

Wiltshire Council

Environment Select Committee

21 November 2017

Subject: Highways Annual Review of Service

Cabinet Member: Councillor Bridget Wayman - Highways, Transport and Waste

Key Decision: No

Executive Summary

The local highway network is vital for businesses and communities, and effective maintenance to ensure its availability is essential to the economic development of the county. Wiltshire Council recognises the importance of maintaining and managing its highway network effectively. The Council is assisted in this task by a number of specialist contractors and suppliers, and an annual review of the service for 2016/17 has been prepared (see **Appendix 1**).

A new highway contract with Ringway Infrastructure Services started in April 2016. The transition from the old contract went smoothly, and the new contractor's performance for the first year has been good. It is proposed to award a contract extension of three months to Ringway Infrastructure Services in accordance with the conditions of the contract (see **Appendix 2**). A number of sub-contracts were transferred to the Council following the early end of the previous highway contract, and the performance of these contractors has also been good, and will continue to be monitored.

The Highways Consultancy contract was awarded to Atkins and started in December 2012. It is for five years, with possible extensions of up to two years, subject to performance. Atkins provides a wide range of services and support with regard to mainly highways services, including design and supervision of highway, transportation studies and drainage works. An extension of eighteen months has already been agreed for the contract. Performance in year four of the contract has been good (see **Appendix 3**) and a further extension of six months is proposed in accordance with the terms of the contract.

The Performance Management Framework was first reported to this committee in October 2016. An updated version has been prepared (see **Appendices 4 and 5**), which indicates that that overall performance has been good, but there are some aspects, including the increase last year in the number Killed and Seriously Injured, which are a cause for concern.

Proposals

It is recommended that the Environment Select Committee:

- (i) Endorses the Highways Annual Review of Service (which describes the service delivery during 2016/17), and the improvements that have been made following the award of the new highways contract and supplier arrangements.
- (ii) Notes that the new highways contract with Ringway Infrastructure Services started in April 2016 and supports the view that the transition to the new highways contract went well; performance during the first year of the contract has been good, and an extension of three months is being awarded in accordance with the condition of contract.
- (iii) Notes that the Highways Consultancy contract with Atkins started in December 2012, and an eighteen month extension to the contract has previously been awarded. The Committee is asked to support the view that performance has continued to be good in the fourth year of the contract, and the proposal to award a final six month extension, in accordance with the provisions of the contract.
- (iv) Endorse the Highways Performance Management Framework; which indicates that overall there has been good progress and performance during 2016/17. The Committee accepts that the increase in the number Killed and Seriously Injured on our roads is a cause for concern, which will require further consideration.
- (v) Agrees that performance of the service area of 'Highways' continues to be reviewed by the Committee on an annual basis, through a Review of Service report

Reason for Proposals

The highway network forms the Council's largest asset, and it is important that it is maintained in the most cost-effective way that demonstrates value for money. This includes the use of asset management and whole life costing approaches to inform investment decisions.

The performance of the Council's contractors and their supply chains are important in maintaining the condition of the highway assets and ensuring an efficient and effective highways service. Their performance is continuously monitored, and is reviewed and reported annually to this committee.

Alistair Cunningham

Corporate Director

Wiltshire Council

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Key Decision: No

Purpose of Report

1. To provide a review of the performance of the highways service and an update on performance of the contractors and suppliers involved in delivering the service.

Relevance to the Council's Business Plan

2. The Wiltshire Council Business Plan 2017 – 2027 sets out the vision to create strong communities, with priorities for growing the economy, strong communities and protecting the vulnerable. As part of growing the economy it is acknowledged that it is necessary to bring the county's roads up to an acceptable state. The goal is that road infrastructure is improved and to:
 - Improve asset management and the use of investment to improve the condition of Wiltshire roads (implementing our Highways Asset Management Strategy).
 - Promote and further development the MyWiltshire app to improve and increase the reporting of issues.

Background

3. The local highway network is vital for businesses and communities; effective maintenance to ensure its availability is essential to the economic development of the county. Wiltshire Council recognises the importance of maintaining and managing its highway network effectively, and is making a significant investment in improving the condition of its highway assets.
4. The previous Highways and Streetscene Contract was with Balfour Beatty Living Places (BBLP) and started in June 2013. In July 2015 Cabinet agreed to the early termination of the contract following a review of the potential benefits for the Council. The transfer of services was carefully managed so that the potentially significant financial, legal, reputational and operational risks to the Council were avoided.

5. Arrangements were made for the Council to take over some of the existing sub-contracts between BBLP and specialist suppliers in key service areas, including grass cutting, litter picking and major road resurfacing. A procurement exercise was undertaken for a new Wiltshire Highways Contract for the remaining services, which was awarded to Ringway Infrastructure Services earlier this year and started in April 2016.
6. The performance of the Council's main highways contractors is reported annually to this committee, and forms the subject of this report, which covers the first year of the new Ringway contract.

