

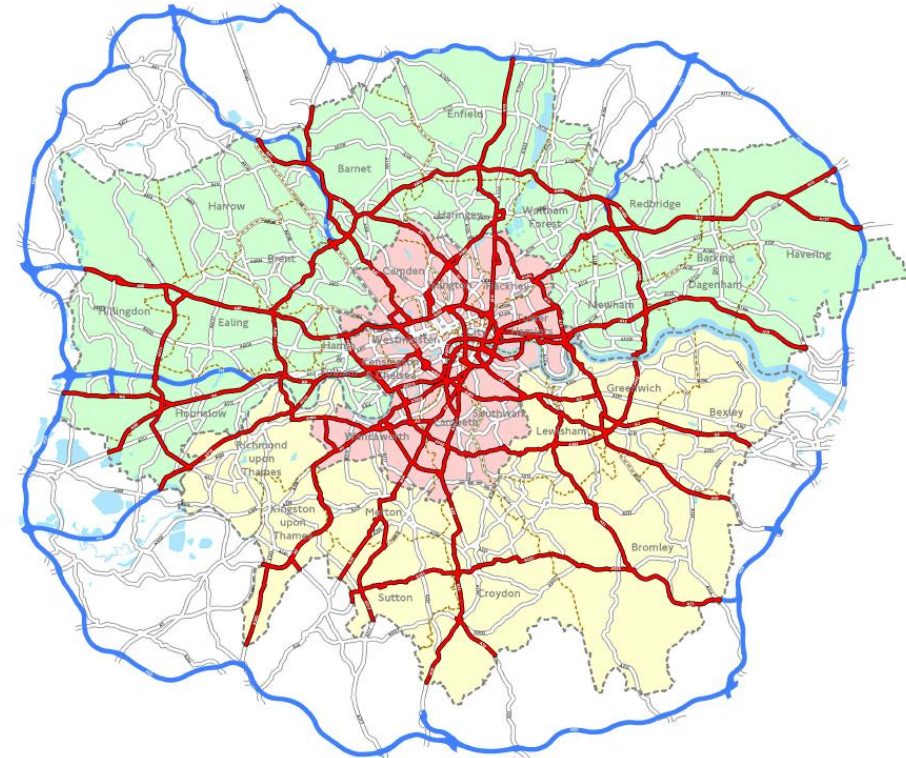


**Andy Best – Head of Highways, TfL**  
**[andy.best@tfl.gov.uk](mailto:andy.best@tfl.gov.uk)**



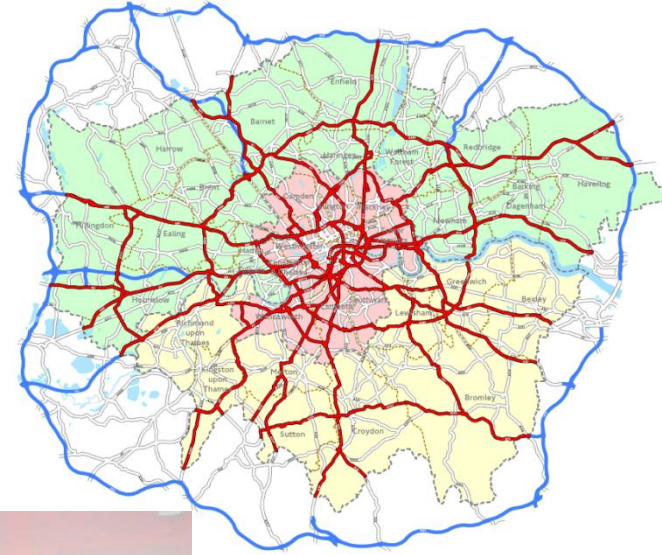
# Transport for London

- Highway authority for the Transport for London Road network (TLRN)
- 5% of London's roads carrying 33% of London's traffic
- Strategic transport authority
- Operator of London Underground, London Buses, London Rail etc
- Diverse road network



# Existing highways contracts

- 3 x Highway Maintenance and Works Contracts
- Integrated design and build contracts
- Highway operations, schemes delivery, tunnels, structures etc
- 6 year duration
- Co-location of staff
- Significant innovation
- Strong partnering ethos

