

## **Highways Term Maintenance Contract – Interim Update**

### **Executive summary**

This report provides an interim update on the Council's new term contract for highway maintenance. A robust procurement exercise was undertaken in accordance with the 'Restricted Procedure' in 2022 to identify an appropriate contractor to deliver the Council's highways 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).

The contract commenced on 1<sup>st</sup> April 2023 and has been operating for 17 weeks. Mobilisation of the contract involved the successful TUPE transfer of most of the staff and operatives from the previous supplier; however, it was necessary for Milestone to establish a new senior management team for the contract, and this has had to include some temporary staff in the short term, including those from other Milestone contracts. Recruitment in the industry has been a problem in recent years because of skills shortages and this is the case for contractors as well as for the council. To help address this a joint careers fair was held at County Hall on the 16<sup>th</sup> August 2023 involving the Council and all its highways providers.

The contract started at a particularly challenging time. Road conditions across the UK suffered badly with the particularly dry and hot summer of 2022 followed by a wet autumn, interspersed with two prolonged periods of cold weather with freezing conditions, causing serious damage to parts of the road network. The usual number of pothole reports in the winter and spring months of around 700 to 900 per month increased to around 4,000 per month.

To address this, an early decision was taken to substantially increase resources dealing with potholes by redeploying teams from other works. Consequently, some of the other workstreams took longer than originally planned to become fully operational. This particularly affected the Parish Steward scheme as resources were directed towards filling potholes.

Milestone have been flexible in directing resources according to need; however, in some service areas resource levels have been more resilient than in others. For example, in the area of streetlighting the new service was established promptly whilst drainage investigations have taken longer as it has been more difficult to get resources and sub-contractors in place. This has now significantly improved.

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 being provided. A full and comprehensive review of the current service provision has been

completed in recent weeks, and a summary is included at **Appendix A**.

Initial indications are that the contract will deliver the anticipated benefits in the longer term, and performance and best value will continue to be monitored and reported to this Committee.

### **Proposal**

That the committee:

- a) Note the contents of the report and the progress being made to establish the new working arrangements with the Milestone term maintenance contract.
- b) Request a report to this Committee on completion of the first year of the contract next year.

### **Reason for proposal**

The operation of the Milestone contract has been monitored and a review of the first 17 weeks has been prepared.

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# Highways Term Maintenance Contract – Interim Update

## Purpose of report

1. To provide an update on the Highways Term Maintenance Contract, including the Parish Steward scheme.

## Background

2. The Council is the local highway authority and is responsible for a highway network of over 4,400 kilometres, 6,000km of rights of way, and assets including almost 1,000 highway bridges and approximately 50,000 street lighting columns and illuminated signs and bollards. 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.
3. There is a need for a specialist contractor to deliver the Council's highways maintenance and related services. Prior to the ending of the previous highways contract in March 2023, a robust procurement exercise in accordance with the 'Restricted Procedure' took place in 2022 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 11<sup>th</sup> October 2022 the contract was awarded to them and started on 1<sup>st</sup> April 2023.
4. The contract includes for the provision of the following highway maintenance 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
5. The contract has a duration of 5 years with an option for a 5 year extension based upon satisfactory performance.

### **Main considerations for the committee**

6. The contract required the TUPE transfer of staff and operatives from the previous supplier, and it is often not clear until the very start of the contract who will be transferring. It has been necessary for Milestone to establish a new senior management team for the contract, which has included some temporary secondments in the short term.
7. There is a need for Milestone to recruit further staff as there are still vacant posts in their structure. However, recruitment in the industry has been a problem recently because of skills shortages and this is the case for contractors as well as for the council. To help address this a joint careers fair was held at County Hall on the 16<sup>th</sup> August 2023 involving the Council and all its highways providers.
8. The transition to the new contract went relatively smoothly; however, there were issues regarding obtaining a suitable depot which the contractor was responsible for arranging. Following the identification of a suitable depot location, the necessary arrangements were progressed and are being finalised. There is a lack of suitable sites in the county, and this has been a problem in the past. In the longer term the Council is seeking to develop its own depots which can be leased to future contractors.
9. The contract started at a particularly challenging time. Road conditions across the UK suffered badly with the particularly dry and hot summer of 2022 followed by a wet autumn, interspersed with two prolonged periods of cold weather and freezing conditions, causing serious damage to parts of the road network. The usual number of pothole reports in the winter and spring months would be around 700 to 900 per month, but at the start of 2023 the number increased to around 4,000 per month.

