

ECONOMY AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL 23 JANUARY 2020

NEW DEVELOPMENTS AND EFFICIENCIES IN HIGHWAY MAINTENANCE WHICH COULD BENEFIT WORCESTERSHIRE RESIDENTS

Summary

1. As part of its work programme, the Economy and Environment Overview and Scrutiny Panel has requested an update on new developments and efficiencies in highway maintenance which could benefit Worcestershire residents and in particular a perspective from the Council's Term Service Contractor for Highways, Ringway.
2. Representatives from the Council's contractor for highway maintenance (Ringway) have been invited to the meeting. Senior Officers from the Economy and Infrastructure Directorate have also been invited to attend, along with the Cabinet Member with Responsibility for Highways.

Background

3. Ringway, the Council's contractor for highway maintenance has been asked to highlight to the Panel information on what works well in Worcestershire and what have been the experiences elsewhere. Ringway, along with its associate companies, is responsible for looking after over 50,000km of the UK's highways network.
4. The information set out in this report and Appendix 1 (presentation) will be used to support the Panel's discussion with Ringway, the Council's Senior Officers who commission and manage highway maintenance, and with the Cabinet Member for Highways as portfolio holder.

Highway maintenance contract and KPI requirements

5. The Highway Maintenance Service Contract (HMSC) commenced in April 2014 for a core period of 6.5 years. The Contract is an evolution of the previous Term Maintenance Contract. It is an N.E.C, Term Service Contract (NEC TSC using option C - Target Price from a Price List). The Contract is outcome based, and we are actively monitoring 13 Key Performance Indicators. Subject to satisfactory performance thresholds and performance criteria being achieved, there is the ability, by agreement to increase the contract by individual years up to 2026 (12.5 years maximum). There are no monetary rewards attached to the KPIs for this Contract.
6. Through Contract performance reviews at the weekly Contract Management Team (CMT) meetings, the productivity, quality and status of defects and other contract targets are reviewed. Alongside this there is a more strategic quarterly review.

7. In summary, performance against the Key Performance Indicators for the Contract are positive, with the three possible 'Extension years' available to date being achieved. The KPIs address contractual performance for all aspects of service delivery in highway maintenance covering:

- I. Design and Build – highways surfacing, surface dressing, patching and structural/preventative maintenance.
- II. Routine and Cyclic – verge maintenance, Road markings and studs, gully emptying (drains), safety defect repairs (potholes etc.), tree works, sign clearance/cleaning and lining etc.
- III. Flooding and drainage works.
- IV. Public Realm works and other smaller Local Works.

8. The use of an NEC TSC, has a number of mechanisms that ensures the Employer (The Council) shares any efficiencies and savings with the Contractor rather than those efficiencies simply giving the Contractor additional profit as in more traditional types of Contract.

9. This report focusses on specific issues in terms of new ways of working and innovations led by both Ringway and the Council, driving improvements in service delivery and efficiencies in highway maintenance.

10. The contract mechanisms allow efficiencies to be realised and both parties benefit from those efficiencies and cost savings. The mechanisms within the contract are Contractors Share ('pain/gain') and the Efficiency Factor' (seeing real Price reductions in Contract).

11. Work continues with Ringway with their allied systems and processes to continue to develop and provide for a more efficient service and delivery of highways works. Worcestershire County Council officers continue to welcome best practice, innovations and ideas from Ringway to continually improve service delivery.

Our Contractor

12. Ringway Infrastructure Services Limited is part of the Eurovia Group and on a national basis is responsible for maintaining over 50,000 kms of the public highway. In the Midlands region, it has contracts with Gloucestershire, Wiltshire and until recently, Shropshire. Following an assessment in March 2017, Ringway achieved full accreditation to BSI ISO 44001 for collaborative working with Worcestershire County Council. This has been secured again in both 2018 and 19.

13. By working on a national basis, Ringway have the opportunity to introduce best practice, innovations and efficiencies from its other clients and share best practice from Worcestershire with others. These are detailed in the next section.

14. The annual budget for the highways maintenance contract is approximately £25 million per annum which is funded through the Department for Transport (DfT) needs/ formula allocation with an element from the DfT Incentive Fund (Capital). Worcestershire County Council Capital allocation and Worcestershire County Council Revenue. Any additional schemes of work such as Public Realm, small works and Member requests are additional capital funded works.

15. For the identification and design of planned carriageway, footway and Structures works, a prioritised list of maintenance schemes is produced, based on asset management data and local engineering evidence. Design work is then undertaken based on appropriate engineering design, site visits and solutions taking into consideration 'whole life costs' of the asset. Undertaking design work well in advance allows for more forward planning and early contractor involvement. This in turn allows the Term Maintenance Contractor to plan the works more effectively and also promotes innovation.

16. All planned schemes and Cyclic Maintenance are developed into a forward works programme called the Contractors Plan. The fewer number of Constraints placed on the Contractor by the Employer, the more efficiently the Contractor can plan the works.

