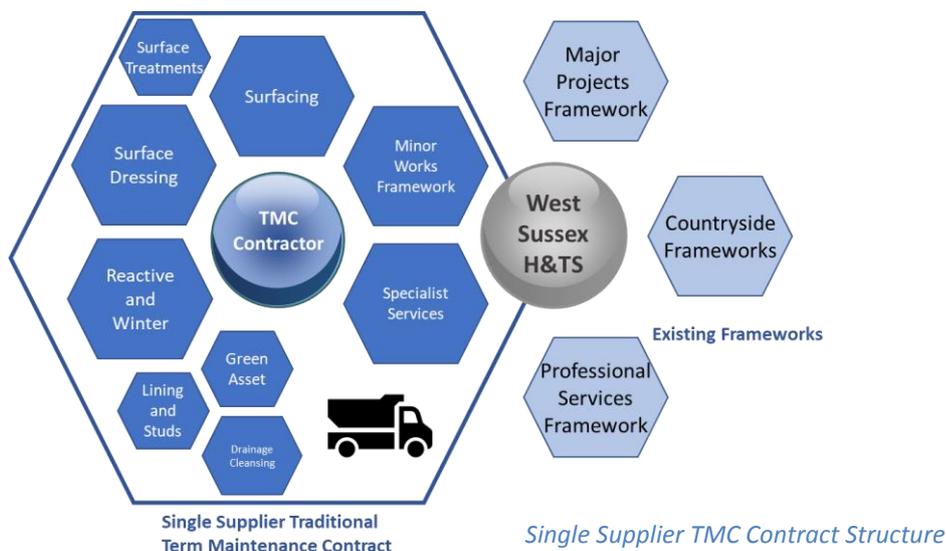
6.3 Preferred Contract Options - Explained

Explanations are provided below to illustrate how the preferred contract options could be developed, with detailed information contained in each Option2View sheets in the Appendix. It is important to remember at this stage, that there are multiple variants with each option. These would need to be developed further. All shortlisted options assume a Client function would be structured to align with any new contract, in terms of operations and contract management.



6.3.1 Single Supplier Traditional TMC Contract

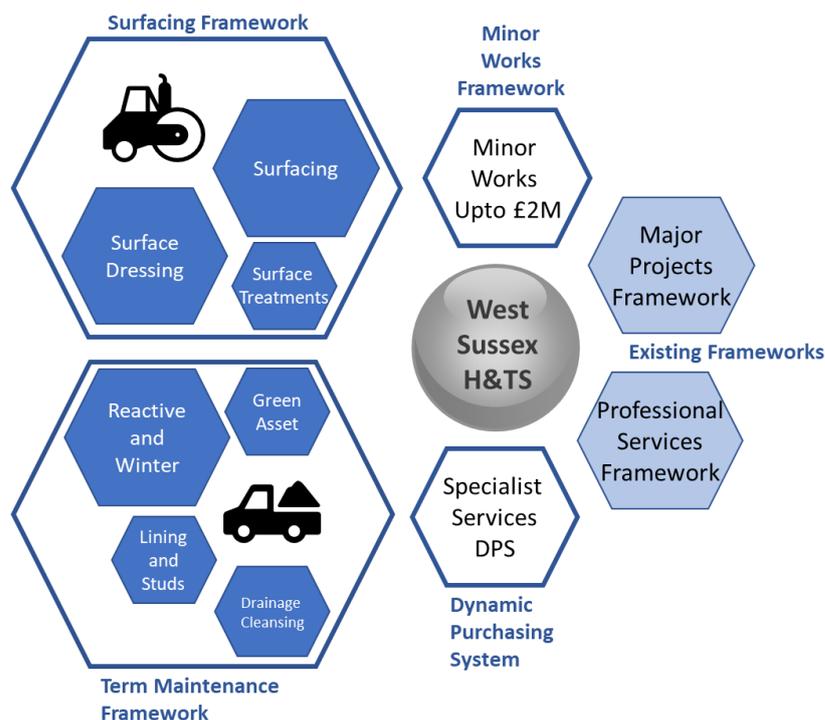
This option is the same as the current Highways Term Maintenance Contract. The Traditional TMC option is heavily reliant on supply chain partners and costs will include supply chain fees and overheads. The existing WSCC structure is readily available to deliver this option with minimal change and disruption. Typically, the value of this contract would be upwards of £15m p.a. (£7m+ Revenue / £8m Capital). In considering the financial pertaining to a TMC, Figure 6.3 below shows that the typical fee and overhead applicable to a TMC contract initially rises as the contract value increases. This is mainly due to the staff overhead rather than the fee element. This plateaus at around the £30m mark and then begins to decrease as the benefits of integration become great enough to reduce that staffing overhead. The greatest value for money often only being realised with contracts of significant scope and value excess of £80m.



