

REGENERATION, CULTURE & ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

14 JANUARY 2021

HIGHWAY INFRASTRUCTURE CONTRACT – ANNUAL REVIEW

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Summary

This report and supporting appendix provides an Annual Review of the Highway Infrastructure Contract for Year 3 of the Contract Term covering the period 1 August 2019 to 31 July 2020.

1. Background

- 1.1 As the Highway Authority for Medway, Medway Council has legal duties to maintain the Highway in a condition fit for purpose and this is principally set out in Section 41 of the Highways Act (1980). In addition to the legal obligations under the Highways Act (1980) Highways is very much a business-critical service for the Council, the quality of which has a direct impact on both residents and all road users within Medway. It connects residential dwellings with businesses, places of interest for visitors which all form a vital contribution towards the social, environmental, and economic well-being of Medway. The Highway Network through infrastructure planning and investment also plays a key role in both supporting the Council's Regeneration Programmes and Medway's Vision of becoming a leading Waterfront University City.
- 1.2 The Highway Infrastructure Contract (HIC) commenced on 1 August 2017 and is a 5-year contract with the option of annual extensions (from Year 3 of the Contract) for a further five years to 31 July 2027 subject to contract performance. The HIC was procured via a Restricted Official Journal of the European Union (OJEU) process. This involved a Stage 2 process, encompassing a Pre-Qualification stage, followed by a Tender stage, which comprised of pre-selected contractors from the Pre-Qualification Stage. The contract was awarded to Volker Highways. The scope of the HIC covers all

Highway functions including the provision for Highway Construction Projects and Professional Services.

- 1.3 Appendix 1 provides a breakdown of Contract Performance for Year 3 of the HIC covering the period 1 August 2019 to 31 July 2020.

2. Governance & Performance Management

- 2.1 Governance of the HIC is delivered by Highways that form part of the Front-Line Services Division within the Regeneration, Culture & Environment directorate. The principal governance lead for the HIC is the Head of Highways who is supported by 4 Principal Engineers leading highway service functions that cover Network Management & Street Lighting, Asset Management, Capital Projects and Highway Operations.

- 2.2 The HIC functions as a partnership model between Medway Council and Volker Highways and performance is principally measured through 30 Key Performance Indicators (KPI's) centred 6 key themes of:

- Operation of the Contractor's Quality Management System
- Adherence to Programme
- Financial
- Service Provision
- Customer Care
- Added Value.

- 2.3 The 30 KPI's are split between 17 Business Performance Indicators and 13 Service Performance Indicators; the Service Performance Indicators are those whose scores determine any contract extension or loss.

- 2.4 The 13 Service Performance Indicators allow for a maximum monthly score of 65 points. This means the maximum points that can be scored, over a contract year, is 780 and Volker Highways must score at least 764 points in a year, to be awarded a contract extension. A score of 740 points or below, in any year, would result in the loss of a contract year.

- 2.5 At the end of Year 3 of the HIC, Volker Highways scored 770 points securing an annual contract extension award moving the current contract duration to an end date of 31 July 2023.

3. Contract Outputs

- 3.1 Contract outputs delivered by Volker Highways during Year 3 are detailed below:

Minor Works

- Received 3,704 minor works orders from our Inspectorate for highway repairs and make safes.

- Completed 3,131 structural tests on our street lighting columns.
- Maintained over 99% of lights in illumination at any one time all year.

Cyclic Works

- Cleansed 18,779 gullies
- Completed 4 planned closures and associated maintenance of the Medway Tunnel.
- Completed the renewal of cross passage doors within the Medway Tunnel as part of the closures.
- Undertook 81 General Inspections and 42 Principal Inspections on our structures.

Resurfacing Schemes

- Completed 28 carriageway resurfacing schemes, equating to just over 5,000 linear meters or a total of 41,593 square meters of upgraded network.
- Completed 34 footway resurfacing or patching schemes, equating to just over 7,000 linear meters or a total of 16,676 square meters of upgraded network.

Major Projects

- Installation of a new crossing point on North Dane Way Chatham, including a refuge island practical for both pedestrians and cyclists. The scheme also included a reduction of speed limit in the area to further assist with a safe and convenient route.
- Regeneration of Strood Town Centre to promote economic growth including resurfacing, upgraded lighting and crossing points, as well as altering junctions and improving traffic islands.

4. Social Value Performance

- 4.1 Social Value Performance for the HIC is measured across 3 key themes of Workplace, Community and Environment using the Social Value Taskforce Framework with key performance in Year 3 being:

Workplace

- 88% of the workforce employed are local.
- 2.5 NEETS
- 13 weeks of meaningful work placements
- 516 hours of staff training

Community

- Teaming up with the KM Charity Team to run a competition with Medway schools to name one of the 8 gritting vehicles.
- Attending the Academy of Woodlands to work with pupils to talk about the environment and plant new trees to support that.

- Continuing the partnership with the KM Charity Team as a key sponsor for the “Walk to School” initiative.

Environment

- 100% of waste recycling achieved
- Added to existing waste streams by now recycling plastics such as road traffic cones and damaged salt bins
- Replacement of 3 vehicles with fully electric vans.

