

Cabinet**Thursday, 27 May 2010, County Hall, Worcester (10.00 a.m.)****Minutes****Present:**

Dr G H Lord (Chairman), Mr A N Blagg, Mr S J M Clee, Mrs E A Eyre, Mr S E Geraghty, Mr W P Gretton, Mr A I Hardman, Mr M J Hart, Mr D W Prodger and Mr J H Smith

Also attended:

Mrs M Bunker, Mr R A A Bullock, Mr J M Cairns, Mrs M L Drinkwater, Mrs E Moffett, Mr W E Moore, Mr J Parish, Dr K A Pollock, Mr C T Smith, Mr T Spencer, Mr J W R Thomas, Mrs E B Tucker.

Available papers:

The members had before them:

- A. The Agenda papers (previously circulated);
- B. Supplementary papers in respect of agenda item 5 (previously circulated) and agenda item 8 (circulated at the meeting);
- C. A letter of objection to agenda item 4 from St John's C E Primary School (previously circulated);
- D. The Minutes of the meeting of the Cabinet held on 19 April 2010 (previously circulated).

(Copies of documents A - C will be attached to the signed Minutes).

**1135. Apologies and
Declarations of
Interest
(Agenda item 1)**

None.

**1136. Public
Participation
(Agenda item 2)**

David Morphy, Diocesan Director of Education, spoke to agenda item 4. He welcomed the Council's openness in considering a number of possible sites for the new facility but outlined a number of concerns that the Diocesan Board of Education had in relation to the proposals put forward. These included the use of road transport to convey the users to the learning facility, the potential disruption of a building programme site and the need for the BSF/PFI build to be capable of supporting and enhancing the Christian

distinctiveness of St John's Primary School.

A letter of objection to agenda item 4 from Sue Neville, the Vice-Chairman of Governors of St John's C E Primary School was read out by the Head of Legal and Democratic Services. The Governing Body recognised the need for such a facility within the County but were concerned about the resultant building disruption on pupils at St John's Primary School and the lack of available information on the proposals provided to the Governing Body of the school. It urged the Cabinet to carry out a full appraisal of each of the possible locations on the site as it believed there was little evidence that the 'preferred' option was preferable to several others.

**1137. Confirmation of Minutes
(Agenda item 3)**

RESOLVED: that the Minutes of the meeting held on 19 April 2010 be confirmed as a correct record and signed by the Chairman.

**1138. Proposals to Create New Weekly Boarding Provision for the North of the County
(Agenda item 4)**

As part of the review of Special Educational Needs (SEN) in Wyre Forest the need for some form of local Weekly Boarding Short Break Provision was raised by parents/carers and staff. The two elements had since been split and Short break provision was being dealt with by the "Aiming High for Disabled Children" programme. In November 2009 the Cabinet gave approval to consult on proposals for a 12-place term time only weekly boarding facility for the north of the County. The consultation ran from 16 November 2009 to 8 January 2010 and a consultation document was widely circulated. There was overwhelming support for the proposals as they stood including the location of the new provision on the Habberley Road site as part of the new special school. The following issues were raised as part of the consultation:

(a) Number of Places

Some people questioned whether 12 places were sufficient. Officers had since reviewed demand for places and in the light of additional housing planned for the area and taking account of other needs were now recommending the provision be for 16 beds.

(b) Needs to be Catered For

Questions were raised about the needs of learners other than those with autism and how these would be best met. The learners to be catered for had complex needs. It was these needs that were identified from the research undertaken on the earlier proposals and referred to in the consultation document.

(c) Size of the Site

Whether the Blakebrook Campus was of a sufficient size to cope with the extra development. Current planning indicated that there was sufficient space for such a facility on that Campus.

(d) Funding

That funding for this project was subject to a detailed business case which would invest in a facility in order to offset rising costly out of county placements. It would not require any additional funds from the capital programme but it would have to be formally approved as an update to the programme. The revenue funding for weekly boarding came from the Dedicated Schools Grant (DSG) and was delegated to the school to manage the provision.

The borrowing for the project would be funded from the DSG and would need to be formally included in the capital programme. The Director of Children's Services' recommendation was to complete construction of the new provision as quickly as possible so the facility was ready to use by September 2012.

