

Highways Term Maintenance Contract Year 1 Performance

Executive summary

The purpose of the report is to provide an overview of performance in Year 1 of the Highways Term Maintenance Contract, including an update on gully emptying and pothole repair.

The contract was awarded to Milestone Infrastructure (Milestone hereafter) on 1st April 2023.

The 'Wiltshire Highways Maintenance Contract Volume 3 Part A Client Scope – S815 Management Procedures' sets out the process for monitoring the contractor's performance. The results are used to monitor and report on the contractor's performance in providing the service and determine the entitlement of the contractor to an extension of the contract.

It has previously been reported to Committee (March 2024) that the extreme and prolonged cold and wet weather prior to the start of the contract had a serious impact on the condition of the road network, resulting in a large increase in the number of potholes and other defects across the county. The need to divert resources to treat the increase in defects had an adverse effect on some service areas, and this had an impact on the early performance scores being recorded.

The issues identified during the mobilisation period of the contract were actioned and using a robust performance management framework, Milestone have put procedures in place to mitigate risk and ensure service improvement where necessary. Staff satisfaction scores reflect this and the improved scores over the second half of the year shows there has been an improvement in the operation of the contract.

Since the commencement of the contract, council officers and senior Milestone staff have met on a regular basis to monitor and review progress of the services and performance being provided. The achieved score of 8.16 for Year 1 is considered good and will be used as a baseline for future years performance.

Good progress has been made on Carbon Reduction and Social Value, as detailed within this report.

Milestone's performance will continue to be monitored and it is recommended a further report be presented to a future meeting.

Proposal

That the committee:

- a) Note the contents of the report, and the progress and methodologies being used to assess performance, carbon reduction and social value.
- b) Request a further update to this Committee on completion of the second year of the contract.

Reason for proposal

The performance of Milestone has been monitored during the first year of operation. Although there have been some early issues, the contract has the potential to deliver the benefits envisaged.

Samantha Howell
Director Highways and Transport

Highways Term Maintenance Contract Year 1 Performance

Purpose of report

1. To provide an overview of performance in Year 1 of the Highways Term Maintenance Contract, including an update on gully emptying and pothole repair.

Background

2. The Council is the Local Highway Authority and is responsible for a highway network of over 2,800 miles, 3,700 miles of rights of way, and highway assets including almost 1,000 highway bridges, 90,000 gullies and approximately 50,000 street lighting columns and illuminated signs and bollards.
3. The management, maintenance and improvement of this infrastructure requires a high level of technical expertise to meet the legal, technical, and financial challenges they present, and there is a need for a specialist contractor to deliver the Council's highways maintenance and related services.
4. Prior to the ending of the previous highways contract in March 2023, a robust procurement exercise was undertaken in accordance with the 'Restricted Procedure' to identify an appropriate contractor to deliver the Council's highway maintenance services. The most advantageous tender for the Council, taking into account price, quality, carbon, and social value, was submitted by Milestone Infrastructure Ltd (Milestone). Following approval by the Cabinet on 11th October 2022 the contract was awarded to them and commenced on 1st April 2023.
5. The highway term maintenance contract includes for the provision of the following services:
 - Local Highways
 - Safety Repairs
 - Reactive Service
 - Routine Maintenance
 - Cyclic Operations
 - Parish Stewards
 - Minor Works
 - Integrated Transport
 - Improvement Schemes
 - Signing Works
 - Lining Works
 - Handrails and Barriers
 - Structures
 - Maintenance and Repairs
 - Bridge Replacements
 - Culverts
 - Drainage
 - CCTV Investigations

- Repairs
 - New Drainage Systems
 - Reactive Works – flooding etc.
 - Street Lighting
 - Inspections
 - Maintenance
 - Repairs
 - Replacements
 - Lighting Schemes
 - Checking Third Party Christmas Lighting across the Highway
 - Winter Service
 - Provision of Gritter Drivers
 - Call-outs, and Standby
 - Vehicle Management
 - Out of Hours Emergencies Service
 - Out of Hours Standby
 - Responding to Reactive Issues on the Highway
 - Works Programming and Supervision
 - Streetworks Coordination
 - Permits
6. The contract service period is for 5 years with an option for a 5-year extension based upon the acceptable performance of the Contractor measured through Key Performance Indicators.

Key Performance Indicators

7. Value for money and performance across the contract is being monitored through Key Performance Indicators (KPIs). Service specific and contract wide KPIs based on the Milestone quality submission at the tender stage have been developed and measured this year to establish a baseline against which future performance will be measured. In addition, monthly satisfaction scoring of the service areas is being undertaken by Council staff, the contractors and consultants involved in delivering the services.

