

## **Report to Communities, Highways and Environment Scrutiny Committee (CHESC)**

**September 2021**

### **Highways Maintenance and Works Contracts Performance**

#### **Report by Director of Highways, Transport and Planning**

**Electoral division(s): All**

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### **Summary**

In April 2020 West Sussex Highways established a range of new contractual arrangements for the provision of safety response, routine and cyclical maintenance, planned carriageway and footway structural maintenance and highway improvements. Previously, WSCC Highways had a single supplier "Term Maintenance Contract" that provided all such Highway services.

Following extensive research and after presenting the recommendations of an options appraisal report the Council approved a model for procurement to utilise a mixed economy model.

The services are now divided into six separate 'Lots'. Lots 1, 2 and 3 are dedicated reactive and cyclical maintenance; core services, grass cutting and drain gully cleansing. Lots 4, 5 and 6 are delivered under a Works Framework and deliver the planned carriageway and footway structural maintenance and improvements defined by the West Sussex Highways annual delivery programme.

As all Lots have been mobilised and contracts have been awarded within the Framework Lots 4-6 for the delivery of Capital Works, this paper reports on the early progress of the new contract model for the West Sussex Highways service.

### **Focus for Scrutiny**

The performance of the services and works delivered through the contracts for Lots 1 to 6 and early progress of the new contract model for the West Sussex Highways service.

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## **1 Background and context**

- 1.1 Lots 1-3 are managed within the Local Highways Operations Service. These Lots are single provider contract agreements servicing Highway Maintenance, Drainage Cleansing and Hedge Maintenance and Grass Cutting.

- Lot 1: Core Maintenance Services: Balfour Beatty Living Places
- Lot 2: Drainage Cleansing: Drainline Southern Ltd
- Lot 3: Hedge Maintenance and Grass Cutting: Grasstex Ltd

1.2 Lots 4-6 are managed within the Highways Planned Delivery Service. The Service has a newly created Programme Management Office and revised Asset Lead roles across the service. The Framework went live 1 April 2020. The Framework Agreement NEC 4 contract model consists for 3 Lots with 5 contractors in each lot:

- Lot 4: Carriageway & Footway Resurfacing
- Lot 5: Carriageway Surface Dressing, Carriageway & Footway Treatments
- Lot 6: Infrastructure Improvements - Planned Works

1.3 A full list of contractors within the lots is provided as *Appendix A*

1.4 The objectives for the new contract model were articulated during the development and corporate governance processes from 2018 through to formal sign-off the contract model in January 2019, these included:

- **Safe and Well Managed:** We will deliver a safe and well-managed infrastructure.
- **Customer Focused:** We place our Customers experience at the forefront of everything we do, by providing safe and accessible networks.
- **Data Driven Decisions:** We manage our Assets in an effective way utilising data to help inform our decision making.
- **Value for Money:** We demonstrate Value for Money in our decision making, through our performance frameworks.
- **Collaborative Relationships:** We will secure Collaborative relationships with our Suppliers, Customers and Stakeholders.
- **Resilient and Sustainable:** We will deliver service levels and provide a resilient infrastructure network that is sustainable.

1.5 The scale of the core service and frameworks in financial terms. The breakdown of the overall spend in 2020-21:

Lot	Value	Additional funding spent in Lot
Lot 1	£9.2m	<i>Incl. £2.7m additional corporate funding and £5.1m Revenue</i>
Lot 2	£1.3m	
Lot 3	£1.2m	
Lot 4	£7.4m	<i>Incl. additional £2m corporate funding</i>
Lot 5	£0.6m	
Lot 6	£2.3m	

1.6 It should be noted that within Lot 1 just under £2.7m of spend was for delivery of works included within the additional Capital funding due to constraints on delivery using lots 4-6. There was also an additional Emergency Active Travel fund activity resulting £0.5m of additional spend.

- 1.7 Lot 4-6 shows lower spend due to the procurement timescales. Procurement for the mini tenders could not start until the framework commenced 1 April 2020, however all planned works were completed as scheduled, despite reduced delivery window and roadspace availability.

## **2 Performance report**

### **Lot 1 – Core Services Performance**

- 2.1 Mobilisation of this contract was undertaken during a full lockdown and as a result was challenging. Additional funding provided in year resulted in some planned works being delivered through Lot 1 (value in the region of £2m). The delivery of this scheme work has been successful and the responsiveness of the contractor to take on this additional work has been critical to the overall programme being completed. 20/21 saw an unusually high number of calls for gritting and the contractor was able to service these effectively. Over this period of pandemic, the contractor has been hindered by supply chain issues and an unprecedented volume of highway defects identified and raised over the winter period, for which recovery plan was put in place to reduce a backlog of safety defects.
- 2.2 There have been greater challenges within the delivery of the reactive service (defect repairs including potholes). A backlog of defects that accumulated over the winter was cleared by late spring 2021. The performance monitors across May, June and July 2021 reflected the highest level of output for the service on record with an unprecedented number of road defects being recorded by officers through 2021.
- 2.3 Towards the end of the financial year the contractor was asked to provide a performance improvement plan in relation to reactive defects following several months of underperforming against some KPIs. This has resulted in a different approach to service delivery in 21/22 that will be monitored to understand its effectiveness.
- 2.4 Key Performance Indicators (KPIs) have been recorded consistently and the full details can be seen in *Appendix B*. The KPIs illustrate the challenges in the completion of the 2 hour, 5 and 28 day defect activity as mentioned previously.

