



Highways Maintenance Efficiency Programme

HMEP – An Update

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- A brief history & some success
- Context for future efficiencies in delivery
- New arrangements – who does what
- What's happening / coming next
- Collaborative Contracting Strategy

HMEP history

- Set up in 2011 years ago by DfT to support the sector in transforming highway services – necessary in response to spending review pressures (CSR 2010)
- By the sector, for the sector to encourage best practice, savings and efficiencies
- Deliver 15% savings by 2015 and 30% or more by 2020, transforming delivery so that roads and services are improved
- DfT initial funding (£6m) to cover period up to 2013/14 – extended incrementally for 3 years. Direct funding ended March 2017
- Closely linked to DfT Capital Funding Self-Assessment process

HMEP Successes

- Sector participation high, with 98% of local authorities in England participating (figures from 2016 ALARM survey). Slightly less in London
- Good level of product take-up, e.g. Potholes Review, LEAN, asset management e-learning and procurement / standard contract documentation. Less good in collaboration areas.
- Significant direct benefits delivered through adoption of HMEP practices, e.g. procurement savings, more efficient processes and some collaborative / shared service benefits
- Central to DfT funding self-assessment process – currently well embraced

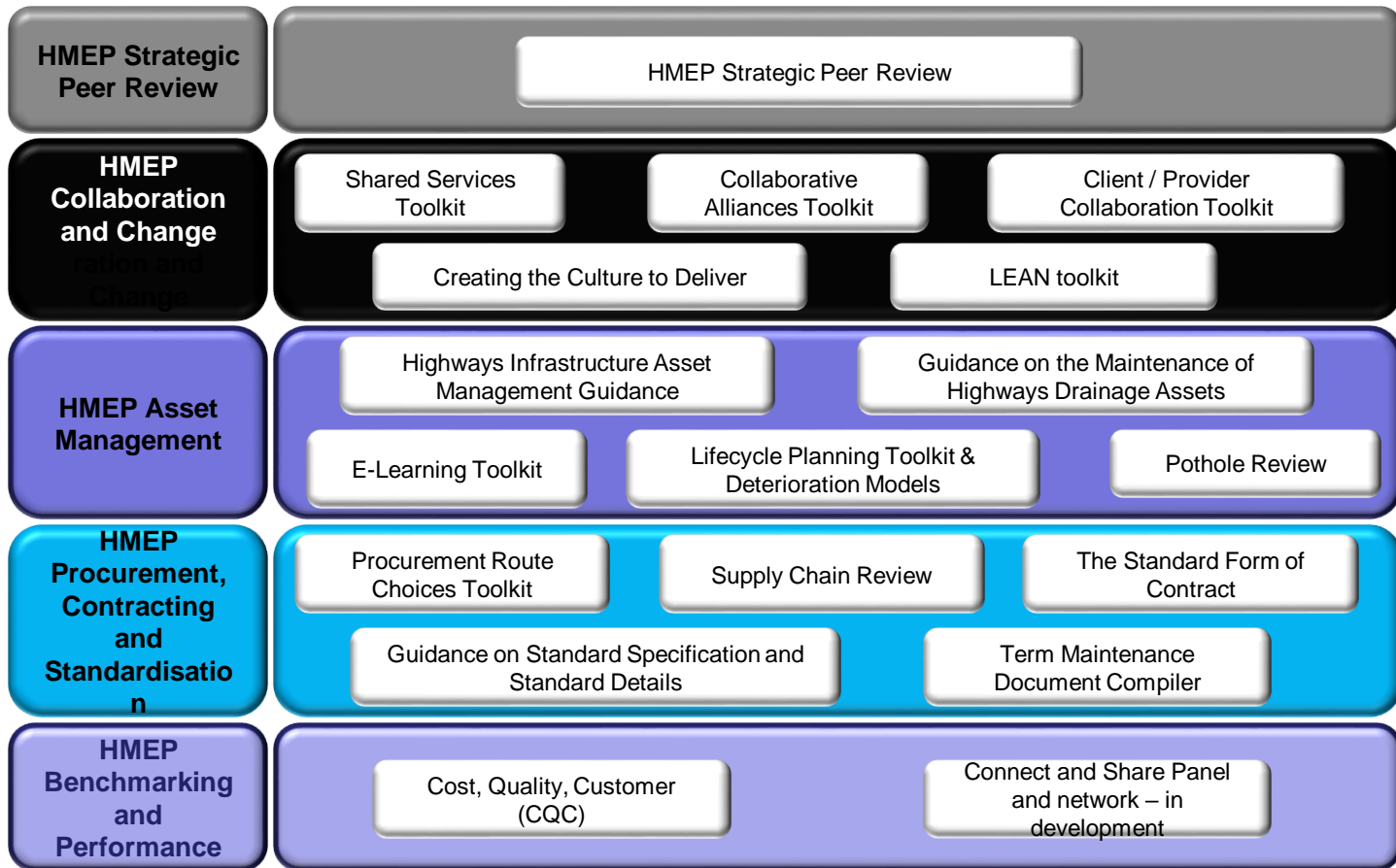
What does the future hold?



