

NORTH YORKSHIRE COUNTY COUNCIL
TRANSPORT, ECONOMY AND ENVIRONMENT
OVERVIEW AND SCRUTINY COMMITTEE

17 JULY 2013

RINGWAY PERFORMANCE – 2012/13

Report of the Corporate Director – Business and Environmental Services

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise Members of Ringway's performance under the Highways Maintenance Contract (HMC) 2012 during the period 1 April 2012 – 31 March 2013 and of the outcome of the Evaluation Panel held on 22 May 2013.

2.0 BACKGROUND

Procurement

- 2.1 Following a lengthy and robust procurement exercise, the Highways Maintenance Contract (HMC) 2012 was awarded to Ringway Infrastructure Services Ltd (Ringway) in September 2011 and commenced on 1 April 2012. The contract was awarded for 10 years, the maximum period allowable under the terms of the procurement. The minimum contract period is 6 years.
- 2.2 A performance mechanism was built into the contract which would allow the contract period to be reduced subject to the measured performance of the contractor. The 10 year award was made on the basis that the successful contractor would not wish to lose a year, or more, through poor performance levels and as such would endeavour to provide the required levels of service and therefore maintain the maximum contract period.

Scope

- 2.3 The HMC 2012 contract covers the provision of all aspects of the highways service including highway and bridge maintenance and improvement works, surface dressing, emergency provision, gully emptying, grass cutting, winter maintenance, fleet maintenance and street lighting maintenance. Under the contract there are financial exclusivity limits above which the Council may tender individual maintenance and improvement works. However, the Council may also offer works above the exclusivity limits to Ringway if value for money can be demonstrated.

Contract Performance Mechanism

- 2.4 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.
- 2.5 Under the terms of the Contract there is provision to assess Ringway's performance against a series of Contract Performance Indicators (CPIs) identified in the contract. Each of the CPIs has a set target for the current year and for the following 2 years. The target for each third year will be set by the County Council in consultation with Ringway as part of the completion of the Annual Performance Review (Evaluation Panel) each May. The CPIs comprise Primary Performance Indicators (PPIs) and Secondary Performance Indicators (SPIs). The key indicators are the PPIs; the SPIs are used to provide additional evidence of the contractor's performance.
- 2.6 Ringway's performance, when measured against the set targets for each of the CPIs, informs whether the contract period should be reduced, stay the same or if applicable be increased. In general, it is possible to reduce or increase the contract period by a minimum of 1 year or a maximum of 2 years in any given year. Should the contractor's levels of performance warrant a reduction in the contract period then there is provision within the contract for the lost years to be 'won-back' in future years.
- 2.7 In Year 1 (2012 – 2013) of the Contract the only CPI that could have reduced the contract period was the PPI for Winter Maintenance; this is because of the high profile of the winter service in North Yorkshire. In addition, it was agreed during the preparation of the contract that a new contractor would need to 'bed-down' their systems, processes and working practices during the first year of the contract and address all the issues related to the mobilisation of a new contract. This is set out in the contract.
- 2.8 In every year of the contract, including Year 1, there is a requirement for the contractor to have to submit a Rectification Action Plan (RAP) for each CPI that fails to meet the required target. The RAP is to detail how the levels of performance are to be increased to achieve the required rolling 3rd year target for that CPI, a year early.
- 2.9 Through the HMC 2012 Governance arrangements, Ringway'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.

Evaluation Panel – 22 May 2013

- 2.10 The first Evaluation Panel was held on 22 May 2013.

- 2.11 It is important to stress that the Key Decision taken by the Corporate Director (BES) in consultation with BES Executive Members following the Evaluation Panel had to be made purely objectively and based on the CPI evidence presented at the Evaluation Panel and in accordance with the requirements of the contract.
- 2.12 The purpose of the Evaluation Panel was to determine the Term of the contract, agree the rolling 3rd year CPI targets and other interim amendments and to receive Ringway's RAPs for failing CPIs.
- 2.13 At the first Evaluation Panel the options available were:
- To reduce the contract period by one year
 - For the contract period to stay the same
- 2.14 A full assessment of Ringway's performance in Year 1 of the contract was carried out and is summarised in Appendix A, which covers Ringway's performance over the period 1 April 2012 to 31 March 2013.
- 2.15 From Appendix A it can be seen that, despite Ringway providing a satisfactory level of performance in relation to Winter Maintenance, their performance overall has been mixed with the required targets for 11 out of 23 PPIs and 9 out of 19 SPIs only being met.
- 2.16 Detailed analysis of 3 PPIs (RM08, 09 and 10) revealed problems with inconsistent ordering by Client Officers which adversely impacted upon Ringway's performance in relation to Dangerous Defects, Emergency Call Outs and Productivity of General Maintenance Units.

