

ITEM NO: 15

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	FUTURE HIGHWAYS SERVICE – PROPOSALS FOR LONG-TERM DELIVERY
DATE OF DECISION:	30 th June 2008 16 th July 2008

REPORT OF: CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT

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STATEMENT OF CONFIDENTIALITY

Appendix B of this report is not for publication by virtue of Categories 3 and 4 of paragraph 10.4 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information because the Appendices contain confidential and commercially sensitive information which would impact on the integrity of a commercial procurement process and the Council's ability to achieve 'Best value' in line with its statutory duties.

SUMMARY

The purpose of this report is to present the findings and recommendations of the Highways Future Outline Business Case. Cabinet and Council are asked to approve that the business case should be tested in the commercial marketplace, by commencing a competitive dialogue procurement process. This report also seeks to reconfirm the funding strategy agreed by Cabinet on October 29th 2007, which increased capital funding in roads from £3m per annum to £6m per annum on an ongoing basis.

The current highways network is in a state of decline and requires approximately £10m per annum to halt the decline (on an ongoing basis this figure must also take into account inflation which in the civil engineering sector is approximately 7%). In recognition of this, the Council submitted a bid for Highways Maintenance PFI Credits in September 2006, however this bid was unsuccessful. In October 2007 a Cabinet decision increased funding in the network from £3m to £6m per annum on an ongoing basis. While not reversing a decline in the state of the network this increase will reduce the rate of decline in the network.

In the absence of significant additional funding an alternative strategy was developed for the service based on the implementation of a long-term partnership with a private sector provider with the aim of improving service levels, maximising existing resources and delivering efficiency savings to be reinvested back in the network. Cabinet approved the development of this strategy in October 2007.

Subsequent to this Cabinet decision, an Outline Business Case (OBC) for a Highways Service Partnership was developed. The OBC undertook a thorough options appraisal of the partnership models available and recommended a Full Integration Partnership Model in the form of a service partnering contract for a period of ten years with the potential to extend for a further five on a year on year basis.

An independent 'Scope Review' was also commissioned which recommended the inclusion of all Highways Services and gully emptying (Neighbourhoods Directorate). Not recommended for inclusion were Parking enforcement, Refuse and Waste disposal and Parks and Open Spaces services (street cleansing, green spaces etc).

The implementation of a Full Integration Highways Service Partnership would involve the transfer of approximately 150 staff to the partnership. It is recommended that this is via TUPE transfer which protects employees terms and conditions. It is also recommended that the Council states a preference for transferred staff to retain membership of the Local Government Pension Scheme.

It is currently estimated that £1.25m one-off revenue funding will be required to implement the partnership and an estimated £285k will be required on a yearly basis to provide an adequate client management function for the contract. The savings model accounts for these costs and provides a net benefit to be used for road maintenance.

In summary, the partnership will deliver significant benefits to the council through: improved service performance; efficiency savings which can be reinvested into the network (further reducing the investment gap); and, additional investment in the service delivery infrastructure (i.e. plant, information systems etc). The partnership will ensure that the Council is making best use of its existing resources, however it must be noted that it will not eliminate the identified investment gap. The partnership will not prevent the Council pursuing further government initiatives to fund major road infrastructure repairs, such as future PFI bidding rounds, or similar, should they arise.

RECOMMENDATIONS:

Cabinet

- (i) To agree the proposed scope and phasing of services to be commercially market-tested as part of the Council's procurement of a Highways Partnership.
- (ii) To agree the commencement of a competitive dialogue procurement process for a Highways Partnership up to and including the closure of Competitive Dialogue but prior to the Call for Final Tender, within the following parameters:
 - a) The Partnership shall take the form of a Full Integration Model with the preference being a Service Partnering Contract
 - b) That a TUPE employment model, including retaining LGPS, will be the preferred method of staff transfer to the Highways Partnership subject to financial considerations
 - c) The contract shall be for a minimum of 10 years with the possibility to extend for up to a further 5 years dependent upon performance.
 - d) The proposals will be affordable, represent value for money and present an acceptable level of risk sharing and allocation of risk.
 - e) The competitive dialogue process will be the procurement process used.
- (iii) To recommend that the Council agree to the commitment of the existing Highways capital and revenue budgets for the period of the partnership contract, as set out in section 40, along with any additional funding approved as part of the budget process.