The anticipated site for the new provision was part of St. John's CE Primary School playing field and this would need to be replaced in the short term with alternative provision on the campus site. For the period September 2012 to July 2014 the new special school would need to manage three sites i.e. the two existing school sites (Blakebrook and Stourminster) and the new weekly boarding provision. With careful planning this should prove to be manageable. In addition, as this site would for a long period of time be a construction site, the management of this would be more secure by putting this provision on early. Whilst it was acknowledged that there would be some short term disruption for St John's Primary, it was recommended that the most settled environment for a vulnerable group of children was provided as quickly as possible.

Other options were considered. These included the completion of construction in 2014 in tandem with the build programme for the new campus and to complete construction following completion of the new campus. However, it was felt that these would create difficulties and uncertainties and may delay the provision of the new facility.

The report had been withdrawn from the Cabinet agenda in March in order that officers could respond to concerns



raised by the Chair of Governors of St John's Primary School on behalf of the Governing Body. Officers had since met with the full Governing Body. The Governors had concluded that they were very supportive of the proposed residential development but that work should not commence until St John's Primary had vacated the site because of the potential disruption it would cause to children's learning.

It was understandable that a school in Special Measures would be concerned about the potential disruption of a building programme on the site. The Council generally supported this view however, this project was for a building some 50 metres from the main school, albeit less than that distance from the temporary classrooms, and was not due to start until 2011 by when the Council would expect the school to have come out of Special Measures. The Council was used to managing projects on school sites and minimising the level of disruption. The Diocesan Board of Education had confirmed its support for the proposals as they stood. St. John's Governing Body had been made aware of this. Further discussions with the Governors were scheduled and the new Headteacher of the Special School was aware of the proposals as they currently stood.

The approval for the new special school was given by the Office of the Schools Adjudicator. However, the development proposed in this report was viewed as a prescribed alteration to that approval and not a modification to that approval. As such it would be for the Cabinet to make the decision and would not automatically be referred to the Schools Adjudicator. A draft timetable for the development of the proposals was set out in the report.

In the ensuing discussion, the following main points were made:

- (a) the decision to defer consideration of this matter for 2-3 months had proved useful in allowing further discussion with the Diocese and St John's Primary School Governing Body to take place. The timetable provided the opportunity for further discussions;
- (b) there may be implications for the project if the Building Schools for the Future (BSF) proposals did not go forward as St John's Primary School would, as a result, not move from its current location. However, it was anticipated that the position in relation to the BSF programme would become clear by 2011 before the construction phase was scheduled to commence;

- (c) the Governing Body's concerns about the disruption caused to pupils by the building works were acknowledged and all mitigating measures available would be taken to reduce any disturbance;
- (d) the project would impact on play space at St John's Primary School. As a result, there were proposals to offer alternative facilities at the nearby Baxter College and to make the current playing fields more secure with perimeter fencing;
- (e) it was emphasised that a number of options for the location of the school had been explored however the site proposed was considered the most appropriate;
- (f) the unit would provide a fantastic facility for the pupils and the proposals had a sound financial basis given that the cost of provision per pupil would be around £100,000 less than the current out-of-County arrangements;
- (g) responses to the Public Notice would be returned to the Cabinet meeting in September 2010 for a final decision. The Head of Raising Achievement & Access to Learning clarified that the Capital Programme would need updating should the scheme be approved in due course, but the proposal was only at consultation stage at present.

RESOLVED: that

- (a) the responses to the consultation on Weekly Boarding Provision be noted;**
- (b) the publishing of a Public Notice and Full Proposal for new term-time Weekly Boarding provision for the north of the County be approved to include:**
 - a 16-bed facility
 - to be opened in September 2012
 - to be located on the Blakebrook Campus, and
 - to be managed by the new Special School;
- (c) a further report to consider responses to the Public Notice be received; and**
- (d) Council would be requested to update the Council's Capital Programme to include this scheme should it be approved in due course.**



1139. Building Schools for the Future (Agenda item 5)

On 8 February 2010 the Cabinet endorsed the submission of the Council's Building Schools for the Future (BSF) Outline Business Case (OBC). A detailed review of the OBC was then carried out by Partnerships for Schools. The Council received unconditional approval of its OBC on 1 April 2010. The Contract Notice was published in the Official Journal of the European Union inviting suitably qualified and experienced consortia to express an interest in the project and to submit a Pre-Qualification Questionnaire (PQQ) by 4 May 2010.