Previous meetings

- 2.17 Members discussed Ringway's performance at the meeting of the Transport, Economy and Environment Overview and Scrutiny Committee (TEE OSC) on 23 January 2013 and requested that Ringway attend a future TEE OSC (today's meeting).
- 2.18 Following the TEE OSC of 23 January 2013, BES Executive Members discussed Ringway's performance with the Assistant Director (Highways and Transportation) and senior Ringway Managers, including Chris Connor (Ringway's Term Services Managing Director) at the Boroughbridge Area Office on 25 March 2013. Discussions centred on Ringway's performance and improvement actions, particularly in relation to some operational 'customer facing' aspects of the contract and ICT/finance system and process issues, but also included Client improvements regarding works ordering, and Ringway were reminded of the need to attend a future TEE OSC.
- 2.19 Emerging concerns from two other Local Authorities who also have recently mobilised highways maintenance contracts with Ringway, led to a meeting on 16 May 2013 attended by the Corporate Director (BES), the respective Corporate Directors for Shropshire and Cheshire West and Chester Councils, together with Scott Wardrop (Ringway's UK Managing Director) and Chris

Connor. Discussions were held on areas of common concern, notably ICT and resources. At that meeting an assurance was given at the highest level that Ringway would improve their performance; and this was subsequently confirmed in a letter and an associated Action Plan, together with a commitment to meet again during August to review progress against that Action Plan.

- 2.20 At the Evaluation Panel meeting held 22 May 2013, Chaired by the Corporate Director (BES), the Key Decision to retain the full 10 years of the contract (at that point in time) was taken. In addition, future CPI targets were agreed, together with the requirement to monitor and manage Ringway's RAPs and Annual Action Plan through the contract Governance arrangements. Ringway received a formal contractual letter confirming this on 7 June 2013. All agreed future targets are set out in Appendix B, with those for the rolling 3 year (2015/16) and interim adjustments emboldened.
- 2.21 Ringway's response in relation to their 2012/13 performance and the subsequent outcome of the Evaluation Panel is given in Appendix C, which also sets out their plans to improve future performance across the contract.
- 2.22 As agreed at the Evaluation Panel, a future review meeting will be arranged around November 2013, including the Chair of TEE OSC and the BES Executive Members.

3.0 CONSIDERATION

- 3.1 It is worth highlighting at this point that HMC 2012 is one of the UK's largest County Council Term Maintenance Contracts and was mobilised in just a 4 month period.
- 3.2 The contract 'went live' on 1 April 2012, with the top priority being to respond to an emergency/adverse weather from 'day 1' – and the contract delivered this. Members will also recall the effective emergency response to the extreme weather events in September and November 2012.
- 3.3 The first year of the contract has seen the bedding in of new people, processes and systems and it is recognised that work is ongoing by both Contractor and Client to improve these processes, systems and people.

4.0 LEGAL IMPLICATIONS

- 4.1 The requirement for an Annual Review of HMC 2012 is stipulated in the contract documents and shall be completed before 1 June in each Contract Year.
- 4.2 The associated Key Decision has been published on the County Council's Statutory Forward Plan in accordance with its Constitution.

4.3 A Gateway 4 Report has also been produced in accordance with the Council's Contract Procedure Rules with input from the Council's procurement services partner, the North Yorkshire Procurement Service (NYPS).

5.0 EQUALITIES IMPACT ASSESSMENT

5.1 Consideration has been given to the relevance of equality and diversity issues in the recommendation presented at the Evaluation Panel. It was the view of officers that the recommendation had no impact on any of the protected characteristics identified in the Equalities Act 2010.

5.2 It is noteworthy, however, that an EIA for HMC 2012 has been jointly developed with Ringway during the mobilisation process and that this is reviewed annually.

