



# A working model for highways

**Ringway Jacobs looks after the north-east area on the London Highways Alliance Contract (LoHAC). Managing director Mike Notman tells Alec Peachey why he would like to see the single framework contract model adopted by other local authorities**



**"The local authority network has been underinvested in for many years"**

Mike Notman

LoHAC is a single framework contract for use by both Transport for London (TfL) and London boroughs. Four service providers cover the whole of London, with each London borough forming its own call-off contract.

"Each of the four LoHAC providers encompasses a certain number of boroughs," states Notman, who is a former director of Amey. "There are seven boroughs within the LoHAC north-east contract. It's a framework contract, which means the London boroughs can actually buy into it. There's a schedule of rates for LoHAC on the TfL network, but the boroughs can then buy into that. We were a bit unsure about how much take-up there would be with the boroughs, but actually it is now starting to take off quite well. We've already signed up Haringey."

The London Borough of Haringey entered into a full call-off contract under the LoHAC framework last year.

Notman continued: "The London Borough of Enfield recently confirmed we would be getting all their highway maintenance services from November.

All of the other five (Waltham Forest, Havering, Barking & Dagenham, Newham and Redbridge) are all buying services to a varying degree."

Notman believes the LoHAC model could be more widely adopted, adding: "It doesn't make sense to have more than 150 highway authorities, but what is very difficult is for two to become one or for three to become two. Even when you combine contracts between different authorities they all seem to have different specifications. I think that's why the LoHAC model has been successful because they've managed to get 32 London boroughs to tentatively sign up and agree a common specification and a common set of rates. That sort of framework type contract is a much more powerful way of trying to get local highway authorities to buy into a super model. I think if you went to two local authorities and said you're going to have just one highways department then that would be very difficult politically.

"If you look at our Essex contract it has been set up so that any other local authority can buy services from it. I think we'll probably see an increase in that type of model where a local

authority will take the lead and there is a framework that others can buy into."

## Value for money

Ringway Jacobs is a fully incorporated company formed by Ringway Infrastructure Services and Jacobs. Ringway and Jacobs have a long history of working together that dates back to the early 1990s. They won their first contract together as Ringway Jacobs back in 2007.

In addition to the London boroughs that the company looks after under the LoHAC framework, it is also responsible for highways maintenance for a number of local authorities.

These include Buckinghamshire, Essex and Cheshire East. All are long-term contracts with possible extensions.

"It's important when you're working with a client that you've got some longevity in front of you," remarked Notman.

If Ringway Jacobs fails to deliver certain efficiencies then the company can be hit in the pocket.

"The three local authority contracts that we've got are cost reimbursable with a fee. What we have to do on →





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← all of these contracts is demonstrate year-on-year efficiencies (a minimum of three per cent)," notes Notman. "If we demonstrate these efficiencies, it allows us to get our full fee, subject to achieving annually agreed performance indicators."

Priorities can change within councils and Ringway Jacobs must work with them to ensure they are getting best value for money.

"We can move the KPIs (key performance indicators) around to adjust. We then take the council's budget and work with them to break it down to put the money in the right places," explains Notman. "We also come up with an annual business plan and deliver against it. If we don't hit the KPI targets then we have money deducted from our accounts. Everything is open-book so we're demonstrating that we're producing at least a three per cent saving every year. It demonstrates to the council that they're getting value for money and quality of service in the right areas."

## Getting smart

With local authorities continuing to face challenges around funding, Notman believes that the industry must do more to drive forward efficiencies.

"My personal view is that the strategic network does well on funding and that in comparison the local authority network has been underinvested in for many years," he says. "That's becoming apparent now as a lot of authorities are going down the prudential borrowing route and looking at how they can get additional capital. Some authorities are borrowing money and roads have now moved up the agenda politically, so that's why it is important they find the smartest and most efficient ways of delivering their services."

According to Notman, the best way of achieving savings and efficiencies is for the industry to work together more closely.

"Within the contracts we have got, each local authority has got to work to well maintained highways as a starting point and everyone has to make sure that whatever they do they're not subject to claims, if say someone hits a pothole or has an accident. But everyone has got a different interpretation of that. So some authorities will say all Category 1 defects must be fixed within two hours or 24 hours. Whereas others might say that on unclassified roads it's five days. I think that more work needs to be done to bring people together. Ultimately everyone wants a highways maintenance service delivered. I think there's a bit of work to do collectively to try and help everybody to bring standards closer together."

Notman represents Ringway Jacobs on the Highways Term Maintenance Association (HTMA) and is a former chairman of the group.

He added: "We're working closely with groups like the Chartered Institution of Highways & Transportation (CIHT) and HMEP (Highways Maintenance Efficiency Programme). We are trying to work for the good of the industry to make it more efficient and effective."

"I think now with HMEP on board local authorities are being more encouraged to have things like asset management strategies."

"When we had the recent round of flooding money, if you ticked the box that said you had an asset management strategy, then you may have done better than the ones that didn't. I think the Department for Transport (DfT) is

really pushing and want people to base things on asset management. Through HMEP and working with organisations such as ADEPT (The Association of Directors of Environment, Economy, Planning & Transport), CIHT and HTMA I think there's a real opportunity to start to share best practice, but ultimately also pull together in the same direction. The DfT now expect people to be engaged in HMEP."

## The future

Notman took over from Bill Taylor as managing director of Ringway Jacobs at the start of this year. The company has grown in a short period of time with around 1,000 members of staff on the books. Of that, about five per cent are apprentices with the company set to take on another 32 this year.

"We believe that is the highest percentage of apprentices in the highways industry," Notman comments.

In addition to the LoHAC framework, the company is working on a separate package of works worth around £70 million for Transport for London (TfL). These include Cycle Superhighway 2 on Whitechapel and the Elephant & Castle Roundabout.

Notman is confident about the future, adding: "I know from experience working on a lot of contracts that the most successful are the ones where the client and provider work closely together. I've also seen in the past that service suffers if there's a disconnect between the client and the contractor. At the end of the day we all have to work together. By doing so we reduce cost, interfaces, inefficiencies, and have all of our people pulling in the same direction. I think companies with that culture, like us, will have a bright future in front of them." →