- (iv) To recommend that the Council approve the addition of £100,000 to the 2008/09 Environment & Transport Portfolio revenue budget, from General Fund balances, to meet the implementation costs of the Highways Service Partnership and to note the additional resource requirements for 2009/10 and 2010/11, as set out in section 42, which will need to be included when the budget for those years is approved.
- (v) To note the estimated range of net benefits from the partnership contract, as set out in section 44, and the forecast that an average net saving of £443,000 per annum is realistic over the 10 years of the contract.
- (vi) To delegate to the Executive Director of Environment in consultation with the Executive Director of Resources and the Solicitor to the Council to take all action necessary to implement the recommendations in this report, to procure the engagement of professional external advisors as necessary, to undertake the further procurement processes required to procure a Highways Partnership, to issue Contract (OJEU) Notice and the Invitation to commence dialogue and in due course to bring forward final recommendations to Cabinet at Call for Final Tender stage.

Council

- (i) To agree to the commitment of the existing Highways capital and revenue budgets for the period of the partnership contract, as set out in section 40, along with any additional funding approved as part of the budget process
- (ii) To approve the addition of £100,000 to the 2008/09 Environment & Transport Portfolio revenue budget, from General Fund balances, to meet the implementation costs of the Highways Service Partnership and to note the additional resource requirements for 2009/10 and 2010/11, as set out in section 42, which will need to be included when the budget for those years is approved.
- (iii) To note the estimated range of net benefits from the partnership contract, as set out in section 44, and the forecast that an average net saving of £443,000 per annum is realistic over the 10 years of the contract.
- (iv) To note that this will form an addendum to the Council's Policy Framework, i.e. an addendum to the Best Value Performance Plan.

REASONS FOR REPORT RECOMMENDATIONS

1. It is acknowledged that the Highways service needs modernising to improve performance and value for money and that the highways infrastructure requires greater investment. In the absence of any major increase in investment into the highways service (e.g. through PFI Credits), these recommendations reflect the detailed analysis undertaken in the Strategic Business Case and the Outline Business Case which outline how best to take the Highways service forward and ensure that the service is as efficient and cost-effective as it can be.

CONSULTATION

- 2 Members and Officers have been engaged and consulted with throughout the development of this project. In addition, the findings and recommendations contained within the OBC have been subject to a rigorous challenge and consultation process.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3 The Highways Future Strategic Business Case reviewed a long-list of options for the future delivery of highways services. An options appraisal determined that the model which best met the Critical Success Factors for the future of the Highways service was a long-term public/private partnership. The alternative options considered and rejected were:
 - a) Do-Nothing
 - b) Public/Public Partnership
 - c) Strategic Partnership
 - d) Externalisation
 - e) Fully in-house
- 4 The Cabinet meeting of 29th October 2007 approved the further development of the preferred option i.e. a Public/Private Partnership. A detailed options appraisal of this model was undertaken and the options considered and rejected were:
 - a) Virtual Integration Partnership
 - b) Co-Location Partnership
 - c) Partial Integration PartnershipThese options were rejected in favour of supporting a Full Integration Partnership.
- 5 The OBC also considered the potential for any collaboration with other public sector bodies. Due to a combination of restricted OJEU notices and lack of synchronisation between contract start and/or expiry dates there were no immediate opportunities for joint working with other public sector bodies within the region.
- 6 The implementation of a Full Integration Highways Partnership would require the transfer of approximately 150 staff from the Council to the Highways Partnership. The options of a full secondment or a staff choice model have been considered and rejected based on legal advice and demonstrable benefits to the Council, therefore TUPE is the preferred option

