Appendix 1

Procurement Strategy for Highways and Transport Services

1. Introduction

1.1 The purpose of this procurement strategy is to clarify the scope of services and the optimum delivery arrangements for the delivery of the highways and transport services by Cambridgeshire County Council (the Council).

1.2 This will inform and enable the development of a detailed procurement plan and will be used for the initial stages of the pre-procurement process through a market engagement process.

1.3 This strategy includes an overview of the strategic options appraisal that has been undertaken so far to inform the development of a procurement plan and outlines the governance arrangements that are in place to manage this activity going forward.

2 Strategic Context

2.1 *Contribution to the Strategic Framework and Vision of the Council:* The delivery of a revised procurement strategy will support the delivery of the Council's vision of a greener, fairer and more caring Cambridgeshire through achieving best value in the management of the highway network for the benefit of all communities that use Cambridgeshire's highway infrastructure. Furthermore, the delivery of the procurement strategy will contribute to the delivery of wider objectives relating to Net Zero, Climate Change Mitigation, Health and Well Being, and Sustainable Economic Growth by building these considerations into the future specification, evaluation and management of contractors.

2.2 The procurement strategy will drive future delivery arrangements and contracts so that they are designed to meet future needs by:

- Enabling effective communication and engagement with communities, residents and stakeholders.
- Enhancing the natural environment where possible when delivering services and schemes giving attention to carbon reduction and biodiversity enhancement as an integral part of the contracts.

- Stimulating good programme and project management to ensure service delivery is planned at the right time, in the right place for the right price and quality and driving best value for money.
- Ensuring travel across Cambridgeshire is safer and environmentally more sustainable.
- Managing the safety of everyone using and working on the highway
- Deploying new technologies and a digital by design approach to promote an effective and efficient service driving economic benefits to our communities.
- Adopting social value best practice across our contracts and ensuring our communities benefit from social value so places and communities prosper through a resilient and inclusive economy.

2.3 Business Plan : Ensuring that the appropriate procurement and commissioning of services is appropriate will support the delivery of the business plan to ensure value for money and quality management is achieved through the investments made in the Business Plan.

2.4 Council's Change Strategy : the future delivery arrangements for Highways and Transport Services will be developed to support the Future Change Strategy in the following ways

2.4.1 Target operating Model- The future delivery arrangements will support the design and delivery of place-based services and create increased accountability to local communities and residents

2.4.2 Assets-the future procurement strategy will be linked the delivery of a revised Asset Management Strategy for the delivery of highways and transport services which is primarily based on ensuring an evidenced based approach is used for the investment in and management of the Highway

2.4.3 Customer Experience- the future strategy will be aimed at improving the Customer experience, responsiveness and delivery of services

2.4.4 Commercial and Commissioning- as a major procurement activity the delivery of the procurement strategy will be designed and delivered in a way to ensure the Council's key priorities for commissioning and procurement are delivered.

2.4.5 Digital- The procurement will be designed to ensure the arrangements enable the Council to adopt innovation, data and digital technology in the delivery of services.

2.5 *Highways Change Programme :* This procurement strategy also forms part of the Highways Change programme which is aimed at improving the effectiveness and customer experience of the Council's Highways and Transport services

2.6 This programme covers the following

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2.6.1 Asset Strategy: A new asset management system was procured in 2024; this will be fully implemented by spring 2025 and will modernise and increase efficiency and effectiveness of asset management activities. In addition, a revised asset management strategy and policy will be produced during 2025 which will inform the specification and delivery of future contracts.

2.6.2 Procurement Strategy: This strategy outlines the approach that will be taken in the delivery of this workstream.

2.6.3 Customer Experience - Work will continue in 2025 to improve all aspects of the customer journey to ensure proactive, clear, accessible and readily available information is provided to customers and to ensure the customer is the fundamental consideration at the heart of all service activities.

2.6.4 Place Based Approach: We are working to ensuring our services are more targeted to the communities they serve and tackling the risk of silo working by better integrating services.

2.7 Customer and Resident Feedback

2.7.1 The Council's second annual Quality of Life Survey involved more than 5,500 residents and aims to help the Council identify what is important to local residents and to inform Council decisions. Whilst levels of satisfaction with services are similar to 2023, road and pavement maintenance continued to be the lowest area of satisfaction among service users.

