

# Highway Maintenance and Management PFI Contract

Sustainability and Transport Overview and Scrutiny  
Committee (informal)

19 January 2022



# Introduction

- Update provided on Programmed Maintenance on 15 December 2021
- Today will cover the contract and procurement:
  - Interim Services
  - Procurement timeline
  - Future contract
- Please note:
  - We are looking to provide as much information as possible in a public forum, but some information relates to a live procurement
  - Members are encouraged to refer to Cabinet's decisions of 14 December 2021 for an update on matters that fall within Exempt Information

# Context

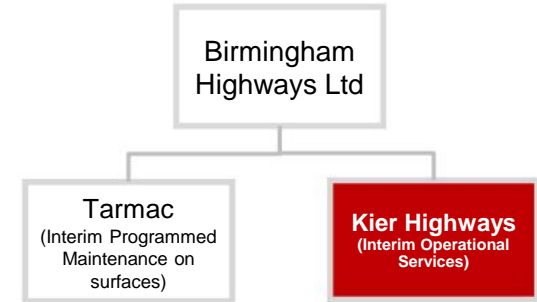
- PFI contract between the council and Birmingham Highways Ltd remains
- BHL is re-procuring its subcontractor
- Necessary to change the contract between the council and BHL to do this
- Services in the interim provided by Kier Highways Ltd
- The £50.311m pa PFI grant is subject to approval of business cases by Department for Transport

# Challenges

- **Affordability:** The contract as originally specified is significantly unaffordable within the available funding
- **Value for money:** Balancing:
  - A contract that is attractive and deliverable to get a competitive procurement
  - Services that the council needs and wants and that are value for money
  - A structure that Government can approve for continuation of the PFI grant
- **Timetable:** Although 19 months, this is still tight
- **Alternative:** A non-PFI structure but no PFI grant

# Interim Services

- Kier Highways Ltd since 1 April 2020
- Services include:
  - Surveys and inspections
  - Reactive maintenance and incident response
  - Routine maintenance
  - Winter maintenance
  - Street Lighting, Traffic Signals and Tunnels Programmed maintenance
- Objectives:
  - Comply with statutory duties for a safe and available highway
  - Stabilise service delivery
  - Start the process of cultural change and improve behaviour during interim period
- Contract extended to match procurement timeline (August 2023)



# Long-term procurement timetable

## ■ Timetable:

- October 2021: Prior Information Notice published
- January 2022: Invitations to Participate in Dialogue
- April 2022: Shortlist bidders and commence dialogue
- January 2023: Tenders submitted
- March 2023: Appoint Preferred Bidder / submit Full Business Case to DfT
- April 2023: Contract award
- 1 September 2023: Commencement

# The future contract

- The council has always been clear that change is needed
- Recommended approach reflects compromises
- Changes include:
  - Specification requirements – what gets done in what timescale
  - The way payment for non-performance works
  - Who takes risk – some risks come back to the council
- Approach:
  - Continuous investment through the remaining 12 years (2023-2035)
  - Performance targets split between Priority and Routine requirements
  - Payment structured to give incentive to deliver services

# Questions

For information on the current investment programme:  
[www.birmingham.gov.uk/highways-work-programme](http://www.birmingham.gov.uk/highways-work-programme)





# Project Structure (for reference)

