

## **Report to Environment and Communities Scrutiny Committee**

**14 September 2020**

### **Highways and Transport Contract Delivery Update**

#### **Report by Executive Director for Place Service and Director of Highways, Transport and Planning**

**Electoral division(s): All**

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#### **1.1 Summary**

In April 2020 the Highways Service entered into a new contractual arrangement for the provision of safety response, routine and cyclical maintenance and the planned structural maintenance. Previously we had one Term Maintenance Contract that provided for all Highway services. This work is now divided into six separate 'Lots'. Lots 1-3 are mainly focussed on reactive and cyclical maintenance and Lots 4-6 are focussed on the planned structural maintenance and improvements in our annual delivery programme.

This paper reports on the early progress of the new contract model for the West Sussex Highways service. All Lots have now been mobilised to varying degrees and contracts have been awarded within Lots 4-6 for the delivery of Capital Works for the current financial year.

#### **1.2 Focus for Scrutiny**

The Committee is asked to review the update and consider:

- The progress to date.
- The adequacy of resources allocated to, and arrangements in place for, managing the contracts.
- The strategy relating to the long-term management of West Sussex's highways assets.

## **2 Background and Context**

2.1 In April 2020 the Highways Service entered into a new contractual arrangement for the provision of safety response, routine and cyclical maintenance and the planned structural maintenance. Previously we had one Term Maintenance Contract that provided for all Highway services. This work is now divided into six separate 'Lots'. Lots 1-3 are mainly focussed on reactive and cyclical maintenance and Lots 4-6 are focussed on the planned structural maintenance and improvements in our annual delivery programme.

- 2.2 Lots 1-3 are managed within the Local Highways Operational Service. These Lots are single provider contract agreements servicing Highway Maintenance, Drainage Cleansing and Hedge Maintenance and Grass Cutting.
- 2.3 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 for 'Carriageways and Footways' and 'Structures and Drainage' teams.
- 2.4 The Framework Agreement NEC 4 contract model consists for 3 Lots:
- Lot 4 - Carriageway & Footway Resurfacing
  - Lot 5 - Carriageway Surface Dressing and Carriageway & Footway Treatments
  - Lot 6 - Infrastructure Improvements - Planned Works
- 2.5 The Framework agreements went live 1 April 2020, and procurement for the '2020-21 Highways Delivery Programme' started on the 2 April 2020.
- 2.6 To date lots for the delivery of works for 2020-21 have been awarded to:

Lot No.	Detail	Contractor
4.1	Resurfacing	Tarmac Trading Limited
4.2	Footway Reconstruction Primary Sites	FM Conway Ltd
4.3	Carriageway PSD Patching Programme	Associated Asphalt Contracting Ltd
4.4	Phase 2 Resurfacing schemes	Aggregate Industries UK Ltd
4.5	Phase 2 Patching schemes	Tarmac Trading Ltd
5.1	Carriageway & Footway Micro asphalt	Eurovia Infrastructure Limited
6.1	Schemes that focus on new footway provision	Landbuild Ltd
6.2	Schemes that focus on signing, road markings and kerbing. Including controlled crossing provision	Landbuild Ltd
6.3	Schemes that focus on surfacing activities and include Traffic Calming, Cycleway provision and Carriageway re-profiling	Landbuild Ltd
6.4	Highways Structures	Landbuild Ltd
6.5	VRS schemes	Landbuild Ltd

- 2.7 Mobilisation of the awarded contracts is currently underway, and delivery is planned for all 2020-21 schemes for the current financial year. In addition a significant number of schemes have been added due to increased central government funding.
- 2.8 It is early days, but to date excellent engagement from the framework contractors has been forthcoming. An average of 3 submissions per lot from

bidders was received. Affordability has been positive and good significant development to garner increased value for money has been identified. The authority is currently able to deliver all the commitments within the 2020-21 Delivery Programme.

2.9 Due to the procurement starting on 2 April, the service and contractors are looking to deliver a 12 month programme within less than 6 months. At this time, the progress is good, but there are risks, especially considering that due to the current pandemic there are many more requests for roadspace currently across the County. The situation is being monitored daily to ensure any significant risks and issues are identified and mitigated as early as possible.

2.10 It should be noted that when the Delivery Programme starts to be implemented in full, from September onwards, there will be a significant amount of works on the highway in a relatively short period of time.

2.11 Current value of this year's planned carriageway and footway works:

Type	Value
Patching	£ 6,120,000.00
Resurfacing	£ 8,885,000.00
Signs and lines	£ 2,000,000.00
Footways	£ 1,500,000.00
Micro asphalt	£ 520,000.00
<b>Total</b>	<b>£ 19,025,000.00</b>

2.12 For further information regarding the Additional Funding of £2million that has been committed to improve signing and lining across the County please see Appendix 2.

2.13 Performance and quality is central to the contract approach. Contractors report on several Key Performance Indicators (KPIs) and provide Management Information to indicate whether or not delivery targets are being met. These are monitored on a monthly basis with a formal review process. Any areas for concern are discussed and actions taken. A sample KPI template can be seen in appendix 3.