### **Lot 2 – Drainage Gully Cleansing Services Performance**

- 2.5 The Contractor, Drainline delivering gully cleansing services has proved to be a competent and proactive contractor, working closely with the Service Manager to ensure that the service delivered is on schedule and to the required contractual specification. They have actively engaged with all elements of the contract and are taking the lead on some aspects such as joint audits and innovation. Performance has been excellent demonstrated by KPI returns since the start of the contract. Where the need for additional resource has arisen, Drainline have stepped up to provide that support, advising the most efficient and cost-effective provision. Drainline have consistently either met or exceeded the KPIs linked to the contract. KPI's for 2020-21 are included in *Appendix B*.

- 2.6 We are currently working with Drainline with regards to environmental improvements such as rain water harvesting at Jobs Depot. This water will reduce the pull on fresh water supplies and will increase the sustainability of the service whilst reducing the impact on the environment. Drainline are leading on joint site inspection audits to aid staff understanding of the service.
- 2.7 Asset management has been improved through the contract. This has been achieved through the contractor providing improved operational and management information via the investment in industry standard asset management tools. The contractor has also invested in operational machinery.

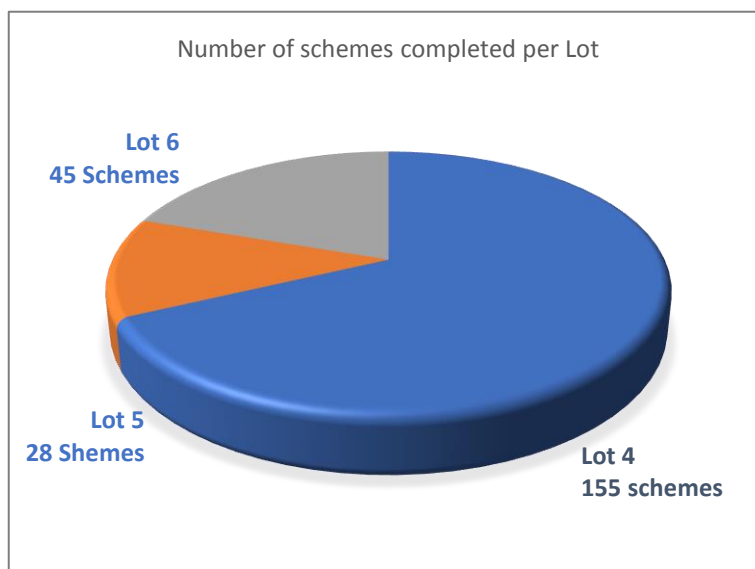
### **Lot 3 – Grass-cutting Services Performance**

- 2.8 The Contractor, Grasstex delivering grass cutting services has continued to provide excellent performance as demonstrated by the contract KPI's linked to Lot 3. They have been flexible with regards to amendments to schedule and accommodating when additional works have been requested. This was demonstrated during the height of the covid pandemic when the government instruction was for LA's to ensure that social distancing was possible on the highway network, and which required additional vegetation clearance to ensure the full width of footways was available for use. Communication and collaboration have been very good, with any issues dealt with promptly and professionally. Officers have also worked with Grasstex to accurately map all urban grass within the county and will follow this with the rural areas during the winter months this year.
- 2.9 Grasstex are currently engaged in a number of initiatives around the environmental impact of grass cutting. They are supporting a partnership pilot with the SDNP whereby cutting frequencies have been reduced and the arisings collected at identified verges to understand the impact this has on the ecology of the site. They are also supporting an initiative called Community Road Verges where the cutting frequency is reduced, and the sites monitored and assessed by community groups.
- 2.10 KPI's for 2020-21 are included in *Appendix B*. Grasstex are consistently achieving KPI targets set out in the contract.

### **Capital Works Framework (Lots 4, 5 & 6)**

- 2.11 The Framework agreements went live 1 April 2020, and procurement for the 2020-21 HTP Delivery Programme started on the 2 April 2020.
- 2.12 The frameworks have worked well, in no small part due to the commitment of the Planned Delivery Service officers who have worked tirelessly through a very difficult year to ensure the HTP Delivery Programme has been delivered. It must also be noted that the Framework contractors who were awarded contracts performed well considering the challenges they faced. Work on the network did not stop throughout the year despite the pandemic. Contractors and the client worked together to ensure the workforce and the residents and businesses of West Sussex were as safe as possible.