DETAILS

Imperative for Change

- 7 Despite increased investment through prudential borrowing and improved service performance, the Council's current highway network and service delivery infrastructure requires significant investment and improvement. The required investment on roads is approximately £10m / year just to maintain the current condition with real improvement requiring funding of £15-£24m/ year to deliver substantial change. £6m has been committed for the 07/08 financial year.
- 8 In September 2006 the Council submitted a bid for £300m of Private Finance Initiative Highways Maintenance Credits in order to address the identified investment gap. This bid was unsuccessful due to the high number of other Local Authorities bidding against a relatively small fund made available by Government. The Council therefore needed to develop an alternative strategy, which in the absence of significant additional funding being made available, ensured the service was making best-use of the existing resources.
- 9 In September 2007 a Strategic Business Case examining alternative service delivery models was prepared. The Strategic Business Case concluded that in the

absence of PFI the most suitable alternative vehicle for improving service delivery and securing inward investment was a long-term partnership with a private sector service provider. On 29th October 2007 Cabinet gave approval for officers to carry out all necessary preparation and consultation work to develop a long term delivery mechanism for highways services in order that Cabinet may determine the most appropriate way forward and commence EU Procurement processes in due course. (*Future Highways Service Delivery Report, Cabinet 29/10/07, Recommendation (iii)*).

Benefits of a Partnership

- 10 The key benefit of a highways partnership will be the modernisation of the highways service and an improved highways network through:
- a. Driving out inefficiencies in service delivery which can be reinvested back into the highways network
 - b. Securing investment in the service delivery infrastructure;
 - c. Increasing the capacity and resources available to deliver the service;
 - d. Securing economies of scale;
 - e. Increasing the service performance level; and
 - f. Maintaining and improving the customer focus;

Continuing Investment Gap

- 11 The partnership will ensure that the Council is making best-use of its existing resources, by delivering an improved service whilst maximising the opportunity for efficiency savings. However, the partnership will not deliver significant additional investment into the highways infrastructure. Certainly not to the level required to halt and then reverse the decline in the state of the network. Further work must be undertaken as opportunities arise in future potentially through further Government initiatives to develop a long-term funding strategy for the highways network to address the identified investment gap.

Outline Business Case

- 12 Subsequent to Cabinet approval to develop the partnership model options, Tribal Consulting, with input from Council Officers, commenced work on an Outline Business Case which examined:
- a) Strategic context and business need – this section addressed “why does the service need to improve?” It also covers the optimum scope of services (albeit informed by a separate independent Scope Review)
 - b) Economic Case – this section provides a brief economic and strategic case background, outlines the four partnering models and undertakes a detailed options appraisal and summarises the findings including economic benefits for each option.
 - c) Commercial Approach – this section identifies the need for Output Based Specification, sourcing options, payment mechanisms, risk allocation/transfer and Personnel issues.
 - d) Affordability – this section details the baseline financial information which will need to be developed through the procurement process.
 - e) Achievability – this section details the deliverability of the project including project governance and assurance, risk management and resource requirements.

OUTLINE BUSINESS CASE: SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS (For full details see Appendix A)