### **3 Keeping up to date with Highways work**

3.1 Progress on all planned highways improvement works is reported online in two ways:

- WSCC website - Highway and Transport Delivery Programme – [click here](#)
- For further detailed information view a map of all our planned roadworks being carried out across West Sussex – [click here](#)

## 4 Service Restructure

- 4.1 The Highways, Transport and Planning service has undergone a significant service review and restructure to align business need and new contractual arrangements.
- 4.2 Appointments have been made to key roles and changes to structures have been implemented and substantial progress has been made across the directorate. Recruitment to vacant roles has been complicated due to the current working conditions, but nonetheless largely successful.
- 4.3 The service is aligned to support the contract approach adopted and resources are currently appropriate to the existing funding available.
- 4.4 The creation of the Programme Management Office (PMO) within the Service is a key development. The investment in this service area is a crucial enabler to ensure the Service is fit for purpose as it moves into the new contract and delivery model. For a sample of the PMO reporting that is currently being developed please see Appendix 1.
- 4.5 The Service has been successful in recruiting to the roles within the PMO very recently; this will provide the foundation required to establish a robust and consistent approach to programme management across the directorate.



## 5 Managing Highway Assets

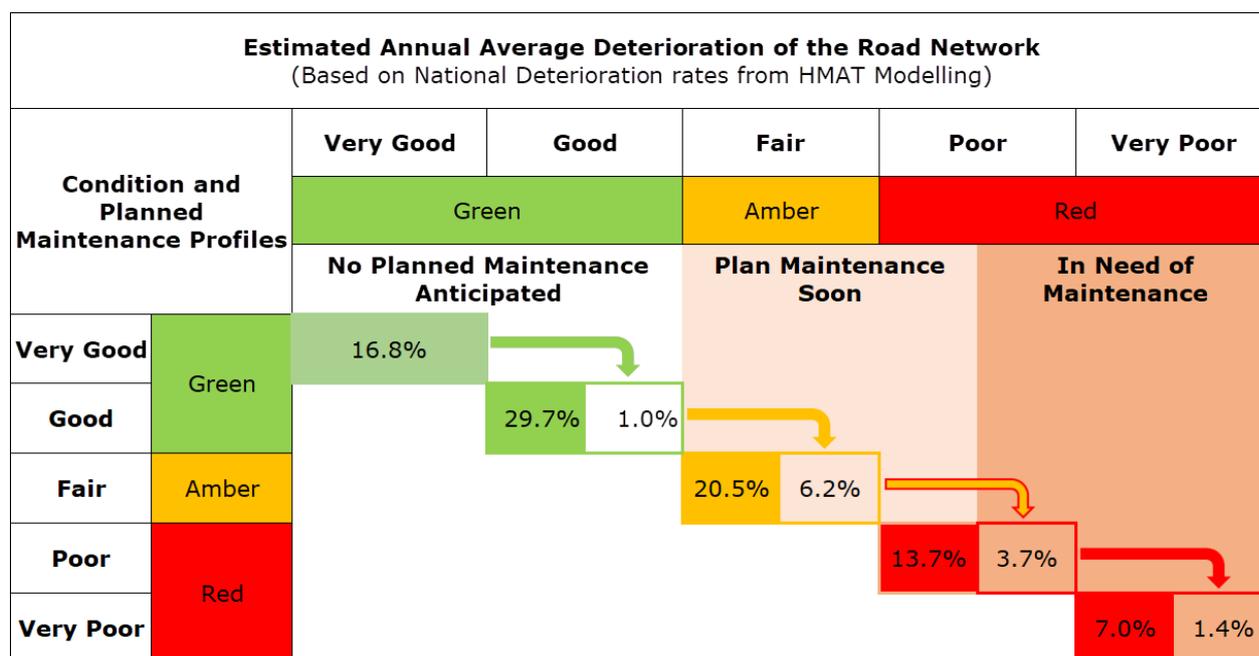
- 5.1 Highway authorities are responsible for not only repairing potholes but maintaining all assets, including bridges, retaining walls, tunnels, street lighting, street furniture, drainage, footways and cycleways, as well as winter service such as salt spreading.
- 5.2 Asset management plans and strategies have now begun to transform how local highway authorities approach local roads maintenance. The introduction of incentive funding in England, has encouraged local highway authorities to plan their maintenance and the central government is now promoting the use of new innovative technology, data sources and tools to help improve how authorities and the wider sector, including contractors, can make investment and operational decisions, as well as how we better engage the road user.

