

<b>Subject:</b>	VolkerHighways Ltd. – Annual Review
<b>Reason for briefing note:</b>	To update the Infrastructure Overview and Scrutiny Panel on the annual review of the highways maintenance contract delivered by VolkerHighways (in conjunction with their supply chain arrangements with Urbaser and Project Centre Ltd) and to outline the way forward
<b>Responsible officer(s):</b>	Ben Smith - Head of Commissioning   Infrastructure Vikki Roberts – Contract Lead
<b>Senior leader sponsor:</b>	Hilary Hall - Director of Adults, Health and Commissioning
<b>Date:</b>	30 <sup>th</sup> October 2020

## 1 BACKGROUND

1.1 Volker Highways Ltd were awarded the contract to provide Highways Management & Maintenance for a period of five years (with the option of an extension for two further years subject to satisfactory performance each year) with effect from 1<sup>st</sup> April 2017.

1.2 The commissioned service delivers the following core elements:

- Highway and Bridge Inspections
- Highway and Bridge Repairs
- Drainage and gully clearance
- Winter Service
- Street Cleansing
- Project Delivery
- Tree Inspections

The main contractor is VolkerHighways Ltd. who have supply chain arrangements with Urbaser (street cleansing) and Project Centre Ltd. (scheme development and design; specialist professional services activities).

1.3 The service delivery model was approved by Cabinet in June 2016 and the contract awarded by Cabinet in December 2016 followed by a 'Call In' to Overview & Scrutiny in January 2017.

## 2. PERFORMANCE

2.1 Performance is managed through a suite of performance measures and a performance management approach which includes regular meetings to review operational matters; performance; issues; innovation and future efficiencies.

2.2 An overall commissioning report is considered annually by Cabinet which includes a summary of performance on this contract as part of the overall suite of commissioned services. The report is available at

[https://rbwm.moderngov.co.uk/documents/s28141/meetings\\_191031\\_Cab\\_commissioned%20services.pdf](https://rbwm.moderngov.co.uk/documents/s28141/meetings_191031_Cab_commissioned%20services.pdf) (Page 17 refers). The report for 2019/20 is scheduled for consideration shortly and will be based around the information within this paper.

2.3 Appendix A provides details of the key performance indicators together with current performance.

2.4 In addition, to the contract performance indicators, the Royal Borough participates in the Annual National Highways & Transport Benchmarking survey. The is conducted independently and engages directly with Royal Borough residents.

2.5 In 2019, 111 local authorities participated - the survey is an excellent source of data to understand resident satisfaction and enable analysis on our performance compared to others. Appendix B is an executive summary of performance in 2019. Results for 2020 have not yet been published but initial data is available which can inform discussion at the meeting.

### 3. WAY FORWARD

3.1 The initial contract term of 5-years, concludes in April 2022 and a number of options exists for service delivery beyond this point. A full procurement and mobilisation will take approximately 12 months and officers are currently reviewing options with a target date to report to Cabinet in April 2021 with a recommended approach.

3.2 In December 2019, Cabinet adopted the 'Commissioning Strategy (2019-2024)' (available at [https://rbwm.moderngov.co.uk/documents/s28803/meetings\\_191219\\_Cab\\_commissioning%20strategy.pdf](https://rbwm.moderngov.co.uk/documents/s28803/meetings_191219_Cab_commissioning%20strategy.pdf)). The key role of commissioning is to identify the delivery arrangement that improves outcomes, delivers high quality services which are recognised by residents and externally, and at a cost that represents value for money.

By using the commissioning strategy document, we aim to explore the following to come up with the most advantageous option for the borough's highways service moving forward: -

- Understand and analyse the current and future needs and priorities for Residents in terms of the highway service.
- Focus on outcomes.
- Understand the market and diversity of providers, whilst building capacity and sustainability in the community and voluntary sector.
- Explore commissions in partnership.
- Challenge existing, and review alternative, service delivery models.
- Ensures value for money and sustainable efficiencies.
- Decommissions services where appropriate.

