

HMEP Standard NEC3 Contract for Highway Maintenance Services



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- **The HMEP initiative**
- **Background to the Standard contract**
- **Progress 2 years on**
- **The review of the contract**
- **Further procurement products**

We all want roads that are fit for the future

- biggest asset for every council – duty to manage
 - safe conditions for all users
 - sound platform for future transport and traffic systems
 - enabler for growth and regeneration
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- As budgets for highway services become tighter the need to deliver better roads, more affordably, will not go away
 - The local highways sector has to gear up for transformational change from 2015



HMEP is supporting the sector on its journey to transform highway services by :

- **Sharing ideas and practices to improve**
- **Connecting people and networks that can help**
- **Making available tools, resources and training to support Local Highway Authorities in understanding and planning how to transform delivery of roads and services through greater efficiencies**
- **The highways sector, for the highways sector**



The HMEP offer focuses on 5 key areas

Strategic Peer Reviews

**Asset
Management**

**Collaboration and
Change**

**Procurement,
Contracting and
Standardisation**

Benchmarking and Performance

Background

- many different forms of contract documents
- no accepted standard consequently, each contract is unique incurring significant cost
- limited sharing and standardisation leading to waste:
 - in multiple development of contract documents
 - in bidding effort when suppliers are presented with a unique contract document
 - from the delivery of highway maintenance using outdated forms of contract

Objective- to produce a suite of best practice highway maintenance contract documents. The particular focus was to include mechanisms that drive efficiency

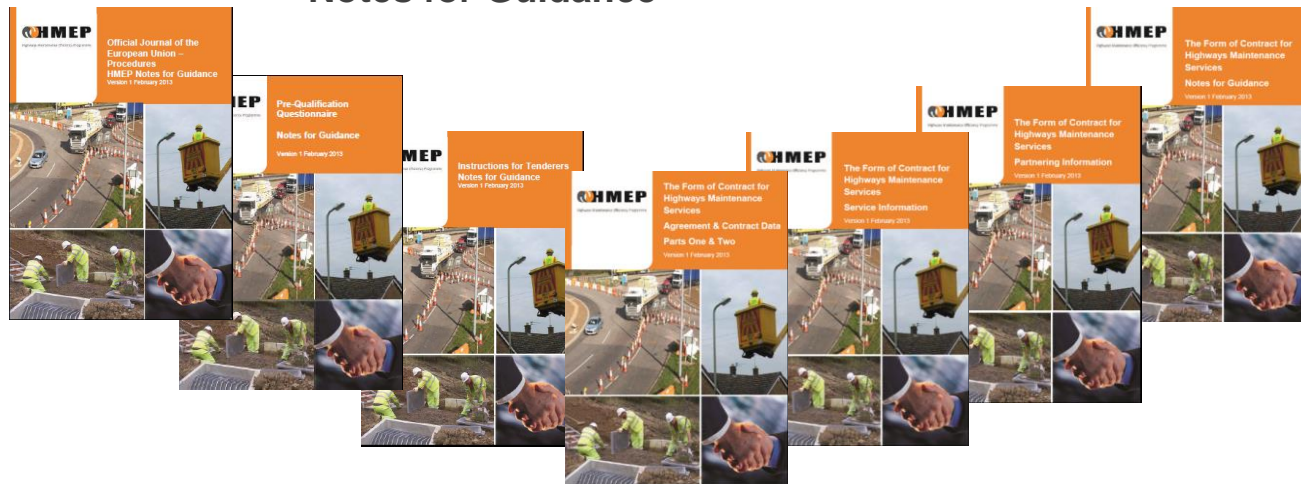


Official Journal of the European Union – Procedures HMEP Notes for Guidance
Prequalification Questionnaire