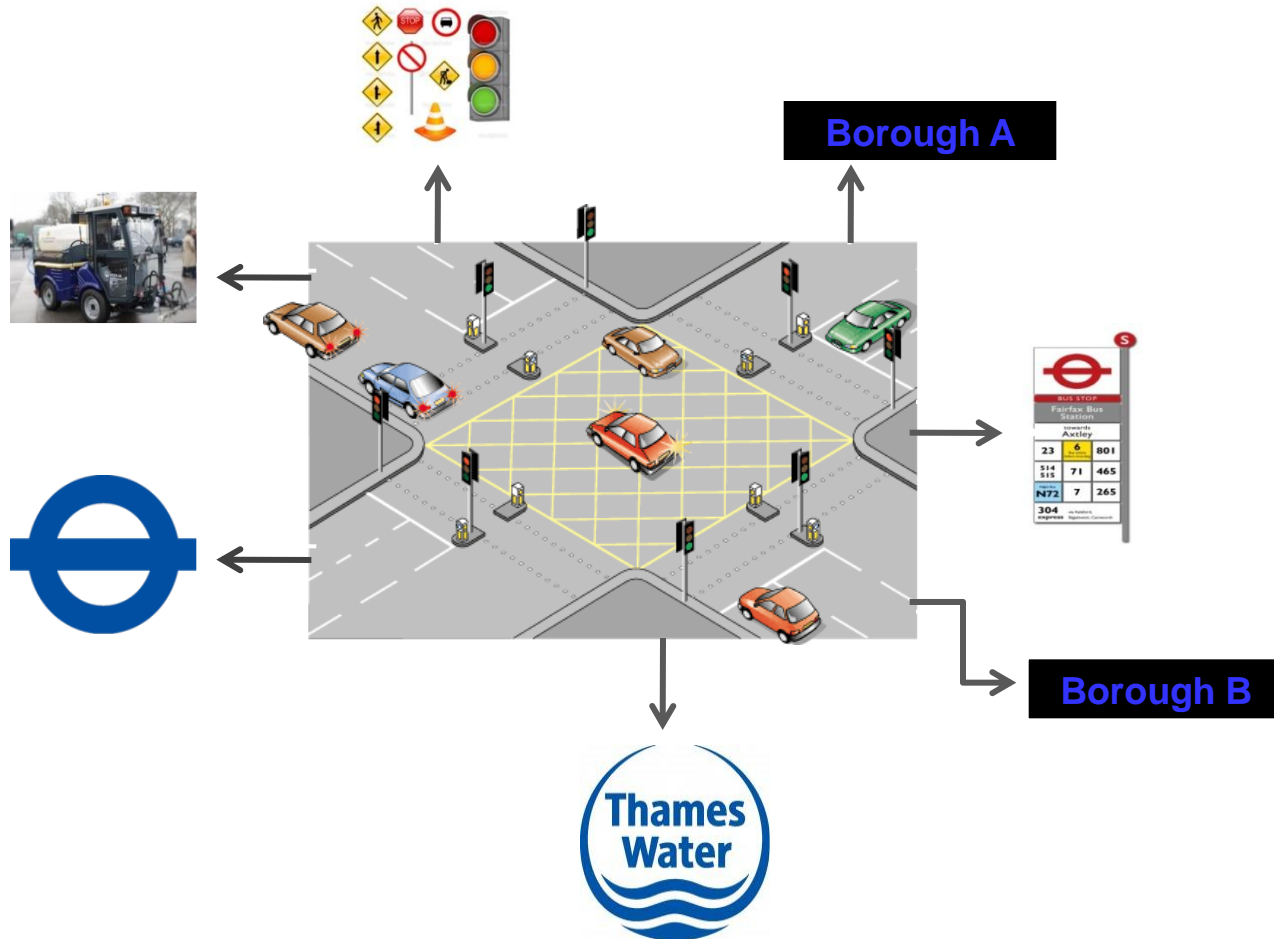


# London Boroughs



- 33 Boroughs
- Each individual highway authority

# Potential contractual arrangements





# London wide borough contracts

## Transforming London Highways

All 33 Boroughs



Running Total  
099

# The need for change

- Across London around £450m pa spent on highways related activities, via c100 contracts
- The range of prices for similar activities is considerable across the 34 London Authorities
- Huge scope for a much better service at a lower cost by use of collaborative contracts
- Recognition that something had to change