2.7.2 Furthermore, the results of the annual National Highways & Transport Network Survey 2024 NHT 2024 identified that the Council was performing slightly worse when compared to last year's results on several highway maintenance themes.

2.7.3 Furthermore, each year the Council undertakes a Highways Stakeholder Survey to assess the performance of the Term Service Contract with Milestone. The results from 2024 from Parish and District Councils conducted at the end of last year identified high dissatisfaction in respect of quality and response times and potholes, gullies and resurfacing works were top priorities to these stakeholders Highways Stakeholder Survey 2024

3 Proposed Strategic Objectives

3.1 Taking the above strategic context into account, the proposed objectives for the procurement strategy are to secure arrangements that will support the council to

3.1.1 Maintain the condition, suitability and safety of all highway assets to the required standards

3.1.2 Secure improved levels of responsiveness, customer satisfaction rates and engagement levels

3.1.3 Achieve good value for money through the delivery of services and works

3.1.4 Secure social value through contracts in line with the Councils Sustainable Procurement Strategy

3.1.5 Adopt a data and intelligence-led approach to asset management, delivery and customer engagement

3.1.6 Improve environmental performance and carbon reduction.

3.1.7 Assurance regarding Health and Safety and Wellbeing

3.1.8 Enable the use of digital technology, data and intelligence.

4 Current Position

4.1 The council currently manages the performance of a number of highway contracts as outlined below.

4.2 The following key functions are currently delivered directly by the council:

4.2.1 Commercial and Contract Management

4.2.2 Asset Management, Design and Delivery

4.2.3 Project and Programme Management including that relating to complex infrastructure

4.3 Street lighting is delivered through an existing Private Finance Initiative through a contract with Balfour Beatty Living Space, which runs until 2036. The delivery of these services would not form part of this procurement strategy.

4.4 The Council operates a Term Service Contract (TSC). A Term Service Contract is used by Councils to appoint a contractor for a fixed period of time to manage and provide a range of services. The current contract is in place with Milestone Infrastructure, which is set to expire on 30th June 2027, with an option included for up-to 5-years extension linked to performance. This contract includes construction, schemes and improvements, network maintenance (reactive, cyclical, emergency and winter maintenance works) and design.

4.5 A Joint Professional Services Framework (JPSF) is in place with Atkins Ltd and WSP UK Ltd (engineering and professional services firms) which is set to expire in April 2026 following the exercising of the last permitted extension. The scope of services delivered through this framework are the provision of professional services across the full project lifecycle for transportation and other infrastructure projects including but not limited to highways; walking, cycling and other non-motorised modes; public transport including rail, bus, guided transport and metro systems; intelligent transport and future mobility solutions

4.6 In addition, the Council delivers work through other framework arrangements such as the Eastern Highways Alliance which is made up of 11 local authorities in the East of England.

4.7 The Framework provides specialist technical resources associated with the delivery of projects within civil engineering, engineering, contract commercial and construction, surveying, project management, asset management, testing, planning and environmental, ecological and landscape sectors.

4.8 Examples of projects delivered through this arrangement include March Broad Street (Future High Street), St Neots Future High Street, and the delivery, in packages, of capital maintenance works.

4.9 It is to be noted the council also has other specific procurement or contract arrangements in place for the delivery of civil parking enforcement and traffic signals which would not form part of this procurement strategy.

4.10 The Council therefore needs to develop a detailed procurement plan ahead of the existing contracts coming to an end so that it can put in place a model that best meets the needs of the Council.

5 Review of current arrangements

5.1 A lessons learned workshop was held in October 2024 to consider and review what had and had not worked well under the current arrangements and where improvements could be made. The findings have been

5.2 Term Service Contract

5.2.1 The contract has not delivered the efficiencies and service levels expected or required by the Council. The current model of sub-contracting under the contract does not enable value for money to be easily demonstrated and there is a lack of contract options and investment in skills, processes and systems. CDM and health and safety compliance has been poor in the past but is improving. Response times and quality of work is a continued concern and is reflected in the survey results reported in paragraph 2.7.