Scope of Services

- 13 In order to assist the Council in determining the optimum scope of services for the Highways Partnership an independent scope review was commissioned jointly by the Head of Highways and Head of Neighbourhoods (available in the Members Room) and was undertaken by Kingsclere Associates to determine, on the basis of objective evidence, which services should be included in the Partnership. In considering the question, the review focussed on: current service delivery; achievability, deliverability and focus; including commercial and financial considerations. Its conclusions were also drawn from two relevant case studies, dialogue with service providers and existing service performance information.
- 14 The services below are recommended for inclusion in the Partnership.
- Environment Directorate
- Highways and Parking Division
- Transport Engineering
 - City Centre and Major Projects
 - Engineering Implementation
 - Street Maintenance
 - Traffic Signals – design, installation and maintenance
 - Traffic Management Team
 - Street Works (network management)
 - Business Support
 - Service Futures
 - Lining and surfacing of surface car-parks (not Multi-Story)
- Neighbourhoods Directorate
- Parks and Open Spaces Division
- Gulley Emptying
- 15 All major capital schemes would be delivered by the Partnership with the Council reserving the right to market test any schemes over £4m.
- 16 The above services are those which will be the subject to discussion with the market through the competitive dialogue procurement process. The scope of services and the functions therein may alter as a result of the dialogue process which may or may not validate the case for inclusion. Any changes to scope would be represented in future reports to Members.
- 17 Given the above scope it is expected that approximately 150 staff will be affected by the move to a Highways Partnership.
- OJEU Notice**
- 18 An OJEU notice will need to be placed for the Partnership and must detail the services to be included within the contract (see Appendix C for an explanation of the OJEU notice requirement). It is recommended that the OJEU notice includes only the scope of services recommended for inclusion above.
- Partnership Model Options Appraisal**
- 19 The OBC undertook a robust options analysis of four Partnership Models. These were:

- “Virtual” Partnership
- Co-location Partnership
- Partial Integration Partnership
- Full Integration Partnership.

20 There are potentially two main forms a Full Integration Partnership could take: a Service Partnership; or a Joint Venture. For the purposes of the options analysis there was no need to differentiate between the two forms as they both provide a similar level of service integration.

21 However, a Service Partnership (SP) is the recommended form for a Full-Integration Partnership because a Joint Venture carries a greater risk to the Council, in addition to requiring increasing implementation timescales and costs. A fuller analysis of these are attached as Appendix C.

Investment in service

22 The OBC estimates that the private sector partner would make an investment of approximately £10m over the life of the contract in the service delivery infrastructure (e.g. Plant, Management Information Systems, and Technology etc). This represents 7% of the expected total contract value of £14m per year.

Staff Transfer

23 The implementation of a Full Integration Highways Partnership would require the transfer of approximately 150 staff from the Council to the Highways Partnership.

24 The OBC considered the staff transfer situation and recommended that where staff are transferred to the Partnership this should be a TUPE transfer as opposed to a staff secondment model or staff choice model.

25 It is recommended that it is in the best interests of the Council to specify to bidders that TUPE will apply to all staff transfers in relation to this Partnership.

26 All transferred staff under the Capita arrangement retained LGPS therefore it is recommended that the Council specifies the preference for the retention of LGPS for staff transferred to the Highways Partnership, subject to any financial considerations.

Contract Length

27 The OBC recommended that the contract should be of significant length in order to allow enough time for efficiencies to be driven out of the service, to encourage providers to invest in the service and to allow a strong partnering relationship to be established which will facilitate innovation in service delivery, again leading to efficiency savings.

28 The recommended length of contract is 10 years with the potential to extend on a yearly basis for up to a further 5 years based on performance.

Procurement Process

29 The selection of a service provider for the Highways Partnership will require a full EU procurement process. The OBC recommends the use of the competitive dialogue procurement process (CD). CD requires careful management and takes approximately 18 months from OJEU notice to Contract Award. However, spending time at the outset discussing requirements with the market ensures the final solution is one which is much more suited to the authority therefore delivering time and cost benefits over the life of the contract. CD is explained in more detail in Appendix B.

30 It is recommended that the Council use the Competitive Dialogue Procurement

Process.

Timescales

- 31 If the report is approved the target date for the commencement of the Highways Partnership will be September 2010. A detailed programme is attached as Appendix D. The programme could be subject to change due to the high number of variables which surround the procurement and implementation

Equalities Impact Assessment and Sustainability Appraisal

- 32 A Sustainability Appraisal (SA) and an Equalities Impact Assessment (EIA) have been undertaken as part of the development of the project. The outcomes of the SA and EIA will be used to inform the procurement process in order to ensure that any negative impacts on sustainability or equalities are mitigated including addressing the issue of using local contractors.