The submitted PQQs had been evaluated by a broad range of stakeholders i.e. schools, Council officers, and external specialist consultants (Legal, Financial, Technical, ICT and Education) and the results were reported to the Project Board on 26 May 2010. Cabinet members had since been provided with a supplementary paper to the report which set out details of the Board's recommendations in terms of the consortia who should be invited to participate in the initial dialogue of the BSF programme.

Subject to the Cabinet's approval, the initial dialogue phase of the project would commence on 4 June 2010. The requirement to commence on this date was driven by the need to hold a series of meetings with bidders and representatives from the sample schools (Bewdley and Stourport) before the end of the summer term (23 July 2010), as such any delay would have a detrimental impact upon the overall delivery programme. The timetable therefore required urgent implementation of any Cabinet decision if the Council's interests were not to be seriously prejudiced. [The Chairman of the Overview and Scrutiny Performance Board has indicated his agreement to the decision being implemented urgently to allow the dialogue phase to commence on 4 June as planned.]

The initial dialogue phase would close in early September whereupon evaluation of the bids would take place to reduce the number of bidders before a second phase of dialogue took place between October 2010 and January 2011. It was currently anticipated that the preferred bidder would be appointed in May 2011 and financial close of the contract achieved at the end of October 2011.

In the ensuing discussion, the following main points were made:

- (a) it was acknowledged that there was a period of uncertainty over the continuation of the BSF project following the election of the new Coalition Government. However, the proposal was to continue

to move ahead with the project but to carefully monitor developments in terms of the Government's spending plans over the coming months;

- (b) officers intended to make it clear in the project documentation that it would expect the bidders to engage local suppliers where possible. This had already been raised with the bidders at the pre-bidder stage and plans were being explored to arrange a session for local suppliers to meet the bidders in order to market their services;
- (c) Cabinet Members on the Board expressed their satisfaction with the quality of the bidders.

RESOLVED that:

(a) following the review by the nominated Cabinet Members with Responsibility at the Project Board meeting on 26 May 2010, the Board's proposal to invite the following consortia to participate in the initial dialogue phase of the Building Schools for the Future Programme be endorsed:

- (i) Balfour Beatty**
- (ii) Catalyst Land Lease**
- (iii) Inspired Spaces (Carillion); and**

(b) further update reports be received at future Cabinet meetings.

1140.DCSF National Consultation on the Future Distribution of School Funding (Agenda item 6)

The Cabinet on 19 April 2010 was advised on the current position of the DCSF national review and future of school funding 2010-13 and requested a further separate report on the consultation process.

The DCSF had invited responses on the proposals by 7 June 2010 on 19 questions raised by them resulting from the consultation document. There was also an opportunity to raise other issues in respect of the proposals. Since the issue of the DCSF documents there had been a number of discussions on the detail and the consultation document and a summary had also been widely circulated. The Worcestershire Schools Forum had met to consider the issues and a draft response and a members' briefing had also been held.

As the consultation document did not include exemplifications of the effect of the proposed changes it had meant that some aspects had not been able to have as informed a response to the consultation as would otherwise be the case. However, the DCSF had indicated



there would be a further consultation on firmer proposals later in the year.

The report set out the key issues on the specific consultation questions included within the response. An opportunity had also been taken to raise a number of related issues within the consultation too. Specific issues had been raised in the response on the current and future funding pressures for schools and issues required to be addressed by the review. In summary, the key issue that the Council wanted to see from the review was to secure a Fairer Funding settlement from the new Dedicated Schools Grant to that received currently on the basis of a core activity needs led entitlement for all pupils.

In the ensuing discussion, the following main points were made:

- (a) it was acknowledged that there may be further announcements from the Department for Education as a result of the recent change in Government but as things currently stood the response broadly reflected Worcestershire's views on the school funding proposals;
- (b) it was clarified that the introduction of a Local Pupil Premium for deprivation as described in the consultation paper was not supported as the proposals were to spread such funds more evenly across all schools. Officers believed it was more effective for funding to be targeted to the most deprived schools;
- (c) the Council's low funded position for schools had been a source of contention for some time. It was essential that the Council secured a fairer funding settlement for the young people living in the County;
- (d) it was believed that in terms of school funding urban areas had benefited to the detriment of the Shire Counties. For example, around £780 more was allocated per pupil in Birmingham than in Worcestershire.