Main Considerations for the Council

7. The Council's highways service is delivered by a number of contractors, managed by the Council's highways staff, with the support of the Council's highways consultant. A report on the delivery of the service during 2016/17 has been prepared (see **Appendix 1**).

New Highways Contract

8. The new highways contract was the subject of a two stage procurement exercise in 2015. The four submitted tenders were assessed in terms of price and quality to determine the preferred bidder. The outcome of the assessment was reported to this committee at its meeting on 12 January 2016, and the new highways contract was subsequently awarded to Ringway Infrastructure Services.
9. There was a short lead in time for the start of the new contract which had to be operational by 1 April 2016, so that Ringway could take over from the previous contractor. The termination of the BBLP contract and the transfer to Ringway went very smoothly. Performance overall by Ringway has been good during the first year of the contract, although in some cases it did take time to get all of the staff and operatives in place because of the time required for recruitment.
10. The highways contract provides a range of highway services, including dealing with potholes, gully emptying, minor road and footway repairs, Parish Stewards, bridge works, street lighting maintenance, integrated transport and Community Area Transport Group (CATG) schemes. Ringway is working in partnership with the Council to deliver these services through the Service Delivery Teams established to manage the services.

Parish Stewards

11. The Parish Steward Scheme was introduced when the highways works contract was previously awarded to Ringway in 2005. The scheme provides a steward for each area board to respond to requests for minor highway works from town and parish councils. It proved very successful, and was very popular with local communities. The procurement of the new contract provided the opportunity to reintroduce the Parish Steward Scheme.
12. In order to ensure the successful launch of the scheme it was agreed with Ringway that the start of the Parish Steward Scheme should be in October 2016, as this would provide time to recruit and train suitable staff and to procure the vehicles and equipment required. A comprehensive training programme was undertaken following a careful recruitment process to select the stewards.

13. Arrangements were made with the town and parish councils to introduce them to their stewards and establish communications channels. The scheme has proved to be very successful. The parish stewards between them are currently completing an average of about 100 jobs a day, and the scheme is evolving to include more direct contact with the parishes, and to enable the stewards to carry out more find and fix work.

Ringway Infrastructure Services performance

14. Despite the short procurement time and lead in period for the new highways contract, the transition went very smoothly. The new highways contractor, Ringway, establishing a new depot at Melksham at the start of the contract, making early arrangements for staff recruitment, new equipment and vehicles. There were 107 staff and operatives who transferred to the new contractor from the previous supplier. A new management structure had to be recruited to replace some individuals not available through transfer at the end of the previous contract.
15. In view of the tight timescale for mobilisation, it was always envisaged that not all services would be fully operational from day one, but good progress was made in delivering the key services at the start of the contract. The recruitment and training of the parish stewards was completed for the re-launch of the scheme, as planned in October 2016. This included training in the use of the MyWiltshire system and arranging the communication channels with the town and parish councils.
16. Ringway also mobilised a new depot at Stanton St. Quinton, and Council staff from the old Melksham depot are now co-located with the contractor at the new Ringway depot at Melksham. This has resulted in closer working and better co-ordination between client and contractor. The Ringway safety record has been good, and there has been a comprehensive training programme for their operatives.
17. The performance of the contractor has been assessed against the contract objectives; using a mixture of satisfaction scoring by staff managing the contractor, and by measured Key Performance Indicators as set out in the contract documentation. A score out of 10 was derived in order to determine the entitlement to contract extensions (see **Appendix 2**). For 2016/17 the score was assessed as justifying an entitlement to a three month extension to the contract in accordance with the contract documentation.
18. A number of innovations have already been implemented by Ringway, including the recording of gully emptying data to enable more efficient operation and the use of the MyWiltshire system by the parish stewards. Ringway has worked with the Council staff to ensure that the financial processes are in place, and that invoicing and work ordering processes are operating smoothly.
19. As part of its programme of corporate social responsibility Ringway has provided assistance at a number of local events:
 - Keevil Scarecrow Trail
 - Badbury Horse Trials
 - Sherston Boules 2016
 - Melksham Carnival

- Taste Wiltshire
 - Engineering festival signing
 - Wiltshire sports and Business Gala
 - Bradford on Avon fire station open day
20. The operation of the contractor will continue to be monitored and performance will be reported to future meetings of this committee.