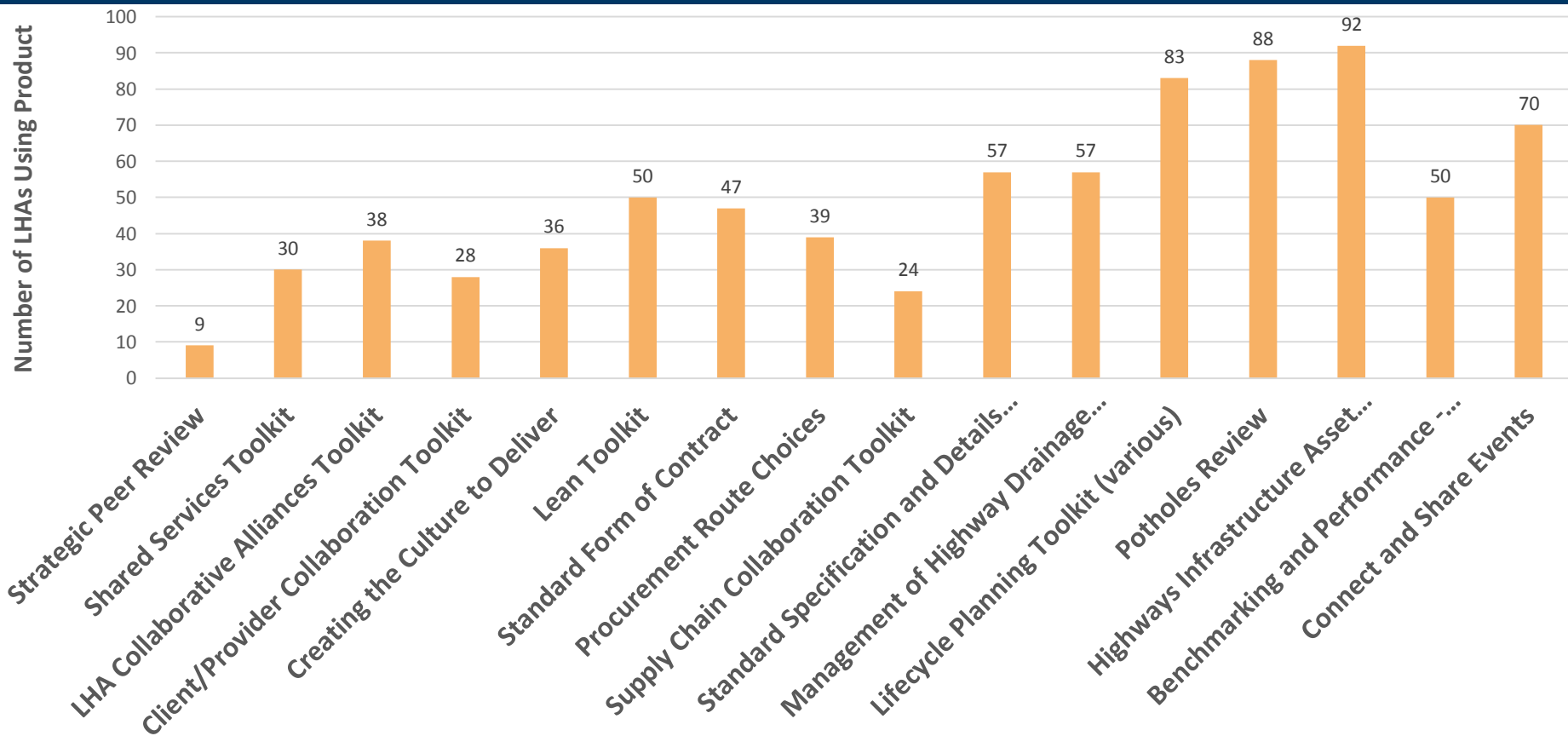
Instructions for Tenderers and Notes for Guidance