6.0 FINANCE IMPLICATIONS

6.1 In the first year of HMC 2012, approximately £43million was spent.

6.2 As part of HMC 2012, there are 3 specific CPIs directly relating to finance:-

- PPI S05 Schemes in Gain
- PPI S06 Value of Gain Achieved
- PPI VFM01 Value for Money

7.0 RECOMMENDATION(S)

7.1 It is recommended that Members:

- i) note the contents of this report and attached Appendices.

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Corporate Director – Business and Environmental Services

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Background Documents:

Gateway 4 Procurement Report

Appendix B – Agreed Future Performance Targets

| PRIMARY PERFORMANCE INDICATORS | | | | | | | | | | | | | | |
|--------------------------------|--|--|-------------|---|---------|---------|------------------------------------|------------------------------------|---------|---------|---------|---------|---------|--|
| Reference | Description | Measure | Baseline | Performance | | | | | | | | | | |
| | | | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | |
| PP1 WM01 | Winter Maintenance | Max number of scores < 10 | 14 | 14 | 13 | 11 | 10 | | | | | | | |
| | | Average scores | 8.38 | 8.38 | 9.35 | 9.45 | 9.60 | | | | | | | |
| | | Max total of failure points | 68 | 68 | 64 | 60 | 56 | | | | | | | |
| | | Max number of 1pt deductions | 11 | 14 | 12 | 11 | 10 | | | | | | | |
| | | Max number of 3pt deductions | 9 | 10 | 9 | 8 | 7 | | | | | | | |
| | | Max number of 5pt deductions | 6 | 7 | 6 | 5 | 4 | | | | | | | |
| PP1 S01 | Scheme Start on time | % on time or better | No baseline | 80% | 85% | 90% | 91% | | | | | | | |
| PP1 S02 | Scheme Finish on time | % on time or better | No baseline | 70% | 75% | 80% | 85% | | | | | | | |
| PP1 S03 | Defects at handover | % schemes defect free at handover | No baseline | 70% | 75% | 80% | 85% | | | | | | | |
| PP1 S04 | Streetworks noticing | Traffic Sensitive Streets | No baseline | 95% | 96% | 97% | 97.5% | | | | | | | |
| | | All Schemes & Packaged Works | No baseline | 90% | 95% | 97% | 97.5% | | | | | | | |
| | | Other works | No baseline | 60% | 85% | 97% | 97.5% | | | | | | | |
| | | Max % of total number of non-compliances = FPN | No baseline | 9% | 7% | 5% | 4.5% | | | | | | | |
| | | Max % of total number of notices for early starts | No baseline | 6% | 4% | 2% | 1.5% | | | | | | | |
| PP1 S05 | Schemes in Gain | % of schemes in 'Gain' | 48% | 25% | 35% | 45% | 50% | | | | | | | |
| PP1 S06 | Value of Gain | Value of 'Pain' + 'Gain' | | To achieve break-even/no pain to NYCC or Schemes in 'Gain' from end of Year 2 | | | Overall schemes to show net 'Gain' | Overall schemes to show net 'Gain' | | | | | | |
| PP1 RM01 | Achievement of Programme – Grass Cutting Urban | % of urban grass cutting routes completed within 14 calendar days of programme | No baseline | 95% | 95.5% | 96% | 96.5% | | | | | | | |
| PP1 RM02 | Achievement of Programme – Grass Cutting Rural | % of rural grass cutting routes completed within 14 calendar days of programme | No baseline | 95% | 95.5% | 96% | 96.5% | | | | | | | |
| PP1 RM03 | Achievement of Programme – Weed Spraying | % of weed spraying routes completed within 14 calendar days of programme | No baseline | 95% | 95.5% | 96% | 96.5% | | | | | | | |
| PP1 RM04 | Achievement of Programme – Gully Emptying | % of gullies cleaned within 14 calendar days of scheduled cleanse | No baseline | 95% | 95.5% | 96% | 96.5% | | | | | | | |
| PP1 RM05 | Road Markings | % of completion of road marking schemes within deadline | No baseline | 70% | 75% | 80% | 85% | | | | | | | |
| PP1 RM06 | Achievement of Programme – Surface Dressing | % completion of surface dressing programme by 15 th August annually | No baseline | 95% | 96% | 97% | 97.5% | | | | | | | |
| PP1 RM07 | Defects | Max number of Defect notices issued | No baseline | 252 | 226 | 203 | 183 | | | | | | | |