# Further drivers for change

- Financial imperative
- Previous good experiences of collaborative working
- Lack of resources to retender / cost
- Political support
- Consolidation in the London supply market
- London had become a bit stale
- No justification for not doing it





# London Highways Alliance Contract

- Four area based contracts jointly let by TfL and London Boroughs
  - Replacement for TfL contracts
  - Replacement for borough contracts
- One Contractor per area capable of delivering the full range of services required.
- 8 Year Contract length
- Innovative performance regime



# Framework Approach

- TfL is letting the Frameworks on London's behalf.
- Each client will form its own call-off contract with the contractor and is responsible for its management and administration.
- Supportive governance and performance management regime.
- Authorities can tailor the service provided by a supplier to their individual requirement .
- Authorities can join at any time over the next 7 years.
- Suppliers have a key role in getting new boroughs to join



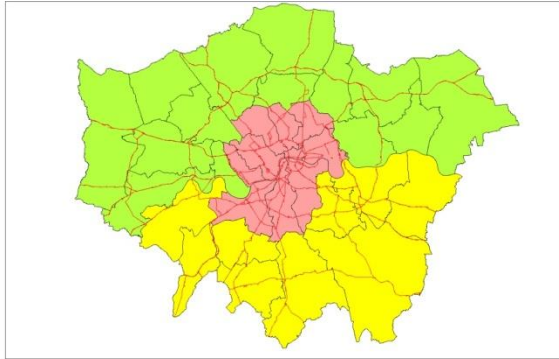
# Why Authorities want to join

- The Boroughs already have a strong history of working with each other and TfL
- Economic downturn and Government's Comprehensive Spending Review
- Working with other LA's to find efficiencies and best working practices Access to innovation

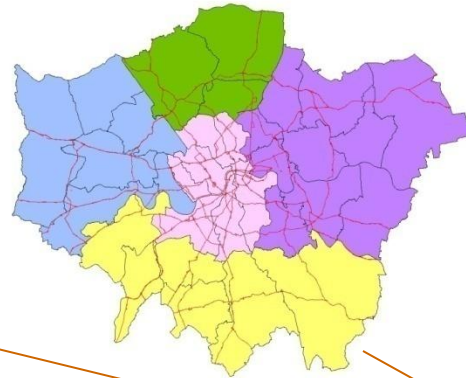


# How many contracts? Options

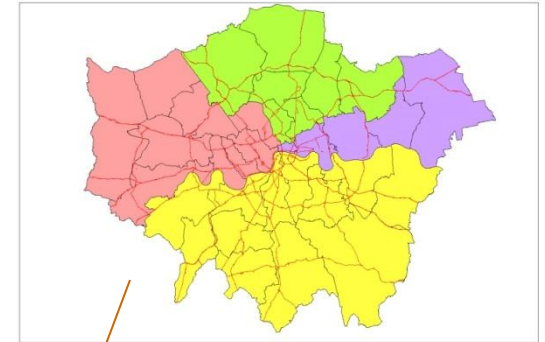
Proposed contract grouping based on current TfL contracts



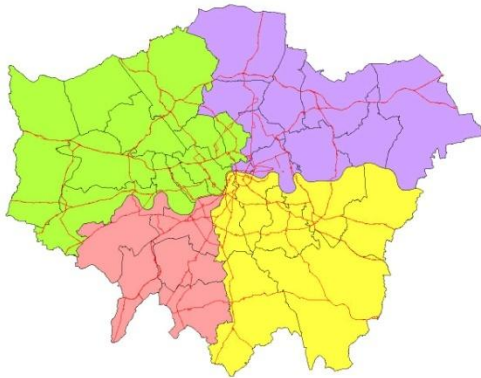
Proposed contract grouping based on Mayoral sub-regional grouping



