

Perth And Kinross Council

Economy & Infrastructure Committee

29 May 2024

EXTENSION OF ROAD MAINTENANCE PARTNERSHIP AGREEMENT TO MARCH 2026

Report by Strategic Lead - Environment and Infrastructure

(Report No. 24/160)

1. PURPOSE

- 1.1 The purpose of this report is to update the Committee on the period of the existing Road Maintenance Partnership (RMP) agreement and propose an extension to the existing arrangement.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee:
- agrees an extension to the existing partnership agreement (Appendix 1) between Perth and Kinross Council and Tayside Contracts to deliver the road maintenance, winter maintenance and reactive emergency response service. The agreement will be for a period of two years from 1 April 2024 to 31 March 2026 with a further two year extension option subject to review.
 - agrees that the RMP will report performance to Committee annually as part of the Council's performance management framework.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background/Main Issues
- Section 5: Proposals
- Appendices

4. BACKGROUND / MAIN ISSUES

- 4.1 It was agreed in 2012 that the roads maintenance service for Perth & Kinross Council be delivered through a trial partnering agreement with Tayside Contracts (Report no 12/131), a model supported by an Audit Scotland Best Value Review. At the outset of the partnership, efficiencies were identified through a more integrated approach to service delivery with a number of posts deleted from the establishment to remove duplication of effort.

- 4.2 Perth & Kinross Council as “Roads Authority” provides a full range of services, including statutory duties associated with the maintenance of the roads infrastructure as required by the Road (Scotland) Act 1984 and the Transport (Scotland) Act 2005. The Roads Maintenance Partnership (RMP) provides for the effective maintenance of the adopted road network, including footways, to ensure that it is properly maintained in a safe condition.
- 4.3 The RMP supports service delivery through an integrated operating structure consisting of both Perth & Kinross Council and Tayside Contracts’ road maintenance employees. Over the period of the partnership, officers from each organisation have assumed responsibility for duties traditionally carried out by the other to remove unnecessary barriers of bureaucracy and permissions to deliver a more effective and efficient service. Each organisation retains overall responsibility for the Terms and Conditions of their respective employees.
- 4.3 Governance of the RMP is undertaken by an Executive Board made up of senior Council and Tayside Contracts officers. The Partnership Agreement covers key areas such as principles for operational delivery, management of employees, overall responsibilities and dispute resolution.
- 4.4 In mid 2017, following a request from elected members, a member/officer working group was established to review the way in which the partnership was operating and to consider the most effective operating model going forward.
- 4.5 The scope of the review considered the work activity of the RMP as outlined below and considered alternative delivery models.
- Carriageway and footway maintenance
 - Carriageway and footway asset management
 - Road scheme design and project management
 - Winter maintenance
 - Emergency response (eg flooding and severe weather)
- 4.7 The outcome of the review established that in order to have the required labour/plant resource available to reactively deal with the impact of severe weather events to support our communities, provide a level of service over the winter period to ensure that social and commercial activity can continue and keep the road network in a safe condition for the travelling public, the integrated operating model with Tayside Contracts remained the best option. This is a less contractually binding arrangement than would be required with the private sector and so more flexible in accommodating changes in Council policy and budget reductions without compensation being due for loss of income.

- 4.8 The outcome of the review was presented to the Enterprise and Infrastructure Committee on 15 May 2019 (report no 19/134) and it was agreed to extend the term of agreement in its current form to March 2023. Committee also requested an update report in advance of the expiry of the agreement however this was deferred as a result of the Supported Self Assessment exercise commissioned by the 3 Chief Executives of the constituent local authorities.

5. PROPOSALS

- 5.1 It is proposed to extend the RMP agreement for a further 2 years to March 2026 plus a 2 year extension option subject to review before extending. Given the challenging financial climate and ongoing programme of transformation the format of service delivery may change in the future however it is considered that this period of extension provides service delivery certainty for the short to medium term.
- 5.2 It is important to note that within the agreement either partner can opt out of the partnership giving 6 months' notice on either 1 April or 1 October each year. Therefore, agreement to this further extension does not prevent the Council agreeing to an alternative model of delivery at a future point should elected members believe that this would be in the best interests of the Council.
- 5.3 Following the first Covid lockdown, all road works were paused nationally. In July 2020 when construction works recommenced the availability of roadworks contractors was severely limited. Immediately after lockdown a spike in private sector works, at more attractive rates, meant the Council were heavily reliant on Tayside Contracts to provide the full range of services themselves. Currently the market remains very limited, and the same level of reliance remains on Tayside Contracts to deliver the service.
- 5.4 Working in partnership with Tayside Contracts enables an appropriate level of workforce to be retained to deliver the Winter Service and a reactive response to severe weather events etc. It also remains flexible enough to adjust workforce levels to accommodate fluctuations in road maintenance budgets. This gives the Council confidence to manage and maintain the road network in accordance with statutory requirements whilst also providing a reactive response service to our communities where and when required across Perth & Kinross.
- 5.5 A Road Maintenance Framework Contract was issued for pricing in May 2022 to replace the 2017 framework. Only 18 private sector contractors across 11 work activities submitted rates. Tayside Contracts were the only contractor to submit prices across all activities.