10. To address this, an early decision was taken to substantially increase resources dealing with potholes by redeploying teams from other works. As a consequence, some of the other workstreams took longer than originally planned to be fully operational. This particularly affected the Parish Steward scheme as resources were directed towards potholes. With the high public interest in potholes the Council held a webinar on Monday 19<sup>th</sup> June to explain how potholes are dealt with. The webinar slides included infographics on how to report a pothole and the action taken and how potholes are filled.
11. There have been some additional challenges around the Parish Steward service. Whilst measures were in place to make the change of contractor as efficient and effective as possible, at the commencement of the contract the suspension of the Parish Steward Program of visits, due to the unprecedented number of potholes resulted in a dissatisfaction with the service from many parish councils. Further, whilst due diligence was undertaken during on-boarding of personnel with the new contractor, complaints were received about lack of visibility and service provision in some areas. The program of visits recommenced from the beginning of June; however, with changes of personnel, communication with some Parish Councils was poor. In addition to this, Stewards interpretation of risk assessments methods of working contributed to an approach that was not in keeping with the scope of works laid out in the contract specification.
12. The issues were highlighted to Milestone, and an action plan developed to address the problems identified. A review of Milestone's Risk Assessments and Methods of work was carried out leading to a redrafting of these documents, and detailed briefings were then provided to Parish Stewards and necessary clarity given. A dedicated supervisor has been appointed by Milestone with responsibility for Parish Stewards to provide improved guidance and support for them when undertaking their duties, and in turn deliver improved outcomes. These changes have led to an improvement in the delivery of the service, and this is being closely monitored. A summary of Parish Steward tasks, work examples, and vehicles is included at **Appendix B**.
13. It should be noted that the contract is primarily based on the resource levels to be provided by the contractor. In many cases an increase in resources may be desirable but would require higher levels of funding, and the contract needs to remain affordable and sustainable for the Council.
14. Milestone have been flexible in directing resources according to need, although in some service areas this has been more successful than in others. In the area of streetlighting the new service was established quickly; however, in some specific areas of the wider Highways service it has taken longer to get resources and sub-contractors in place.
15. Since the commencement of the contract officers and senior Milestone staff have met on a regular basis to monitor and review progress of the services being provided. A full and comprehensive review of the current service provision has been completed in recent weeks, and a summary is included at **Appendix A**.

16. Value for money 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 are being developed this year and will be used as a baseline to assess future performance improvements. In addition, monthly satisfaction scoring of the service areas is being undertaken by the contractor's and council's staff involved in delivering the services.
17. The opportunity is being taken to enable the Parish and Town Councils to also provide feedback regarding the level of service being achieved by the Parish Steward service through a bi-annual questionnaire.
18. The results of the assessment of contractor's performance after its first year will be included in the Annual Review of Service which will be reported to this Committee next year.

### **Environmental impact of the proposal**

19. 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.
20. The maintenance of highways, verges, landscaped areas and watercourses carried out by the council can have an important influence on the local ecology and environment in Wiltshire, and this was taken into account in assessing the contract prior to award.
21. Under the new 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.
22. A key aspect within the new contract, as in previous contracts, will be to ensure that there is a robust Environmental Plan in place that is periodically reviewed and kept up to date with the latest legislation, and covers all potential environmental hazards associated with highway activities on the surrounding environment.
23. Milestone's quality submission responses included a series of measures that they will put in place to reduce carbon emissions associated with their operations during the life of the contract, and how they will evidence these reductions. These measures include year on year targets for Scope 1 and 2 Carbon intensity reductions, proposals for reducing Scope 3 carbon intensity, and reducing fleet CO<sub>2</sub> emissions. These targets will be 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

### **Equality and diversity impact of the proposal**

24. 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.
25. At tender stage Milestone were required to demonstrate good practice in terms of employment policies and practices, and conform to the Council's standards and values.
26. 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, and work experience opportunities which will be monitored through the life of the contract. 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, have sponsored 1 individual on a Supervisor Apprenticeship Programme and are in the process of recruiting 3 new employees to start a Highway Maintenance Apprenticeship Programme in September.

