



## **Membership of the Midlands Highway Alliance**

### **SUMMARY**

- 1.1 On the 17 July 2007 the Midlands Highway Alliance (MHA) was launched. This was a result of 2 years work with local highway authorities, the Highways Agency and the East Midlands Centre of Excellence (EMCE).
- 1.2 The MHA is a partnership in which highway authorities in the Midlands area will work together to create an innovative public partnership to improve the delivery of several aspects of highway services.
- 1.3 The underlying ethos of the MHA is to deliver efficiency gains of up to 10% on highway contracts, enhance the procurement process and deliver schemes to a higher standard.
- 1.4 At the heart of the venture is the regional procurement and delivery of highways maintenance and capital works through framework agreements. The MHA will also focus on commodities and professional services in the challenge of delivering increased value for money and efficiency gains over the coming years.

### **RECOMMENDATION**

- 2.1 To seek retrospective approval for the Authority to become a signatory to the Midlands Highway Alliance Agreement.

### **REASONS FOR RECOMMENDATIONS**

- 3.1 Collaborative working arrangements via the MHA are considered beneficial to the Authority by maximising and sharing procurement of highway services; sharing knowledge and common systems; delivering efficiency savings associated with the buying power of an association of local authorities.
- 3.2 The following list introduces the potential benefits to the Authority of joining the MHA:

- demonstrate leadership in modern methods of procurement and service delivery;
- development of collaborative and integrated working arrangements;
- be part of a pool of expertise which helps develop and transfer knowledge;
- aid and develop capacity to deliver highway projects;
- provide opportunity for economies of scale and cost savings;
- demonstrate in CPA terms our pursuit of efficiencies in service delivery;
- lower overall risk of service delivery;
- provide potential to continuously improve on time, cost and quality of highway construction services;
- to develop sustainability issues.



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### **SUPPORTING INFORMATION**

#### **Background to the MHA**

##### **The National, Regional and Local Agenda**

- 1.1 The highway industry's response over the last few years, to the various programmes for change including The Government's Efficiency Programme, is considered impressive. Local Authorities and suppliers have embraced new forms of procurement and have sought to deliver highways projects and services using a partnership approach.
- 1.2 Derby City Council have demonstrated their commitment to procurement and delivery efficiencies on their works, including both the Inner Ring Road Integrated Maintenance Scheme (IRRIMS) and the East Street project, as well as the recent procurement of their contracting partner Alfred McAlpine on DerbyRoads (a partnering contract with the potential to deliver our highway services over the next 8 years).
- 1.3 The Government has charged the Highways Agency with a particular responsibility as a "change agent" under the Gershon Efficiency Review, to work with others to deliver target roads procurement efficiencies. Achieving Efficiency Gains From Collaborative Roads Procurement – A Highways Industry Strategy (September 2005) is the challenge for all in the highways sector to work together for the procurement, management and delivery of target efficiencies in this sector.
- 1.4 Key partners in the development work associated with the collaboration agenda are the Regional Centres of Excellence. These regional organisations, originally set up to deliver the National Procurement Strategy, have now been given an efficiency focus to take forward the Efficiency Programme and they are charged with driving efficiencies through all local authorities and across all spending areas.
- 1.5 The highways collaboration agenda has seven interlinked objectives:

- working closely with delivery partners;
- developing a consistent culture, based on the principles of partnering;
- encouraging the use of collaborative contracts between individual local authorities and the HA and between local authorities themselves;
- encouraging operational collaboration;
- identifying, sharing and promoting best practice;
- developing a consistent approach to efficiency and performance measurement.

### **Progress to date of the MHA**

- 1.6 Currently there are 20no. local authorities involved in the MHA as well as the HA, the East Midlands Centre of Excellence, the East Midlands Centre for constructing the Built Environment, the Collaborative Working Centre and Constructing Excellence.
- 1.7 The organisation of the Alliance comprises of an Executive Board, a Programme Board and five working groups. There is also an East Midlands Improvement Partnership (EMIP) Project Management Group as EMIP have made significant funds available to the MHA.
- 1.8 The MHA working groups are focusing on delivering improvement and efficiency savings in the following key areas:
  - major schemes (over £8m);
  - medium schemes (up to £8m);
  - Highway maintenance term contract services;
  - Commodities; and
  - Professional services.
- 1.9 Following a comprehensive procurement process, the HA in collaboration with the MHA, have recently set up a framework of contractors for medium schemes delivery (November 2007).
- 1.10 In the summer of this year, the 3 Counties (Derbyshire, Nottinghamshire and Leicestershire) have set up a partnership contract for the provision of professional services with SW (Scott Wilson plc – consulting engineers)

### **Future development of the MHA**

- 1.11 Participating authorities in the medium schemes working group have identified a workload of £48million over four years. The Alliance will now work to ensure the authorities understand the use of the framework and will facilitate the working group in their dealings with the HA.
- 1.12 The working group on highway maintenance term contract services is currently working up a commission brief; completing a gap analysis study; and developing a best practice model.

- 1.13 Project management is becoming increasingly critical as more and more working groups get off the ground. In order to safeguard the progress of the Alliance a programme manager position is to be recruited. Funding for this post of Alliance Manager will initially be covered by an EMIP grant and then by contributions from member authorities in future years.
- 1.14 Derbyshire County Council are leading the commodities working group which is concerned with the joint procurement of commodities such as road surfacing materials, kerbs, traffic signals and lamp columns. The EMCE estimates that £50 million pounds of such commodities will be purchased each year, with efficiency savings being delivered through the exploitation of economies of scale and smarter procurement.

### **Alliance Agreement**

- 1.15 The MHA is an Unincorporated Association by Agreement. The Alliance Agreement describes the purpose and objectives of the highway authorities and describes the basis on which they will work together to create an innovative public partnership.
- 1.16 Each highway authority finds itself in different circumstances and so membership of the alliance does not require each highway authority to participate in every working group. A “pick and mix” approach can be taken though active participation in chosen strands

## **OTHER OPTIONS CONSIDERED**

2. Withdrawal from the working group on the MHA. However, this would not develop our collaborative and partnership objectives and would reduce our capability to provide continuous improvement in the delivery of highway services.

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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications

<b>IMPLICATIONS</b>
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### Financial

- 1.1 The MHA member agrees to contribute to the cost of the Alliance Manager, publicity and running costs, such as meeting rooms. Contributions of staff time will also be made. These contributions and the proportion to be borne by each member are to be reviewed annually.
- 1.2 The indicative annual contribution expected from Derby City Council as a unitary authority MHA member is £2,500. This will be met in the first year by EMIP contributions.
- 1.3 Contributions in future years would be met from within existing budgets (Engineering). This level of contribution would be offset by the efficiencies in highway services delivered by the Council's continued involvement in this public partnership.

### Legal

2. None directly arising from this report.

### Personnel

3. None directly arising from this report.

### Equalities impact

4. None directly arising from this report.

### Corporate Priorities

5. This public partnership predominantly comes under the Council's priority 6 of "Giving you excellent services and value for money".