5.3 Joint Professional Services Framework

5.3.1 The Framework provides a simple route to market and with two providers, Atkins and WSP. This provides resilience during times when work levels exceed the resource of a single provider. The expertise available through the two providers gives the Council access to highly specialised resources and both providers have local offices which supports the local job market and the teams have a good understanding of Cambridgeshire.

5.4 Eastern Highways Alliance Framework

5.4.1 The Framework is a multi-supplier/Lot Framework Agreement to provide the eleven member local authorities including Cambridgeshire County Council with a suitable and robust procurement vehicle to deliver future highway projects. It supports them in achieving better quality highway, public realm and infrastructure schemes at lower cost

by combining and sharing resources. The total permissible value of version 4 of the framework over a 6 year term is £800m. Version 4 is an evolution of the previous 3 generations of the Framework and provides a simple route to market for the Council through either a direct award or mini competition driving best value. Regular use of the framework promotes relationships and engagement from suppliers in future works and contractors want to build relationships with the Council, understanding our vision and priorities. The fees to commission works are small and the local authorities receive a number of benefits from the framework including training.

5.4.2 Due to a series of unforeseen events including Covid-19 and high inflation rises, version 3 of the framework did not perform as intended and resulted in a lack of interest from some of the suppliers. Lessons have been learnt and the Council's legal, contract and procurement teams are confident that version 4 is fit for purpose and will deliver what is required.

6 **Learning from other local authorities**

6.1 To support the development of the procurement strategy, the Council has engaged with other local authorities to understand the strategic approach being undertaken by other similar Councils

6.2 Table One Below summarises the key findings

Local Authority	Contract Model	Status
Essex County Council	Hybrid/mixed economy model • Term Service Contract for maintenance works • Single Provider for carriageway surfacing • In house delivery • Member of Eastern Highways Alliance Framework	In Procurement
Suffolk County Council	4 Term Service Contracts • Highway/maintenance works • Street lighting • ITS – Traffic Signals • Gullwing Bridge • Member of Eastern Highways Alliance Framework	Awarded

Norfolk County Council	Hybrid/mixed economy model • North Eastern Teckal – winter maintenance, routine maintenance, emergency works and patching • Term Service Contract for structural maintenance, resurfacing, surfacing dressing, schemes, gullies, grass cutting, bridges • Professional Services Contract to support Client Function • Traffic Signals	In Procurement
Hertfordshire County Council	Hybrid/mixed economy model • Term Service Contract for routine, reactive, cyclical, emergency, winter maintenance, capital projects • Surfacing Framework • Bridges Framework • Transport Planning Framework • Professional Services Contract (awarded October 2024) • A505 Baldock Tunnel Member of Eastern Highways Alliance Framework	Final bids/award in February 2025

6.3 This initial fact-finding exercise and information gathering approach has demonstrated that a mixed economy model allows local authorities flexibility to procure a suite of contracts that work together to best engage the appropriate segment of the market to deliver the best results for the service the Council needs to procure. No one contract delivers all the Council's needs, a mixture of different contracts allows the Council to commission the contracts it needs to best deliver the Council's Strategic Vision.

7 Options Assessment of Delivery Models

7.1 A strategic options assessment has been undertaken to determine the appropriate strategic approach to the future procurement of services.

7.2 A longlist of 16 potential procurement models were listed and tested with officers and a third party organisation.

7.3 Each model was evaluated against several categories which included: drivers for change, risk profiles, strengths and weaknesses.

7.4 The 16 models were reviewed further creating a shorter list of 9 models which started to narrow practicable options for further analysis and consideration. These models were then evaluated against high-level criteria such as achievability, value for money (VfM), affordability, and timescales.

7.5 The models were scored based on a set of criteria that focussed on the Council's values, ambitions, and strategic alignment. This process has led to the shortlisting of 5 procurement models which were reviewed in more detail.

7.6 A 6th model, Frameworks, has been reinstated resulting from the new Procurement Regulations 2024.

7.7 The models evaluated were

7.7.1 All services delivered In House -All services would be provided internally under this option, and nothing is contracted out. This has been discounted at this stage due to all risks being retained by the authority. High upfront and ongoing costs, particularly in relation to employment, pensions, asset acquisitions and overheads. TUPE (Transfer of Undertakings (Protection of Employment Regulations 2026)) would apply to protect employee's rights if the service were to transfer from our external Contractors back to the Council, transferring their employment liabilities to the Council at significant cost. The model also has a long implementation lead time.