3.3 In addition, Corporate Overview & Scrutiny requested a Task & Finish Group to consider the highways contract. The originally planned date in March 2020 was deferred but the group has now met and will input and inform the report on future options to be considered by Cabinet in April 2021.

## **Volker Contract Performance**

The Volker contract was first commissioned in April 2017 and all services fully transferred by the beginning of June 2017. As at 5<sup>th</sup> October 2020 the contract has run for just over 3 years. The Contract covers the following areas.

- Highway and Bridge Inspections
- Highway and Bridge Repairs
- Drainage and gully clearance
- Winter Service
- Street Cleansing
- Project Delivery
- Tree Inspections (optional)

All Volker contract measures are reported through the council's reporting system (InPhase) to enable routine performance monitoring, analysis and challenge where appropriate. The contractor provides data monthly. Whilst measures are predominantly target-based, some additional measures are non-target based and serve to provide contextual information to performance reviews. All measures are grouped under the following headings:

- (A) Quality Management
- (B) Contract Programme
- (C) Service Provision
- (D) Customer Care
- (E) Added Value

The performance framework is reviewed annually to ensure that targets and tolerance thresholds remain appropriate.

Figure 1 sets out the end of year performance for each target-based measure for 2018/19, 2019/20 and year-to-date performance (as August 2020) for 2020/21. This table captures all the target based indicators which closely monitor the service performance.

Please note that measures currently showing as red for 2020/21 (Vol:3, Vol:9, Vol:10 and Vol:12) are not representative of current performance as they are comparing August 2020 values against the March 2021 target. All other measures' RAG status in Figure 1 for 2020/21 is correct. This is clarified in Figure 2, which sets out the YTD performance for 2020/21 month by month and which therefore gives greater insight into the monthly target profile for Vol:3, Vol:9, Vol:10 and Vol:12.

Contract Area	Ref	Measure	Data series	2018/19	2019/20	2020/21
A. Quality Management	Vol:1	Accident Frequency Rate (AFR )	Actual YTD	0.00 🟢	0.80 🟢	0.00 🟢
			Target (YTD)	0.35	0.35	0.35
B. Contract Programme	Vol:10	Winter Service: Percentage precautionary salting treatments completed within time	Actual YTD	97.3% 🟡	100.0% 🟢	0.0% 🔴
			Target (YTD)	98.0%	98.0%	98.0%
	Vol:12	Percentage capital programme schemes delivered	Actual YTD	130.0% 🟢	114.5% 🟢	75.4% 🔴
			Target (YTD)	90.0%	90.0%	90.0%
	Vol:3	Percentage activities delivered to agreed cyclic plan for each activity	Actual YTD	99.9% 🟢	82.0% 🟡	41.3% 🔴
			Target (YTD)	90.0%	90.0%	90.0%
	Vol:5	Percentage emergency 2hr orders responded to on time	Actual YTD	98.8% 🟢	99.4% 🟢	100.0% 🟢
			Target (YTD)	98.0%	98.0%	98.0%
	Vol:6	Percentage 28-day orders completed on time	Actual YTD	73.3% 🔴	87.4% 🟡	96.9% 🟢
			Target (YTD)	90.0%	90.0%	90.0%
Vol:7	Percentage street-cleansing 3hr orders attended on time	Actual YTD	99.6% 🟢	100.0% 🟢	100.0% 🟢	
		Target (YTD)	90.0%	90.0%	90.0%	
C. Service Provision	Vol:18	Percentage permits penalised	Actual YTD	0.0% 🟢	0.0% 🟢	0.0% 🟢
			Target (YTD)	5.0%	5.0%	5.0%
D. Customer Care	Vol:21	Percentage enquiries & Overseeing Organisation information requests responded to in time	Actual YTD	78.6% 🔴	79.7% 🔴	86.7% 🟡
			Target (YTD)	90.0%	90.0%	90.0%
E. Added Value	Vol:26	Percentage construction and demolition waste reused and recycled	Actual YTD	100.0% 🟢	91.8% 🟢	98.6% 🟢
			Target (YTD)	80.0%	80.0%	80.0%