### **Risk assessment**

27. The most serious risks associated with the transition to the new contract and mobilisation, especially those connected to TUPE and the transfer of staff, have been managed. Regular risk management meetings are taking place between the council and Milestone teams, and risk mitigation is reported to the monthly Contract Management Meetings.
28. The risk register developed for the mobilisation of the contract has evolved to become a risk register for the operational aspects of the contract. The council will continue to monitor the operation of the contract to manage the significant risks associated with construction and highway works.

## **Financial implications**

29. 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, but this is likely to vary depending on funding levels, especially for capital works such as road improvement schemes. Spend through the contract during quarter 1 is currently in line with expectation.
30. Milestone are successfully using the Council's Highway Infrastructure Asset Management System (HIAMS) for electronic ordering and invoicing, which provides robust information on expenditure. Indications are that expenditure has been slightly below anticipated levels because of the resourcing limitations with some service areas at the start of the contract, but these are being addressed.

## **Legal implications**

31. 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.
32. The Milestone contract is helping the Council to meet its statutory duties, especially in connection with keeping the highway network safe.

## **Options considered**

33. The operation of the Milestone contract has been monitored during its first weeks of operation, and although there have been some issues the contract has the potential to deliver the significant benefits envisaged from the original procurement.

## **Conclusions**

34. The new term maintenance was awarded to Milestone on 1<sup>st</sup> April 2023 and has been operating for 17 weeks.
35. Staff and operative recruitment and retention has proved to be an issue with the current skills shortage in the industry, which has had a negative impact on contractor resources and service delivery at the beginning of the contract.
36. The weather prior to the start of the contract had a serious impact on the condition of the road network, which resulted in a massive increase in the number of potholes which Milestone have had to deal with.
37. The need to divert resources to treat the increase in potholes had an adverse effect on the Parish Steward scheme.
38. There has been an improvement in the operation of the contract since its start and the contractors performance will continue to be monitored.



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## **Background papers**

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

None

## **Appendices**

Appendix A – Service Area Review at Week 17.

Appendix B – Parish Steward Tasks, work examples and vehicles.

### Highways Term Contract Service Area Review at Week 17 (9<sup>th</sup> August 2023).

#### Operational and Work Activities

- Local Highways
  - Safety Repairs - numbers of new defects raised have been running at record highs for the last 6 months:
  - Weekly Safety Defect Performance Update report now developed and available
  - Potholes – additional resources were allocated onto pothole works for the first 2 months of the contract to address the backlog. The operations are now stable, we have reverted back to the 3 core pot hole gangs who are able to complete the majority of repairs within their due dates.
  - Spray injection patching – Started 3<sup>rd</sup> July.
  - Hand Patching – 3 man gang is now in place and delivering to programme
  - Machine Patching – this has been challenging due to a number of resource issues, however we now expect to be operational by end of August
  
- Cyclic Operations
  - Gully emptying programme – the 3 gully cleansers are now all in operation and working on the high priority gullies. The Karbontech system is being used to update the gully positions and record the cleaning, this is downloaded back into the council’s asset management system. We are now reviewing the outputs to date and will be monitoring resources to ensure the programme requirements for the year are met. The gully dipper resource is commencing works this week to identify which gullies need cleaning in the non high risk areas and to allow us to programme more efficiently
  - Sweepers – the 3 no sweepers are working to programme and the data collection system is currently being installed
  - Grass cutting – There were a number of issues with the tractors causing delays to the initial operations. Vehicle repair providers are now in place and a replacement plan for the tractors and the parts has been developed. Meanwhile sub-contractors were procured and used where the direct resource was insufficient to meet programme requirements. Programme is now back on line.
  - Verge cutting - 1<sup>st</sup> cut and narrow lane cutting are complete, 2<sup>nd</sup> cut is due to start late summer in line with the programme. The Karbontech data management system will be installed on the tractors by the start of the 2<sup>nd</sup> cut.
  
