2 Strategic Context and Business Need

2.1 Purpose

2.1.1 This chapter of the Outline Business Case sets out the strategic context and business need of the proposal and answers the question "why does the service need to improve?" It sets out the project in the context of the strategy for service provision, whilst demonstrating how the proposed project will enhance the Council's ability to deliver the service.

2.1.2 Other areas this chapter considers include:

- The wider impact of the project upon the authority and services not currently in scope, along with the impact on other stakeholders, such as service users and employees
- Examination of the relationship between; the Local Authority's vision, the key objectives for the service, and the key strategies and objectives of the Local Authority
- To demonstrate that the project forms a logical and coherent part of the Local Authority's strategies and plans
- Current assessment of the service
- "in scope" service identification and organisational overview
- Strategic risks and benefits
- Constraints and dependencies
- Existing arrangements
- Stakeholders
- Critical Success Factors for both the Service Model and Partnering Model options

2.2 Background and Business need

2.2.1 There is no doubt that the City's Highways Service has made significant progress on its improvement journey since the service recovery process began in 2005, and that progress is still being made. Although improvements to aspects of the Highways infrastructure have been made through the delivery of a five year £18.5m Prudential borrowing investment programme, the network remains in an unsatisfactory overall condition and further major investment is required to bring the network up to a designated standard.

2.2.2 Previous discussions with Group Leaders led to an initial strategy based on PFI being agreed as the only viable source of 'new money', with no other alternatives for generating the required level of investment from the Council's own limited resources. Expressions of Interest were submitted in September 2006 for £300m Highways credits, over a 25 year period. It was confirmed in December 2007 that the Council was unsuccessful in their submission, leaving the Council no choice but to explore alternative service delivery options.

2.2.3 An outline strategy was approved by members in March 2007, and is now being developed to include defined measures of success, and used as a reference against which to benchmark all existing and future policies, strategies and plans, assessing the extent to which they support the delivery of the outcomes required by the strategy and measure progress towards it.

2.2.4 Whilst the further development of the strategy and the identification of an appropriate delivery model to support it can already be evidenced, it is important to note two specific factors that increase its immediate significance:

- The recent Compressive Performance Assessment Inspection of the Council which designated the Council as an "Excellent Council". This endorsed the need and work completed on a clearly defined strategy for the future provision and improvement of the service
- Secondly and perhaps more significantly, is the fact that both the current delivery contracts, technical and contracting, are due to be replaced in 2008.

2.3 The Purpose of the Highways Service

2.3.1 The primary purpose of the Highways Service is to manage, maintain and improve the highway network for the safe and convenient movement of people and goods. The core objectives of the Service are to deliver a safe, serviceable and sustainable network which contributes to the wider objectives of asset management, integrated transport, corporate policy and continuous improvement.

2.3.2 These objectives, listed below, reflect those widely accepted for this type of service, and outlined in the Code of Practice for Highway Maintenance Management (2005). For specific services the following objectives include:

- Network Safety:
  - Complying with statutory obligations
  - Meeting users' needs for safety
- Network Serviceability:
  - Ensuring availability
  - Achieving integrity
  - Maintaining reliability Enhancing condition.
- Network Usability – for:
  - Private vehicles
  - Public transport
  - Cyclists
  - Pedestrians
- Network Sustainability
  - Minimising cost over time;
  - Maximising value to the community;
  - Maximising environmental contribution.

2.3.3 Although most of these core objectives include or imply a focus on the needs of users, further developments in performance management and a more explicit objective of 'Customer Service' has been adopted. This objective applies to the Highway Service overall, as users may not be able to distinguish easily between maintenance and improvement works.