Contract Area	Ref	Measure	Data series	Apr 20	May 20	Jun 20	Jul 20	Aug 20	
A. Quality Management	Vol:1	Accident Frequency Rate (AFR )	Actual YTD	0.00 ↗	0.00 ↗	0.00 ↗	0.00 ↗	0.00 ↗	
			Target (YTD)	0.35	0.35	0.35	0.35	0.35	
B. Contract Programme	Vol:10	Winter Service: Percentage precautionary salting treatments completed within time	Actual YTD	0.0% ↗	0.0% ↗	0.0% ↗	0.0% ↗	0.0% ↗	
			Target (YTD)	0.0%	0.0%	0.0%	0.0%	0.0%	
	Vol:12	Percentage capital programme schemes delivered	Actual YTD	1.4% ↗	5.8% ▲	23.2% ↗	47.8% ↗	75.4% ↗	
			Target (YTD)	0.0%	15.0%	22.5%	30.0%	42.5%	
	Vol:3	Percentage activities delivered to agreed cyclic plan for each activity	Actual YTD	5.7% ●	18.4% ↗	26.5% ↗	32.8% ↗	41.3% ↗	
			Target (YTD)	7.5%	15.0%	22.5%	30.0%	37.5%	
	Vol:5	Percentage emergency 2hr orders responded to on time	Actual YTD	100.0% ↗	100.0% ↗	100.0% ↗	100.0% ↗	100.0% ↗	
			Target (YTD)	98.0%	98.0%	98.0%	98.0%	98.0%	
	Vol:6	Percentage 28-day orders completed on time	Actual YTD	99.0% ↗	96.7% ↗	95.9% ↗	96.7% ↗	96.9% ↗	
			Target (YTD)	90.0%	90.0%	90.0%	90.0%	90.0%	
	Vol:7	Percentage street-cleansing 3hr orders attended on time	Actual YTD	100.0% ↗	100.0% ↗	100.0% ↗	100.0% ↗	100.0% ↗	
			Target (YTD)	90.0%	90.0%	90.0%	90.0%	90.0%	
	C. Service Provision	Vol:18	Percentage permits penalised	Actual YTD	0.0% ↗	0.0% ↗	0.0% ↗	0.0% ↗	0.0% ↗
				Target (YTD)	5.0%	5.0%	5.0%	5.0%	5.0%
D. Customer Care	Vol:21	Percentage enquiries & Overseeing Organisation information requests responded to in time	Actual YTD	70.8% ▲	77.6% ▲	82.6% ●	84.5% ●	86.7% ●	
			Target (YTD)	90.0%	90.0%	90.0%	90.0%	90.0%	
E. Added Value	Vol:26	Percentage construction and demolition waste reused and recycled	Actual YTD	99.0% ↗	99.0% ↗	99.0% ↗	98.8% ↗	98.6% ↗	
			Target (YTD)	80.0%	80.0%	80.0%	80.0%	80.0%	

**Figure 1: Volker Annual Performance Summary 2018-19 to August 2020**

Below provides Commentary and context to the KPI's list above.

**Vol :1**      **Accident frequency** - To measure the effectiveness of the Contractor's safety processes by monitoring the Accident Frequency Rate per 100,000 hours worked, according to the standard reporting practice of the HSE. The scope of this measure includes all accidents, incidents and injuries incurred by the Contractor's own employees, by sub-contractor employees under the Contractor's control and by third parties, including members of the public, where known. Volkers have demonstrated extremely high standard of health and safety on all their sites.