- Parish Stewards
  - Parish Stewards – All 20 positions are filled and the PSs are now working in their parishes in line with the annual programme. There have been a number of issues around changes to ways of working, safety, equipment

and lone working. These have now been addressed, the PSs have been rebriefed and a dedicated Supervisor has been allocated to the PS service. This is expected to: improve communication between the PS's, Wiltshire Council and the customers; ensure blockers to delivery of service are dealt with efficiently and effectively; improve clarity of the role, scope of service etc; monitor and where necessary improve the productivity and service of the individual PSs. It is expected that these changes will take a few months to be completely effective, but will be continually reviewed until all parties are satisfied with the improvement of service.

- The vehicle wrapping provider has been procured and wrapping has commenced.
- Integrated Transport & LHFIG
  - Improvement Schemes – programme agreed and all 3 gangs delivering.
  - Signing Works – Slow start up but both gangs now delivering to programme.
  - Lining Works – Road marking started 15/5/23 and on programme.
- Structures
  - Maintenance and Repairs – Dedicated gang in place and delivering to programme of schemes. Communication, supervisor role and visibility of programme all good
- Drainage
  - CCTV Investigations – slow start due to procurement issues, now resolved and works started in July.
  - Drainage Repairs – 4 man gang working through programme
- Street Lighting
  - All working well, large quantity of works handed over from incumbent but Wiltshire Council working closely to identify and understand what is outstanding and prioritise. CMS base station upgrade 3d to 4d is on programme. Alloy system compatible with HIAMS currently being tested by Wiltshire Council and Milestone and on programme for go live October.
- Winter Service
  - Provision of Gritter Drivers under review for next season – gap analysis complete and training programme agreed and commenced. Engagement with supply chain drivers commenced.
- Out of Hours Emergencies Service
  - Out of Hours Standby running well – clarity of roles, responsibilities and call out process where required to deal with biological/body/blood incidents has improved the service.
- Streetworks Coordination
  - Permits – All working well.
  - Minor issues around details and drawings required have been resolved.

## **Contract Requirements**

- Organisation Structure
  - 15 new (non TUPE) Office Staff, 6 new operatives appointed
  - 11 office staff roles advertised of which 5 are filled by seconded / temporary staff
  - 8 operative roles advertised currently filled via sub-contractors
  - 2 of the management team have left the business and 5 operatives
  - role of supervisors has been reviewed and a number of actions put in place to ensure they are better supported and more able to focus more closely on directly supporting the delivery of the service:
    - 2 new supervisor positions added.
    - 1 new Area Manager position added
    - Admin roles added and filled at each of the 3 depots
    - Review of the overall structure has identified needs to further increase overall structure – change and recruitment plan underway.
    - Training, coaching and development plan for supervisory staff being developed – 1 supervisor started on a Supervisor apprenticeship.
- Subcontractors – procurement was slow due to a number of resource issues in the Milestone process. All key subcontractors now in place and focus on the secondary subcontractors to ensure they are appropriately prioritised and onboarded. Ancillary sub-contractors being set.
- Contractors Plan updated, agreed and in the process of being signed off. Will be updated monthly.
- Contract issues – EWN/CE system set up and working well. Next step is putting on to HIAMS.
- NEC4 Training – to be re-scheduled to commence in August.
- Hiams – Installed and all operatives now using tablets. Long running connectivity issues causing problems with operatives receiving and recording up to date information is being looked at jointly by Wiltshire Council and Milestone.

## **Carbon and environmental**

- Carbon Measurement tools in place – First 3 months work ready for review, meeting to be arranged.
- Environmental – HVO Biofuel now being used in fleet based at Chippenham depot.
- Waste Management plan – final draft now agreed

## **Social Value**

- Social Value

## APPENDIX B

### Parish Steward Tasks – 2023 - 2028

#### Vehicle Provision

The Parish Steward shall be each provided with a 4x4 vehicle suitable to undertake the task and duties identified plus winter and weather-related activities. The vehicles shall comply with the contract requirements of the scope in terms of colour, branding and use of tracking devices. In general, the 4x4 vehicles provided shall meet the following minimum specification:

