

## **REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE**

**17 JANUARY 2023**

### **HIGHWAY INFRASTRUCTURE CONTRACT – ANNUAL REVIEW**

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#### Summary

This report is the third annual review to be reported to Overview and Scrutiny of the Highway Infrastructure Contract between Medway Council and Volker Highways. This report and the supporting appendix provide an annual review for Year 5 of the Contract Term, covering the period 1 August 2021 to 31 July 2022.

#### 1. Background

1.1 Medway's highway network is the most visible, used, and valuable physical asset for which the Council is responsible with a gross replacement value of £2 billion. It is an essential communication link that serves everyone every day, connecting communities and businesses and encouraging economic growth by being accessible for all modes of transport.

1.2 Medway's highway network consists of:

- 827km of adopted highway
- 1,100km (approx.) of adopted footway
- 26,868 streetlights
- 405 bridges and retaining walls and one tunnel
- 91,000 (approx.) other assets such as street furniture

1.3 The Highway Infrastructure Contract (HIC) commenced on 1 August 2017 with the option of annual extensions from Year 3 subject to contract performance. Professional services and consultancy support for the HIC is provided through Project Centre, who deliver expertise across a broad discipline of highway, traffic and structural engineering studies and designs. Appendix 1 provides a breakdown of Contract Performance for Year 5 of the HIC covering the period 1 August 2021 to 31 July 2022.

## 2. Governance & Performance Management

2.1 The HIC is a partnership between Medway Council and Volker Highways and performance is principally measured through 30 Key Performance Indicators (KPI's) centred around 6 key themes:

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

2.2 The KPI's are split between Business and Service; structured around contract themes of quality, service provision, finance, adherence to program, customer care and added value, with the Service Indicators being those whose scores determine any contract extension or loss. At the end of Year 5, Volker Highways are required to score a minimum 764 points, equivalent to a performance score of 98% and above. They were successful and scored 765 points from a possible 780, securing an annual contract extension award moving the current contract duration to an end date of 31 July 2025.

2.3 Accreditation ISO44001; a nationally recognized standard for collaborative working relationships has been awarded for the HIC partnership and continues to be reviewed annually to ensure ongoing compliance.

## 3. Contract Outputs

3.1 Key outputs from Year 5 of the HIC include:

### Minor Works

- Maintained over 99% of lights in illumination at any one time all year.
- 99% of works orders completed on time.

### Cyclic Works

- Cleansed 14,495 gullies
- Completed 4 planned closures and associated maintenance of the Medway Tunnel.
- Undertook 116 General Inspections and 10 Principal Inspections on our structures.
- Refreshed all highway road markings in 4 Wards.

### Resurfacing Schemes

- Completed 19 carriageway resurfacing schemes, equating to a total of 44,323m<sup>2</sup> of upgraded network.
- Completed 16 footway resurfacing or patching schemes, equating to a total of 12,073m<sup>2</sup> of upgraded network.

### Major Projects

- LED Street Lighting Replacement Scheme progressed and due to be completed by end of March 2023.

## 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 4 being:

### Workplace

- 85% of the workforce employed are local.
- 46 weeks of meaningful work placements.
- £34,636 spent on training opportunities.

### Community

- 16 hours volunteering for Medway Healthy Weight Campaign Stakeholder Workshop
- £4,628 in charitable donations

### Environment

- 95% of waste recycling achieved
- The three fully electric vans reducing 9.5t of CO<sub>2</sub>e

## 5. Risk Management

- 5.1 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. The key risks to be reported to Regeneration, Culture & Environment are detailed in Appendix 2.

## 6. Climate Change

- 6.1 As well as the Council's Climate Change Action Plan, Volker Highway's Carbon Reduction Strategy will build on collaborative relationships to enable the partnership to deliver mutual benefits through carbon reduction.
- 6.2 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.
- 6.3 Three fully electric vans on Volker Highways fleet continue to produce carbon savings and investigation continues into the highway inspectorate fleet vehicles switching to electric in the future.
- 6.4 In October 2021 Medway Highways adopted the use of Warm Mix Asphalt (WMA). This switch to lower carbon asphalt helps support the Council's Climate Change Action Plan in tackling the high level of emission reduction pathways.

6.5 In 2021 Highways presented to Transformation board to consider the conversion of the winter fleet to enable the application of pre-wetted salt. Pre-wetted salt is salt that is mixed in a liquid chemical. It works like rock salt but can spread more evenly and more quickly cutting salt usage by up to 20% and provide an estimated carbon savings of 14,000kg CO2e with less salt deliveries. It works straight away and doesn't have to wait to dissolve like traditional salt. Following an update to Transformation board in 2022, the project was approved, and the highways term contractor Volker Highways have procured the new fleet which started in October for the 2022/23 winter season.

## 7. Financial implications

7.1 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 Highways Maintenance Block (HMB), Pothole Action Fund, and Incentive Fund. The 2021/22 allocations for Medway equated to £4.7 million. 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 delivers significant capital investment through specific projects.

### Highway Adoptions

Through the Highway Adoption process for new roads built by Developers, commuted sums (Section 106) are secured for Highway Assets that are over and above the standard road design which Medway Council would normally adopt and principally relate to Highways Structures, Drainage and Landscaping.

## 8. Legal implications

8.1 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.

## 9. Recommendations

- 9.1 The Committee is asked to note the contents of this report and the Annual Review for Year 5 of the HIC as set out in Appendix 1.

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### Appendices

Appendix 1 HIC Annual Review Report – Year 5 (August 2021 - July 2022)

Appendix 2 Risk Management Matrix

### Background Papers

None