RESOLVED: that the formal response to the Department for Children, Schools and Families (DCSF) national consultation on the future of school funding as detailed in Appendix 3 of the report be approved and submitted to the Department for Education by the due date.

**1141.Draft Annual
Report 2010
(Agenda item 7)**

Each year the Council was required to produce a statutory Best Value Performance Plan (BVPP) for publication by 30 June. The requirement to produce a BVPP in the format prescribed by the Local Government Act allowed for flexibility for Councils achieving a 4 star/excellent rating under Comprehensive Performance Assessment (CPA). Worcestershire, having achieved 'excellent' status, took advantage of this flexibility and since 2006 had produced an Annual Report. Its suitability, given the first CAA Organisational Assessment and Area Assessment in November 2009, would be reassessed for 2010/11. In keeping with previous years, the Annual Report also contained other Council information such as the Financial Summary in order to show the link between finance, resources and recent performance.

The Annual Report 2010 was still in the process of being written and produced. The Overview and Scrutiny Performance Board (OSPB) had had the opportunity to comment on the content and layout of the draft Annual Report on 19 May. The Plan would be considered by Council on 24 June 2010.

In the ensuing discussion, the following main points were made:

- (a) the Director of Planning, Economy and Performance advised that whilst the CAA had now been abolished, the Council should continue to work on the basis that there was a requirement for an Annual Report until otherwise advised;
- (b) the OSPB had made a number of comments on the Plan. These included the need to ensure that the whole organisation embraced the priorities in the Corporate Plan (this could be done via the SRD process), the section on partnership working (Local Area Agreement) should be strengthened, complacency should be avoided when tackling crime and disorder and the County's low educational attainment compared with neighbouring authorities should be highlighted. The Cabinet Member with Responsibility for Planning, Economy and Performance indicated that he was content to take the OSPB's comments on board;
- (c) the Annual Plan showed that performance continued to be good and the improvements made were welcomed by members;
- (d) references to the DCSF needed updating to the new Department for Education;

- (e) all councillors would receive the most up-to-date copy of the Plan with their Council agendas for the meeting on 24 June 2010.

RESOLVED:

- (a) **TO RECOMMEND: Council to consider and approve the draft Annual Report; and**
- (b) **that the Directors of Planning, Economy and Performance and Financial Services be authorised, in co-operation with their relevant Cabinet Members with Responsibility, to make minor factual textual amendments and update the out-turn figures for 2009/10 and financial matters before the publication date of 30 June 2010.**

**1142. Money Matters
(Agenda item 8)**

Worcestershire County Council Pension Fund (WCCPF) Local Government Pension Scheme (LGPS) Abatement Policy

The LGPS Regulations require each Pension Fund to formulate and keep under review their policy on the abatement of pensions. The current policy was approved in April 1998. This policy was continued after this became a discretionary element within the LGPS Regulations 1997. Abatement of pension payments arose when a retired member was re-employed in the Local Government Sector. The current policy stated that where a retired member of the WCCPF was re-employed in the Local Government sector, and the member's pension plus their salary in their re-employed post exceeded the rate of salary prior to retirement, then pension would be abated. If further employment was undertaken outside the Local Government sector the member's pension was not abated.

Following the introduction of the New Look LGPS April 2008, the 1997 set of regulations were split into three new sets of regulations; benefits, administration and transitional. The revised administration regulations required that any discretionary policies were reviewed and formally adopted. The WCCPF policy on abatement fell within this category. The existing policy had operated for many years with no objections from employers in the fund. The current spotlight on pensions and public sector pay would suggest that it would be inappropriate to change the policy. The overall cost of administering the policy was not excessive and enabled retention of cash in the fund for future investment.