Context for future & continued efficiency

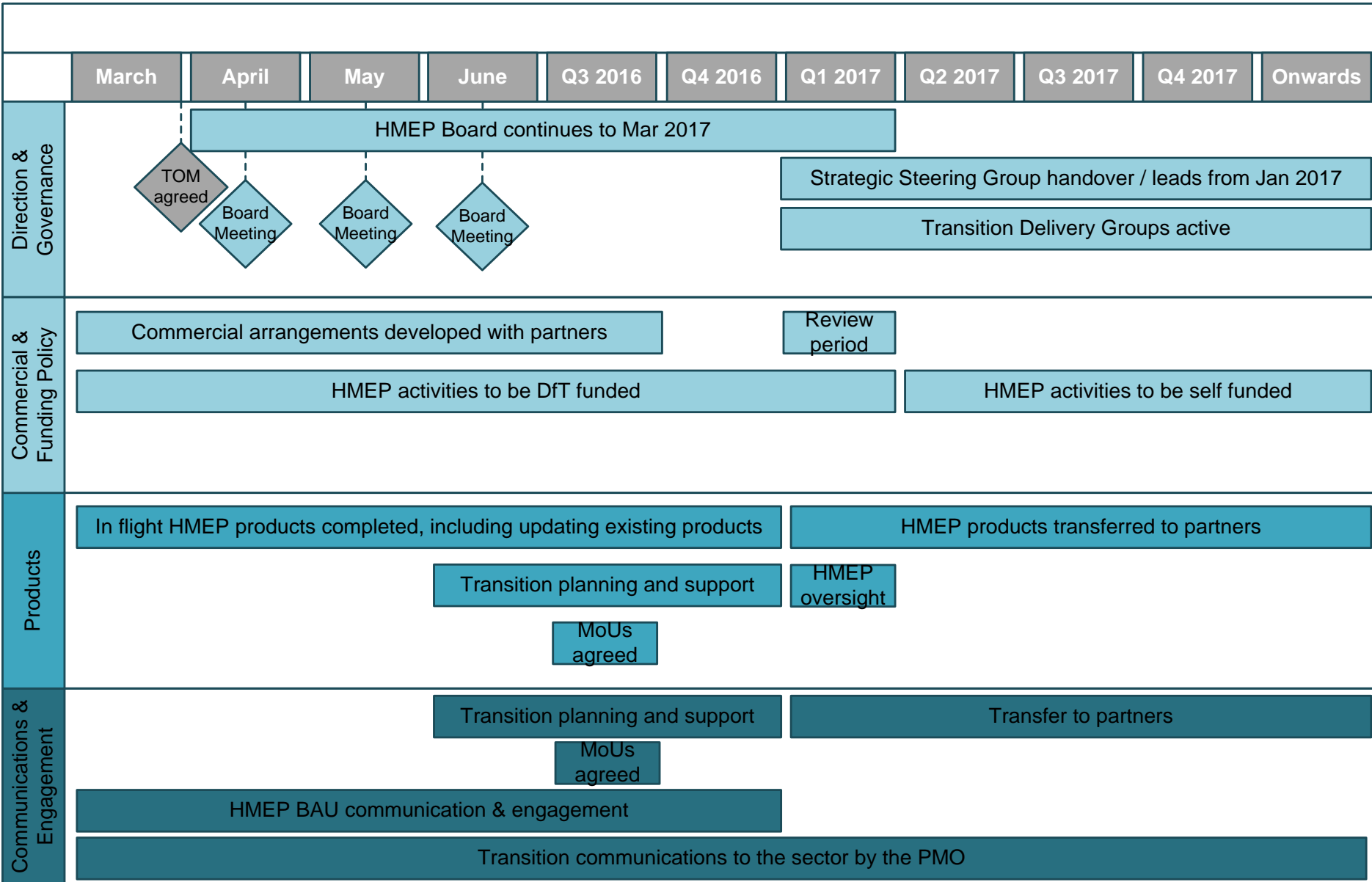
- Network Condition – steady / deteriorating?
- Funding – Capital / Revenue
- Governance – Combined Authorities & Alliances
- Technological change
- Public & political expectation