6.3.2 Mixed Economy Single Provider Framework

The Framework option provides ultimate flexibility in service delivery and contract duration, aggregating sufficient and similar services into individual single supplier Lots, with sufficient scale. A Dynamic Purchasing System (DPS) would be established allowing smaller specialist local suppliers, to be simply “called-off” from a pre-qualified list (ie stonemasons, surveying) when required. A small Minor Works Framework would be established (probably with multiple suppliers delivering 3 or 4 value bands – ie upto £50k, £50k to £250k etc upto £2m) which would provide greater capacity to deliver capital works. Stronger management, governance and control are essential, and a framework community would need to be established to drive collaboration.

The optimum size of any single supplier framework would be around £7m. At this level the combined fee and overhead is marginally less than the lower end of the TMC option; 15.79% against 16.05%, largely due to a reduced staffing overhead. The frameworks could require additional Client-side resource to manage contractor relationship. For the purposes of modelling we have assumed that there would be between 4 to 5 additional staff at a cost of £200k, offsetting some of the fee and overhead saving. Aggregation of the surface dressing element into the TMC contract could yield savings, but equally a larger Surfacing framework is likely to be more attractive to the

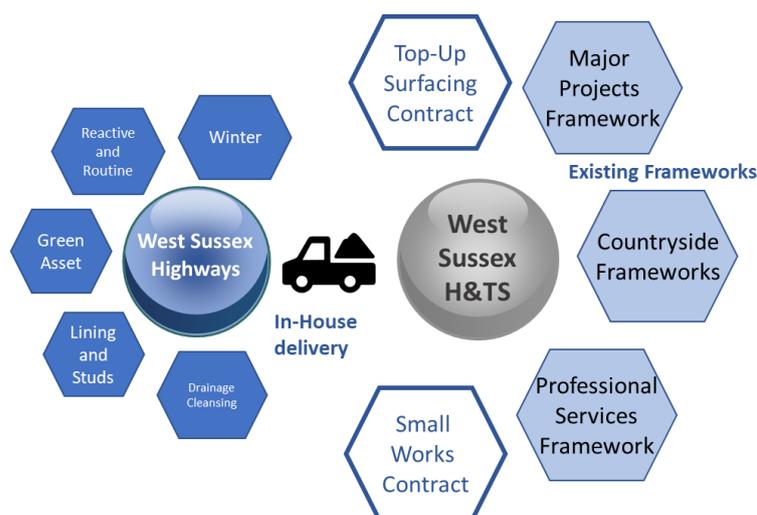


Mixed Single Supplier Framework Contracts

market.

6.3.3 In House Delivery with Top-Up

In-House delivery is still reliant on sufficient capacity and specialist skills often only found in the supply chain. Cyclical and seasonal fluctuation in activities would not make commercial sense to sustain this expertise for 12 months of the year (examples include specialist plant ie. Paving machines). The Council would therefore remain reliant on specialist suppliers to deliver this option. This option presents excellent opportunities to develop a sustainable workforce, promote skills and jobs, and retain vested knowledge. The current infrastructure is in-place to deliver this, with additional roles being required such as Supervisors and Works Managers. The Council is not however necessarily adept in delivering blue collar operations and significant investment would be required in terms of ICT works management and ordering systems. Additionally, liabilities and licences would need to be determined.



