

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

23 January 2023

Highways Maintenance and Works Contracts Performance

Report by Assistant Director Highways, Transport and Planning

Electoral division(s): All

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 County Council approved a model for procurement to utilise a mixed economy model.

The services are 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 second year of progress of the contract model for the West Sussex Highways service.

The service previously provided a detailed performance update to the committee in 2021: [Agenda for Communities, Highways and Environment Scrutiny Committee on Thursday, 30 September 2021, 11.00 am \(moderngov.co.uk\)](#)

Focus for Scrutiny

The performance of the services and works delivered through the contracts for Lots 1 to 6 and progress of the new contract model for the West Sussex Highways service through 2021-2022.

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 Framework went live 1 April 2020. The Framework Agreement NEC 4 (The New Engineering Contract (NEC) is a nationally recognised contract model to manage projects – particularly civil engineering projects – from start to finish, with the aim of preventing costly disputes and ensure good partnership working) 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 2021-22:

Lot	Outturn 2021/22 £ ,000 TOTAL	Outturn 2021/22 £ ,000 Revenue	Outturn 2021/22 £ ,000 Capital
Lot 1	£11.0m	£7.3m	£3.7m
Lot 2	£1.3m	£1.3m	£0.0m
Lot 3	£1.2m	£1.2m	£0.0m

Lot	Outturn 2021/22 £ ,000 TOTAL	Outturn 2021/22 £ ,000 Revenue	Outturn 2021/22 £ ,000 Capital
Lot 4	£14.9m	£0.0m	£14.9m
Lot 5	£4.9m	£0.0m	£4.9m
Lot 6	£3.1m	£0.0m	£3.1m

Table 1 – Breakdown of spend per Lot

- 1.6 It should be noted that within the Lot 1 £11m spend for both Revenue and Capital budget delivery of works, the total also includes additional Corporate Capital funded works. There was also additional Emergency Active Travel fund activity resulting in £0.5m of additional spend.

2 Performance Report

Lot 1 – Core Services Performance

- 2.1 The year 2021/22 was another challenging year for Lot 1 service delivery. The reactive service saw an extremely busy period of highway defects raised between March 2021, which continued until September 2021. In May, June and July 2021 West Sussex saw unprecedented numbers of safety defects raised for repair through the reactive service – predominately as a result of adverse weather, sustained cold periods and wet periods. These volumes highlighted issues with the resilience and resource availability for Balfour Beatty and weekly operational meetings were put in place to ensure that the works were being managed and delivered as effectively as possible. The volumes tapered off towards the end of 2021 and into early 2022 but the earlier volumes saw an overall total of 37,904 defects raised in 2021/22, which is the highest number on record.
- 2.2 The Key Performance Indicators (KPIs) for 2021/22 (see Appendix C) saw good performance in Health and Safety, compliance and delivery of the winter service but an underperformance in commercial KPIs and KPIs relating to timeliness of safety repairs - 2-hour, 24 hour, 5- and 28-day safety defect response. It is worth noting that 2 hour and 5-day response saw some improvement throughout the year, when comparing early 2021 to early 2022, however the performance identifies that the works volumes and general resourcing have been challenging for the contractor.
- 2.3 It was decided that for 6 months of 2021/22 that a Velocity Spray Injection Patcher (1 unit) would be trialled to see if this offered some value to support the service delivery of Lot 1. Velocity delivered just under 2000 repairs totalling approximately 7000sqm. On reflection it is felt that Velocity added a lot of value and could offer even more, so it was decided to continue Velocity presence into 2022/23, providing 2 units across the County for a 6-month period.
- 2.4 The JCB Pothole Pro was also trialled, with the view that it would be used to support and improve the productivity of the small patching works delivered by the contractor. This was considered successful enough to warrant a longer trial for 2022/23.
- 2.5 Capital Delivery, principally larger scale patching and Public Realm Improvements to Signs and Lines has been successful, with over £2.5M delivered on the network.