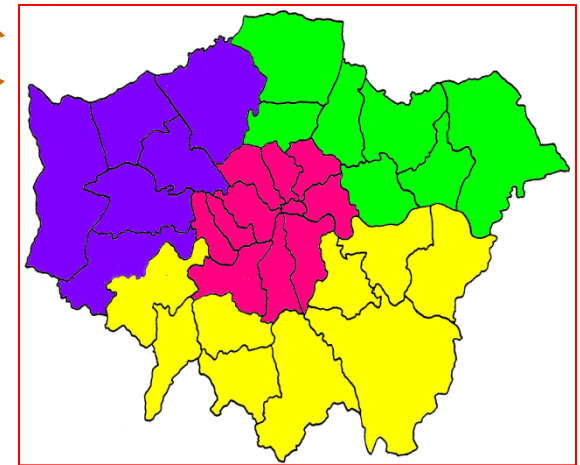
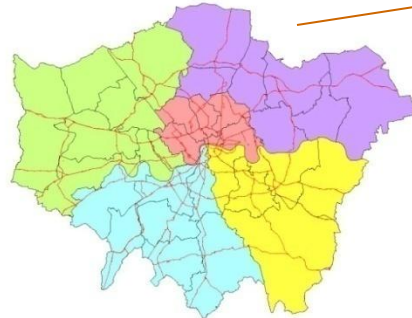
Proposed contract grouping based on procurement groups



Proposed contract grouping based on geographical area



Proposed contract groupings based on geographical area (5 areas)