In-House Delivery with Top-Up Framework Contracts

The success of this option is dependent upon sufficient staff transferring across to the Council. H&TS do not have direct experience in delivering “blue collar” works and would need to up-skill in terms of Supervisors, Works Managers and Foremen, etc. Significant investment in works management systems (such as Causeway, Confirm Connect, etc) would be required. Market prices suggest this could be upwards of c£250k initial set-up costs followed by annual licencing costs. Savings could be made against fee/OH and procurement costs, although top-up frameworks would be required. The Council would retain ultimate flexibility in terms of budgets and scope, but remains liable for any commercial risks, material and labour price fluctuation.

6.4 Other Considerations

6.4.1 H&TS Contract Management Maturity

A client maturity assessment was undertaken across 15 relevant contract management aspects. Key areas of concern were lack of innovation; no continual improvement; poor contract performance and incentives; and poor processes and systems. Stronger elements were Customer focused, Supply Chain engagement, strong governance and good collaboration.

Contract Option Opinion	<i>Client maturity can be improved, however based on the maturity elements considered, a TMC is more likely to favour supporting weaker areas of Client management.</i>
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6.4.2 Time to Market

Given the pressure to have a contract in-place, the quickest option would be to use an existing procurement approach; ie. SCAPE. This would remove any

open market procurement and lengthy negotiation requirements. *Even if adopting the SCAPE option, a TMC contract would still require at least a 6-month mobilisation period, whereas a Framework would require less set-up but at least a 6month procurement period.*

Contract Option Opinion	<i>The Scope frameworks offer the quickest route to market and delivers a single supplier framework approach, which would enable the TMC contract to be in-place within 6months.</i>
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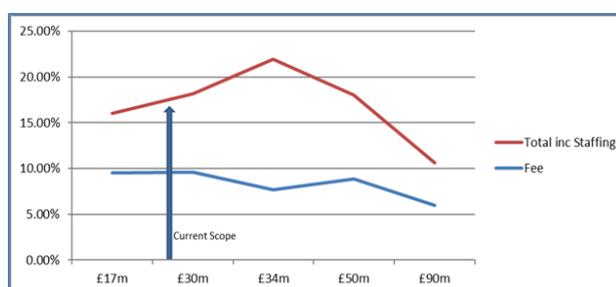
6.4.3 H&TS Staff Concerns and Identified Pressures

Through workshops with H&TS WLT staff, concerns relating to any new contract model were identified. These included supporting future vision; delivering affordable services; attractiveness to the market; delivering sustainability and supporting and engaging staff. The TMC, Framework and In-House options were all assessed.

Contract Option Opinion	<i>Areas of concern can be addressed by robust governance and clear strategy. The option that aligned closely to address all these concerns was the Framework contract approach.</i>
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7.0 Financial Appraisal

The affordability and likely cost of specific elements such as fee and overhead have been based on the delivery of current services across a range of delivery options. The analysis has used information from the recent procurement³ as a baseline of costs, fee and overhead. Additional costs such as procurement and Client-side costs have been added into each model option. This has been adjusted to reflect information obtained from the market insight around varying fee and overhead linked to the total contract values.

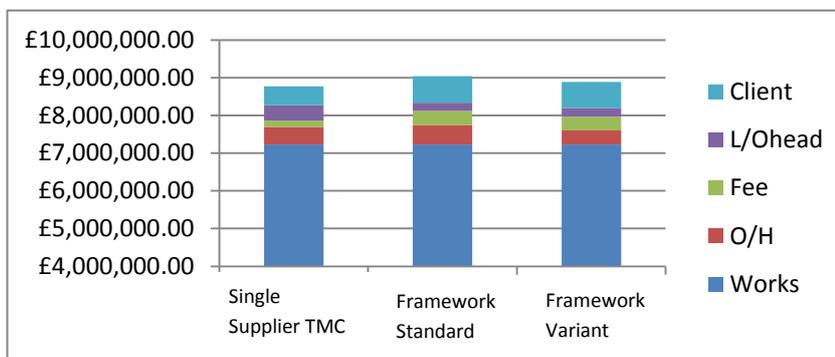


The analysis of the revenue expenditure, summarised below, with the current range of services, shows very little variation between the contract options, and much would be reliant on assumptions made around client side and contract side local