| | | | | | | | | | | | | | |
|-----------|---|--|----------------|-----------------|----------------|----------------|-----------------------|--|--|--|--|--|--|
| PPI RM08 | Highway Dangerous Defects CAT1 | % of dangerous defects made safe within 24 hours | 100% | 100% | 100% | 100% | 100% | | | | | | |
| PPI RM09 | Completion on Time - Emergency Call Outs | % on time | 100% | 100% | 100% | 100% | 100% | | | | | | |
| PPI RM10 | Productivity of GMUs | Number of jobs completed as % of those planned to be completed | 93% | 90% | 92% | 94% | 95% | | | | | | |
| PPI HS01 | Accident Frequency Rate | Number of reportable accidents per 100,000 hours worked | 0.26 | 0.25 | 0.50 | 0.50 | 0.35 | | | | | | |
| PPI FM01 | Compliance with Servicing Schedule | % completion of servicing within deadline | 77% | 78% | 81% | 85% | 88% | | | | | | |
| PPI FM02 | MOT Pass Rate | % of MOTs passed | No baseline | 95% | 96% | 97% | 97.5% | | | | | | |
| PPI SL01 | Street Lighting Fault Repair | % of defects repaired within 7 days | 94.5% | 95% | 95.5% | 96% | 96.5% | | | | | | |
| PPI SL02 | Achievement of Programme - Street Lighting Cyclical Maintenance | Max number of days ahead/behind schedule | No baseline | 10 working days | 9 working days | 8 working days | 7 working days | | | | | | |
| PPI VFM01 | Benchmarking of Material supply prices to ensure VFM | VFM to be assessed to have been delivered | VFM Assessment | VFM Assessment | VFM Assessment | VFM Assessment | VFM Assessment | | | | | | |

| SECONDARY PERFORMANCE INDICATORS | | | | | | | | | | | | | |
|----------------------------------|--|--|-------------|-------------|---------------|---------------|---------------|---------|---------|---------|---------|---------|---------|
| Reference | Description | Measure | Baseline | Performance | | | | | | | | | |
| | | | | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| SPI PCS01 | Public Satisfaction – Schemes (excluding Street Lighting) | % satisfied or very satisfied | 90% | 90% | 90% | 95% | 97% | | | | | | |
| SPI PCS02 | Public Satisfaction – Street Lighting Schemes | % satisfied or very satisfied | 80% | 80% | 80% | 80% | 90% | | | | | | |
| SPI PCS03 | Public Compliments – All services | Number of compliments received | 60 | 60 | 65 | 70 | 75 | | | | | | |
| SPI PCS04 | Public Complaints – All services | Max number upheld against contractor | 13 | 16 | 14 | 13 | 12 | | | | | | |
| SPI PCS05 | Annual Client Survey | A: % satisfaction with Management of the Contract | 58% | 62% | 66% | 70% | 72% | | | | | | |
| | | B: % satisfaction Service Provision | 64% | 66% | 68% | 70% | 72% | | | | | | |
| SPI PCS06 | Client Satisfaction – GMU | % satisfaction with GMUs | 90% | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS07 | Client Satisfaction – Gully Emptying | % satisfaction with Gully Emptying | 90% | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS08 | Client Satisfaction – Road Marking | % satisfaction with Road Marking | 90% | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS09 | Client Satisfaction – Winter Maintenance | % satisfaction with Winter Maintenance | 92% | 90% | 92% | 94% | 94.5% | | | | | | |
| SPI PCS10 | Client Satisfaction – Grass Cutting Urban | % satisfaction with Grass Cutting Urban | 90% | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS11 | Client Satisfaction – Grass Cutting Rural | % satisfaction with Grass Cutting Rural | 90% | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS12 | Client Satisfaction – Fleet | % satisfaction with Fleet Maintenance | No baseline | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS13 | Client Satisfaction – Schemes (including Street Lighting) | Average Score or better | No baseline | 80% | 85% | 90% | 92% | | | | | | |
| SPI PCS14 | Client Satisfaction – Street Lighting Maintenance | Average Score or better | 85% | 80% | 85% | 90% | 92% | | | | | | |
| SPI AAP01 | Contractor Progress against Annual Action Plan (self evaluation) | % of actions complete against Annual Action Plan | None | 80% | 85% | 90% | 92% | | | | | | |
| SPI S01 | 6:4:2 compliance (contractor only) | % of schemes meeting both '4' and '2' elements | No baseline | 80% | 85% | 90% | 92% | | | | | | |
| SPI HS01 | Number of service strikes | Number of Service Strikes | 15 | 15 | 14 | 13 | 12 | | | | | | |
| SPI HS02 | RIDDOR | Number of reportable accidents per annum | 2 | 3 | 3 | 3 | 2 | | | | | | |
| SPI SUS01 | Carbon Reduction Measures | Monitoring of Carbon emissions from buildings and vehicles (tC/EM) | No baseline | 570.32 | 536.10 | 496.18 | 456.26 | | | | | | |