Personal Care at Home

Members had previously been made aware of the Personal Care at Home Bill proposals, where Councils with adult social care responsibilities would provide free personal care for those people with the highest need. After acknowledging the significant budget risk posed by the Bill the Cabinet resolved in February 2010 to set aside a contingency of £1.525m to meet the estimated net costs for the half year after implementation in 2010/11.

The Bill had received Royal Assent on 8 April 2010 and was now an Act of Parliament. A Commencement Order was now needed to allow the provisions of the Act to be brought into force. This allowed for further consideration after the general election. If the proposals commenced in April 2011 it was likely that the only costs incurred this year would be set up costs.

Provisional Financial Results for the Year Ending 31 March 2010

The Statutory financial statements would be submitted to the Audit and Governance Committee for approval on 30 June 2010. The main features of last year's financial performance were:

- Revenue spending by Directorates was within the overall revised operating cash limit of £298.975m
- At 31 March 2010 the County Fund general balance had been maintained at £12.732m. It was planned to strengthen general balances by £3.085m in 2010/11
- School balances had increased by £0.8m to £14.5m or 5.4% of the School Formula Budget for 2010/11
- Other revenue reserves earmarked for specific purposes had been reviewed. It was judged prudent to retain around £48.3m
- Capital expenditure last year amounted to £83.0m
- The operating surplus on the Worcestershire Pension Fund was £35.6m, a reduction of £8.9m on the previous year. The Fund's net assets increased by £444.8m to over £1.3 billion. The County Council's liabilities however exceeded its share of the assets by £324.3m.

Borrowing and Lending Transactions 2009/10

The bank rate remained at 0.50% for the whole of the 2009/10 financial year. After consideration of the



possible risks associated with its counterparties the Council had continued to invest solely with the UK Debt Management Office. For 2009/10 total debt outstanding reduced from £266.7m to £233.2m (this consisted of longer and shorter debt). This decrease was made up of new loans amounting to £10m and repayment of existing loans worth £43.5m.

Loans totalling £10m were taken from the Public Works Loans Board to fund capital projects and replace repaid debt. Loans repaid during the year were made up of a £2.5m loan which matured and seven loans amounting to £41m, which were repaid prematurely. The timing of the repayments resulted in a one-off discount of £79,000 to the Council and an annual interest saving of £1.4m. The loss of interest on the cash used to repay these loans based on current rates available from the DMO was estimated to be £102,500.

The temporary lending transactions for 2009/10 of the Council's cash balances were summarised as follows:

	£m	£m
Balance at 01/04/2009		73
Investments made during the year (353)	2,350	
Less		
Investments recalled during the year	2,371	
Balance at 31/03/2010		52

The average rate earned on investments during 2009/10 was 0.38%. The net interest earned on investments totalled £0.459m.

Area Based Grant (ABG) 2010-11

On 9 April the Department for Communities and Local Government notified the Council of additional ABG of £451,000 for the financial year 2010/11 for the January Guarantee (+£50,000) supporting young people not in education, employment or training and for LSC staff transfer (+£401,000). It was proposed that the cash limits for Children's Services and Financial Services were amended to reflect this additional funding. The Council would be asked to approve these changes.

In the ensuing discussion, the following main points were made:

- (a) the Director of Financial Services highlighted some of the main variations to the financial results for the year

ending 31 March 2010. Officers were to be congratulated on their sound financial management, despite the challenging financial conditions, which had avoided the need to draw on reserves and had actually allowed them to be modestly strengthened;

- (b) it was understood that there was to be a Commission into the Personal Care at Home Bill proposals in the future which would report back its findings to the new Coalition Government;
- (c) the end of year results for the Pension Fund were not really surprising and should not be a cause for too much concern as the Fund still had a surplus and it was estimated that it would be 15 years or so before it became cash negative. It was likely that the LGPS would be subject to further reform in the future which may include proposals to increase contributions to the Fund from both employers and employees;
- (d) the Director of Financial Services confirmed that staff pension contributions were currently between 5.5 - 7.5% and employers' contributions 20%. There was a statutory requirement to review the Pension Fund every 3 years, however the Council kept the Fund under review on a daily basis and consulted with the Actuary several times a year;
- (e) the Cabinet had recently agreed proposals to make savings on home to school transport costs yet the end of the year financial results for 2009/10 showed that there was already a significant underspend in that area. It was explained that the proportion of costs funded by service users had reached a relatively low point and it was felt appropriate to return to a recovery rate. Additionally, such areas could not be looked at in isolation and savings made in this service area would enable other budget areas to be safeguarded. Transport costs were also not likely to diminish and costs would continue to rise as a result of increasing petrol prices;
- (f) each year schools were required to prepare a plan outlining how they would deal with their school balances. Each plan was reviewed from time to time. At the end of the year if there was a variance between the predicted plan and the actual outcome this would be investigated. Mechanisms were in place to allow 'claw back' if necessary. It was acknowledged that it was prudent for schools to keep a reserve to meet unexpected demands but taxpayers also needed to be assured that their money was being used to educate the children