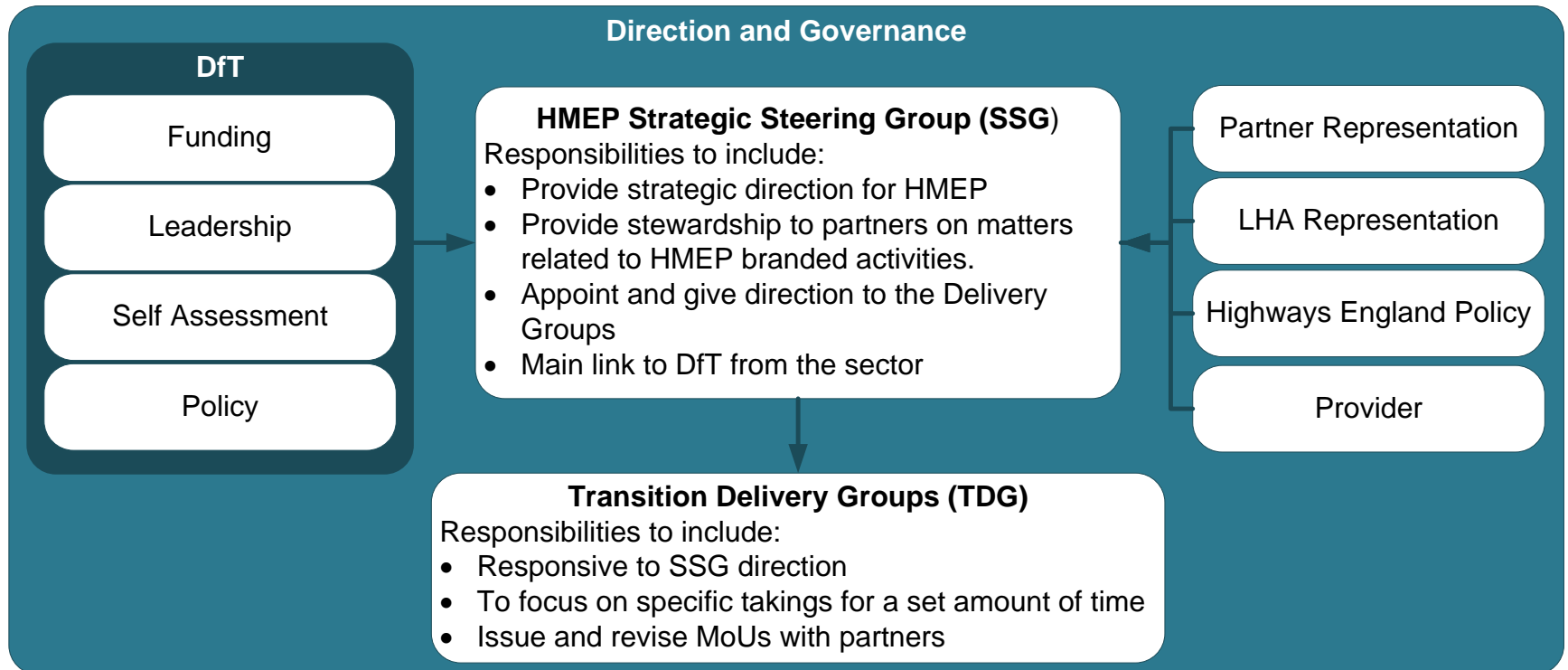
The HMEP suite of products:



Who will do what?