2.3.4 Each of the core objectives is equally relevant to the more broadly-based asset management function and the statutory network management duty. This close linking is an essential requirement for delivering an integrated user-focussed service, and is emphasised throughout the Highways Code of Practice (2005)

2.4 Current assessment of the service

2.4.1 Southampton City Council's Highways and Parking Services is responsible for the services underpinning the delivery of the Local Transport Plan, together with a range of associated services including car parking and is responsible for maintaining a network infrastructure which includes:

- Approximately 565 km of adopted roads
- Approximately 1500 km of footways, and
- Approximately 26 km of cycle-ways
- Approximately 23,000 street lights, on roads, paths and cycle-ways
- Approximately 5,000 illuminated road signs, bollards and subway lights etc
- Approximately 250 Highway Structures such as bridges etc

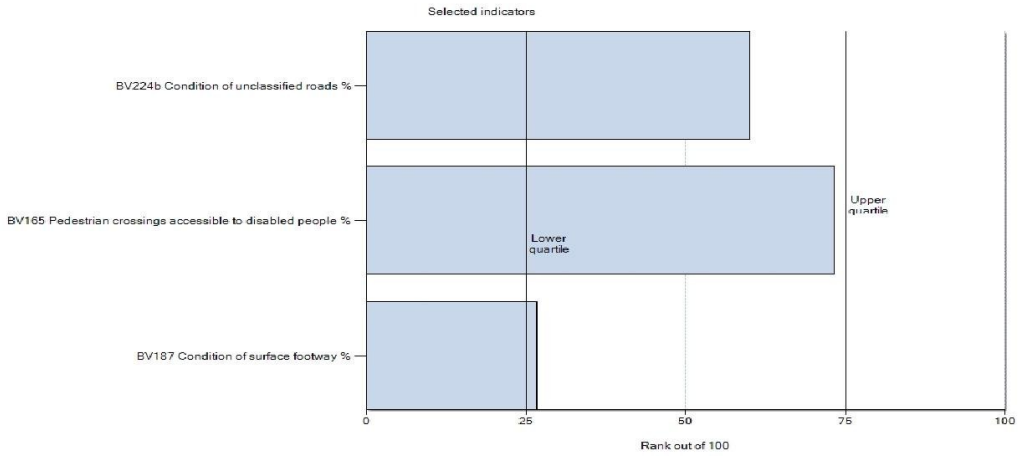
2.4.2 The bulk of resources available to Highways and Parking Services are deployed in connection with maintenance of the Highways infrastructure, including footways, Street Lighting and other structures.

2.4.3 In 2006, a consultancy-led gap analysis and review of the highway service against the CPA's 'Transport' Key Lines of Enquiry indicated that the service has improved from "poor" to "fair" with "promising prospects for improvement".

2.5 Benchmarking

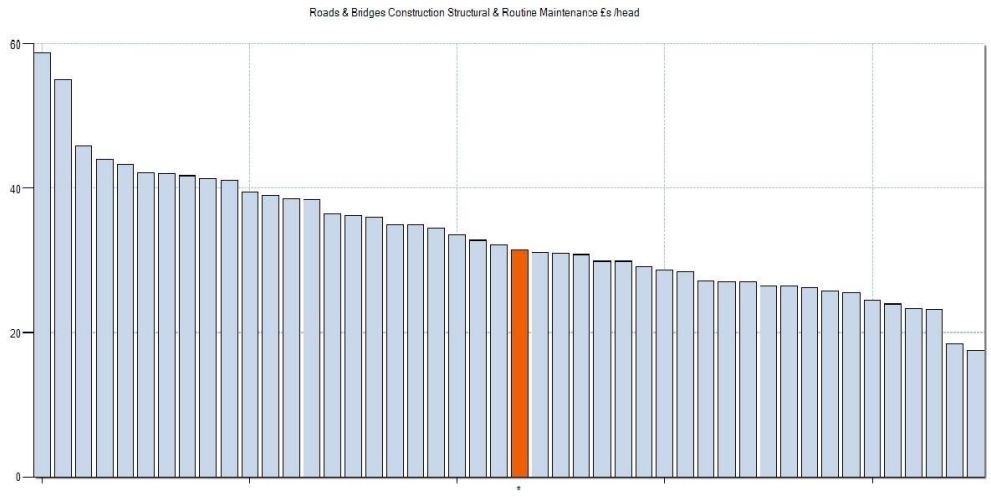
2.5.1 Figure 1 is based on 2006/07 performance and shows the City's position for three highway related BVPI's when benchmarked against comparable authorities. It shows all three indicators between the upper and lower thresholds, with performance against one, BV165 (pedestrian crossings accessible to disabled persons), very close to the upper quartile whilst BV187, condition of surface footways is on the border of the lower threshold.