- Vol :10** **Winter Service** - to assure compliance with the boroughs winter maintenance plan, all routes are to be completed within 3 hours of commencing. The target is high with hardly any margin for error. In 2018/19 there was a slight delay on completing a run due to the adverse weather conditions which has resulted in the indicator showing amber.
- Vol: 12** **Capital Programme** – this measure the number of capital schemes delivered through the highways programme each year. This indicator measures the number of schemes that have been implemented in the financial year. The indicator is over performing this is because the base number is based on the number of schemes in the investment report however, additional funding and this increases the performance above the baseline.
- Vol:3** **Cyclic Maintenance** - Measuring progress against annual programmes for gullies, PI and GI inspections, and street cleansing tasks. The PI dropped in 2019-20 due to the gulley emptying service. This was due to the old vehicles and equipment, leading to more time off the road due to breakdown and repairs. Therefore, a decision was taken in January to outsource this service, which came into play in April 2020. This has provided a saving to the Borough as we no longer pay for the disposal and this is 100% recycled which is included in the rates. This indicator is now back on track.
- Vol:5** **Emergency orders responded to on time** – this is used to measure the Contractor's response and percentage compliance to Safety Hazards and ensures the safe operation of the highway network and mitigate the potential risk of third-party claims. This relates to all safety hazards and is a key performance measure linking into the number of claims the council receives due to highway defects. Over the course of the contract Volkors have kept a high standard ensuring the highway is safe for all road users.
- Vol:6** **28-day orders delivered on time.** This performance measure monitors the reactive maintenance and fixing non urgent safety defects within an acceptable timescale. Under the lump sum element of the contract VH are required to deliver 3535 defect repairs annually with a tolerance of plus/minus 15%. In both previous two years the number of defects repaired have been above the 3535 required towards the plus 15% mark, circa 4000 number. Should the number exceed the 15% tolerance additional payments will be made to VH. If the number is 15% less than the target there is a reduction made in the payment to VH. To remain within the required tolerance and deliver the required number of repairs a core level of resource is maintained throughout the year, adjusted to suit demand without detriment to meeting the required budget and annual defect repair numbers. A combination of defect types affects this measure, some larger jobs will take longer so fewer are completed but cost the contractor more (contractor risk) and some are smaller and quicker to repair resulting in greater numbers being completed more quickly. Since the gully emptying delivery method

altered in April the direct gang resources previously employed as gully operatives have been redeployed to lump sum work and has contributed to an improvement in the delivery of 28-day defects.

**Vol:7**      **Emergency street cleansing orders completed on time** - Safety hazards in this instance include needles, RTA related debris and offensive graffiti on the highway. This Indicator shows a high level of safety for the residents throughout this contract.

**Vol:18**     **No. of Fixed penalty notices** -number of permits penalised for work carried out on roads that do not comply with the NRSWA regulations or traffic management act.