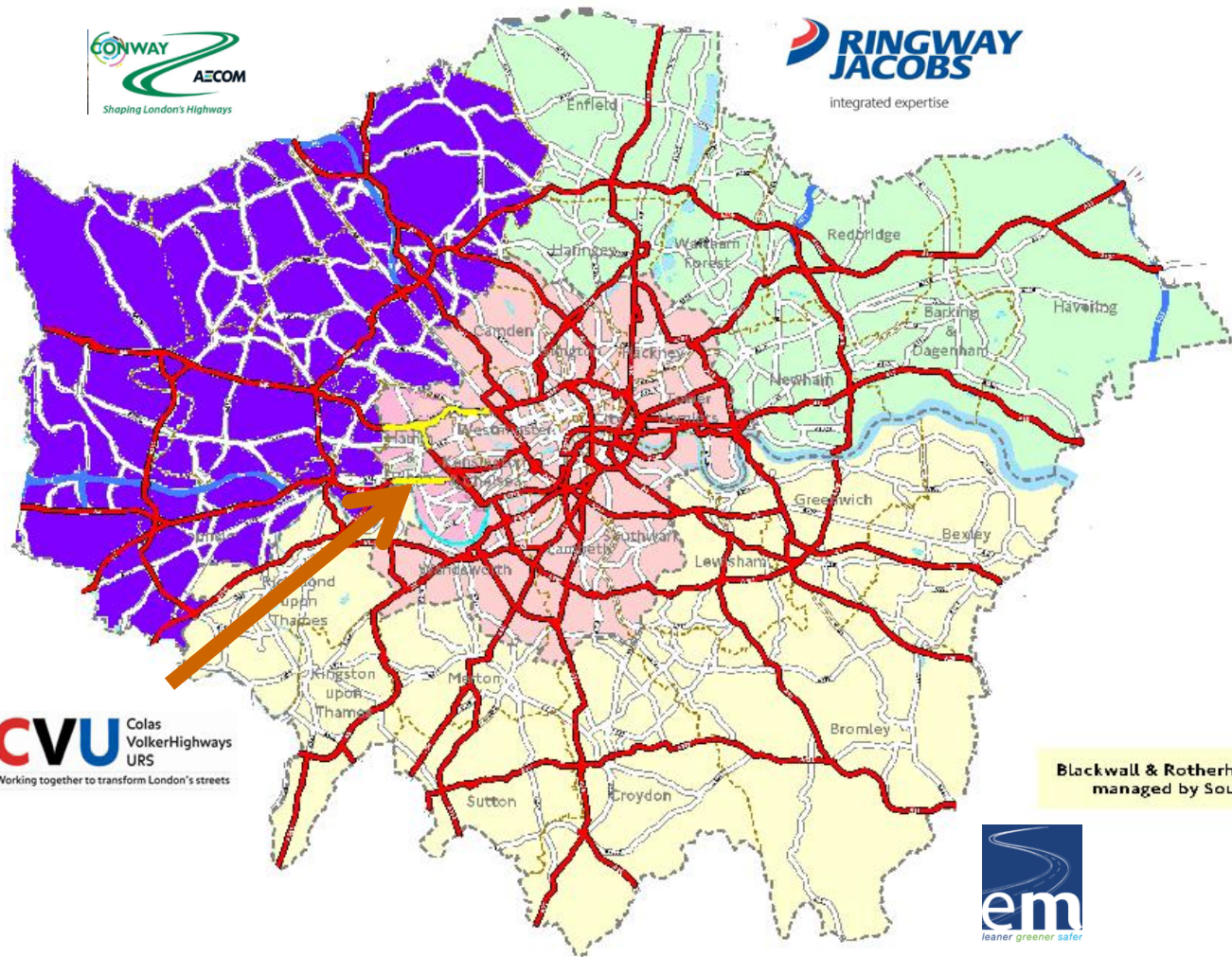




# Alliance Areas



Total estimated value between £747m and £2.64b



## Key

- Red Route
- A Roads
- Motorway
- London borough boundaries
- Managed by N.W. Area

- North West Area
- North East Area
- Central Area
- South Area

**CVU** Colas  
VolkerHighways  
URS  
Working together to transform London's streets

**Blackwall & Rotherhithe Tunnels**  
managed by South Team





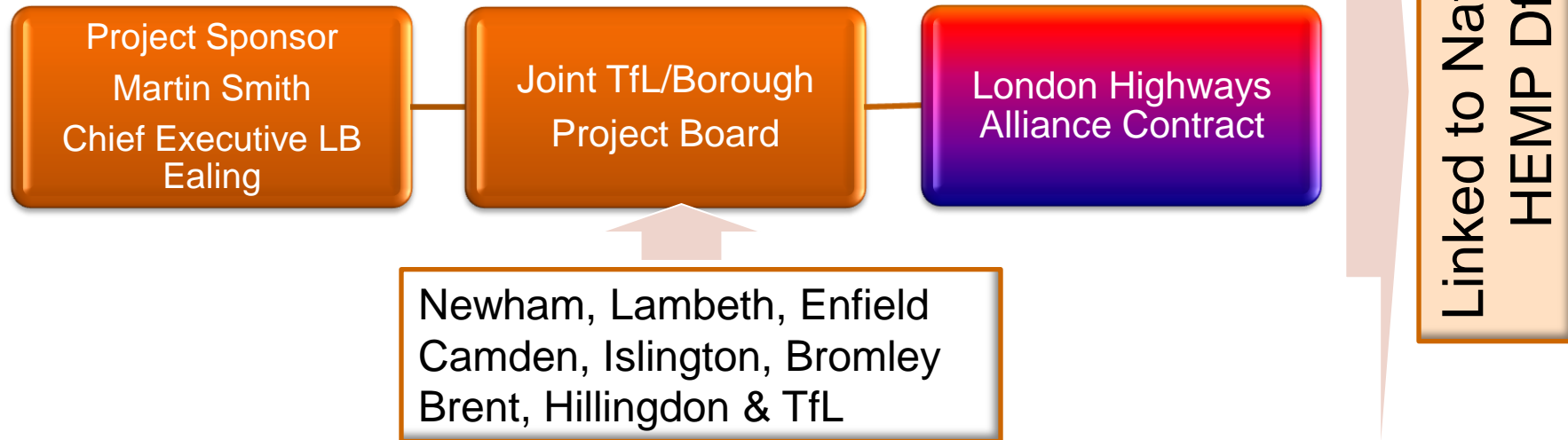
# Objectives

- Much better utilisation of resources and skills
- Clear link between service levels, cost and risk
- Smoothing traffic through joint forward planning and improved collaboration on works
- Better and more consistent customer experience
- Stopping the constant state of retendering
  - (100 contracts, average 5 year term = 20 tendered per year @ 70k each = £1.4m in just clients costs + 4-5 bidders per contract = approx. £9m pa (2% of annual spend) that could have been spent on the service.