³ Detailed Cost Model used containing previous procurement data as part of the Appraisal

overhead costs. At this stage, all the contract model options remain unaffordable, when considering Total Cost of Operation (inc fee and overhead). The conclusion therefore on the way contracts are procured, should be driven by the ability to deliver present-day savings and the ability to deliver any future savings required.

Considering the TMC option the information would suggest that the removal of services in the future is likely to only yield a cost saving in the



actual cost of delivering that service, and unlikely to give the Authority any significant benefit against the fee. Indeed, it may be that some of the fixed cost would remain and the full benefit of the reduced service is not realised. There would also be limited scope for yielding savings resulting from including more services within the contract given the value of contract that would be required to realise such fee reductions. A combination of frameworks that yield fee benefits in the first instance with the flexibility to reduce/remove services in the future without impacting on delivery, offers the most affordable contract model option.

8.0 Conclusions and Recommendations

The Options Appraisal has considered many aspects to determine which Contract Model Option would best suit West Sussex County Council H&TS. This highlights the challenges that Authorities face in determining the “right” contracting landscape and why each authority must select a model that best satisfies their own specific requirements. National and Regional frameworks and multi-agency contracts provide some degree of alternative provision for Authorities and should be considered.

From the appraisal undertaken, a **Mixed Economy Single Supplier Framework** option has the greatest potential to deliver the widest benefit to the Authority. A Full Business Case should be developed, which would include; further financial modelling and detailed aggregation decisions. Affordability and sustainability remain a concern for each service area and will need to be determined. Other critical factors such as contract shape, procurement strategy and delivery standards need to be addressed. An option to deliver this framework, could be to use existing and established National frameworks, such as Scape Framework (2018) National Construction framework; with its low fee/OH and established route to market and contract management principles.

West Sussex has built trusted relationships with service providers over the years and these remain fundamental foundations for collaboration and successful delivery. This appraisal identified the requirement to developing stronger contract management capabilities across H&TS, which is more important in adopting a framework approach. Retaining a separate Professional Services and Major Works framework, provide a good balanced contract landscape for H&TS. These contracts spread the delivery risk and provide good supplier choice, capability and capacity, reducing the reliance on any one single service provider.

Framework durations should be considered for each element of the overall contract model, and H&TS could consider shorter term contracts (ie 4 years), which then have optional extension periods (ie 1+1+1yr). The current Scape frameworks could facilitate all durations. Equally there is merit in shorter framework durations for specific packages (ie Surfacing and Green Asset). These are more specific and bespoke service areas and obtaining good value for money which has been tested frequently should be considered.

A detailed procurement strategy is required and should be developed alongside a “market re-branding” of the overall H&TS contract landscape. This will enable the market to receive and understand any new procurement and will signal a new

contracting approach for West Sussex, encouraging new suppliers and attracting a good response.

9.0 Appendices

APPENDIX A – Contract Option2View

Report Limitations

This Options Appraisal Report (OAR) aims to inform H&TS on the preferred contract model option for future Highway maintenance routine and repair activities. It is not intended to substitute or replace service transformation initiatives. Where appropriate the report has identified additional aspects that could be considered by H&TS regarding established contracts, operational considerations and best practice. The report provides a shortlist of contract options and recommends a preferred contract model. How this model is procured remains a decision for the Authority, with options such as Scape Frameworks to be considered. The report has been informed through discussions with H&TS staff, industry insight and a good working knowledge of H&TS and the LA market. In the time available to complete this report, it is acknowledged that additional work may be required on elements such as contract model composition, a commercial strategy, a procurement strategy and a Full Business Case. The scope of services considered for this report are as previously described.