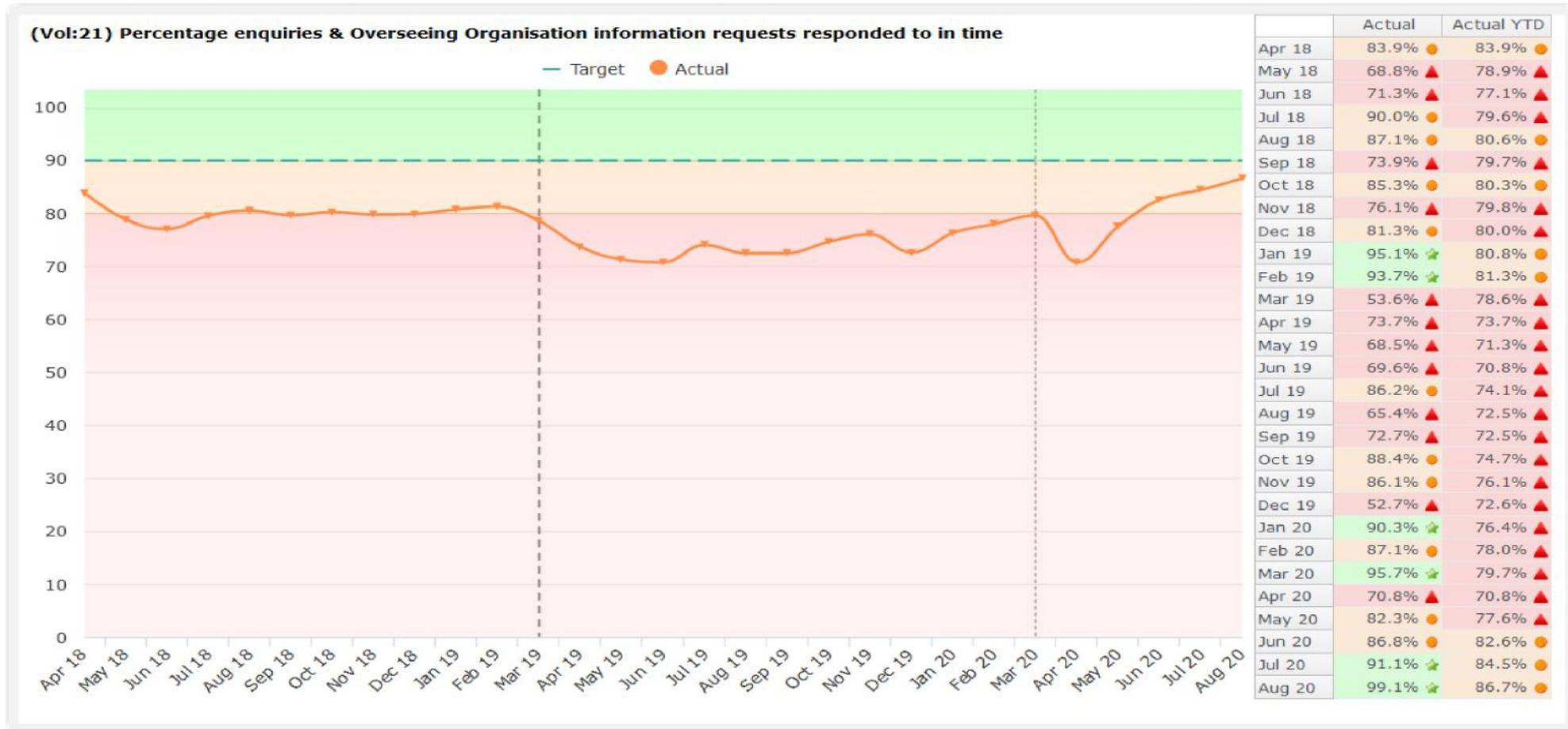
**Vol:21**     **Number of enquiries responded to within 10 days.** To ensure Customers are provided with a comprehensive response to inform them what actions are to be taken to resolve their enquiries, provide reasons to support decisions. When measuring this performance all enquires have been measured including enquiries not for VH. This was to ensure the overall service performance was captured. The systems VH use to administer the enquiries are provided by RBWM namely Confirm and Jadu (Now Drupal). This measure now excludes non VH highway enquiries and has shown an improvement in the performance figures suggesting that the response times are generally met and are moving towards the required target.

**Vol:26**     **Added value** – this is based on reducing consumption of resources and minimise waste by using the principles of Reduce, Reuse and Recycle, which has shown to be consistently been above target throughout the contract.

In addition, other examples of added value include; assisting with the royal wedding and sourcing fencing the last minute to help with crowd control. Their ability of tap into their existing contracts to provide sandbags and grit at short notice when required. Volkens have attended School Fayres to engage with students, they as also committed in supporting the local economy in terms of both contract expenditure and employment.