5 COVID-19

- 5.1 In response to the Coronavirus pandemic the direction and guiding principles of Medway Highway Services, including both Medway Staff and Volker Highways, did not change. Our focus was ensuring the safety of the network and maintaining our critical services whilst minimising the impact on network users.
- 5.2 A business as usual approach was adopted to maintain a continuous supply of work, not just to Volker Highways, but to all tiers of the supply chain, with the aim that the service would emerge from COVID-19 with a supply chain that had been supported and was fit for purpose.
- 5.3 Weekly meetings took place between Medway Highways Team and Volker Highways to manage the impact of the pandemic, in its initial stages and whilst there were some minor delays in the service provision agreed, by July the HIC was operating as normal and has continued to do so to date.
- 5.4 The pandemic also brought opportunities to the service, including reduced traffic volumes on the main roads across the network, which allowed a programme of carriageway patching to be brought forward and delivered by Volker Highways during this period.
- 5.5 Press releases were agreed and used by both parties, to positively promote the importance of work being undertaken on the network, ensuring the key message regarding maintaining and a safe and accessible network was delivered.
- 5.6 Volker Highways took additional measures to allay concerns from the public including:
- Issuing Key Worker vests to their operatives and Medway’s Highway Inspectors and displaying magnetic signage on their vehicles explaining how they were working on essential services.
 - Issuing hand sanitizer and masks to all their operatives.
 - Using additional barriers to provide social distancing measures, whilst working on site.

5.7 Volker Highways, via a subcontractor, supplied, free of charge, 3 NHS support messages on roads feeding into the hospital and outside the local ambulance station as well as an appreciative message for Key Workers on the road directly outside of Gun Wharf.

6 Risk Management

6.1 Strategic & Operational Risks are reviewed on a 6 Monthly cycle to ensure appropriate levels of Governance Controls around Risk in relation to delivery of the HIC.

6.2 The key risks to be reported to Regeneration, Culture & Environment are shown in the table below:

Risk	Description	Action to avoid or mitigate risk	Risk rating
Contract Performance Shortfalls	Lack of appropriate governance controls present Council and stakeholder risk on contract performance	<ul style="list-style-type: none"> • Monthly monitoring of Contractor Performance • Governance cycles adopted to ensure contract accountability and opportunities for escalation to Senior Management. 	C2
Inadequate Financial Controls	Costs incurred above base budget allocation.	<ul style="list-style-type: none"> • Contract outputs aligned to annual budget setting process. • Programmed approached to financial control and contract valuations for payment. 	C2

7 Climate Change Implications

7.1 Volker Highways has leased three fully electric vans , to replace the previously diesel fuelled ones and in comparison, these have produced 70%

less CO2e, leading to a reduction of approximately 190,000Kg during Year 3 of the HIC. Further fleet conversion options will be investigated, during Year 4 of the contract.

- 7.2 In May 2020, Volker Highways secured following a competitive tender (not direct award through the HIC) the Council's Light Emitting Diode (LED) Programme for Street Lighting on the Highway Network. On completion the LED Programme is forecast to produce savings of approximately £20m in energy cost avoidance and over 26,000 tonnes savings in carbon, over the next 20 years.

8 Financial implications

- 8.1 Highway Network Investment delivered through the HIC is secured through four main funding streams:

Council Funding

Council revenue and capital funding through budget setting that is agreed annually at Full Council based on budget proposals developed by Cabinet underpinned by the Medium-Term Financial Strategy

Department of Transport Grant

Department of Transport (DfT) Capital Funding through the Local Transport Plan (LTP) Block, Pothole Action Fund, and Incentive Fund. The LTP Block is set on a five-year cycle with the current cycle commencing in 2015-16. The level of LTP funding awarded is based on a need base and the Pot Hole Action Fund and Incentive Funding are annual allocations from the DfT with the Incentive Fund award value being subject to evidence tests through a self-assessment (banding levels) on the adoption of Highway Asset Management Principles. In addition, Highways through a competitive bidding process secured DfT Challenge 2B funding of £4.9 Million for Medway Tunnel and Road Infrastructure Works.

External Funding

The main external funding stream secured by Medway Council that contributes to Highway Network Investment is the Local Growth Fund (LGF) Programme that is delivering significant capital investment (£28.6 million) through 5 main projects for Chatham Town Centre, Strood Town Centre, Medway City Estate, the Cycling Action Plan and the A289 Four Elms Hill Roundabout to Medway Tunnel.

Highway Adoptions

Through the Highway Adoption process for new roads built by Developers, commuted sums are secured for Highway Assets that are considered to be over and above the standard road design which Medway Council would normally adopt and principally relate to Highways Structures, Drainage and Landscaping.

9 Legal implications

- 9.1 There are no direct legal implications arising from this report. Levels of Highway Investment need to take account of obligations under the Highways Act, principally Section 41.

10 Recommendations

- 10.1 The Committee is asked to note the contents of this report and the Annual Review for Year 3 of the HIC as set out in Appendix 1.

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Appendices

Appendix 1 HIC Annual Review Report – Year 3 (August 2019 – July 2020)

Background Papers

None