

North Yorkshire County Council

Corporate Director Business and Environmental Services

20 May 2020

HMC 2012 Annual Evaluation Panel Report Contract Terms and Future Targets

Report of the Assistant Director – Highways and Transportation

Appendices 2 and 3 to this report contains exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) Order 2006.

1.0 Purpose of Report

- 1.1. The purpose of this report is to:
- i) review the performance of Ringway Infrastructure Services (RIS) during 2019/20 against the Contract Performance Indicators (CPIs) required under the Highway Maintenance Contract (HMC) 2012;
 - ii) suggest a recommendation, based on the performance, regarding the remaining term of HMC 2012;
 - iii) consider a non-performance related extension to the HMC 2012;
 - iv) consider any proposed amendments to existing CPI targets for 2020/21, and 2021/22 should an extension be awarded.
- 1.2. The above will be considered with RIS, who will present their HMC 2012 ‘Rectification Action Plans’ at the annual HMC Evaluation Panel, so that a Key Decision can be taken in relation to 1.1 above.

2.0 Background

- 2.1 The HMC 2012 (the “Contract”) was awarded to RIS and commenced on 1 April 2012.
- 2.2 The Contract states an annual review is held by an Evaluation Panel, comprising elected Members and Senior Officers, to determine the Term of the Contract, which is informed by the CPIs. The CPIs comprise Primary Performance indicators (PPIs) and Secondary Performance Indicators (SPIs). The PPIs directly affect the term of the Contract, however the SPIs can also be given consideration in reaching a decision.
- 2.3 The maximum term of the Contract is 10 years; the minimum term is 6 years. The Contract has a ‘Claw Back’ and a ‘Win Back’ mechanism, whereby any years clawed back for poor performance can subsequently be won back for good performance.
- 2.4 At the Evaluation Panel held 5 June 2019, the decision was taken to keep the term of the Contract at 9 years with a Contract completion date of 31 March 2021. This decision was reached taking into account RIS’s overall performance during 2018/19.

- 2.5 Through the HMC 2012 Governance arrangements, RIS's performance is scrutinised throughout the year at the monthly Operational Management Group (OMG), quarterly Strategic Management Group (SMG) and 6 – monthly Partnering Steering Group (PSG) meetings.
- 2.6 Since the Evaluation Panel of 5 June 2019, RIS's performance has been further scrutinised by Members at the Transport, Economy and Environment Overview and Scrutiny Committee (TEE O&SC) meeting on 15 July 2019.
- 2.7 The Evaluation Panel will follow the agenda set out in Appendix 1: Agenda.
- 2.8 As part of the Evaluation Panel, RIS will present their 'Rectification Action Plans' (RAPs) explaining how they will address areas where performance did not meet the required target.
- 2.9 **Error! Reference source not found.** contains the Gateway Stage 4 report in accordance with the County Council's Contract Procedure Rules (as this Key Decision relates to a decision affecting the term of a contract).
- 2.10 **Error! Reference source not found.** also suggests a way forward regarding CPI targets for 2020/21, as part of the rolling 3-year approach, to be discussed with Ringway during the Evaluation Panel.

3.0 Consideration

- 3.1 RIS's performance for 2019/20, year eight of the Contract, has been measured against a revised Performance Management Framework agreed during 2018/19. **Error! Reference source not found.** provides detail of RIS's performance against each of the CPIs making up the Performance Management Framework.

4.0 Extensions

- 4.1 In addition to consideration of the Contract Term against performance, the Council wishes to consider two extensions (the **Extensions**) to the Contract (the **Contract**) with RIS:
 - 4.1.1 Extension of the whole Service from 31 March 2021 to 30 May 2021;
 - 4.1.2 Extension of the arrangement in relation to surface dressing only up to September 2021.

5.0 Legal Implications

- 5.1 The requirement for an Annual Review of the Contract is stipulated in the Contract documents and should be completed before 1 June in each Contract Year.
- 5.2 The proposed Extensions to the Contract are in accordance with the Public Contracts Regulations 2015 and are within the maximum potential contract term (10 years), as advertised.
- 5.3 **Error! Reference source not found.** has been produced in accordance with the Council's Contract Procedure Rules with input from the Council's in-house Procurement & Contract Management Team.

5.4 The Corporate Director, in consultation with the Executive Members, must reach the decision objectively. The decision must be based on the CPI evidence presented at the Evaluation Panel and in accordance with the requirements of the Contract.

6.0 Equalities Impact Assessment

6.1 It is the view of officers that the recommendation has no impact on any of the protected characteristics identified in the Equalities Act 2010.

6.2 An EIA for HMC 2012 has been developed jointly with Ringway and was reviewed and updated in May 2014, June 2016 and June 2018. The next review is due to take place in June 2020.

7.0 Finance Implications

7.1 Over the first eight years of HMC 2012, approximately £390 million of work has been delivered to date.

7.2 As part of HMC 2012, there is one specific CPI directly relating to finance:
i) SPI S06 Value of Gain Achieved

8.0 Recommendations

8.1 It is recommended that the Corporate Director - BES in consultation with the BES Executive Members:

- i) determines the term of the Contract taking into account the content of **Error! Reference source not found.** and Ringway's response (Appendix 3);
- ii) agrees the approach to the rolling three-year CPI targets, together with other specific targets;
- iii) notes RIS's RAPs to address those CPIs that did not meet the previous year's targets and that these are monitored and managed through the Contract governance structure, together with RIS's Annual Action Plan;
- iv) agree the extension to the whole contract from 31 March 2021 to 30 May 2021, and the extension to the arrangement in relation to surface dressing only up to September 2021.

BARRIE MASON
Assistant Director Highways and Transportation

Author of Report: Nick Burgess

Background Documents: None

Appendix 1: Agenda
HMC 2012 Evaluation Panel
20 May 2020 via Skype

Attendees:

Corporate Director (BES) CHAIR: David Bowe.

Assistant Director (H & T): Barrie Mason.

Assistant Director (Strategic Resources): Michael Leah.

Head of Commercial Services: Andrew Binner.

Commercial Services Contracts Officer: Nick Burgess (minutes).

BES Executive Members: County Councillors Don Mackenzie and Andrew Lee.

County Councillor Stanley Lumley Transport, Economy and Environment Overview and Scrutiny Chairman.

Ringway – Mike Notman, John Nicholson, Mike Francis.

Apologies: n/a

The following Officers may be asked to attend some/all of the Evaluation Panel

Head of Highway Operations (as Chair of Operational Management Group): Nigel Smith, representative from Legal Services.

1.	Introductions
2.	Apologies
3.	Outline Procedure
4.	NYCC present annual report
5.	Ringway present response regarding annual report
6.	Joint discussion on 4 and 5
7.	Adjournment
8.	NYCC present proposed rolling CPI targets and amendments
9.	Ringway present response to rolling CPI targets and amendments
10.	Joint discussion on 8 and 9
11.	Adjournment
12.	Key decision taken by Corporate Director in consultation with BES Executive Members
13.	Provisional decision given to Ringway at meeting but advise subject to member call in and that the decision will be confirmed in writing within 7 days