Figure 1: Highways Related BVPI's



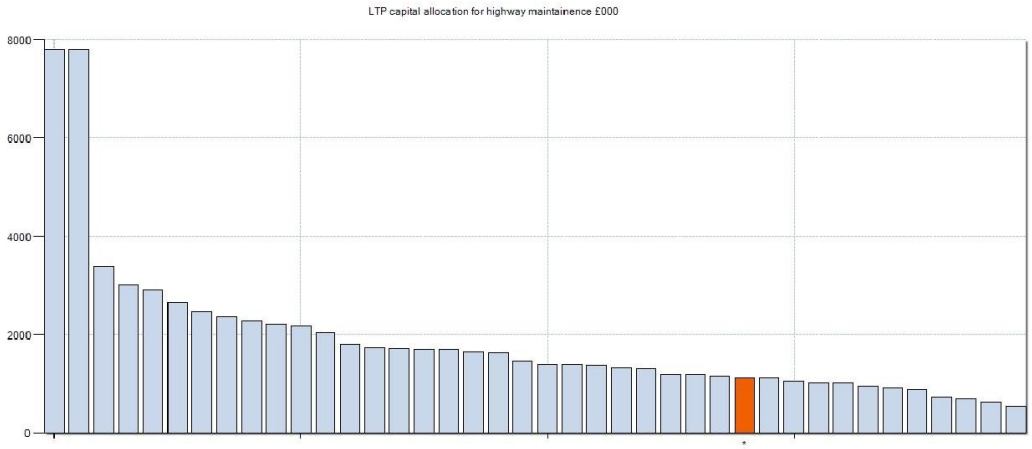
2.5.2 Figure 2 below benchmarks the spending of the City Council on the construction and both structural and routine maintenance of roads and bridges with that of 46 comparable authorities. The City Council is placed midway in the comparison ranked 24th out of 46 with an average spend of £31.46 per person.

Figure 2: Comparative spend construction and maintenance



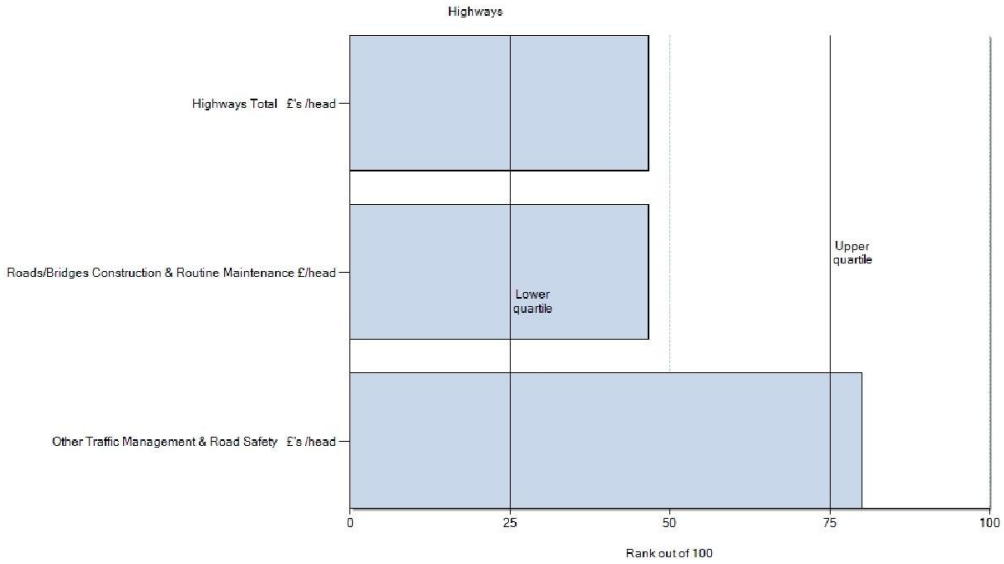
2.5.3 Figure 3 benchmarks the capital allocation from LTP for Highway Maintenance made by the City Council compared to other comparator authorities. The City Council is placed near the boundary of the lower quartile positioned 29th out of 40 authorities with an allocation of £1.125M.

Figure 3: LTP capital allocation for highway maintenance 2006



2.5.4 Figure 4 below benchmarks spend in 3 key areas against comparator authorities. For both highways total spend per head of population, and spend on roads and bridges per head of population, the city is placed firmly in the centre and ranked just below 50 out of 100. However the position for other traffic management and road safety schemes per head of population is in the upper quartile ranked at 80 out of 100.