# Structure

Joint funding by London  
Councils and TfL



# Partnership Models

- Separate tendering of services
- Term Maintenance Contractor (TMC) + multiple frameworks
- Contractor + Managing Steward
- Managing Agent Contractor (MAC)
- **Enhanced contractor**
- Formal Client and Supplier Alliance
- PFI



# Contract Scope Overview

- Work will be primarily carried out on highways
- Provision for off highway - housing estates, green space, schools, garages, etc,
- Other locations requested by the contracting authorities.
- Scope of the framework agreement may include, but not limited to:

Safety Inspections  
Service Inspections  
Inspections of Bridges and other Structures  
Site Investigations and Surveys  
Design Services  
Road Pavements (including minor repairs and resurfacing)  
Kerbs, Footways and Paved Areas  
Traffic Signs  
Road Markings  
Lighting (including electrical work for signs, etc)  
Fencing  
Road Restraint Systems (including pedestrian guardrailing)

Drainage (excluding gulley cleansing)  
Earthworks  
Horticulture, Arboriculture, Landscaping and Ecology  
Street Cleaning (EPA, Borough only, may not now be required)  
Street Cleaning (including gulley cleansing; Graffiti removal)  
Bridges and other Structures  
Tunnels  
Street Furniture  
Winter Service  
Traffic Light civil assistance  
Emergency Call-Out Service



# Key Commercial Principles

- NEC
- An understanding of the cost
- An understanding of Contractor overheads
- A suite of performance indicators
- A realistic contract price adjustment formula
- Financial penalties/incentives based upon supplier performance





# Financial Benefits

- Better Value - between 10 & 30% efficiency
- No tender costs
- Economy of scale
- Mobilisation costs shared
- Elements of compliance checking undertaken at Framework level
- Access to training and best practice