Other Contractors' performance

21. Following the termination of the BBLP contract, a number of sub-contracts were transferred to the Council. This provided continuity of service in a number of key areas, and preserved cost savings and operational benefits obtained through the original tender process. These included contracts to provide urban grass cutting, major resurfacing, tree maintenance and specialist road surfacing.
22. The new arrangements with idverde, Tarmac, Eurovia and the other contractors have proved to be successful and good working relationships have been established. The performance of the contractors is monitored closely, and there has been good performance that meets all expectations with a good degree of confidence in the contractors.
23. The performance of these contractors is good, and compares favourably with those recorded for the old contract, where some elements such as grass cutting had significant problems. It is proposed to extend the existing arrangements as provided for in the original contract until 31 May 2020. This will provide time to review future requirements and arrange the procurement of replacement services. Some of these services, such as grass cutting, have proved difficult to deliver in the past and there are legal implications in connection with the Transfer of Undertakings (protection of Employment) Regulations (TUPE) that need to be taken into account when considering future service delivery.

Highways Consultancy Contract

24. The Highways Consultancy contract was awarded to Atkins and started in December 2012. It is for five years with a possible extension of up to two years subject to performance. Atkins provides a range of services and support with regard to mainly highways services, including design and supervision of highway, transportation and drainage schemes.
25. The support in connection with preparing bids, particularly for major schemes, has proved especially helpful, including those for the A350 Chippenham Pinch Point scheme and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) schemes. The expertise that a major consultancy can bring to the Council has benefited the Council in a number of areas, including asset management, street lighting and other specialist services. The assistance provided by Atkins at short notice last year to assist with the procurement of the new highways contract was greatly appreciated.
26. Atkins has developed the staff who TUPE transferred at the start of the contract, and has run a successful apprenticeship scheme for local young people, offered summer placements to graduates and supported a range of activities in local

schools and skills development. It has also provided secondment opportunities to enable Council staff to broaden their experience.

27. A summary of the performance by Atkins in the fourth year of its contract has been undertaken (see **Appendix 3**). The performance has been assessed as very good and it is proposed to award Atkins the final six months extension based on performance to date as provided for in the contract. The current contract will now end on 30 November 2019. Consideration of procurement options for future delivery of these important technical services is now being started.

Performance Management Framework

28. In order to encourage the adoption of good asset management practice the Department for Transport (DfT) has introduced Incentive Funding for part of the highways maintenance block funding. The Council has to complete a DfT self assessment form annually, in connection with its performance on highways asset management.
29. Funding will be withheld if specific standards are not met. The Council achieved band 2 out of 3 bands in 2015/16, which entitled the Council to full incentive funding. In 2016/17 the Council moved to the top band 3. Future funding from the DfT for highways maintenance will become increasingly dependent on meeting the incentive funding requirements. The difference for Wiltshire Council between being assessed as band 1 and band 3 would be £2,782,000 annually by 2020/21. It is therefore important that the asset management and other guidance are followed to achieve the required standard.
30. The Highways Asset Management Guidance published by the Highway Maintenance Efficiency Programme (HMEP) recommends that a Performance Management Framework should be developed that is clear and accessible to stakeholders as appropriate and supports the asset management strategy. The development of the initial Performance Management Framework was described in the report to this committee last year.
31. The Performance Management Framework (see **Appendices 4 and 5**) contains a suite of performance measures based on the themes of:
 - Network Safety Condition and Resilience
 - Planned Maintenance
 - Maintenance for Sustainable Transport
 - Infrastructure to Support Economic Growth
 - Environmental Sustainability
 - Customer
32. Each theme is measured at high level as: poor – does not meet minimum standards, fair – meets minimum standards, good – exceeds minimum standards and refines service delivery to suit the need of the customer. Long term performance aims are being developed for each theme. A red, amber and green colour coding is used to aid understanding.

33. The framework enables performance to be tracked on a year by year basis. Benchmarking is also being carried out against other local authorities, including through the South West Highways Alliance and the Direct Management Group, which are groups of highway authorities that the Council has joined to jointly monitor and compare performance.
34. The measures in the framework include a number which were National Indicators or previous Best Value Performance Indicators. It also includes performance indicators based on the National Highways and Transportation (NHT) public satisfaction results. Six key indicators have been identified for each theme. The indicators are a mixture of outcome, output and input measures designed to provide an overall view of performance without being too complex or difficult to collect or understand.
35. The Performance Management Framework has been reviewed, and a number of improvements have been made, especially to the Customer section and the NHT survey information used in order to make it more representative.
36. The Framework indicates that overall progress and performance has been good but there are a number of areas of concern:
 - (i) The number Killed and Seriously Injured (KSI) on the county's roads did not achieve the anticipated reduction. Unfortunately, this is a national trend which indicates increasing serious accident rates in recent years.
 - (ii) The pressure on revenue budgets last year meant that there was a reduction in improvement work on rights of way towards the end of the year to meet budget constraints.
37. There were some areas where performance was rated as fair, and which will need to be monitored. These are:
 - (i) The skid resistance on the highway network has not changed significantly, and for safety reasons will need to continue to be monitored and remain a priority.
 - (ii) The number of pedestrian improvements and CATG schemes delivered during the year was less than in the previous year. However, there are still large numbers of schemes in development.
 - (iii) The number of potholes and safety defects remains a concern.
 - (iv) Footway conditions will require continued investment to be improved.
 - (v) Public satisfaction with road maintenance is close to the national average, but the target is to be above the average.
38. Some factors, such as the KSI rates, are influenced to a large extent by measures outside the Council's direct control. Others involving public satisfaction may take time to improve, as the full benefits of the highways investment and improved contractor performance are realised.
39. The indicators will be reviewed on an annual basis with the targets and aims reviewed at the same time. It is proposed that performance should continue to be reported to the Environment Select Committee annually.