FINANCIAL/RESOURCE IMPLICATIONS

Capital and Revenue

Funding Strategy for Highways Investment

- 33 If the Council agrees to enter into a competitive dialogue procurement process, to appoint a service provider, it is critical that there is certainty concerning the level of future funding available for Highways Maintenance. The higher the level of uncertainty concerning funding levels the higher the risk will be to bidders. This is likely to result in less competitive bids for the Council. Therefore, the ongoing funding strategy must be clear and agreed before the Council moves forwards into the procurement process.
- 34 As already noted, the current level of investment in roads is insufficient to halt the decline in the deterioration in the road network. Approximately £10m per annum is required to be spent on the network to maintain its current condition. Real improvement would require £15m-£24m per annum.
- 35 A report entitled "Future Highways Service Delivery" was approved by Cabinet on 29th October 2007. This report recommended that the then existing £3m highways capital maintenance budget be doubled to £6m for all future years. In order to achieve this, two key elements would be implemented:
- A year on year increase in investment would be required (approximately 1% of Council tax or £800k)
 - Some of this investment would be 'top sliced' to allow for prudential borrowing in order to have an immediate impact on the roads maintenance programme.

These two elements are inextricably linked. Without the borrowing it would take several years to reach the £6m investment, without the ongoing funding we would be increasing short term budgets whilst reducing long term investment (as we pay off the interest on borrowing).

- 36 This strategy delivers the following investment over the life of the highways contract:

Highways Capital Investment (£m)

	2007/08	2008/09	2009/10	2010/11	2011/12	Ongoing
Budget	2.77	6.00	6.00	6.00	6.00	6.00

N.B. These figures do not include for inflation, which will need to be factored in to ensure the capital maintenance fund delivers a consistent level of improvements.

Increased funding will provide a more competitive procurement process generating a better deal for the Council and will also deliver greater savings through increased economies of scale and greater scope for efficiencies. Conversely, if the above funding strategy is not approved then the lower funding level will reduce the competitive element of procurement and deliver lower economies of scale and consequently a poorer deal for the Council.

- 37 The table below highlights the investment gap with the above funding strategy. If the above strategy is not implemented then clearly there will be a wider investment gap.

Current Investment over 10 yr period with the above funding strategy	Investment required to halt/reverse decline over 10yr period	Investment Gap
£60m (Cabinet approved strategy as above)	£100m (halt)	£40m
	£150m (reverse)	£90m

- 38 The proposed Highways Service Partnership will ensure budgets have a maximum impact for residents of the City. However, this partnership will not address the underlying funding issues which have affected Highways over a number of years. Significant long term investment is required in order to manage the road infrastructure.

Commitment of Budgets

- 39 The Partnership will deliver services currently being delivered by the Council's highways service. Therefore the associated budgets (capital and revenue) will be committed to the partnership for the length of the contract. The Council will be expecting the Partnership to deliver; an improved service level for the less than the current budget. Where this is not possible the Partnership will need to deliver a similar service level for less budget, or, an improved service level for the same budget.
- 40 Based on current 2008/09 budgets for the in-scope services and the above funding strategy, the approximate budget likely to need to be committed to the Partnership is as follows:

£m	10/11	11/12	12/13	13/14	14/15	15/16	17/18	18/19	19/20	20/21
Capital	7.51	7.51	7.51	7.51	7.51	7.51	7.51	7.51	7.51	7.51
Revenue	6.69	6.69	6.69	6.69	6.69	6.69	6.69	6.69	6.69	6.69
Total	14.20	14.20	14.20	14.20	14.20	14.20	14.20	14.20	14.20	14.20

N.B. These figures do not include inflation, which will need to be factored. A steady state budget is assumed.

Based on the above funding strategy, from 2014/15 the £6m per annum capital investment in roads will be sustainably funded as opposed to funded from prudential borrowing.

