

APPENDIX B ASSURANCE MEASURES

The following sections summarise areas where changes have been made to the future contract to address specific issues and concerns for the Council's assurance of its performance. The measures contained in the following tables provide the basis upon which the Council can take assurance that entering into the revised contract will not present the same risks that arose previously.

Technical assurance

Area	Issue	Assurance and mitigating measures
Affordability of investment requirements	Amey LG either under-estimated or under-priced (or both) the investment to which it committed, particularly on surfacing.	<ul style="list-style-type: none">• There is now complete condition survey information for the network and this was updated in 2020.• The model that calculates the condition indices for the network has been revised with BHL and calculates condition accurately to within an acceptable margin.• This means that bidders have been able to price their investment on accurate information and therefore should be expected to be able to deliver the requirements.• Risk of Footway and Structures, Bridges and Tunnels investment has been accepted by the Council and resources to manage this have been allocated within the Council's retained costs.

Area	Issue	Assurance and mitigating measures
Accuracy of the Pavement Management Model	The Pavement Management Model calculates the condition of surfaces on the network. Fundamental errors in Amey LG's model led to inappropriate selection of roads and pavements for treatment.	<ul style="list-style-type: none"> • The model has been revised with BHL and calculates condition accurately to within an acceptable margin. • The model has been used to prioritise roads and pavements for treatment in the investment carried out from 2020 to 2023 and is considered acceptably accurate. • It is therefore considered that using the model under the contract to measure carriageway and footway condition and determine capital investment requirements is acceptable.
Extent of the project network	The extent of the network (and the assets that were to be maintained) was not accurately defined.	<ul style="list-style-type: none"> • The Council has undertaken an exercise to identify and correct its records of the extent of the network in 2020-21. The outcome of this exercise was reported to Cabinet on 14 December 2021 and resources provided for this to be maintained. • Bidders have priced their bids based on the revised network extent. • The Council accepts the risk of the network extent being inaccurate. Any resources required to fund changes to the network will be prioritised from the Highway Maintenance Corporate Policy Contingency.
Independent Certifier	The requirements for independent certification of capital investment works provided insufficient verification of the quality and performance by the sub-contractor.	<ul style="list-style-type: none"> • The role of the independent certifier has been revised to provide more robust assurance of performance, particularly on quality. • The Council also retains the scope to potentially request (and pay for) additional services by the Independent Certifier to gain additional assurance.

Contract management assurance

Area	Issue	Assurance and mitigating measures
Relationships and culture	A protracted period of dispute and insoluble commercial position led to a breakdown of relationships.	<ul style="list-style-type: none"> • The 2019 Settlement Agreement drew a line under previous disputes and removed Amey LG as the sub-contractor. • The interim services period has provided opportunity to reset relationships with BHL and its sub-contractor. • While relationships cannot be guaranteed in any contract, addressing other mechanisms (for example, the ability to frustrate the dispute process) provides an environment in which the sub-contractor's performance is better linked to its commercial position.
Project data	The project management information system was procured by the sub-contractor. When disputes arose, the sub-contractor was in a position to withhold information on provision of the services.	<ul style="list-style-type: none"> • The Council took direct responsibility for the contracts to provide principal project systems following the 2019 Settlement Agreement. • This allows the Council to control access to the management information system and to put in place controls to reduce the likelihood of potentially fraudulent activity. • To mitigate this risk, the Council's planned resources for its client function include sufficient resource to manage and pay for the contracts for systems.
Client resourcing	Staffing reductions to the client in 2010-12 led to the Council's client resource being insufficient to provide acceptable assurance on the contract.	<ul style="list-style-type: none"> • Client resources have been reviewed by the Assistant Director, Highways and Infrastructure in line with Cabinet's decision of 25 June 2019 to enter into the 2019 Settlement Agreement. • Resources have been allocated in the assumed affordability for the contract to provide sufficient staff within the client function to provide this assurance.