Figure 4: Overall spend comparisons



2.6 Contribution to Key Strategic Objectives & Strategic Benefits

2.6.1 At a national level the Department for Transport (DfT) sets strategic policy disseminated through documents such as the "Transport Ten Year Plan" published in 2000, and provides guidance to other public bodies on the development of regional and local transport strategy, including the production of the Local Transport Plan.

2.6.2 However, in the work undertaken to develop the Local Transport Plan it has been recognised that the potential contribution of the local highway network extends far wider than simply the delivery of transport strategy. It is fundamental to the economic, social and environmental well being of the community.

2.6.3 At a local level the City Council has developed a Corporate Plan and more recently the City of Southampton Strategy, which articulates a 20 year vision for Southampton and identifies a number of key strategic objectives.

2.6.4 Further to this the Council is currently developing their own Transport Asset Management Plan (TAMP). The TAMP is set for approval in June 2008 and will promote improved management of the service inline with the Council's vision and its strategic objectives.

2.6.5 Well maintained local transport assets, including roads, footpaths, bridleways and cycle paths, are essential not only for the delivery of better transport outcomes but also to underpin the delivery of these wider strategic objectives. They encourage walking and cycling and contribute to road safety outcomes. They promote the quality and comfort of bus services, improve journey ambience, minimise wear and tear to vehicles and promote better environmental outcomes including emissions and noise. Well maintained roads, footways, footpaths, streetlights, street furniture and public rights of way, make an important contribution to the quality and liveability of public spaces.[1]

[1] Well Maintained Highways – Code of Practice for Highway Maintenance

2.6.6 The Highways Service recognises that effective management of the local road network has the potential to aid regeneration, social inclusion, community safety, health and the environment, all of which support the City's aspirations to become the region's economic, social and cultural driver. However it also acknowledges that this will need a planned long-term programme of investment, efficiently managed and supported by an appropriate delivery model, especially if the city is to develop;

- "An attractive and stimulating environment"
- "A supportive business environment"
- "A sense of place"[2]

2.6.7 Highways is committed to maximising this wider contribution through its management and maintenance of the highways infrastructure.

2.6.8 Therefore the outline strategy for the Highways Service, approved by members in March 2007, has been initially identified as:

2.6.9 "To deliver significant and sustained improvements in the highways infrastructure of Southampton in order to enable the delivery of the Authority's "City of Southampton Strategy" by 2026."

2.6.10 To do this will require substantial additional investment in the infrastructure, with early indications suggesting a figure in excess of £150 million over a ten year period.

2.6.11 Initially Highways will seek to secure increased investment to ensure overall stability in the network, providing a secure platform for further improvement. As funding options are explored it is possible that the level of investment will gradually increase throughout this phase and it will therefore be essential that the service model chosen is sufficiently flexible to deal effectively with changing levels of investment.

2.6.12 Secondly, the Council will explore the possibilities of additional investment, whether that be through another PFI submission or alternative funding options will depend upon opportunities available.

2.6.13 In the absence of any major additional funding for the road network this Outline Business Case explores the partnership model which the Strategic Business Case deemed the best model for ensuring the best value output from the resources available.

2.7 The existing arrangements

2.7.1 The Highways Service is responsible for many of the functions underpinning the delivery of the Local Transport Plan including:

- highway & footway design
- highway & footway maintenance
- street lighting
- highway drainage
- traffic management – including traffic signals and Traffic Regulation Orders
- road safety

[2] The City of Southampton Strategy – Draft Version 4

2.7.2 These services are currently delivered through a tri-partite arrangement, known as the Southampton Highways Partnership, which supplements in-house resources with technical support from consulting engineers Halcrow and contracting support from Colas Ltd.

2.7.3 It is generally accepted that whilst they are a partnership in name, they have been operated more as traditional fixed term contracts, with clearly defined client and contractor roles and boundaries. Whilst a partnering board, intended to provide strategic direction, has been set up, its impact has been limited in areas. The management structures of the three organisations have largely operated at arms length and with little in the way of integration. The City Council has retained full responsibility and accountability for the delivery of the service, the management of capital programmes, and the attainment of performance targets, whilst both "partners" have been issued with works orders or instructions, based on agreed rates, for specific pieces of work in support of this.