Innovations and efficiencies in Service Delivery

17. Since contract inception, this area of service delivery was subjected to a complete LEAN Review in the previous Contract. This LEAN process involves continuous improvement and is still ongoing today.

18. Examples of innovations and improved ways of working leading to improvements in service delivery and efficiencies are shown below:

- I. Using the collective buying power of the Eurovia Group, Ringway has been able to negotiate competitive rates with their vendors to achieve significant savings and mitigate industry and published increases in a number of materials and vehicle hire operations.
- II. Lean Reviews into Routine and Cyclic operations continue under the new Contract, improving on the previous Contract's performance (3.5 to 10, then 12 defects per day) to the 20+ defects per gang per day now being achieved. This has resulted in significant cost reductions in Safety Defect Repairs.
- III. Changes in culture and processes with a focus on the customer resulting in a 90+% reduction in "open" customer enquiries since 2014.
- IV. Introduction of ESRI to record the status of the counties 113,512 Gullies and drainage assets to monitor and schedule gully emptying operations.
- V. Responsibly managing gully waste at Lye depot by De-watering and working with the Environment Agency to establish a process for separating arisings (heavy materials) which would otherwise be a waste product and costs from the water decanted from the gullies and allowing them to decompose as a single entity.
- VI. Achievement of recycling targets for aggregate and the introduction of warm asphalt targets to reduce costs.
- VII. Introduction of a permitting licence for our recycling centre at Stanford that allows us to handle hazardous material at a greater capacity and therefore offer more effective solutions when Tar is identified.
- VIII. Introduction of an Environmental Permit to allow the Stanford depot to accept and recycle 800 tonnes of tar bound material per annum. This new method of working prevents unnecessary tipping cost to a specialist site, saving approximately £200 per tonne and avoiding the cost of hazardous disposal and supply of virgin material.
- IX. A new process to wash and recycle sweepings from the annual surface dressing programme results in a saving of £40k per annum.

- X. Introduction of new technology called Mobile Workforce. Instead of printing out numerous paper sheets and passing them to each team, defect repair instructions are now transmitted electronically to tablet PC's carried by each gang.
- XI. Introduction of Target Ten, now Target 20 performance monitoring for defect repairs that is reviewed on a weekly basis as part of the Contract Management Team review meeting with senior officers from Ringway and Worcestershire County Council.

19. Many of the above innovations and efficient practices have been shared with other Local Authorities as part of the West Midlands Highways Alliance and documented nationally as case studies.

Performance Management Framework Monitoring

18. In our Corporate Plan (Shaping Worcestershire's Future 2017 – 2022), we are committed to **improving our roads and pavements**, recognising that they are a high priority for our residents and businesses. We will strive for top quartile performance in the quality of our roads and pavements, understanding their importance in supporting our Open for Business and Health and Well-Being objectives. This will build on the good work done to date and further demonstrate our commitment to being a responsive Council.
19. Service performance monitoring is an important aspect of our Highway Maintenance Service Contract with Ringway with whom we operate weekly contract management team meetings (CMT) and SQRs with senior officers to review targets and performance of service delivery.
20. This data feeds into our Performance Management Framework which leads to the regular reporting of Key Performance Indicators (KPIs) and reports with the Senior Management Team within the Directorate. The KPIs are aligned to the HMSC contract with Ringway which are outcome based. These include and relate to defect repairs, effective cost management, key people and positive local impact. We focus on the effective delivery through the use of a target price contract with integral Contractor Share and efficiency factors. The Contractors' Plan allows for the most efficient coordination and delivery of works to achieve best value for money.

Ringway Performance Summary

21. Members should be aware of key performance issues relating to this contract. As stated previously, the current Contract has a core period of 6.5 years, but this can be extended by a further 6 years should Ringway achieve the required KPI targets. If Ringway achieve the targets and are awarded a year's extension, it is taken the year after the results were confirmed rather than at the end of the 6.5 year core period. To ensure excellent performance is maintained during an 'Extension' year, the KPI suite is still measured and should Ringway fail, 12 months would be removed from the Contract period. The above arrangement allows better foresight of the Contract duration and allows better financial planning meaning investment in the Contract by the Contractor is more likely. The current position is that Ringway were awarded the 2 extension periods available to date. Both Extension periods have now been taken and KPI targets were achieved in both, meaning no penalty deductions were made.

Purpose of the Meeting

20. The Scrutiny Panel is asked to consider the information provided on new developments and efficiencies in highway maintenance which could benefit Worcestershire residents and:

- agree any further information or scrutiny work required

Supporting Information

Appendix 1 - Presentation Slides (to follow)

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

- Agenda and Minutes of the Economy and Environment Overview and Scrutiny Committee on 21 November 2019 – available on the website here:
<https://worcestershire.moderngov.co.uk/ieListMeetings.aspx?Committeeld=388>