2.13 The chart opposite details the number of schemes delivered during the year, despite the delivery window, due to procurement timings – being reduced by at least 30%.



2.14 The industry indicated that the benefits of the contract model now in place would be significant, to date, very good benefits have been realised. Direct working partnerships with contractors has created a working relationship where true collaboration and innovation can work, within the confines of the contract model. For the client the close working with, in many cases, national contractors have provided service development opportunities with contractors bringing new ways or working and or products to West Sussex.

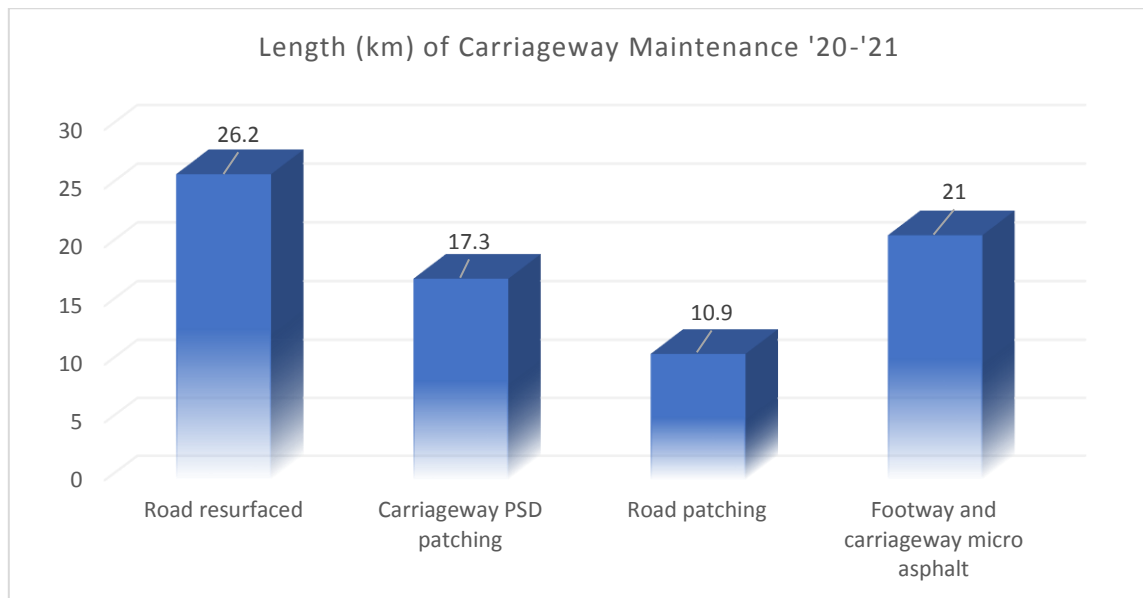
2.15 Restrictive working arrangements were overcome and contractors ensured additional costs (example additional vehicles for staff travel) were kept to a minimum for the client.

2.16 Perhaps the most significant challenge during the year was roadspace. For some it may be surprising to know that through the pandemic road space applications in the county have risen by over 20%. This has increased pressure on contractors and WSCC officers alike and increased risk of works being rescheduled, delayed, or postponed during the year.

2.17 For carriageway and footway works it is evident that significant *value for money* has been achieved in comparison to the previous Term Maintenance Contract outturn costs. The table below illustrates the average per metre squared cost reduction achieved against the previous actual cost during the last year of the Term Maintenance Contract.

SUMMARY	Cost reduction/m <sup>2</sup>
Patching	43%
Resurfacing	33%
Carriageway – Micro asphalt	21%

2.18 This has enabled more work to be done for the allocated Capital budget in most work types. The total amount of carriageway and footway works completed by length:



- 2.19 The increased service level and value for money has provided the opportunity to work with contractors to consider improved specifications for highway maintenance works. Contractors who operate at the cutting edge of the industry provide significantly improved opportunities to consider maintenance solutions enabling better resilience and sustainability of the network – within the confines of the current budget levels.
- 2.20 Lot 4, 5 and 6 KPI's for 2020-21 are included in *Appendix B*. Contractors are consistently achieving KPI targets set out in the contract.

### **3 Objectives**

- 3.1 Significant progress has been made against the objectives as set out previously in 1.4. *Appendix C* provides a tabulated summary of the objectives against each of the 6 procurements.

### **4 Policy alignment and compliance**

- 4.1 Following an assessment of the Council policy and its overarching legal responsibilities there are considered to be no legal implications (other than the legal responsibility to maintain the public highways and ensure third parties have the appropriate insurance)
- 4.2 There are no implications for the equality duty and human rights assessment, climate change, crime and disorder, public health, or social value.

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## **Appendices**

Appendix A Highways Contract Model Lot 1 to 6  
Appendix C Highways Contracts KPI 20-21  
Appendix B Objectives cross reference 20-21

## **Background papers**

Decision Report - [Award of Contracts for Highway Maintenance Services OKD24 19-20](#)