2.7.4 There is no doubt that significant improvement in the Highways Services have been achieved since this arrangement was put in place, and that the council has benefited from it. However, it has failed to fully meet the City's expectations in terms of developing a common sense of purpose and ownership, adding value, promoting innovation and shared learning, and maximising the potential benefits of partnering.

2.7.5 Both the consulting and contracting contracts are due to finish in 2008. The Council is currently in the process of putting interim arrangements in place until 2010, which may or may not be with the existing service providers. There will be the possibility for extensions incorporated into the interim arrangements should the Autumn 2010 date for partnership slip.

Strategic Services Partnership (SSP)

2.7.6 The council in July 2007 entered into a Strategic Services Partnership (SSP) with Capita to provide support services, including customer services. Capita also deliver several support services, including human resources and payroll, IT, procurement, property management and the processing of council tax and benefit claims.

2.7.7 It is expected that Capita will continue to provide the Highways Customer Services role i.e. first point of contact through call centre. However, in developing the future service delivery model, the Council will need to consider how the interface between the SSP and the new delivery model will operate.

2.7.8 Additionally, the impact on the Council of potentially removing staff from the SSP will need to be accounted for. However, initial exploration of this issue indicates that there will be no major impact upon the SSP.

2.8 The need for improvement

2.8.1 Although often flowing from National and Corporate strategies and priorities it is important to recognise the drivers that are acting on a service at an operational level and how they stimulate improvement.

2.8.2 The evidence of the need for improvement in the Highways Service comes from 4 key sources, as summarised below.

- an infrastructure which is deteriorating, and which will continue to deteriorate at current investment levels, particularly on footways and non-principal roads
- an increasing expectation of the service (as demonstrated by the corporate plan and the City of Southampton Strategy)

- a mixed performance in terms of the national best value performance indicators
- a self-assessment analysis, using the Audit Commission's key Lines of Enquiry, which concluded that highways were providing a "fair" service.

2.8.3 The above analysis, combined with the activities and outputs of a foundation workshop, has led Highways to define 4 separate imperatives for a move from the current level of performance to a level which is either improved, or which could be measured as excellent. These comprise:

- **the corporate performance imperative**, assessed by performance against the national BVPI's associated with the Highways Service;
- **the service improvement imperative**, assessed by performance against the Audit Commission's KLoE's for the inspection of Environment Block Services;
- **the financial performance imperative**, assessed by measuring performance against the financial targets;
- **the technical/professional measure**, assessed through the level and speed of progress with the delivery of the Traffic Asset Management Plan (TAMP) and the level of compliance with industry codes of practice

2.9 Capacity for improvement

2.9.1 In order to secure a service which could be defined as excellent, the following actions need to take place:

- passing the service excellence tests as defined by the Audit Commission's Key Lines of Enquiry
- defining and securing additional investment and having the capability to effectively turn it into measurable improvement against a range of indicators, including the best value performance indicators
- defining and securing the additional capacity required to turn any additional investment into measurable improvement.

2.9.2 A more effective and efficient service delivery model, when combined with increased levels of investment (which will be needed to maintain or improve the infrastructure condition as defined by best value performance indicators), would improve service quality:

- the current level of internal capacity to design, let and manage contracts is limited
- the potential for added value and community benefits increases
- The asset management planning process, through which the Council should be seeking to maximise, and demonstrate, value for money, is relatively undeveloped.

2.9.3 It is unlikely that major additional funding, certainly not the level of funding required as identified above, will be forthcoming due to the Council's limited resources. Therefore the key is to ensure best value for money from the resources available which can only be achieved through the implementation of a more effective and efficient service delivery model. However, a new service delivery model should not alleviate the Council of its responsibility to explore further funding opportunities for the highways network.

2.10 Stakeholders

2.10.1 At this stage of the project the key stakeholders have been identified as follows:

- Members
- Service, Directorate and Corporate Management Teams
- Staff and Trade Unions

- Existing contractors, sub contractors and consultants
- Service users
- The market

2.10.2 The scope and level of communications and engagement with these stakeholder groups will vary. It will however, comply with any corporate or statutory consultation requirements and be commensurate with the extent to which any proposals impact on each group.