7.7.2 Establishing a wholly owned company. This option is a wholly owned local authority company limited by shares or guarantee - a separate legal entity to provide services. Whilst the model offers commercial opportunities, skill retention and customer focus. It requires significant skills requirement to create and operate, significant capital is required up-front, and the risks are retained by the authority. Furthermore, it is more appropriate for development when a council has an existing in-house service which has a high level of expertise and opportunities for market development. It is not seen as a best fit for the Council's current position.

7.7.3 Mixed economy of in house and external providers through contracts-This involves multiple contracts providing different aspects of the scope of services on long term

agreements. In house provision of some services by the council could form a key component under this model. This route can encourage competition, mitigate risk, drive innovation. It can enable flexibility to tailor models to specific needs and foster a dynamic market environment and mature supplier market as well as guarding against resource shortages in certain areas. Potential risks are that knowledge is not developed within the council and multiple contact points makes administration and contract management more difficult which requires a strong commercial and client team.

7.7.4 Single Provider-Single external contract which can either be:

- with a single entity
- with a Joint Venture made up of different providers forming one bespoke entity.

7.7.5 A single contract allows for high degrees of accountability and streamlined communication between design and construction, allowing for greater efficiency. There is a strong market appetite for these models as this represents lower operational risk to them.

7.7.6 However, the weaknesses are that knowledge is not developed within the authority, and it is difficult to reintegrate these services back to council in the future, there is also a risk of being 'stuck' with a poorly performing provider and there is no competition for the provider. The model requires a strong client and performance regime to ensure best value continues to be delivered

7.7.7 Joint Venture This option involves the Council forming a Joint Venture with a public or private partner, coming together to form a separate legal entity. By combining resources, expertise, and responsibilities, joint ventures can enhance innovation, risk-sharing, and financial efficiency, service coverage and potential economies of scale. They provide opportunities for shared investment and collaboration, potentially leading to improved service delivery and outcomes. The weaknesses are if private, lower public accountability, it is difficult to match values/culture and conflicts of interest.

7.7.8 Framework Contracts These are short term in nature (4-years max). The model requires a strong client, good contract management and a high client regime to call off works. The new Procurement Regulations 2023 permits longer term Frameworks and

will drive competition in the market. Whilst a single Framework contract would not deliver the services required by the Council, using frameworks with other contracts as part of a mixed economy works well. This has been evidenced during the local authority member engagement.

Summary

7.7.9 Based on the assessment the recommendation is to develop a mixed economy model as the evidence suggests that this is best fit for the current market and will allow the Council to explore and develop the in-house delivery capacity and capability. This is supported by the engagement with other local authorities. We have reviewed models being delivered by similar councils and this is being utilised as the model by those highways authorities that have recently or are planning to go to market. The mixed economy allows a best fit model which means the Council would engage the appropriate segment of the market that delivers the best solution for the aspect of the service we plan to procure.

7.8 **Preferred Model | Mixed Economy Model**

7.8.1 The proposed model would therefore involve

7.8.1.1 In house delivery for Asset Management, Design, Commercial Management, Client Management and routine minor maintenance works