- Strategic Peer Review (Local Government Association - LGA)
- Contracting and Standardisation (LP)
- Benchmarking & Performance (National Highways & Transportation Network – NHT)
- Communications – website etc. (Chartered Institution of Highways & Transport - CIHT)
- Collaboration & Change – toolkits still available / relevant
- Procurement & Asset Management - ditto





Current Activity – Peer Review (LGA)

- Analysis of completed reviews in progress, to identify benefits and lessons learned
- Results to be shared with SSG in September, and subsequently with the wider sector

Current Activity - contracting & standardisation (LP)

- Revised Service Information and associated changes to the Conditions of Contract were posted on the HMEP Web-site earlier this year.
- Specification updates are being managed by AECOM and expected to be signed off at the end of June.
- Once released we will have a harmonised Method of Measure ,Price List and Specification.
- Document Compiler managed by North Lincolnshire is awaiting the specification update for completion

Current Activity – benchmarking & performance (NHT)

- Connect & Share ‘proposition’ developed
- Existing regional networks contacted and invited to engage / join
- NHT to provide support arrangements, including C&S website, for all participating regional groups
- Intention is to gather and share ‘good practise’ case studies, i.e. those demonstrated to improve service outcomes and / or deliver service efficiencies
- Connect & Share survey to be developed and managed by NHT, operated through regional groups.


Current Activity - Communications (CIHT)

- Partners' requirements established
- Communications Plan developed – SSG to approve
- Website responsibilities to be taken up by CIHT

Part 1 - Scoping Exercise

Scoping exercise for 'Collaborative Contracting Strategy Toolkit'

Scoping exercise for 'Collaborative Contracting Strategy Toolkit'