- 5.6 Tayside Contracts rates are competitive when compared to the average private sector rates and it is proposed that “award at average rates” remains the award mechanism for projects via the framework contract. Projects will continue to be priced, constructed, re-measured and paid except for works disparate in nature and time to effect (gully emptying/lining/potholes) which will continue to be paid at demonstrable cost.
- 5.7 Tayside Contracts cannot wholly sub-contract work awarded to them on average rates but do use specialist sub-contractors for elements of projects they do not have the specialism/ resource to carry out, such as road stud and safety barrier installation
- 5.8 The RMP aim to expose 25% of their budget to competition via the Framework Contract or for atypical works to open competition. Open competition takes significant staffing resource to prepare bespoke contract documents and follow the Public Contracts Scotland procurement route and so is rarely used except for specialist works. As described in 5.3 above Covid impacted private sector contractor availability and continues to do so. The figures in the table below reflect this impact. Over the period of the current partnership the following competitive award has been achieved against the target.

Year	Value exposed	% of spend	TC win value	TC %	Private sector %
2019/20	£3,589,348	25.46%	£1,735,091	12.3%	13.3%
2020/21	£1,599,978	17.7%	£838,785	9.2%	8.5%
2021/22	£2,772,982	17.2%	£1,298,636	8.1%	9.1%
2022/23	£2,793,968	17.2%	£1,488,054	9.2%	8%

Excludes winter and works for Traffic & Road Safety, Structures & Flooding.

- 5.9 In addition, through the period of the Framework Contract (2017-2022) additional contractual entitlements such as inflationary increases were not claimed by Tayside Contracts as the surplus was being achieved. This approach was in the spirit of partnership working i.e. managing/sharing risk and maximising the investment in the asset over surplus/profit. The private sector however claim these irrespective of profit levels.
- 5.10 As referenced above throughout the course of the contract, inflation is allowed for by construction industry indices uplifts (BERR). The previous contract was in place from 2017 and until February 2022 Tayside Contracts did not apply for any BERR uplifts, instead containing costs within their awarded rate. Over the course of the partnership period (April 2019-March 2023) Tayside Contracts were entitled to claim a total of £1,963,791 however this funding was reinvested in the road network equating to 8.9 km of A Class road being resurfaced that wouldn't otherwise have been carried out.

5.11 From annual independent 3rd party road condition surveys the Perth and Kinross road condition index (RCI) continued to improve year on year throughout the term of the partnering agreement. Between 2019-2023, 6.4% of the network (156km or 97miles) was in a better condition, all delivered through the partnership and principally with the Tayside Contracts workforce. The 2023 survey however indicated a deterioration of 1.8% (43km or 27miles) largely due to the impact of severe weather events on the road network and hyper inflation.

Author

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Approved

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APPENDICES

- Appendix 1 – Partnering Agreement April 2024 to March 2026

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	No
Strategic Environmental Assessment	No
Sustainability (community, economic, environmental)	Yes
Legal and Governance	Yes
Risk	None
Consultation	
Internal	None
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan

- 1.1 The road network is the only asset/service that the Council are responsible for that is relied upon daily by every resident - even those unfortunately housebound rely on roads for service provision to them.

Corporate Plan

- 1.2 The road network underpins and provides the mechanism for every area of activity the Council and Commerce undertakes to be carried out effectively and efficiently.

2. Resource Implications

Financial

- 2.1 There are no financial implications within this report.

Workforce

- 2.2 There are no workforce implications within this report.

Asset Management (land, property, IT)

- 2.3 There are no land and property, or information technology implications arising from the contents of this report.

3. Assessments

- 3.1 IAT report submitted through portal.

Equality Impact Assessment

- 3.2 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change.
- 3.5 The proposals contained within the report are assessed to have a positive impact on sustainability, particularly with regard to encouraging recycling techniques and recycled material use.

Legal and Governance

- 3.6 The Council are required, as Roads Authority under the Roads (Scotland) Act 1984, to manage and maintain the roads held on the List of Public Roads. This report considers the discharge of this duty.

Risk

3.7 There are no significant risks associated with the implementation of this project.

4. Consultation

4.1 No consultation has been carried out in preparing this report.

5. Communication

5.1 No communication has been carried out in preparing this report.

2. BACKGROUND PAPERS

2.1 None.