Lot 2 – Drainage Gully Cleansing Services Performance

- 2.6 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, having recently worked in partnership with the County Council around the implementation of a Rainwater Harvester at Jobs Depot. 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 2021-22 are included in Appendix B.
- 2.7 We are currently working with Drainline with a view to re-optimising the 4-year programme based on the first 4 years of operation. Early indications are that the impact of extending the programme from 2 years to 4 years has had minimal impact on the function of our drainage assets however more data is required to fully understand the impact.
- 2.8 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

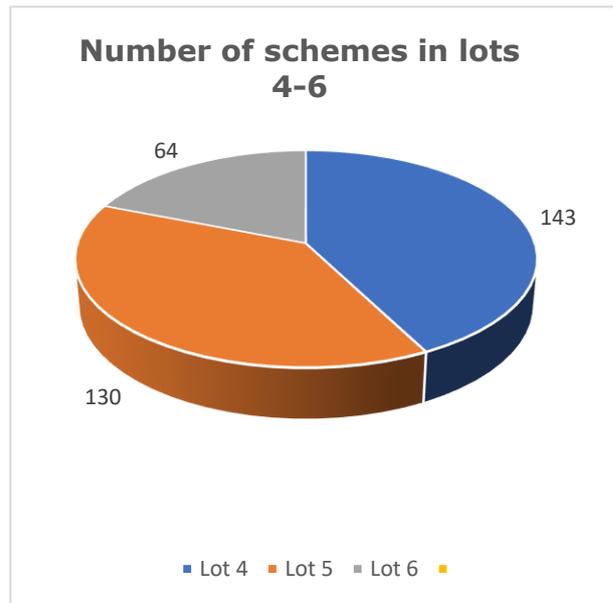
- 2.9 The Contractor, Grasstex delivering grass cutting services has continued to provide excellent performance as demonstrated by the contract KPI's linked to Lot 3. They have been flexible with regards to amendments to schedule and accommodating when additional works have been requested. Grasstex have supported vegetation related reactive works across the county, and the provision of larger scale vegetation clearance along cycle paths and where highway vegetation encroaches into the carriageway. Communication and collaboration have been very good, with any issues dealt with promptly and professionally.
- 2.10 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.
- 2.11 KPI's for 2021-22 are included in Appendix B. Grasstex are consistently achieving KPI targets set out in the contract.

Capital Works Framework (Lots 4, 5 & 6)

- 2.12 The Framework agreements went live 1 April 2020, and procurement for the 2020-21 HTP Delivery Programme started on the 2 April 2020.
- 2.13 The frameworks continued to work effectively throughout 2021-22. Funding provided the opportunity to increase the size of capital delivery programmes. In

excess of £22m of works were delivered via Lots 4, 5 and 6. despite, at times restrictions due to the pandemic and the resource limitations.

2.14 The chart opposite details the number of schemes delivered during the year.



2.15 The industry continues to provide significant benefits to the authority. Direct working partnerships prosper across lots 4, 5 and 6. For the client the close working with both national and local companies have provided service development opportunities with contractors bringing new ways or working and or products to West Sussex.

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

2.17 Perhaps the most significant challenge during the year was again road space. In recent years road space bookings have increased 20% every year with the increases being consecutive and cumulative.

2.18 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/m²
Patching	43%
Resurfacing	33%
Carriageway – Micro asphalt	21%

Table 2 – Cost Reduction per metre Squared

2.19 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 is illustrated in the table below:

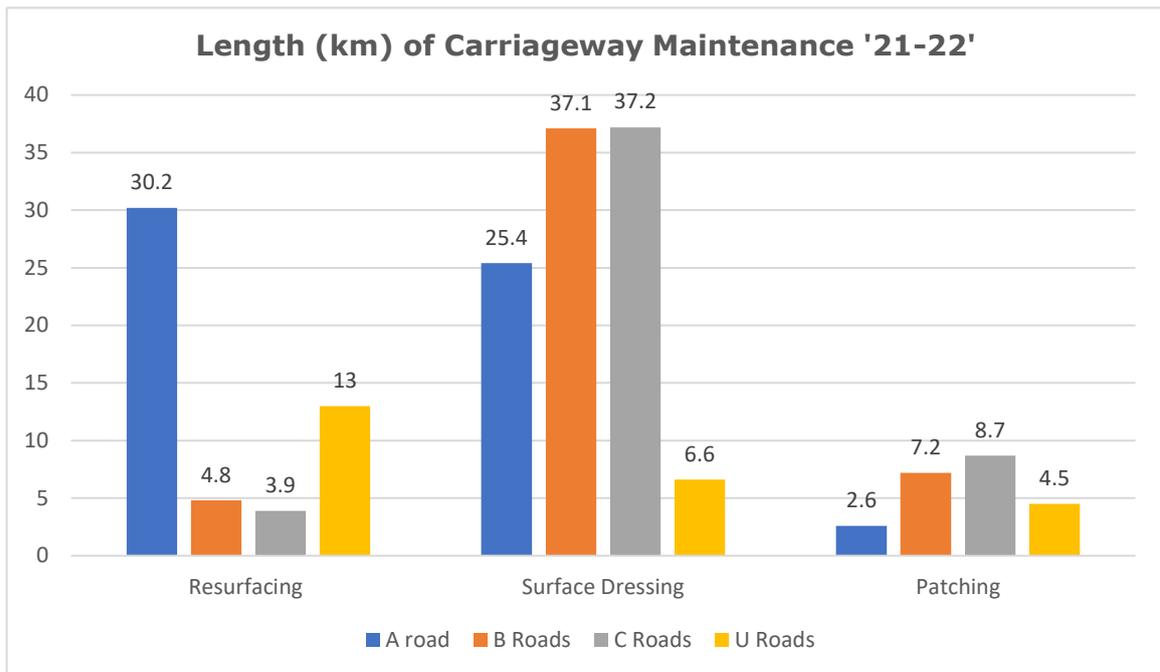


Table 3: Length (km) of Carriageway Maintenance 2021-22

- 2.20 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.
- 2.21 Innovation opportunities will always be limited to a degree by value and timeframe of contracts let, however the contractors have been able to offer options whether it be materials or work practices that for West Sussex Highways are innovations impacting value for money and or life expectancy of highway assets.
- 2.22 Lot 4, 5 and 6 KPI's for 2021-22 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 six procurements.

4 Contract Management

- 4.1 Contract management is undertaken within service with support from Legal Services and Procurement & Contract Management. Current levels of resource are commensurate for the contract management required to adequately service the current contract model.

5 Policy alignment and compliance

- 5.1 Our Council Plan: Policy Impact and Context

- The West Sussex Corporate Plan 2021-2025 sets out the priorities for the council over the next four years and the ambitious outcomes for people who

live and work in West Sussex. The contract model supports the sustainable and prosperous economy priority.

- The delivery of critical maintenance and infrastructure of/for the highway network fundamentally underpins the ability of the Council to meet the vision and strategic aims set out in the Council Plan.

5.2 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)

5.3 No implications under the Human Rights Act 1998.

5.4 Social Value and Sustainability Assessment - The new set of contracts has been tendered with consideration as to how contractors will provide added social value, reflecting the County Council's duty under the Public Services (Social Value) Act 2012.

5.5 Crime and Disorder implications are considered in the social, economic and environmental prioritisation of the Highway and Transport Delivery Programme and alongside the design of each maintenance or improvement scheme within the Delivery Programme.

5.6 Where practical and appropriate each contract will be considered against the Council's climate change commitments. Working with successful bidders, officers will consider innovative approaches and current best practice.

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Appendices

Appendix A - Highways Contract Model Lot 1 to 6

Appendix B - Highways Contracts KPI 2021-22

Appendix C - Objectives cross reference 2020-21

Background papers

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