Safeguarding Implications

40. None.

Public Health Implications

41. The condition of roads and related infrastructure can have serious safety implications, especially with regard to skid resistance and condition of highways and the contribution they can make to reducing accidents. Roads, bridges, highway structures, signs and street lighting need to be kept in good condition in order to protect the public and those maintaining the assets.

Corporate Procurement Implications

42. There are no procurement implications at this stage. However, the arrangements for Highways Consultancy will need to be given consideration as the existing arrangements will end in November 2019, and the contracts novated at the end of the BBLP contract will end in May 2020. Many of these contracts will have significant TUPE implications and the procurement process will need to be given careful consideration in due course.

Equalities Impact of the Proposal

43. The improved maintenance of the highway network, its management using sound asset management principles, and good performance by the highways contractors, should benefit all road users, including public transport, and vulnerable road users such as cyclists and pedestrians.

Environmental and Climate Change Considerations

44. The effects of climate change could be significant for the highway network. There was considerable damage to the roads, footways and drainage systems in the flooding of 2014, and such events could be repeated. Having robust maintenance strategies to improve the condition of the network and good maintenance contractors will help build resilience into the highway network and the infrastructure.

Risk Assessment

45. The award of the new highways contract, and the arrangements made with previous sub-contractors are providing resources to ensure the delivery of the highways service and reduce the risks to the Council.
46. There is a risk that the current increase in construction activity in both the public and private sectors will result in insufficient resources being available to deliver the extensive road surfacing and asset management strategies needed. This could delay delivery or reduce the volume of work it will be possible to deliver. Arrangements are currently in place to deliver the highways service and the situation will continue to be monitored.

Risks that may arise if the proposed decision and related work is not taken

47. No specific decision is required at this time, but it should be noted that there is a risk of increased accidents, claims and public dissatisfaction if the programme of highway maintenance and services are not delivered effectively or are delayed.
48. Future DfT funding will be dependent on demonstrating the application of good practise and asset management principles. Failure to do so will result in reduced funding in future years.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

49. No decision is required. Processes are currently in place with Service Delivery Teams managing the various aspects of the highway services, and these are the appropriate groups to continue to manage the associated risks. The teams include representatives from the Council, consultants and contractors involved in delivering the services, and they report to the Contract Management Meeting comprising senior managers from those organisations.

Financial Implications

50. The highway network and related infrastructure forms the Council's largest asset, and has a replacement value of over £5 billion. It is important that they are maintained in the most cost-effective way in order to obtain value for money. This includes the use of a whole life costing approach to inform investment decisions on highway maintenance.
51. The increasing drive for asset management from DfT will mean that failure to demonstrate the application of this approach will result in reduced funding from central government. An increasing proportion of available funding will be potentially withheld as an incentive. By 2020/21 Wiltshire could lose out on £2,782,000 of DfT funding if good asset management is not followed. It is therefore important to meet the requirements of the incentive funding self assessment.

Legal Implications

52. The Council has a duty under the Highways Act to maintain the county's roads. The highway inspection procedures, policies and improvement plans ensure that this duty is fulfilled. The increased investment and improved road conditions in recent years is helping the Council meet its responsibilities with regard to road maintenance.

Options Considered

53. There is a need to continue to apply asset management principles to the highway network and to ensure the performance of the contractors involved in delivering the service is good; in order to keep the network in good condition and to ensure value for money.

Conclusions

54. The highway network forms the Council's largest asset, and it is important that it is maintained in the most cost-effective way in order to show value for money. This includes the use of whole life costing approaches to inform investment decisions.
55. The performance of the contractors delivering the highway service is currently good and the transition to the new contract with Ringway Infrastructure Services has been successful. The reintroduction of the Parish Steward Scheme forms an important part of the new contract and has been particularly successful.

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

None

Appendices

- Appendix 1 – Annual Review of Highways Service
- Appendix 2 – Ringway Infrastructure Services Performance 2016/17
- Appendix 3 – Atkins Service Performance Year 4
- Appendix 4 – Highways Performance Management Framework Summary
- Appendix 5 – Highways Performance Management Framework