

**HERTFORDSHIRE COUNTY COUNCIL
ENVIRONMENT SCRUTINY COMMITTEE**

TUESDAY 21 OCTOBER 2003 AT 10.00 A.M.

MOUCHEL CONTRACT

Agenda Item No:

1e

Report of the Director of Environment

Author: Alan Armson, Strategic Client Manager, Hertfordshire Highways,
Telephone No. 01707 356552

Executive Member: Derrick Ashley

1. Purpose of the Report

To give members an overview of Mouchel's role within Hertfordshire Highways, to outline the contract arrangements between HCC and Mouchel and to summarise added value service benefits that Mouchel bring to Hertfordshire Highways.

2. Summary

The report explains the Mouchel's role within Hertfordshire Highways and provides information on how their services are measured and reimbursed. Furthermore, it seeks to identify areas where added value has been achieved through access to the wider resource base employed by Mouchel.

3. Conclusion

The committee is invited to consider if further scrutiny of these arrangements are appropriate. Such further scrutiny could be undertaken by the setting up of a short term Topic Group or by calling for more detailed reporting and explanation.

4. Background

- 4.1 The highways service provided by Hertfordshire County Council has long been recognised as a leading example for good practice within the highways service sector. Hertfordshire's willingness to embrace challenge and change as a necessary part of striving towards service improvements has allowed the service to be continuously improved through a process of evolution.
- 4.2 In 1997, Hertfordshire made a significant decision to outsource many highway design and service functions to a commercial partner organisation. After an extensive procurement exercise Mouchel was chosen as host as they represented the organisation that would offer best value and in a way that was culturally aligned to HCC's service ethos. As part of the hosting, approximately 140 HCC staff transferred to Mouchel.
- 4.3 Following extensive procurement procedures in summer 2002, Mouchel was re-appointed as the Consultancy partner to work with HCC and the Works partner (AmeyLafarge) to form the new Strategic Alliance. Hertfordshire Highways came into effect at the beginning of October 2002.

The contract is initially for a three year period with an annual review which subject to satisfactory performance can extend the period on an annual basis up to seven years. Thereafter there is an option to extend up to maximum of ten years at sole discretion of County Council.

Service Delivery Role

- 5.1 The Highways Service comprises of a number of discrete service elements that when combined make up what the public recognise as the Highways Service. One of the core values in Hertfordshire Highways is that these service elements are delivered by the partner most suited to deliver best value. The service distribution between the three partners is therefore expected to change with time through a process of continuous improvement.
- 5.2 Services elements can essentially be broken down into three broad stages :
- *Service Management* – Establishing Policy / Procedure / Priorities
 - *Scheme Design / Service Operation* – Scheme design, consultation, preparation and supervision / the delivery of an ongoing process.
 - *Works* – implementing physical work on the highway.

- 5.3 The table at Appendix 1 summarises Mouchel’s current role in the delivery of the various service elements that constitute the Highway Service.
- 5.4 Staff employed by Mouchel are currently organised into 24 service delivery teams, each of which has a particular service focus. These are supported by administrative, human resources and financial teams.

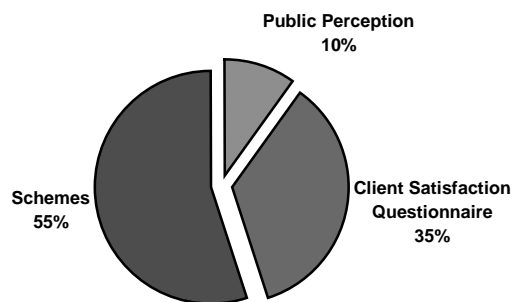
6. Measurement of Performance

- 6.1 The contract requires the Consultant’s performance to be evaluated using Performance Indicators. These Performance Indicators are used to monitor both performance of the Contract as a whole and individual commissions. They are regularly monitored and acceptable performance of the services will result in an extension of the Contract and a possible bonus payment.

The Measurement of Contractual Performance uses collections of indicators which reflect the service delivered as shown below. These have been developed as part of the early stages of the partnering Contract.

The Mouchel contractual performance management process includes 3 dimensions with different weightings :

- Commissions/Scheme Performance,
- Client Survey
- The Public – public perception



Public Perception is measured from a MORI poll.