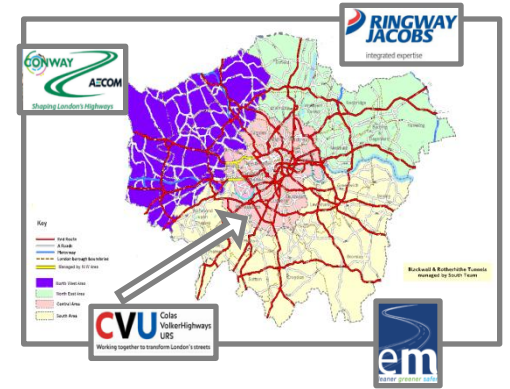
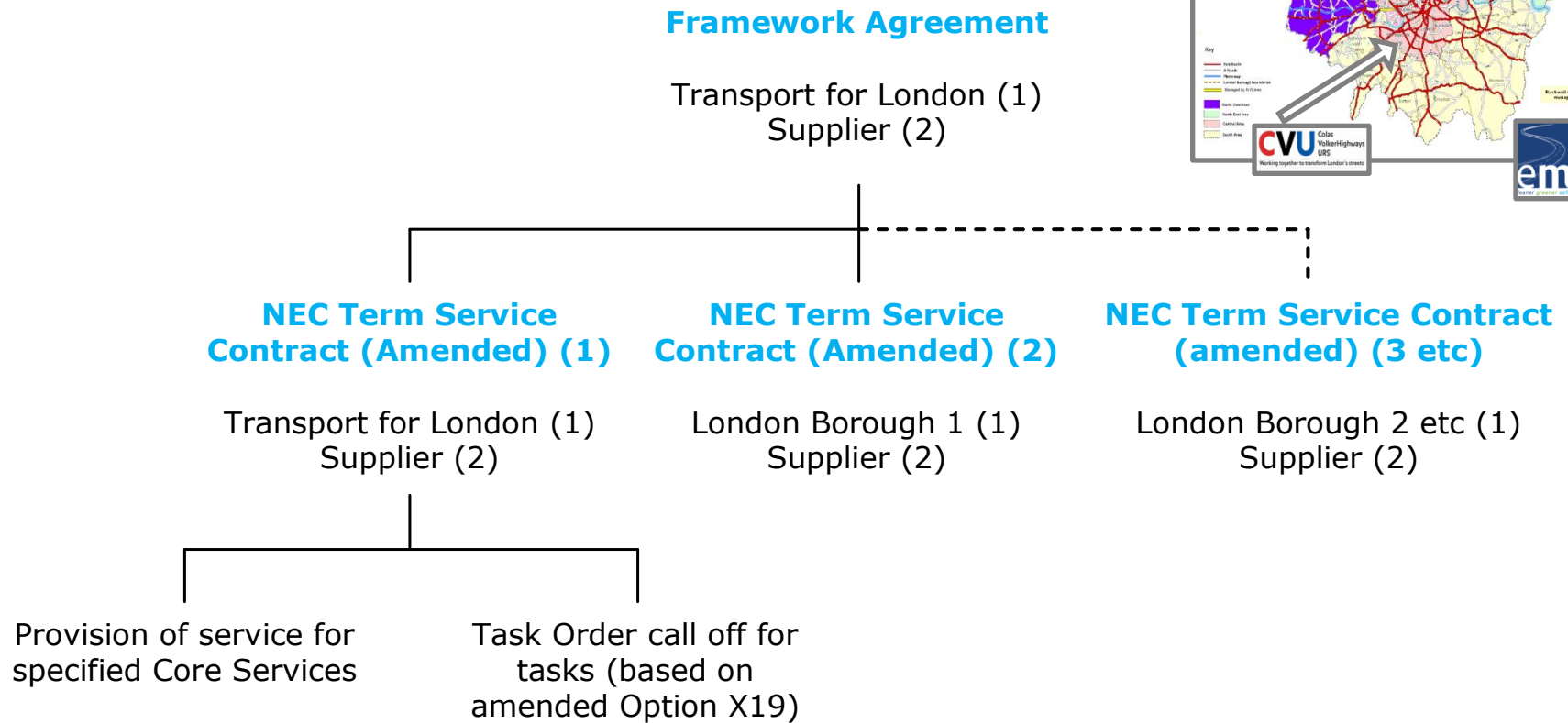
# Non-financial benefits include

- Highways maintenance delivered using a common specification
- Common specification simplifies ongoing asset management
- Enables contractors to make the necessary resource investment to deliver lasting cost and quality improvements
- Closer working relationships established between TfL and London Boroughs



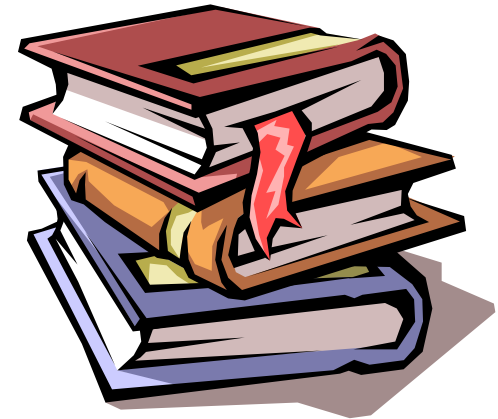
# Structure Diagram

1.



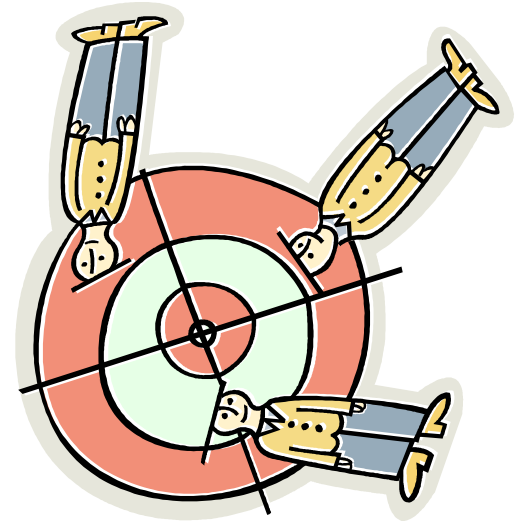
# Contract Structure

- Volume 1 Framework Agreement NEC
- Volume 2 Service Information Common
  - Specification
- Volume 3 Service Information  
(Employer Specific)
- Volume 4 Schedule of  
Supplementary Information - Pricing