- 4x4 vehicle with single extended cab with aluminium drop side tipping body
- extended cab as a tool and protective clothing store
- fitted with a front mounted winch
- snow plough frame, bracket, and suitable snow plough (10no)
- fitment for small demountable salt spreader and small demountable salt spreader (10no)
- a variable height combination 50mm ball/pin tow hitch

#### Tasks Undertaken (Single person tasks)

##### Planned Works

Typical planned local highway work routinely undertaken by Parish Stewards includes (but is not exclusive to):

- hand clearing, and cutting of growth from drainage grips and drain gully covers
- hand clearing of blocked gullies
- rodding of drainage systems
- clearing of small culverts, pipes, and pits
- clearing storm debris
- trimming encroaching hedges and vegetation from around road signs and railings
- cleaning and straightening small road signs
- hand cutting small visibility areas
- reactive emergency repairs including pothole repairs (In accordance with Wiltshire Councils Highways Inspection Manual 2018)
- find, fix & record potholes (cold repairs only)
- responding to road closure requests from the emergency services
- removal of ragwort (hand pulling or strimming of defined areas)
- treatment/removal of weeds
- graffiti and fly posting removal
- clearance of debris and materials from scenes of road traffic collisions including clinical waste.
- siding out of footways and carriageways
- clearance of small fallen trees or minor overhanging branches/limbs

##### Emergency Works

Examples of types of emergency reactive local highway work which is to be undertaken by the Highway Stewards includes (but is not exclusive to):

- resolving flooding issues – clearing drainage grips and drain gully covers, clearing of small culverts, pipes, and pits etc.
- placing emergency signage and traffic management
- clearing structures and fixings and make safe
- reactive pothole repair
- responding to road closure requests from the emergency services
- small masonry type works such as repairs to slabs and damaged kerbs
- clearance of debris and materials from scenes of road traffic collisions including clinical waste
- clearance of storm damaged trees from the Highway including the use of a chainsaw (NB: where this work is either extensive or dynamic risk assessment requires, then further operational support may be required to complete the task)

### **Task Undertaken (Multiple person tasks)**

#### **Planned Works**

The following works cannot be undertaken by a single Parish Steward without support as they are a (minimum) two-person operation. These works can be undertaken on an ad-hoc day, which is typically a Friday, but this is flexible:

- Minor carriageway repairs, including vehicle overruns
- Works requiring traffic management (including Stop/Go or the manual control of temporary traffic signals in accordance with Chapter 8)

#### **Further Work Tasks (Non-Parish Steward Tasks)**

The following works will be undertaken by other operational delivery gangs with a specific task order required to detail the scope and nature of the works:

- Small masonry type works such as repairs / replacement of slabs and damaged kerbs. Specific task order required as statutory undertaker information required as excavation works are involved
- Erection of small signs including posts in the footways, carriageways, and verges. Specific task order required as statutory undertaker information required as excavation works are involved. These works will be passed to the sign gangs
- Fence and pedestrian barrier replacement
- Sanding and painting of barriers – this is not a safety critical task so a separate task order to be raised for these works
- Large areas of sweeping and more than 5 gully dig outs/cleans

#### **Parish Steward Liaison and Planning of Works**

Parish Stewards will liaise with individual parish reps when they are in their area to ensure all work requests are clear and have been communicated to Wiltshire Council for review and approval prior to the Parish Steward commencing work in their area. Each parish has a planned visit on a monthly basis, with the programme set in advance covering a 3-month period.

We have a dedicated supervisor in place to ensure communication between all parties happens and where needed is improved. The supervisor will also deal with any local issues that require escalation and provide feedback on the resolution of such issues.

Weekly meeting take place between Milestone and Wiltshire CC staff to discuss the Parish Steward delivery along with monthly meetings with the Parish stewards themselves, this ensures we have a consistent message and approach across all working areas.

Milestone are more than happy to meet with local parishes to discuss the above and provide further explanation and understanding where needed surrounding the delivery, planning and

communication with their Parish Steward as well as explaining Milestones approach to the works, in particular the Health and Safety requirements to ensure the Parish Steward undertakes the work in a safe and efficient manner.  
Examples of Parish Stewards Works Completed



Parish Steward vehicles