A **Client Satisfaction Questionnaire** is used to measure the provision of the following services:

- The Consultants teams working in the four Area Offices
- Strategic Client support and advice
- The New Roads and Streetworks Administration Service (NRSWA)
- Development Control Service

Scheme performance scores are completed by HCC and measured under weighted parameters which include: time, cost, technical solution, appreciation, quality and innovation.

In addition Mouchel provides corporate indicators of staff training, staff turnover, sickness and accident records. These indicators contribute to the Hertfordshire Highways Balanced Scorecard as set out in a separate report

7. Financial Arrangements

7.1 The Contract with Mouchel includes a number of payment mechanisms that were arranged to give best value, financial clarity and flexibility for change as the service evolves with time.

7.2 Monthly Lump Sums are paid to Mouchel. These provide the mechanism by which Mouchel accommodation and service support costs for Highways House are met. They include for:

- Provision of accommodation
- Servicing of accommodation
- Set up / Decommissioning costs
- Staff support functions
- Management Systems
- IT and systems
- Telephones
- General Administration

7.3 Service Lump Sums are paid to Mouchel for a number of service areas:

- Bridges General Inspections
- Abnormal Load Movements
- New Roads and Street Works Act Inspections
- Local Area Service Delivery

These lump sums were agreed on the basis of predefined work loads and are subject to periodic adjustments to reflect the actual level of work that is required in each of the service areas.

7.4 Hourly Rates are paid to Mouchel for the staff time it provides in the completion of other services, that are not otherwise included in Service Lump Sums. The schedule of rates provides for the different staff types employed on services. The rates cover all Mouchel's costs not otherwise included in the monthly lump sums.

7.5 Invoices are submitted by Mouchel on a monthly timetable. These are certified by HCC service management staff before being passed for payment.

7.6 The lump sums and hourly rates agreed at the appointment of Mouchel will be subject to an annual review, at which time adjustments will be agreed in line with salary and retail price indices for the period. The first review date for lump sums and hourly rates will be 1 April 2004.

8. Added Value

8.1 In appointing Mouchel to the Alliance, HCC were looking for a partner who would be in a position to bring 'added value' for the customer in Hertfordshire, through the application of its wider expertise. Some examples of the 'added value' provided by Mouchel since October 2002 is described below.

8.2 Resources

Mouchel's position within the industry has allowed it to respond quickly to the substantive workload increase that has occurred in the current financial year. Innovative recruitment associated with their ability to call on staff from across the country, has led to an extensive increase in appropriately qualified staff being made available to complete HCC's 2003/04 work programme.

8.3 Development Control

- Creation of a team dedicated to meet the large increase of development work that the county is currently experiencing.
- Development of streamlined processes
- Better communication arrangements for large developments
- Better linkage into earlier planning processes
- Provision of expert witnesses for public enquiries

8.4 New Roads and Street Works Act

- Industry expertise to focus on NRSWA activity
- Achieving annual inspection programmes
- Increase of ad-hoc inspections
- Developing S.74 working procedures
- Creation of a dedicated Information enquiries team to support the implementation of HCC work programmes.

8.5 Highways Maintenance Team

- Improving efficiency of scheme delivery whilst achieving positive feedback from the public and improving quality and time returns.
- Fast track design of new salt barns

- Developing 5 year forward work plans to improve asset management focus
- Early technical advice and guidance on maintenance technical aspects.

8.6 Electrical Team

- Mobilising expertise and resources to support the works team in resolving a number of street lighting service issues.
- Application of national expertise to street lighting replacement policy development.
- Assisting HCC to identify and develop new street lighting revenue streams e.g. advertising on lamp columns.

8.7 Signals Team

- Development of signal maintenance policies and standards
- UTC maintenance procedure improvements
- Long term vision for HCC telematics

8.8 HERMIS Team

- Co location of HERMIS support team in County Hall to improve operational efficiency
- Provision of database expertise for the continued HERMIS development

8.9 Survey Team

- Extensive investment in GPS technology to improve survey accuracy and efficiency
- Application of 'Blue Tooth' technology to speed field data transfer rates on key projects
- Expert witnesses for boundary disputes

8.10 GIS Team

- Expertise for the creation of 3D 'Fly through modelling' on major schemes such as Baldock Bypass
- Development of tools for better scheme programme and road space management

8.11 Traffic Data Team

- Advising on the potential benefits of new data collection technology

8.12 Accident Data Team

- Advising on the improved analysis of accident data to better refine the targeting of safety schemes.