# NEC Objectives

- flexibility
- clarity and simplicity
- stimulus to good management





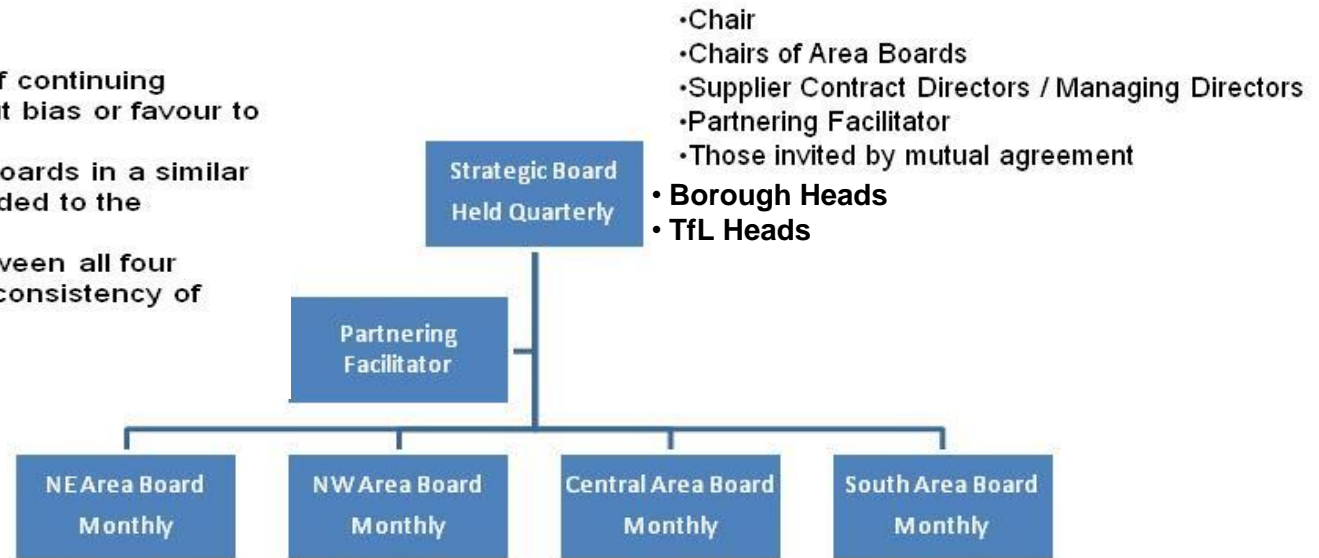
# Client Transformation

- The skills and experience required to operate in the new contract environment
- Comparison of these requirements with the current inventory of staff and a gap analysis
- A short- and long-term plan to acquire skills required
- A training and development programme to bring all staff up to the required levels of competence for their new roles
- Effective communication of the project throughout the organisation.



# Governance

- Support a culture of continuing improvement without bias or favour to any Party
- Support the Area Boards in a similar fashion to that provided to the Strategic Board.
- Provides a link between all four areas and ensures consistency of approach.



- Chair
- Chairs of Area Boards
- Supplier Contract Directors / Managing Directors
- Partnering Facilitator
- Those invited by mutual agreement
- **Borough Heads**
- **TfL Heads**

- Chair
- Partnering Facilitator
- Named Borough Managers
- Named TfL Manager
- Supplier Contract Managers
- Those invited by mutual agreement

“The London Highways Alliance Contract will mean better roads for Londoners at a lower cost.”

Chair of London Councils' Transport and Environment  
Committee

Councillor Catherine West



# Questions?



Transport  
for London



OGC