Carbon Reduction

8. Under the contract Milestone are required to reduce their carbon footprint in line with Wiltshire's commitment to become carbon neutral by 2030. The potential award of a five-year contract extension allows the contractor the ability to develop a longer-term environmental plan showing how they will reduce their carbon usage past 2030. This will allow them opportunities to integrate future carbon reducing technologies in transport and manufacturing currently not available.

Social Value

9. At tender stage Milestone were required to provide commitments that will achieve wider financial and non-financial outcomes, including improving the wellbeing of individuals, communities and the environment of the county.

10. Milestone included a range of social value proposals which were considered in the tender assessment process. These included equality and diversity training, living wage requirements, local employment, jobs for armed forces veterans, apprenticeships, work experience opportunities and volunteering support with local charities. These will be monitored throughout the life of the contract.

Main considerations for the committee

11. The 'Wiltshire Highways Maintenance Contract Volume 3 Part A Client Scope – S815 Management Procedures' sets out the process for monitoring the contractor's performance. The results are used to monitor and report on the contractor's performance in providing the service and determine the entitlement of the contractor to an extension of the contract.
12. Milestone are responsible for self-monitoring, reporting and evidencing their performance monthly at the Contract Monitoring Progress Meetings.
13. The contract provides for the Council to award a five-year extension at the end of year 4 of the contract with the agreement of the Contractor. This is conditional on the acceptable performance of the Contractor during the remaining part of the contract term.
14. The final decision on the award of any contract extension will be at the discretion of the Council and signed off by the appropriate officers / cabinet members in accordance with the Councils Request for Contract Extension requirements.
15. The following methods are used to monitor performance, service and contract commitments:
 - Staff Monthly Satisfaction Scores against the Contract Performance Objectives
 - Key performance indicator scores against the Contract Performance Objectives
 - Carbon reduction and social value scores against Contract Commitments.

Contract Performance Objectives

16. The contractor's performance is measured against ten contract performance objectives. These are:
 - General Management
 - Financial Management
 - Customer Service and Quality
 - Health and Safety
 - Staffing Issues
 - Service Development and Innovation
 - Information Technology
 - Environmental Management and Carbon Reduction
 - Technical Performance – Quality
 - Technical Performance – Programme and Cost

Contract Monitoring using the Monthly Satisfaction Scores

17. The contract requires a web-based system to be used by partners within the contract to score each other's performance. Wiltshire currently uses the eContract system provided by Measure 2 Improve. This system generates a monthly email to key staff from the client, consultant and contractor involved in delivery of the service, requesting them to log into the scoring card and submit their scores to a set of specific questions about each partners performance in delivering the service during that month. The scores are marked from one to ten, with ten being the most satisfied. The scorers can also provide additional comments to support or explain their scores for that month.
18. For the purpose of monitoring the performance of the contractor, the Contract Monitoring Scores for the questions are grouped together to reflect the ten contract performance objectives. The monthly average satisfaction scores against the contractor for each contract objective are recorded in the contract monitoring spreadsheet as shown at **Appendix A**.

Contract Monitoring of KPI Scores against the Contract Performance Objectives

19. The contract also requires the contractor's performance to be monitored against a number of Key Performance Indicators (KPIs), which are aligned with the contract performance objectives. Each month the contractor provides evidence against the measures for each of these KPIs to demonstrate their ongoing compliance in provision of the particular service or outputs.
20. A score is determined each month based on the level achieved for each KPI against its measure. These scores are calculated each month and the average score for the year for each KPI is determined.
21. The scores for each Contract Performance Objective are determined as the total average of each KPI score for that contract performance objective for the year. These scores are added to produce the final total KPI scores for the year, as shown at **Appendix B**.

Carbon Reduction

22. The contract requires Milestone to provide carbon and environmental management commitments to improve decarbonisation of key areas of highway services. The National TOM's (Themes, Outcomes and Measures) Framework was used to identify measures and reporting formats.
23. Scores are awarded based on performance against the annual TOM's measures. These are scored up to a total of 10 points for each measure, the final total for the year is the average total of these measures, as shown at **Appendix C**.
24. Milestone's quality submission responses included a commitment to put in place a Carbon Reduction Plan setting out their approach to measuring, monitoring and reporting on carbon reductions throughout the life of the

contract. This includes year on year targets for Scope 1 and 2 Carbon intensity reductions, proposals for reducing Scope 3 carbon intensity, and reducing fleet CO₂ emissions. These targets are used to form key performance indicators linked to the award of the contract extension. Milestone have already implemented a number of carbon saving measures including:

- a. Switching from diesel to HVO fuel for their plant and vehicles reducing the vehicle fuel carbon impact by 90%
- b. Introducing electric loading shovels instead of diesel in the 3 main depots
- c. Providing only electric or hybrid company cars
- d. Depot waste segregation and recycling

25. The total carbon saving achieved in year 1 was 454 tCO₂e. Further detail can be found in the table included at **Appendix F**.