Version – Final Draft
September 2015

Part 2 - Outline Strategy

Outline Collaborative Contracting Strategy Toolkit

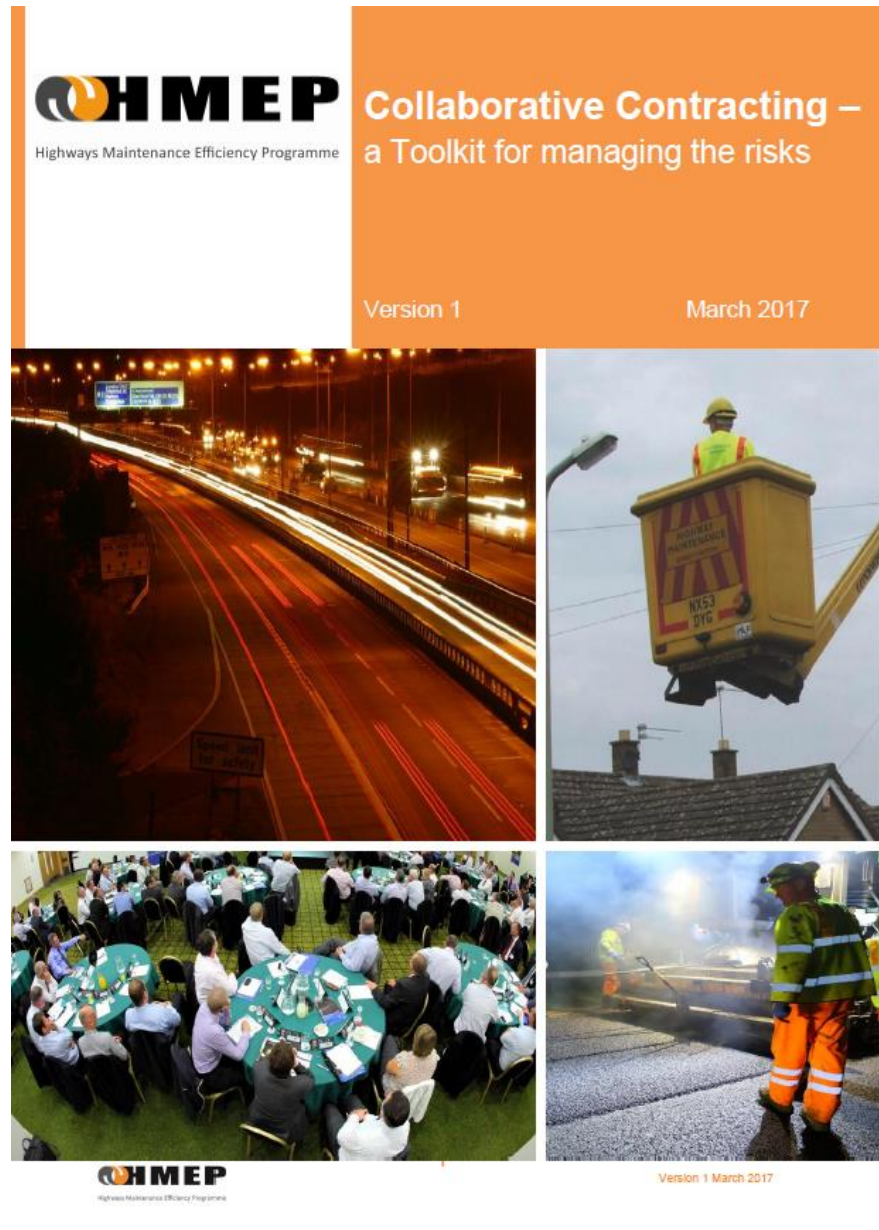
Outline Collaborative Contracting Strategy for Highway Maintenance Services



Version 1
June 2016

Collaborative Contracting Strategy – a Toolkit for managing the risks

- Cross-sector steering group
- Practise gathered through extensive interview and review process
- Based on risks to good contract performance – identification and mitigation
- Practical document – proposes step-by-step ways to address key risks, particularly those that have been regularly encountered in recent contracts
- Looks at whole process from PQQ through to contract issue resolution



Collaborative Contracting Strategy (Part 3)

‘It will be necessary to create a better equivalence between client and provider, and avoid inappropriate and potentially costly risk transference’.

‘The key to this is good contracts and procurements, allied to appropriate, collaborative behaviours on behalf of all participants’.

Areas to consider;

- Procurement
- Operational
- Commercial

Procurement	Effectiveness of procurement processes
	Structure of quality submissions
	Contract term
	Clarity on risk allocation and pricing structure
	Tender assessment models
	Alternative solutions at tender stage
	Use of efficiency discounts
	Mobilisation
	Behaviours

Operational

Operational	Bid team – continuity
	Silo working
	Facilitating collaboration

Commercial

Commercial	Incentive and reward mechanisms
	Maximising the benefits from target cost
	Issue resolution

P7.1. Ineffective discount mechanisms built into contracts

Detail	Impact	Mitigation
The tender mechanism for efficiency savings does not promote the action necessary by the successful tenderer to generate true cashable savings over the life of the contract.	Tenderers build in the efficiency discounts by inflating prices in tender submissions. Real tangible efficiencies are not generated for the client.	An effective process for generating efficiencies should be assessed at tender stage and its use post tender made a contractual obligation.

Ensure efficiencies addressed in tender



Set criteria for efficiency process in tender documents



Assess process as part of quality submission



Realise benefits



Measure and improve

In Conclusion

- HMEP established 6 years ago to support highway maintenance sector in a necessary drive towards greater efficiency (initially a 2 year funded initiative by DfT)
- Sector has responded and take up of HMEP principles and products is widespread
- Programme (and funding) was extended to support response to new funding arrangements (post 2014/15)
- Further efficiencies will be necessary in order to meet continuing financial pressures
- The sector is now taking ownership and control of the programme
- Even more important that you get engaged & contribute



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THANK YOU