currently within the system. A list of school balances had recently been circulated to members;

- (g) it was hoped that the success in reducing waste tonnage would continue and efforts to encourage greater recycling and composting would be renewed. Waste would be dealt with in-County wherever possible as disposal of waste out-of-County was very expensive however it was not always possible to do this;
- (h) the Director of Financial Services tabled a supplementary paper which provided what detail was known of the Government's proposed £6.165 billion savings in 2010-11. This was to be achieved by the reduction of specific grants to local authorities (core Council funding was not likely to be affected). Details of those grants to be cut were awaited. The allocation of specific grants to the Council was originally notified to be £202.659m. Planning was underway to respond to the reduced specific grant allocation. Once further details were released, the Director of Financial Services would provide members with an analysis of the implications for the Council;
- (i) further information about the cuts was set out in a Member Infonet briefing note which had been issued on 26 May 2010;
- (j) the Council had not fared well in attracting funding through specific grants in the past and therefore it was hoped that the Council would not be too severely punished by any proposals particularly as it was one of the poorest funded Councils in the country.

RESOLVED:

- (a) TO RECOMMEND: Council to approve the continuation of the current pensions abatement policy applying to former staff drawing their pension benefits and taking up employment again within local government;**
- (b) that the progress of the Personal Care at Home Bill be noted;**
- (c) that the Director of Financial Services' conclusions concerning financial performance for the financial year ending 31 March 2010 be endorsed;**

1143. Major Transport Schemes - Abbey Bridge and Viaduct (Agenda item 9)

(d) that the Director of Financial Services' conclusions concerning cost effective money market activities for 2009/10 be endorsed; and

(e) TO RECOMMEND: Council to approve the adjustments to Directorate cash limits to reflect additional Area Based Grant approved for 2010/11.

The Abbey Bridge and Viaduct in Evesham is an important highway link for both local and strategic trips but had been assessed as a potential structural failure in the coming years. This meant that the route would over time need to be downgraded and increasing weight limits (the bridge was already currently subject to a vehicle weight restriction) imposed upon the structure, leading in time to it being unusable by vehicular traffic. Closure of the link would impose additional time and cost for both highway and public transport users due to the need to divert onto a limited number of alternative highway routes.

A number of options had been examined and the only viable solution was a full replacement of the Bridge and Viaduct. Significant additional design work would be required following submission of the outline business case. This would include the development of a management plan to ensure the effective delivery of the scheme and traffic management during the construction phase.

The Abbey Bridge Scheme was a 'major scheme' as it needed to be externally funded by the Department for Transport (DfT) over and above those schemes funded by Local Transport Plan 2 (LTP2) and had capital costs in excess of £5m. Funding applications for 'major schemes' were subject to an onerous method of appraisal and prioritisation by both the West Midlands Region and the DfT to secure approval. For the Abbey Bridge Project this had resulted in a contribution of £9.5m. As a short term project in delivery terms it was essential that an early resolution of the business case issue for the project was secured, particularly in the present funding climate. It was therefore necessary to submit the outline business case at the earliest possible opportunity.

The current bridge scheme cost estimate for the preferred option was £13.5m, including a quantified risk contingency. The costs of the entire package of proposals were significant but the project was essential to the continued viability of the town. A contribution of £9.5m from the DfT and a highways contribution of £1m from the LTP would mean an estimated additional



contribution of £3m would be required from either the DfT or local sources. The costs would continue to be refined following submission of the outline business case and the Directorate would continue to develop proposals to meet the shortfall. Pre-consultation on the project had been undertaken with key stakeholders.