7.8.1.2 Contract(s) for reactive/cyclical works, emergencies and winter maintenance

7.8.1.3 A Professional Services Contract

7.8.1.4 Frameworks for planned maintenance works and major schemes.

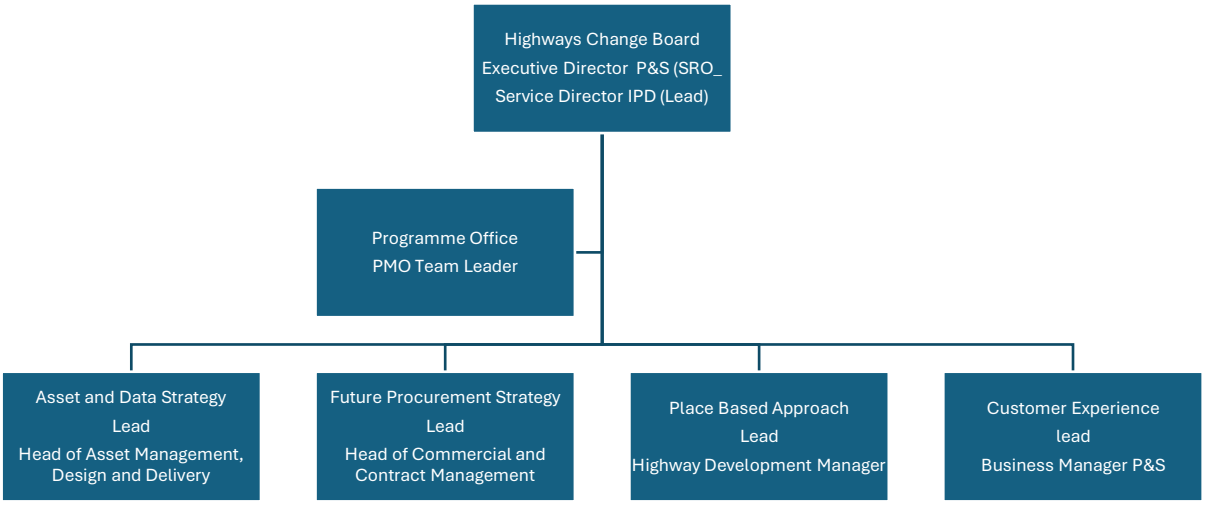
8 Procurement Planning

8.1 *Governance:* The delivery of the procurement strategy forms part of the Highways Change programme and as such will be governed through the Highways Change Board which is chaired by the Executive Director of Place and Sustainability as Senior Responsible Officer. The Programme is led by David Allatt as the Lead officer for the programme. (see Figure One Below)

8.2 The procurement strategy is a key workstream led by Lisa Swannell, Head of Commercial and Contract Management and this Workstream Board includes the following:

- Lisa Swannell — Head of Commercial and Contract Management (Chair)
- Jack Wright — Commercial Manager
- Rob Powell — Frameworks Manager
- Sam Makalandawa — Contracts Manager
- Kieran Collins — Interim Head of Highway Maintenance & Management
- Jon Collyns — Senior Procurement Manager
- Samantha Hastings — Procurement Manager

Figure One: Governance of the Highways Change Programme and Procurement Workstream



8.3 Furthermore, the Head of Commercial and Contract Management will ensure that this major procurement activity is to report to the Council's commercial and contracts board.

8.4 The Highways and Transport Committee will be recommended to approve this strategy and a future procurement plan will be recommended for approval with delegated authority being sought to implement the procurement plan.

9 *Resources*

Current resources allocated to developing the Procurement Strategy are identified in paragraph 8.2 above. Additional resources will be identified and finalised as part of the detailed procurement plan and reported to the Committee at that time.

10 Indicative Procurement Timetable

Date	Activity
February 2025	Prepare Tender documents/ITT
March 2025	Pre Market Engagement
March 2025	Endorse Procurement Strategy
June 2025	Complete Options Appraisal and detailed Procurement Plan
September 2025	H&T Committee recommendation to endorse preferred model and procure contract(s)
January 2026	Publish draft Tender Documents
April 2026	Publish Tender Documents
September 2026	Tender evaluations
October 2026	H&T Committee – recommendation to award contract(s)
December 2026	Award contract/6 months mobilisation period
1st July 2027	New contract(s) start

11 Member engagement

11.1 The Council has established a cross party member engagement group which provides a key mechanism for engagement on all aspects of the Highways Change programme including the delivery of the procurement strategy. This will continue to provide a mechanism for getting cross party member input into the development of the procurement plan. Furthermore, member workshops will be arranged in the early stages of the development of the procurement plan.

11.2 However, from a governance perspective it is important to note that Members must not be involved in the detailed procurement stages including tender evaluation and therefore ongoing governance and member engagement will be designed in a way that does not compromise the procurement process.

12 **Stakeholder Engagement and Communication**

12.1 A detailed stakeholder and communication plan forms the part of the governance of the highways change programme. As the procurement plan is developed the following key stakeholders will be engaged

- Combined Authority
- District Council
- Town and Parish Councils

Ends