2.11 Engagement and Communication

2.11.1 A plan for the remainder of the project on how to effectively communicate and engage will need to be produced as the project moves to the next stage.

2.11.2 Consultation with all relevant stakeholders is essential throughout the procurement process to promote the project and address issues and concerns, including allowing stakeholders to buy into the project.

2.12 Exclusions

2.12.1 This business case is focusing on the analysis and implementation of partnership models. It has not been drafted to consider additional major funding avenues and therefore these elements are excluded from this business case.

2.12.2 The scope of services to be included within this project is detailed in section 2.21 below.

2.13 Constraints

2.13.1 There are a number of potential constraints on the project. The key constraints which are identified at this stage are:

- **Time constraints** – if the start date is to be achieved, the strategy, and an appropriate service model for its delivery, need to have been identified and approved by members by July 2008, with the OJEU notice issued no later than October 2008.
- **Financial Constraints –** the current investment in the service, through prudential borrowing, is due to run out shortly and whilst various funding sources for any future investment are being considered, the strategy will undoubtedly be subject to financial constraints. The delivery of the project (procurement and implementation) will also be subject to financial constraints.
- **Political Constraints -** it is clear that any proposed service strategy or delivery model will require political approval, and that as a result any solutions put forward will, by necessity, have to be politically acceptable

2.13.2 The above constraints have direct links to section 2.15: Strategic risks.

2.14 Dependencies

2.14.1 The development of the Transport Asset Management Plan (TAMP) has already been noted as influential, although not fundamental, to service planning and provision and is discussed further in this Outline Business Case. Ideally the TAMP will inform key decisions and issues.

2.14.2 The current plans regarding the sale of the Council's Town Key Depot site will require close and careful coordination with this project although it should not prove a major obstacle to the delivery of the project.

2.15 Strategic risks

2.15.1 The current delivery contracts between the Highways Service and its partners are due to expire in 2008. Whilst there is a high degree of confidence that service continuity can be assured in the short term, between the expiration of these contracts and the commencement of new arrangements any prolonged failure in the delivery of this project threatens the Authority's ability to deliver Highway Services and represents a significant strategic risk.

2.15.2 Table 1 below, illustrates the key strategic risks that accompany the project. The implementation and operational risks that accompany the selection of a delivery mechanism to support the model are discussed in detail later in the document.

Table 1: Key Strategic Risks:

Risk	Impact	Probability	Mitigation
Financial Risk – Council fails to secure sufficient levels of investment to deliver the objectives	High	Medium	The adoption of a flexible service model supported by a delivery mechanism that can be adapted to accommodate wide range of funding options and levels means that service continuity can be maintained
Financial risk – implementation preferred delivery model(s) fails to meet financial expectation	High	Medium	Project methodology uses a proven options appraisal methodology and allocates expert resources to carry out appropriate financial modelling.
Political risk – chosen preferred delivery model(s) does not secure local Members' support	High	Low	Project methodology includes approaches to governance and stakeholder engagement that will test sensitivity of emerging options and ensure option(s) cannot proceed without appropriate support.
Competitive risk – insufficient provider market interest in preferred delivery model(s)	High	Low	Project methodology, based on recent practical experience, allows for early soft market testing to scope the extent of interest and determine market requirements.
Service delivery risk – preferred delivery model(s) fail to deliver required levels of service	High	High	The emerging critical success factors specifically recognise existing service performance measures such as CPA and the centrality of the customer experience and will define service outcomes that will be at the heart of the options appraisal.

2.15.3 Table 2 below illustrates the initial project risks.

Table 2: Initial Project Risks:

Risk	Impact	Probability	Mitigation
Failure to meet timetable	High	High	Effective project management. Outline project plan defines required tasks and is resourced to deliver outcomes in defined timescales.
Project outcomes fail to match Council's expectations	High	Medium	Work closely in partnership with Council. Outline project plan defines project governance structures and allows for exception reporting and assessment of risks and issues.
Failure to deliver project within budget	Medium	Medium	SCC project team introduced to manage the process
Failure to secure support from staff and managers	Medium	High	Proactive engagement with staff and management. Communications plan to be developed as part of project inception.