8.13 Client Support Team

- Development of improved scheme programme management regimes
- Establishing information management protocols
- Leading process improvement for alliance scheme delivery
- Provision of key personnel for secondment to HCC
- Providing HCC with advice on the implementation of Environmental Management systems.

8.14 Highways and Transportation Project Teams

- Contributing to the development and start up of the Hertfordshire Camera Partnership and the ongoing operation of the system
- Pedestrian crossing audits to ensure controlled pedestrian crossings in the county meet the standards of the Audit Commission
- Leading the development of a User Audit Manual for use across the County to give focus to the needs of different road users
- Competition winning innovative scheme bringing funds to the County to undertake St Albans City Centre scheme to promote safety, quality of life and commercial success

8.16 Safer Routes to School Team

- Further development of nationally recognised 'Walking Bus' techniques to match the evolving local needs
- Better co-ordinating the programmes to link rural and urban transport

8.17 Safety Engineering Team

- Contributing to the above average reduction in casualties (recognised Audit Commission) by the application of innovative safety engineering design
- Maintaining clear Safety Audit procedures and ensuring their effective application

8.18 Quantity Surveyors Team

- Providing technical advice on the development and management of the Works Contract

8.19 Major Projects Team

- Use of a design and build procurement process for Baldock bypass with the aim of moving towards certainty of price for the scheme construction
- Use of tender clinics through the tender period for Baldock to provide the tenderer with as much information as possible, resolve issues through the tender period and to ensure that when tenders are submitted there are no surprises for the county

8.20 Pavement Data and Geotechnics team

- Advising on the streamlining and timing of pavement machine cycles to better facilitate the annual pavement asset management regime.

9. Ongoing Service Improvements

9.1 Mouchel will be expected to continue to generate service improvements within their own areas of operation. The achievement of this objective is a matter that is monitored through the monthly Contract Meetings that have been established between HCC and Mouchel.

9.2 There will also be a focus on joint Hertfordshire Highways continuous development within the working arrangements that have been developed to date. Whole alliance continuous development is to be driven and managed through the creation and delivery of an Annual Development Plan. This jointly agreed plan will act to clarify whole service development activity priorities, to set out development objectives and to identify development resources necessary to put the plan into action.

10. Conclusion

10.1 The launching of Hertfordshire Highways has provided a significant challenge in developing the consultant's role in improving the effectiveness of the Highway Service. During the initial period Mouchel have been successful in providing resource to take forward an exceptionally large design programme.

10.2 Significant added value has been achieved in taking forward important initiatives to improve effectiveness. In addition as experience increases it will be possible to readjust the scope and need for direct input into specific service areas.

10.3 The committee is invited to consider if further scrutiny of these arrangements are appropriate. Such further scrutiny could be undertaken by the setting up of a short term Topic Group or by calling for more detailed reporting and explanation.

APPENDIX 1

| | |
|-----|----------------------|
| Key | |
| ✓ | Supporting role |
| ✓✓ | Significant role |
| ✓✓✓ | Major responsibility |