Social value

26. The contract requires Milestone to provide social value commitments that will improve the wellbeing of individuals, communities and the environment of the county. The National TOM's Framework was used to identify measures and reporting formats.

27. Milestone's quality submission responses included social value commitments, and their approach to measuring, monitoring and targets.

28. These targets are used to form key performance indicators linked to the award of the contract extension. Milestone have already implemented a number of social value initiatives.

29. Milestone have to date:

- a. Provided mandatory training on equality and diversity for all staff
- b. Provided one day workshops on Behavioural Safety for all staff
- c. Ensured all salaries are above the real living wage
- d. Provided an Internship through the Change 100 Programme
- e. Created 25 new jobs in the Wiltshire Area, 14 of which have been filled
- f. Engaged with the ex-armed forces through the Building Heroes programme to assist ex armed forces employees to find work in the private sector
- g. Sponsored Wiltshire Council's Wiltshire Business Sports and Gala Dinner
- h. Supported 5 existing Highway Maintenance Apprentices
- i. Sponsored 1 individual on a Supervisor Apprenticeship Programme, and
- j. are in the process of recruiting 3 new employees to start a Highway Maintenance Apprenticeship Programme in September 2024.

30. Scores are awarded based on performance against the annual TOM's measures. These are scored up to a total of 10 points for each measure, the final total for the year is the average total of these measures, as shown at **Appendix D**.

The Contactor's Annual Score

31. The final contractors annual scores for year one are shown at **Appendix E**.
The overall score for year 1 is **8.16**

Gully emptying

32. The budget increase in 2024/25 has allowed the use of additional tankers for both planned and reactive activities. The fleet now comprises of 3No standard tankers on scheduled works, 3No Vactor tankers with additional jetting capabilities on scheduled and reactive works and 1No tanker on discretionary work for Parish and Town Councils.
33. Emptying of 'High Risk' gullies has moved from a single annual visit to two visits per year. Gullies on the C and U/C roads have moved from a three year to a two-year cycle. The increase in cleaning frequency has the potential to reduce incidences of future flooding.
34. Work has recently been completed to review and update the gully asset data held by the Council. All gully data is now held on a graphical database that includes condition data, and this is being used to help determine priority and future emptying needs. The system will also record future historical data that over a period of time will allow intelligence to build up on those gullies that need an increased frequency of cleaning and conversely, those that do not need cleaning as frequently.
35. It is the intention to publish the detailed programme of gully emptying in the Autumn.

Pothole repair

36. The 2023/24 winter period saw a substantial increase in reported pothole numbers across the network. Typically, the number of pothole reports in the winter and spring months are around 700 to 900 per month; however, this increased to around 4,000 per month.
37. To address this, an early decision was taken to substantially increase the resources dealing with potholes by redeploying teams from other works. Also, to use only cold lay material (Viafix) as this was considered the quickest way of responding to the significant increase whilst limiting the impact on the travelling public.
38. Pothole numbers have now returned to seasonal norms and the resource levels have been adjusted accordingly.
39. Pothole repair time is based upon the criteria set out in the Wiltshire Council Highways Safety Inspection Manual. Each reported pothole is assessed by an engineer and given a priority based on the defect criteria. Not all reported potholes meet the defect criteria, and so not all reported potholes are repaired. Further, some reported potholes will take longer to be repaired as they are categorised as a lower priority than others. The aim is to fix Priority 1 potholes by the end of the next day; Priority 2 within 14 days, Priority 3 within 28 days,

Priority 4 in 60 days, and Priority 5 are referred to a manager for further consideration.

- 40. Performance of Milestone in the repair of potholes is monitored through the use of PowerBI dashboards and reviewed monthly by the client/contractor contract management team. Performance is also reviewed at the regular Highways and Transport Performance and Outcomes Group (POG) meetings and form part of the Council's Corporate Performance Dashboard. Given the significant increase in pothole reports over the winter period, headline results are also reported to Performance and Outcomes Board and Central Performance and Outcomes Board (POBs).
- 41. Current performance is considered to be very good with response times being recorded:

Priority	Response Time
1	1.1
2	10.4
3	11.1
4	64.2

- 42. Examples of the PowerBi dashboards are included at **Appendix G**
- 43. After comparison trials, the Council has moved to the use of Bobcat planning machines for more permanent repair of potholes and two machines are currently in operation.
- 44. Defects are entered into the Highway Infrastructure Asset Management System (HIAMS) by client technicians, who using experience allocate the defect for treatment. Defects are then programmed for repair in a way that minimises travelling distance to maximise efficiency. The failing surface is removed quickly and efficiently, and then repaired using a warm lay asphalt. This methodology has proved to be successful with positive feedback from residents having been received.
- 45. The disadvantage of this repair methodology is that because of the larger scale of operation, temporary road closures are needed more frequently. This requires a higher level of planning and programming, and unfortunately there is a greater level of disruption to the network in the localised area where the work is being undertaken.
- 46. In addition to the Bobcat machines, the Council is also using two spray injection machines known as Velocity Patchers and a single Dragon Patcher. These undertake repairs by utilising a bitumen emulsion combined with stone chips. They have the capacity to fill potholes and also seal and dress areas showing crazing/cracking, which has the advantage of dealing with the immediate defect and also arresting further deterioration. The nature of this repair method does mean that the use is confined to rural roads.

Environmental impact of the proposal

47. The impacts of climate change are likely to have significant effects on the highways network with increased incidents of flooding and temperature extremes causing more frequent damage to the roads, footways, and drainage systems. In accordance with the Council's Business Plan objectives, having a suitable highways contractor in place enables robust responses to be made to immediate problems and assists in developing strategies and ensuring evidence-led investment decisions to improve the condition of the network to help build resilience into the highway and transport infrastructure.
48. Milestone have implemented their carbon reduction plan to reduce the environmental impact of carbon throughout the life of the contract.

Equality and diversity impact of the proposal

49. The contract activities of maintaining and improving the highway network provide benefits to all people to enable them to be able to use the highway safely, whatever category they may fall into.
50. Milestone's social value commitments include equality and diversity training, living wage requirements, local employment, jobs for armed forces veterans, apprenticeships, and work experience opportunities.

Risk assessment

51. The operation of the Milestone contract has been regularly monitored from commencement through monthly contract update meetings, contract monitoring progress meetings and service delivery team meetings. These meetings have enabled risk concerns to be raised and resolved at an early stage.
52. Key contract risks addressed during the first year include:
 - Milestone's ability to set up and operate the service from day one of the contract;
 - Provision of additional resources to undertake the increase in work generated by the additional funding in highway maintenance.

Financial implications

53. The anticipated expenditure through the contract is likely to vary from year to year depending on budgets and priorities. The annual expenditure through the contract is expected to be in the region of £15 million; however, this is likely to vary depending on funding levels as is currently the case with the Council's increased investment for preventative maintenance.
54. The contract is primarily based on the resource levels to be provided by the contractor, and the contract needs to remain affordable and sustainable for the Council in the longer term.

Legal implications

55. The Council has a duty to maintain the highways network and related infrastructure. The highways maintenance contract will deliver important aspects of the highways service and will help ensure that the Council meets its obligations under the Highways Act and other relevant legislation. The term maintenance contract will help ensure that the services are provided to the standard necessary for the Council to fulfil its statutory duties.
56. The Milestone contract is helping the Council to meet its statutory duties, especially in connection with keeping the highway network safe.

Options considered

57. The operation of the Milestone contract has been monitored during the first year of operation. Although there have been some early issues, the contract has the potential to deliver the benefits envisaged.

Conclusion

58. The new term maintenance was awarded to Milestone on 1st April 2023.
59. The weather prior to the start of the contract had a serious impact on the condition of the road network, which resulted in a large increase in the number of potholes and other defects that Milestone have had to deal with.
60. The need to divert resources to treat the increase in potholes had an adverse effect on other service areas and this had an impact on the early performance scores being recorded.
61. Whilst there were some issues during the mobilisation period, Milestone have put in place procedures to resolve these. The staff satisfaction scores reflect this and the improved scores over the second half of the year shows there has been an improvement in the operation of the contract. Milestone's performance will continue to be monitored and it is recommended a further report is presented to Committee at a future date.
62. Since the commencement of the contract, council officers and senior Milestone staff have met on a regular basis to monitor and review progress of the services and performance being provided.
63. Good progress has been made on Carbon Reduction and Social Value.
64. The achieved score of 8.16 for year 1 is considered good and will be used as a baseline for future years performance.

Samantha Howell
Director Highways and Transport

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Background papers

The following unpublished documents have been relied on in the preparation of this report:

Annual Contract Performance Report – prepared by Milestone
Annual Carbon Report – prepared by Milestone

Appendices

Appendix A – Monthly Satisfaction Scores
Appendix B – Key Performance Indicator Scores
Appendix C – Carbon Reduction Scores
Appendix D – Social Value Scores
Appendix E – Contract Summary Scores
Appendix F – Carbon Savings Summary
Appendix G – PowerBi defect dashboards