2.17 Vires

2.17.1 As part of any report to Members the Council will need to satisfy itself that the legal powers exist for this contract. Primarily, section 2 of the Local Government (Contracts) Act 1997, plus legislation contained within the Highways Act 1980 and Traffic Management Act, will provide the Vires for this contract.

2.17.2 Part II (Contracting Out) of the Deregulation and Contracting Out Act 1994 is the primary legislation which allows a Minister to make on 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

2.17.3 The current scope of services envisaged to be provided by the private sector partner 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 sector arrangements already existing in the market. However, a detailed check of all the relevant Orders when assembling the final specifications/contract to ensure that certain detailed provisions that should be reserved to the authority are not specified will be required.

2.18 Future Considerations

The Council will need to consider the possibility and implication of future developments and how any Partnership can be 'future-proofed' against these. For example, while not initiatives the Council is exploring currently, if Congestion Charging or Workplace Charging were introduced this could have major implications for the value of work being passed through the Partnership.

2.18.1 Therefore the Council must consider:

- The need to ensure the value of the contract in the OJEU notice is high enough to allow for additional funding to be delivered through the Partnership
- The need to ensure the partnership has the capacity to cope with increased service delivery
- The need to ensure adequate payment mechanisms are in place to deal with an increase in resource through the partnership.

2.19 Critical Success factors for the Service Delivery Model

2.19.1 A number of factors have been identified as critical to the successful delivery of the Post 2009 Strategy Service Delivery Model for Highways. These include:

- flexibility – it is essential that the transition to the Post 2009 Strategy can be made as seamlessly and efficiently as possible and with no disruption to service delivery
- the ability to respond rapidly to changes in service requirements and demands
- the ability to deliver improved value for money
- the ability to improve financial control
- the ability to improve asset management
- the ability to improve maintenance management
- ability to derive economies of scale
- ability to provide additional investment in technology
- ability to deliver an innovative, customer focused, quality driven service
- ability to deliver reduced environmental impact and carbon foot print for service

2.19.2 These critical success factors (CSF's) were used in the options appraisal process outlined in Strategic Business Case to help determine the preferred service model.

2.20 Critical Success factors for the Partnering Model

2.20.1 A number of further Critical Success Factors have been identified as critical to the partnering models options success. These include:

- Sustained commitment of Both Parties at a senior level
- Drives cultural synergy and shared values
- Secures genuine and effective empowerment
- Supports effective alignment of structure and processes
- Maximises potential benefits to both parties
- Secures appropriate resource capacity and capacity building
- Enables learning and development within the partnership and internal and external networking
- Supports effective communication, engagement and management of expectations

2.20.2 For completeness the CSF's from the service delivery model detailed in section 2.19.1, where considered again with regards to the partnering model options:

2.20.3 The Critical Success Factors detailed in section 2.20 above are utilised in the Options Appraisal sections of this Outline Business Case.

2.21 Scope

2.21.1 The careful definition of the scope of services to be covered is vital to the sound progression of the project, as this will enable clear judgments to be made about costs, risks and the benefits of different project and service delivery options. The Council will need to decide on the final scope of the project.

2.21.2 In order to assist the Council's decision on the scope of services to be provided an Independent Scope Review (Annex A) was commissioned, and undertaken by Kingsclere Associates, to provide a recommendation on the optimal scope of services for a Highways Partnership.

2.21.3 The Review recommended the following services as in-scope with those services in the middle column as ones to be discussed at Competitive Dialogue Stage with the market:

In-scope	Possible Inclusion	Out-of-scope
Highway planned and routine maintenance Highway Capital Projects Highway management functions Traffic signs Traffic signal maintenance Business Support Bridges and structures design and works Gulley cleansing Parking surfaces	Third Party liability claims Urban traffic control	Fly tipping Grounds maintenance Graffiti removal Highways verges and trees Street cleansing Street-lighting Parking enforcement Refuse and waste disposal Planning and Sustainability Environmental health and protection Highway events management

2.21.4 For a full commentary on the rationale behind the above table the original Kingsclere Report (Annex A) should be consulted. However, in summary the review drew the following conclusions:

'In terms of the activities originally identified as in-scope, we believe that questions need to be asked in relation to the inclusion of urban traffic control. Some contractors have concerns as to its inclusion: whilst the case studies also argue for non-inclusion.