The form of Contract - Agreement and Contract Data

- **Service Information**
- **Partnering Information**
- **Notes for Guidance**

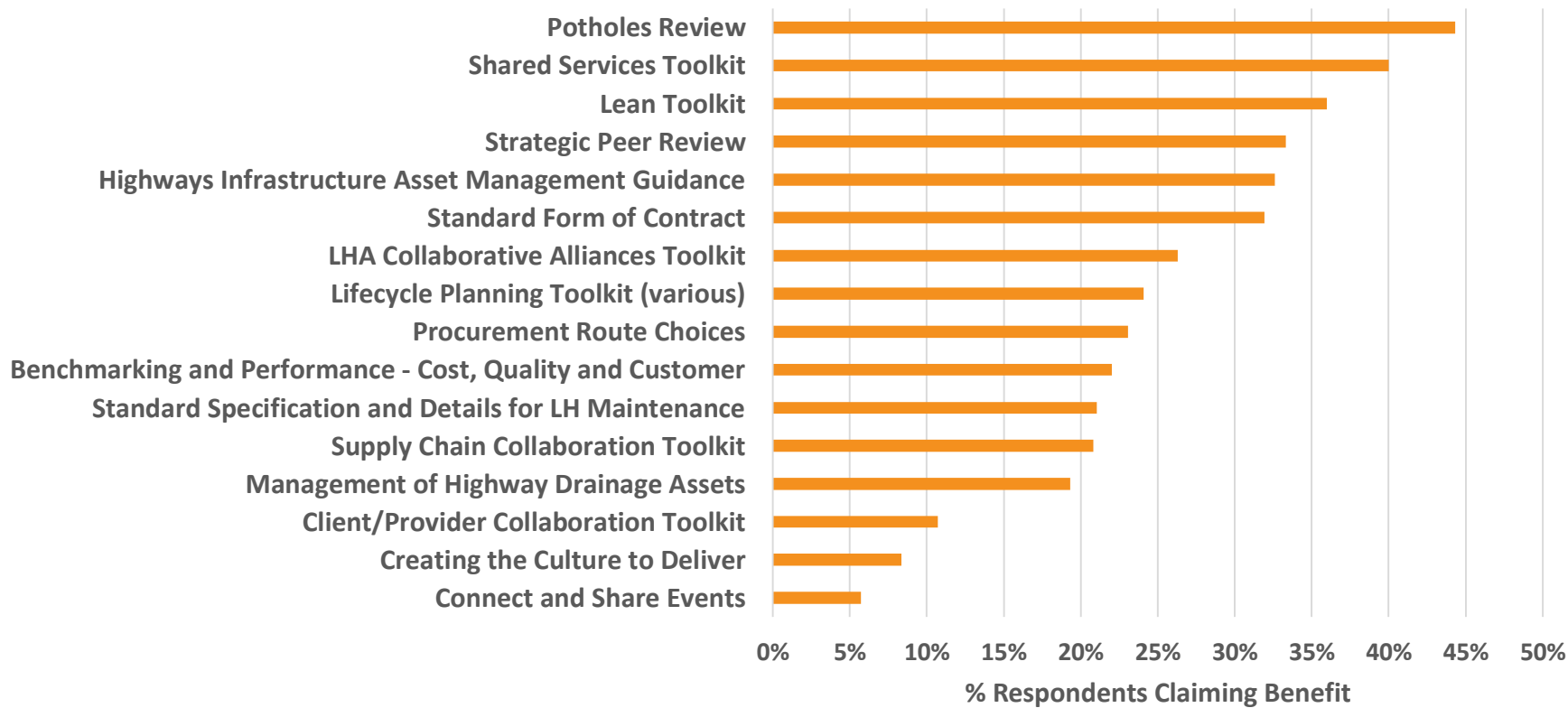


Take up to date of the Standard contract



Costs savings to date from using the standard contract

Cost Savings



- Updated NEC3 Term Service Contract (TSC) released in April 2013
- Feedback from earlier enablers- Bracknell, Wirral and development aspects released to others
- Feedback from the HTMA following their paper 'Obtaining Best Value from Constrained Budgets'
- HMEP considered that a review was needed and that this should be completed before the release of the HMEP Term Maintenance Document Compiler

- Group established to undertake the review comprising HMEP, NEC, ADEPT and HTMA
- Started in June last year and now complete

The NEC team

- Peter Higgins
- Ben Walker
- Tim Knee-Robinson
- Rob Gerrard

Extent of review



- **Contract Data**
 - Including Z clauses
- **Service Information**
- **Notes for Guidance**

- Identify changes proposed from best practice review
- Draft amendments to work with standard TSC
- Proposals should use standard TSC clauses as far as possible
 - e.g. X17 – low service damages – replaces performance measurement deduction clauses
- Textual changes to suit NEC drafting style
- Consistency in terminology, capitalisation and italics

HMEP required changes



- **Use of multiple main Options**
- **Addition of design work by Contractor**
- **Application for payment by Contractor made mandatory**
- **Schedule of Cost Components from ECC**
- **Target share calculated on annual savings**
- **Alternative indexation clause**

Other provisions



- **Local authority requirements**
 - e.g. confidentiality, freedom of information, data protection, corrupt gifts
- **TUPE provisions**
- **"Legal" clauses**
 - e.g. assignment, joint ventures, conflict of interest

- **Revise to accord with contract changes**
- **Add in to SI material transferred from Z clauses**
- **Revise to match TSC terminology, style**
- **No amendment to basic requirements**

Validation of changes



- **Drafting by experienced practitioners**
- **Internal review by NEC**
- **Workshop with local authority users**
- **Final legal check**

Summary



- **Contract is closely aligned with TSC**
- **Risk allocation and method of working in standard TSC retained**
- **Contract includes additional requirements to suit Employer preferred method of working**

Take up of the HMEP contract going forward

In 2015/16

**Knowsley, East Sussex, Central Bedfordshire, Bristol,
Warwickshire**

In the next 2-3 years

**Devon, Hampshire ,Somerset, North Somerset, Telford &
Wrekin ,Swindon**

- **Collaborative Working Group - HMEP, ADEPT (Hampshire/Devon) & HTMA**
- **Starting Point - Obtaining Best Value from Constrained Budgets**
- **Development of a standard Price List and Method of Measurement specifically for Highways Term Maintenance Services**
- **Streamlined to focus on key Items for effective operational use**

- **Quantity Banding aligned to methods of delivery, gang size and productivity thresholds**
- **Establishment Items – encouraging cost effective work packaging**
- **Summation of Quantities - Kilometre Rules (5km & 1km dia.)**
- **Extra Over rates apply for small or unpackaged items of work**
- **Patching – Individual items for patch sizes with quantities aggregated to Kilometre Rule**