- 5.3 The Government is also of the view that improving and maintaining the condition of the local road network requires good information and data. It's also about efficiencies, collaborating better with neighbouring authorities, making sure the correct materials are used, using new technology and methods
- 5.4 West Sussex County Council is committed to having the best road condition for the investment available and has an asset management approach for the maintenance of the highway ([see our Strategy and Policy](#)). It should be noted both the Strategy and Policy are under review and subject to corporate governance.
- 5.5 The aim is to invest money at the optimum time in our highways assets to get the best value and asset performance. We use various different types of road maintenance techniques, and highway engineers select the most appropriate and cost-effective technique to suit the circumstances.
- 5.6 With the Lot 1 contract WSCC pays a fixed 'lump sum' to the contractor (BBLP) for them to respond to and repair up to 35,000 defects. The number of 35,000 defects is based on the historic average of the number repairs undertaken each year with potholes accounting for around 60% of these defects. The majority of spend for the highways authority is on planned highways works.
- 5.7 Planned, preventative maintenance which protects and extends the life of existing materials by sealing the road surface for example 'surface dressing'; maintenance treatments such as 'patching' where the surface materials have locally deteriorated beyond preventative treatments but the base structure (foundations) below is still in sound condition and structural maintenance if the carriageway base materials have broken-down and the road requires replacement of more than the surface layers.
- 5.8 The delivery of maintenance is delivered in accordance with the national Specification for Highway Works, as a standard for quality.

## **6 Investing in the future**

- 6.1 Whilst working within the current funding levels, West Sussex Highways continually reviews the ways of working to ensure value for money; the new contract model is, even at this very early stage, giving reason for optimism that tangible improvements and cost benefits are being identified and realised.
- 6.2 The Service must however also consider the 'future need' - what is required to ensure a highways network, and infrastructure that is fit for purpose, and in a condition that aligns with the authority's ambitions.
- 6.3 Every year the road network is deteriorating due to the impact of general wear on the road surface from traffic, and the effects of high summer temperatures and winter weather. Generally it is broadly accepted nationally that carriageways deteriorate by around 2% to 3% per year. The roads in West Sussex are no different.
- 6.4 Using the national generic deterioration profiles that have been provided by the Highway Maintenance Assessment Toolkit, the estimated annual

degradation of road condition can be illustrated. The percentage of roads in each condition band deteriorating from Green to Amber and Amber to Red condition is shown below:



*Estimated Annual Average Deterioration of the Road Network*

- 6.5 The level of degradation for the overall road network in West Sussex has been built up from each road category considering the urban and rural parts of the network.
- 6.6 Using these parameters, initial analysis suggests an estimated 57km (35 miles) of our roads deteriorate from "poor" Red condition into "very poor" red condition each year.
- 6.7 The Highways Service is currently in the initial stages of considering the investment strategies that would be required to improve the overall condition of the network.
- 6.8 Central Government encourages all highway authorities to consider using the full range of tools available to them (including prudential borrowing) to invest further in their highway assets. It is important for local authorities to ensure that in developing a case for prudential borrowing, they determine a robust and affordable funding case based on asset management principles and having robust condition data available. Subject to the outcome of the Spending Review, a multi-year settlement could support prudential borrowing by providing local authorities with greater budget certainty.
- 6.9 In 2020/21 the funding available from the Local Highway Maintenance Block Grant (LHMB), for the maintenance of all highway assets (not just road maintenance) was approaching £14,200,000 (including the maximum Incentive Funding and Pothole Action Fund allocations) but excluding "additional" Government funding for road maintenance.
- 6.10 It is helpful to view the highway maintenance budgets in West Sussex against the national funding picture. Since 1995 the Asphalt Industry Alliance has commissioned an independent survey of local authority highway departments in England and Wales, which takes a snapshot of the general condition of the

local road network and funding trends. [The 2020 Annual Local Authority Road Maintenance Survey](#) published at the end of March reports in England the “proportion of the overall highway maintenance budget spent on the carriageway itself” is down 2% from 54%. It also highlights the Carriageway Maintenance budget average per authority is down 18% from £17.0m. Nationally local authority highway engineers have reported that this is due to more money being needed for other aspect of the asset, such as bridges, cycleways and drainage works to help local authorities cope with the increased incidence of extreme weather events.

- 6.11 It should be acknowledged also that in the recent past the authority has invested in the highways and footways of West Sussex. The £30m Better Roads Programme commenced on sites in 2014/15 with the majority of work completed by 2015/16, and involved identifying those roads on the network most appropriate for treatment, preparing and patching prior to treatment, and treatment solutions from the application of micro-asphalt, surface dressing or complete resurfacing.
- 6.12 The full Effectiveness Report for the Better Roads Programme can be viewed here (<http://www2.westsussex.gov.uk/ds/cttee/ecs/ecs080716i9.pdf>)
- 6.13 Similarly WSCC has committed investment of £1.5m per year to improve the condition of footways. The current in year delivery is the penultimate year of that corporate investment.
- 6.14 The Service will continue to work with key stakeholders in preparing the investment analysis and options report in the coming months.

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**Appendices**

Appendix 1 - Sample reporting from Project Management Office (PMO)/Cora platform

Appendix 2 - All Member briefing signs and lines

Appendix 3 - KPI Table for 2020 Contract sample

**Background Papers**

[Highway Infrastructure Policy and Strategy](#)

[The 2020 Annual Local Authority Road Maintenance Survey](#)

The Effectiveness of the Better Roads Programme