In the ensuing discussion, the following main points were made:

- (a) the bridge and viaduct were separate structures but they were linked and there were problems with both structures;
- (b) the bid was well supported and it was essential that the Council and all interested parties continued to give it their full backing;
- (c) given the route's importance, closure of the link would have an extremely detrimental impact and place a significant economic burden on the town and surrounding area;
- (d) one of the local members for the area, Mr Banks was unable to attend the Cabinet's meeting but it was confirmed that both he and Mr J Smith were fully supportive of the recommendation.

RESOLVED that:

- (a) the Director of Environmental Services be authorised to:**
 - (i) finalise and submit the outline business case for Evesham Abbey Bridge and Viaduct replacement;**
 - (ii) enter into a dialogue with the Department for Transport to continue to develop the scheme; and**
- (b) the future contribution required from the Council to deliver the scheme and the proposal to continue to work up financial solutions to meet the shortfall be noted.**

**1144. Highways
Maintenance
Contracts -
Extension
(Agenda item 10)**

The Term Highways Maintenance Contract delivered reactive, cyclic and planned maintenance works to the highway network throughout the county. This was a Target Cost form of contract in which tendered rates for pre-defined activities were used to set targets against which actual costs accumulated. Any saving in cost below

the target was shared between the contractor and employer, providing a strong incentive for all parties to work together and reduce costs. In the event that costs were greater than the target they were also shared, but again there was a strong incentive for all parties to avoid this happening.

The current Term Highways Maintenance Contract commenced in October 2005. Initially awarded for a period of 4½ years to 31 March 2010, it was extendable by up to 4 years by agreement between the Council and the provider. From the Council's point of view this clearly depended upon the performance of the provider. Such an extension may be incremental or for the full 4-year period. In November 2008, the Cabinet had authorised an extension of the Contract in yearly increments for up to 2 years from 1 April 2010 subject to satisfactory performance. It was now timely to consider further extension of the contractual arrangements in order to achieve further efficiencies.

The current provider was Ringway Services. Ringway had engaged with the County Council in seeking to reduce costs and to date significant improvements had been secured e.g. productivity improvements, reductions in administration, improved staff utilisation and financial savings. Collaborative working had delivered significant quality improvements including greater consistency and more right first time repairs. Public satisfaction surveys undertaken during the course of works were showing positive scores and comments. The contract had also successfully delivered the £15m urban road improvement project on time and to budget and had also performed well over two consecutive severe winters.

Ringway had already secured a one year extension to the contract following good performance. However, whilst the incremental approach to contract extensions ensured that the provider met the performance targets, it did not allow the County Council to benefit in financial terms from a greater security of tenure through a reduction in costs. It also created uncertainty for the contractor's staff, many of whom were key to the continuing improvement to this service. Extensive negotiations had taken place with Ringway regarding the efficiency benefits that could be realised from extending the contract to its full term whilst maintaining the high quality standards required.

Any agreement would also ensure that performance continued to be effectively managed using techniques ranging from direct measures on performance to quality checks and audits. It was anticipated that the negotiations would deliver a saving in the order of the



annual spend on the highway maintenance contract.

In the ensuing discussion, the following main points were made:

- (a) there was general agreement that service improvements in this area had been made and that the performance of Ringway was good. The financial benefits to the Council of extending the contract up to 31 March 2014 were also recognised and the Council's Procurement Officer supported the proposal;
- (b) officers had found Ringway a positive and constructive organisation to work with and communication between it and the County Council was good;
- (c) the Head of Integrated Transport accepted that from time to time problems with performance did occur. He confirmed that he would be willing to look into any problems which members brought to his attention.

RESOLVED: that the Director of Environmental Services be authorised to:

- (a) negotiate and conclude an agreement with Ringway Services to deliver better outcomes and leaner delivery of the Highway Maintenance Service with a view to achieving the benefits set out in paragraph 8 of the report; and**
- (b) extend the length of the contractual arrangements with Ringway Services relating to highway maintenance i.e. the Term Highways Maintenance Contract up to its full extendable term of 31 March 2014 and the related vehicle maintenance contract up to the maximum permissible period within that extended term.**

The meeting ended at 12 noon.

Chairman

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