- 41 It is recommended that Council agrees to the principle that existing budgets for the delivery of in scope services is committed to the Highways Service Partnership.

Implementation Costs

- 42 The estimate for the implementation of the Highways Partnership is approximately £1.25m. This figure is dependent on a number of factors such as the final length of the procurement process, the complexity of contract negotiations and the resolution of any

issues which may arise and therefore the final implementation cost is likely to be between £1m-£1.5m. The additional resource required is shown in the following table:

£m	08/09	09/10	10/11	Total
Current Budget	0.15	0.03	0.00	0.18
Approximate Required Budget	0.25	0.50	0.50	1.25
Additional resource required	0.10	0.47	0.50	1.07

Client Costs

- 43 The Council will need to retain a Client Team to manage and monitor the contract and the delivery of works whilst avoiding duplication of work already being delivered by the Partnership. It is estimated that the Client Management function will cost approximately £284,000 per annum. The cost of the Client Team will be met from the savings delivered by the Partnership. Through the procurement the Council will be working to develop detailed proposals for the client team.

Forecast Net Benefit over 10 year life of contract

- 44 The Partnership is expected to deliver a net benefit over the life of the contract. This is the savings figure after implementation costs and client costs have been accounted for. Savings figures have been categorised into optimistic, realistic and pessimistic. These savings are expected to be in addition to an overall improvement in service levels.

£m	Optimistic		Realistic		Pessimistic	
	Gross Benefit over 10 years	Net Benefit 10 years	Gross 10 yr	Net 10 yr	Gross 10 yr	Net 10yr
Full Integration Model	11.36	7.27	8.52	4.43	7.10	3.01

Reducing the Investment Gap

- 45 Clearly, the savings generated by the Partnership will not be enough to meet the required investment need. However, the savings from the implementation of the partnership will deliver an additional investment into the network. Appendix E details the additional improvement in the road network which would be delivered with the varying levels of savings. The table below highlights the investment gap after the implementation of the partnership on the basis of the finding strategy detailed above.

Partnership Investment over 10 yr period	Investment required to halt/reverse decline over 10yr period	Investment Gap
£67.2m	£100m (halt)	£32.8m
	£150m (reverse)	£82.8m

Additional Funding (including PFI)

- 46 If additional funding for investment into the roads becomes available over the life of the partnership then this will be delivered by the partnership. The contract will need to ensure that the Council benefits in terms of economies of scale and unit cost savings if this occurs.
- 47 Another bidding round for Highways Maintenance PFI Credits has not been scheduled and there are currently no plans to announce a further bidding round. Given the likelihood that a further bidding round would not be announced, if at all, until 2010 at the earliest, that a PFI agreement would likely not be able to be established until 2014 at the earliest and even then there would be no guarantee the Council would secure PFI credits it is not thought prudent to delay the implementation of this strategy on the basis of a very small chance of securing PFI credits. Flexibility can be built into the partnership contract which would allow the Council to terminate the partnership if a bid for PFI credits were successful, however, this is likely to be an expensive clause. Nevertheless, this will be discussed with bidders at competitive dialogue so the and a recommendation brought back to the Council on the issue.

Property

- 48 The Highways service is currently delivered from the Town Depot and Castle Way. With current plans to vacate the Town Depot an alternative site will be required. The Council will need to use the competitive dialogue process to explore the possible options for a depot with bidders.
- 49 Existing office based staff will also require accommodation. Again, the competitive dialogue process will be used to explore possible options with the bidders. Whichever strategy is finally selected it will need to link with the wider Council Accommodation Strategy.