It is perfectly possible to include all of the services listed as possible: but current service delivery (in terms of outcomes, standards, costs and the 'fence-to-fence' responsibility within Neighbourhood Services) argues against the inclusion of highways verges and trees, street cleansing, grounds maintenance and graffiti removal; and the exclusion of these may make the inclusion of third party liability claims less attractive to bidders (although this could be retained as the one variable in terms of the services discussed as part of the Competitive Dialogue).

The in-house team would argue for the exclusion of gulley emptying and of fly-tipping: but there are arguments for including these. In terms of the former contractors argue that the cost is fairly low in relation to the total contract (and rates are readily available and competitive); but the implications for a highways maintenance contractor (in terms of damage to the structure if the service is not carried out adequately) are out of proportion. We have some sympathy with this view: and provided the highways contractor can co-ordinate with the in-house team for 'deep cleans' (where there is in any case a need to co-ordinate in terms of moving parked vehicles) we think the case for inclusion is stronger than that for exclusion (and inclusion also helps to stop the highways contractor damaging gullies by filling with excess maintenance materials). In terms of the latter, they argue that rapid clearance of fly-tips on the highway is essential to traffic flows: but, provided service standards etc can be agreed, we see no reason as to why the in-house team cannot continue to deliver this service.'

2.21.5 The recommendations of the review have been discussed with Members and Officers and broadly accepted with the following comments and qualifications:

- Open Spaces services such as Street Cleansing and Green Spaces are currently a high performing, low cost service and there is therefore no reason for inclusion given the risk of the service deteriorating and the lack of opportunity to deliver any efficiencies.

- There is no appetite for the inclusion of Third Party Liability Claims as it would require the division of the service. It is more important that the Partner is incentivised to reduce third party liability claims which can be done via other means than inclusion.

- Urban Traffic Control is a service which requires immediate response and reaction to incidents across the City, is not constrained by Authority boundaries and is more closely linked to the parking service, Additionally, work is being undertaken examining the delivery of UTC on a regional basis and therefore it should not be fixed into the service.

2.21.6 However, it is strongly recommended that the OJEU notice is drafted stating clearly the core services but also with the inclusion of other potential services on the basis that it does not restrict the Council bringing other services into the Partnership at a later stage. Given the length of contract and the limited likelihood of the reasons for exclusion changing dramatically over the period it is unlikely that further services would be brought on-stream at a later date, however, it would not be prudent, given the cost of procurement alone, to completely rule out the option by limiting the OJEU notice.

2.21.7 Given the above, the services areas (or functions where the service area is split), by current organisation structure, recommended for inclusion are:

Environment Directorate
Highways and Parking Division

- Public Realm
  - Transport Engineering
  - City Centre and Major Projects
  - Engineering Implementation
  - Street Maintenance

- Network Management
  - Traffic Signals – design, installation and maintenance
  - Traffic Management Team

- Transformation and Performance
  - Business Support

Service Futures Functions – TAMP (delivery), Road and Footway Data and other information systems and registers, condition surveys, local land charge searches.

- Parking Services
  Lining and surfacing of surface car-parks (not Multi-Story)

Neighbourhoods Directorate
Parks and Open Spaces
- Gulley Emptying

2.21.8 Therefore, by current organisation structure, the following service areas are out of core scope:

Environment Directorate
Highways and Parking Service

- Network Management
  Network Management Team
  Intelligent Transport Systems Team

- Transformation and Performance
  Services Futures Functions – TAMP (strategy), Maintenance Policy, Annual maintenance programmes, advice on condition from Members and Public, s106 agreements

- Parking Services

2.21.9 The current North/South Spine capital works, which are expected to last for approximately 3 years, will be delivered outside of the Partnership. Although, the Partnership will manage the remaining works with the amalgamation of the City Centre and Major Projects Team. Any other major capital schemes which are initiated within the next two years would be expected to be delivered entirely through the Partnership. However, it would be prudent to ensure that any major capital schemes over £4-5m in total will be market tested.

2.21.10 Traffic Signal Maintenance contract is due to run until May 2011. Therefore, it is suggested that this is brought into the Partnership on the expiry of the current contract.