Appendix C - Ringway Infrastructure Services Performance 2012/2013

1.0 Introduction

Ringway Infrastructure Services (RIS) recognise the challenges that have arisen within the first year across the whole of the contract, as people develop, learn new systems and build new relationships. As a partnership hNY has also developed and continues to improve the service delivery to the customers of North Yorkshire.

2.0 Contract Performance Indicators (CPI's) 2012/2013

2.1 RIS has agreed the CPI results recorded within NYCC's Evaluation Report submitted at the Evaluation Panel held on 22nd May 2013. However, it was accepted that a number of the CPI's are affected as a result of the quality and the timing of information/details being received from NYCC. The specific CPI's that are significantly impacted by this are as follows:

- PPI RM08 – Highway Dangerous Defects – Cat 1 (E1's)
- PPI RM09 – Completion on Time – Emergency Close Outs (E24's)
- PPI RM10 – Productivity of GMU's

2.2 During continued review, it is also identified that performance of other CPI's are also adversely affected by the timing of document issue from NYCC, specifically:

- SPI S01 – 6:4:2 Compliance (Contractor Only)

2.2 It is recognised that as a Partnership, we have to ensure our Teams work together to deliver an improved, 'joined up' approach to delivering the contract requirements. With this in mind, NYCC and RIS continue to meet frequently to verify that data used to calculate CPI results is correct.

3.0 Considerations

3.1 HMC 2012 is one of the largest County Council Term Maintenance Contracts in the UK and was mobilised in just 4 months.

3.2 In the first year of HMC 2012, approximately £43 million was spent, with approximately £18 million spent between January and March 2013, during one of the coldest winters for a number of years, which adversely impacted on the effective and efficient delivery of the service. Notwithstanding the winter service was delivered to a compliant and satisfactory standard.

3.3 Following the meeting held on 16 May 2013, attended by Eurovia Group (UK) Managing Director and the Managing Director of Ringway, with NYCC and two other Local Authorities, an Action Plan was produced giving assurances of contract delivery, in particular around ICT. The specific actions identified are progressing well and are on track for delivery.

4.0 **Rectification Action Plans**

- 4.1 Upon receipt of NYCC's Evaluation Report, RIS undertook a review of the report in conjunction with interrogating the data used in calculating the performance scores.
- 4.2 From the outcome, RIS have produced a Rectification Action Plan (RAP) for each individual failing PPI and SPI. These RAP's are reviewed on a monthly basis by the Divisional Manager alongside the CPI results reported via the Operational Management Group (OMG) to establish whether the actions identified against each CPI are having a positive impact on the results. *Actions are then reviewed and amended* dependent on results.
- 4.3 It has to be noted that the RAP's were not introduced into the contract until May 2013 so the impact of the RAP's will not have an immediate change of 'fail to pass', rather a more incremental improvement in the early stages with significant impact being recognised when new procedures are established via the RAP's.
- 4.4 Attached to this Appendix is RIS's Rectification Action Plan Progress Schedule. This tracker is used to review the overall performance of each failing CPI and monitor against the actions identified.

5.0 **Future Performance Targets**

- 5.1 Following the Evaluation Panel in May 2013, RIS has *adopted* the agreed future targets for 2013/14, 2014/15 and 2015/16 as outlined in Appendix B.