Other

- 50 The Project is being run using the Prince2 Project Management methodology. A Project Board has been established which comprises the Project Executive (Lorraine Brown), Senior Users (Mick Bishop, Jon Dyer-Slade, Sheila Wareham) and Senior Suppliers (Rob Carr, John Spiers, Sarita Riley). Internal Audit are extended a standing invite to the Board as is an Audit Commission Representative.
- 51 A Core Project Team will be recruited and sit within Highways. A wider Project Team will consist of representatives from highways, legal, finance, Communications, ICT, and HR. Client Managers have been made aware of the input required from Capita and activities to be undertaken by Capita are being scoped where possible.
- 52 External technical, legal and financial advisors are also being procured and will form part of the project team bringing experience and quality assurance to the project team.
- 53 The Audit Commission will review the project at key stages to highlight to Officers any key risks and issues which may impact on the project. While not a verification role, the Audit Commission reviewer will provide an independent perspective on the projects progress.

- 54 Risk has been considered carefully as part of the OBC and will be managed on a continuous basis throughout the project. A risk register has already been created and all key risks will be reported to Project Board.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 55 Highways maintenance and associated and ancillary functions are authorised by a variety of Statutory powers including the Highways Act 1980 as amended and the Traffic Management Act 2004, together with secondary legislation (Regulations, Directions and Orders). The power to enter into contracts for the delivery of a Council function is contained in s1 of the Local Government (Contracts) Act 1997 and s.111 Local Government Act 1972 (power to do anything calculated to facilitate, ancillary to or conducive to the discharge of a primary function). Regard must be had to the Part 1 (Best Value) provisions of the Local Government Act 1999, the National Procurement Strategy and EU Procurement Rules as enacted in the Public Contracts Regulations 2006
- 56 Part II (Contracting Out) of the Deregulation and Contracting Out Act 1994 is the primary legislation which allows a Minister to make an Order enabling certain statutory functions to be carried out by persons on behalf of the local authority. The Local Authorities (Contracting Out of Highway Functions) Order 1999, sets out those functions of the Highways Act 1980 and NRSWA 1991 which can be contracted out. The functions under the 1999 Order include (among many others):
- Section 41(1) - duty to maintain highway maintainable at public expense
 - Section 62 – general power of improvement
 - Section 150 – duty to remove snow, soil etc from the highway
- 57 The current scope of services envisaged to be provided by the service provider is therefore likely to be within the powers conferred on the authority – it should be noted that the current scope is similar to many public/private partnerships already existing in the market.

Other Legal Implications:

- 58 In undertaking the procurement exercise and developing proposals for a longer term delivery mechanism the Council will be required to have regard to the environmental and equalities impacts of its proposals on the City, its inhabitants and business (both as service users and service delivery personnel) as well as procurement legislation, national and regional guidance

POLICY FRAMEWORK IMPLICATIONS

- 59 The City Council has obligations under Primary legislation to carry out highway functions as a Highway Authority.
- 60 The outline strategy for the Highway service has been initially identified as “to deliver significant and sustained improvements in the highways infrastructure of Southampton, in order to enable the delivery of the “City of Southampton Strategy by 2026.”
- 61 The highways service contributes towards wider corporate goals such as regeneration, social inclusion, community safety, health and the environment, supporting the City’s aspirations to become the regions cultural, economic and social driver. The City of Southampton Strategy sets out to deliver

- An attractive and stimulating environment
- A supportive business environment
- A sense of place

The Highways Service has the potential to contribute towards the delivery of these aspirations.

62 An improved Highway Service will also contribute towards the Medium Term Plan, delivery of the Local Transport Plan as well as the Local Development Framework.

SUPPORTING DOCUMENTATION

Appendices

1.	Appendix A – Outline Business Case: Key Findings and Recommendations
2.	Appendix B - Summary of the Competitive Dialogue Procurement Process (NOT FOR PUBLICATION)
3.	Appendix C – Full Integration Model Analysis
4.	Appendix D – Timetable for the Delivery of the Partnership
5.	Appendix E - Future Funding Calculation

Documents In Members' Rooms

1.	Outline Business Case
2.	Strategic Business Case

Background Documents

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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Background documents available for inspection at:

FORWARD PLAN No: ET02621 **KEY DECISION?** YES

WARDS/COMMUNITIES AFFECTED:	ALL
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