| Service Element | Service Management | Design / Service Operation |
|---|--------------------|----------------------------|
| Transport Planning & Policy | | |
| Local Transport Plan | ✓ | |
| Third Party Funding Liaison | | |
| Travelwise | | |
| Traffic Data | ✓ | ✓✓✓ |
| Transport Modelling | | |
| Communications | | |
| Forums etc | ✓✓ | ✓✓✓ |
| Public Consultations | ✓✓ | ✓✓✓ |
| Public Information | ✓✓ | ✓✓✓ |
| Asset Management | | |
| Highway Asset Management Plan | | ✓ |
| Integrated Works Programme Development | ✓ | ✓✓ |
| Programme Management | ✓✓ | ✓✓✓ |
| Quantity Surveying | | |
| Contracts and Measurement | ✓✓ | ✓✓✓ |
| Development Control | | |
| Development Control - Maintaining Design Guidance | ✓ | ✓✓✓ |
| Development Control - Major Developments | ✓ | ✓✓✓ |
| Development Control - Local Developments | ✓ | ✓✓✓ |
| Development Control - Financial administration developer fees / contributions | ✓ | ✓✓ |
| Development Control - Vehicle Cross-overs | | |
| Orders/Claims etc | | |
| Traffic Order Preparation | ✓ | ✓✓ |
| Making Claims on Third Parties for Highway Damage. | | |
| NRSWA | | |
| Street Works Co-ordinator / HAUC – Authority Level Role | ✓ | |
| Street Works Notice system management | ✓ | ✓✓✓ |
| Street Works Co-ordination – day-to-day | | ✓✓ |
| NRSWA - Financial administration of Utility Fees | ✓ | |
| NRSWA - Sample Inspections | ✓ | ✓✓✓ |
| NRSWA - Investigatory inspections (coring) | ✓ | ✓✓✓ |
| NRSWA - s.74 service | ✓ | ✓✓✓ |
| NRSWA - Licences | | |
| NRSWA - Notices for Equipment Improvement | | ✓✓ |
| NRSWA – Equipment Enquiries | ✓ | ✓✓✓ |
| Issuing Licences | | |
| Skip Licences | | |
| Scaffolds Licences | | |
| Planting Licences | | |

| Service Element | Service Management | Design / Service Operation |
|--|---------------------------|-----------------------------------|
| Hoarding Licences | | |
| Material Storage Licences | | |
| Advertising Licences | | |
| Control and Administration of Rechargeable Licensing Costs | | |
| Licence Record system maintenance | | |
| Highway Enforcement Action | | |
| Highway Enforcement Inspections | | |
| Highway Enforcement Informal Action | | |
| Highway Enforcement Formal legal action | | |
| Emergency Response Service | | |
| Winter Maintenance | | |
| Information Management | | |
| HERMIS Implementation/Development / Management | ✓ | |
| HERMIS Network Information Management | ✓ | ✓✓✓ |
| Gazetteer Management | ✓ | ✓✓✓ |
| HERMIS Highway Inventory Management | | ✓✓ |
| HERMIS Works Records Management | | |
| HERMIS Highway Condition Information Management | ✓ | ✓✓✓ |
| Pavement Information Management | ✓ | ✓✓✓ |
| Geotechnical Survey | ✓ | ✓✓✓ |
| Topographical Survey | | ✓✓✓ |
| Highway Structures etc | | |
| Technical Approval Authority | ✓ | ✓✓ |
| Managing the Bridge Stock | ✓✓✓ | ✓✓✓ |
| Structures - General Inspections | ✓✓✓ | ✓✓✓ |
| Structures - Principal Inspections | ✓✓✓ | ✓✓✓ |
| Structures - Diver Inspections | ✓ | ✓✓ |
| Structures - Emergency Repairs | ✓✓✓ | ✓✓✓ |
| Structures - Routine Maintenance | ✓✓✓ | ✓✓✓ |
| Structural Assessments | ✓ | ✓✓✓ |
| Bridge Strengthening / Refurbishment | ✓ | ✓✓✓ |
| Structures - Abnormal Load management | ✓ | ✓✓✓ |
| NRSWA – Special Structures | ✓ | ✓✓ |
| Reservoir Act Duties | ✓ | ✓✓✓ |
| Highway Safety Inspections | | |
| Safety Inspections | ✓ | |
| Defect Category 1 Works | | |
| Safety Inspections - Third Party Claims Management | | ✓ |
| Highway Service Inspections | | |
| Carriageway and Footway Maintenance | | |
| Defects Category 2 | | |
| Short Term Structural Maintenance – All Roads | | ✓✓✓ |
| Long Term Structural Maintenance – Principal Roads | ✓✓ | ✓✓✓ |
| Long Term Structural Maintenance – Non Principal Roads | ✓✓ | ✓✓✓ |
| Horticultural / Verges | | |
| Highway Tree Safety | ✓ | |
| Grass Cutting | ✓ | |
| General Verge Maintenance | | |