Rates with no hidden costs:

- Traffic Management paid when used (*except Give & Take and Pedestrian Barriers type TM*)
- Temporary Works for Structures – only paid when required
- Working over/in water – only paid when required
- Temporary Site Accommodation – only paid when required (*Over 5 days duration*)
- Excavation for Kerbing – only paid when required
- Item for Basic Facility for Fixed Contract Overhead for provision of the Service - Turnover related Site Overheads in the rates (*People – Staff*)

Standard Term Maintenance Contract and Document

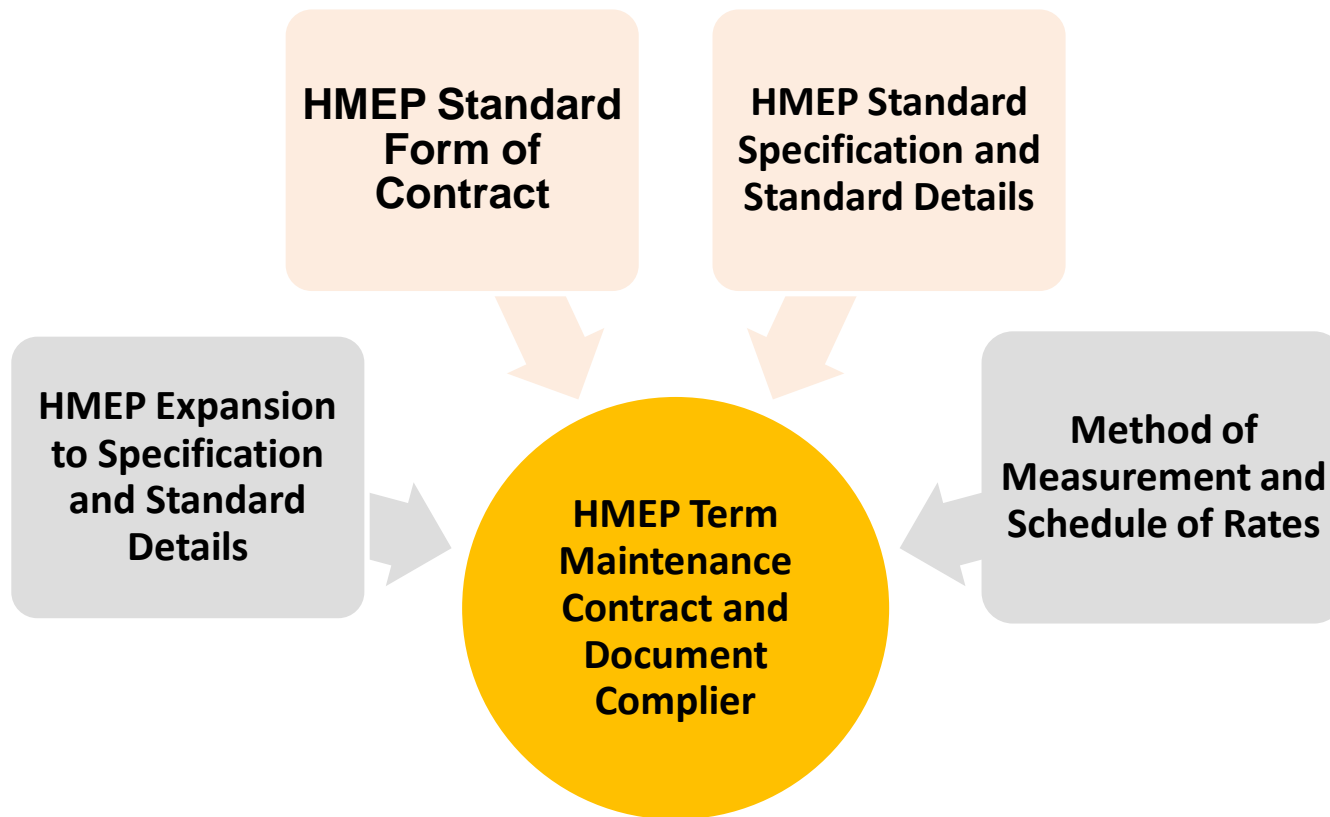
HMEP is developing an electronic document compilation system that will:

- **Provide one term highway maintenance contract for local highway authorities**
- **Standardise the specification, method of measurement, schedule of rates and standard details**
- **Develop additional guidance documents**
- **Reduce LHA staff time spent on updating contract documents**

Progress

- The architecture of the compiler has been completed, just needs the content completing
- Progress has been delayed awaiting completion of the contract review
- Will also incorporate the HMEP Schedule of Rates and Method of Measurement – currently under development
- This will include development aspects of the HTMA's proposal paper – 'Obtaining Value from Constrained Budgets'

Standard Term Maintenance Contract and Document Compiler



Thank you
Any questions