| Service Element | Service Management | Design / Service Operation |
|---|---------------------------|-----------------------------------|
| Highway Hedge Maintenance | | |
| General Weed Control | | |
| Noxious Weeds | | |
| Pest Control | | |
| Safety Barrier Maintenance | | |
| Safety Barrier - Structural Testing / Detailed Inspection | | |
| Safety Barrier - Repairs / Replacement | | |
| Electrical Energy | ✓ | |
| Traffic Signals & Controlled Crossings | | |
| Signal - Routine Maintenance | ✓✓✓ | ✓✓✓ |
| Signal – Inspection Regime | ✓✓✓ | ✓✓ |
| Signal - Operational management of Installations | ✓✓✓ | ✓✓✓ |
| Signal - Refurbishment | ✓✓✓ | ✓✓✓ |
| Signal - New installation | ✓ | ✓✓✓ |
| Signal - New control systems | ✓✓✓ | ✓✓✓ |
| Signal - Electrical Testing | ✓✓✓ | ✓✓ |
| Lighting (Street, subways and Signs) | | |
| Lighting - Routine Maintenance | ✓ | ✓✓ |
| Lighting - Structural Testing of Columns | ✓ | ✓✓ |
| Electrical Safety System Management | ✓✓ | ✓✓✓ |
| Lighting - Electrical Testing | ✓ | ✓✓ |
| Lighting - systems Refurbishment | ✓ | ✓✓ |
| Lighting – Asset Data | ✓ | ✓ |
| Lighting - New Installation | ✓ | ✓✓✓ |
| Communications / CCTV Equipment / Traffic Control (Bollards etc) Equipment / VMS | | |
| Traffic Management Equipment - Routine Operation | ✓✓✓ | ✓✓✓ |
| Traffic Management Equipment - Routine maintenance | ✓✓✓ | ✓✓✓ |
| Traffic Management Equipment - New Installation | ✓✓✓ | ✓✓✓ |
| Signs | | |
| Sign Cleaning | | |
| Sign Routine maintenance works | | |
| Sign Replacement | | |
| New Signs | | ✓✓✓ |
| Lining & Markings & Studs | | |
| Lines Markings and Studs Replacement | | |
| New Lines Markings and Studs | | ✓✓✓ |
| Highway Drainage | | |
| Ditches – Routine Maintenance | | |
| Open Grips – Routine Maintenance | | |
| Gullies, Catchpits & Manholes – Routine Maintenance | | |
| Surface Iron work – Routine Maintenance | | |
| Piped Systems and Culverts <1m dia. – Routine Maintenance | | |

| Service Element | Service Management | Design / Service Operation |
|---|---------------------------|-----------------------------------|
| New Drainage Systems | | ✓✓✓ |
| Surface Water Filter Drains – Routine Maintenance | | |
| Drainage Outfall Management(Soakaways, Soakage Ponds Balancing Ponds Headwalls and minor structures Flow Control structures, etc) | | |
| Drainage Pumps – Routine Maintenance | | ✓ |
| Sweeping for Highway Safety | | |
| Earthworks / Cuttings – Routine Maintenance | | |
| Kerbs & Channels – Routine Maintenance | | |
| Fencing, Walls, Screens and Environmental Barriers | | |
| Fencing etc. Routine Maintenance | | |
| Fencing etc. Refurbishment | | |
| Minor Transport Improvements (Local delegated budget type Schemes) | ✓✓ | ✓✓✓ |
| Transport Improvements (Policy type Schemes) | ✓✓ | ✓✓✓ |
| Major Improvement Schemes | ✓✓ | ✓✓✓ |
| Road Safety | | |
| General Road Safety Education / Information Programme Management | ✓ | |
| Driver Training Programme | | |
| Camera – Netting-Off | ✓✓ | ✓✓✓ |
| Camera – Routine Maintenance | ✓✓✓ | ✓✓✓ |
| Accident Data Management | ✓✓ | ✓✓✓ |
| Safety Improvement Schemes | ✓✓ | ✓✓✓ |
| Safety Improvements - After Studies / Safety Monitoring | ✓ | ✓✓✓ |
| Safety Audits Stage 1 2 & 3 | ✓✓ | ✓✓✓ |
| School Crossing Patrols | | |
| County Transport Services | | |
| Passenger Transport | | |
| Passenger Transport Information management | ✓ | ✓ |
| Passenger Transport Contract / Service management | | |
| Passenger Transport Infrastructure management | | ✓✓ |
| Passenger Transport Unit Infrastructure Schemes | ✓ | ✓✓✓ |
| School Infrastructure Schemes | | ✓✓ |