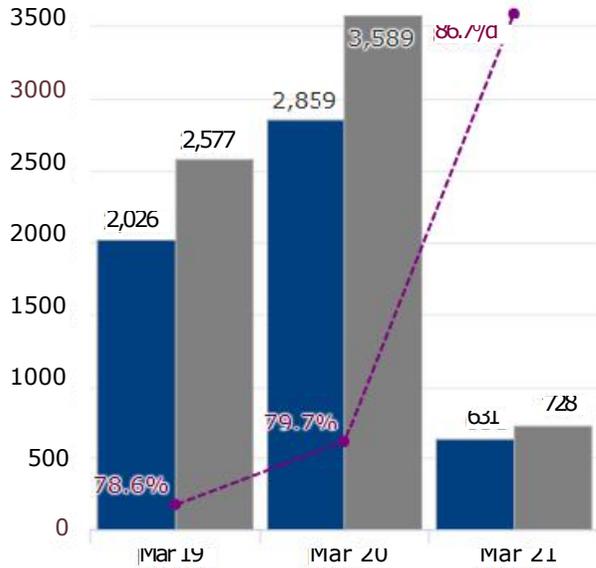
## Exceptions report for measures in deviation from target as at August 2020

Focus on (Vol:21) “Percentage of enquiries and Overseeing Organisation information requests responded to in time”. Tolerance



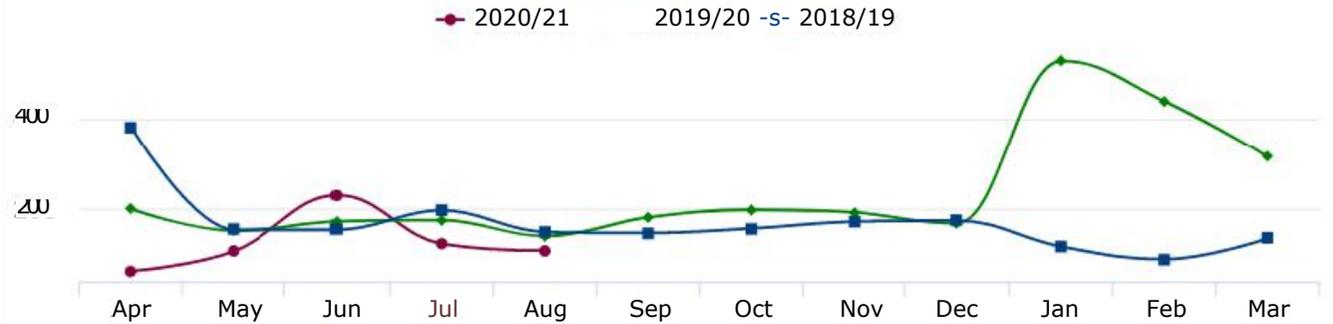
thresholds for this measure are: Green = 90%+ / Amber = 80.1 to 89.9% / Red = 80% and below.

**(Vol:21) No. enquiries closed/received (Annual)**

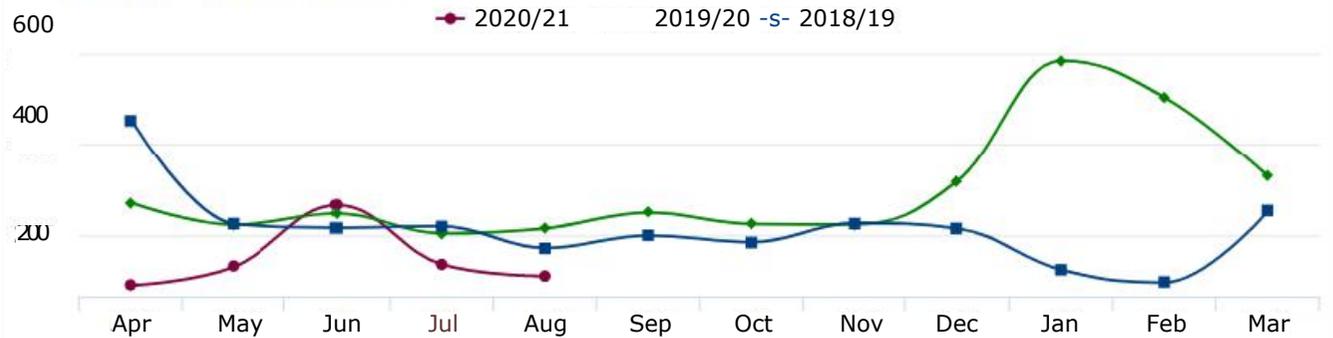


- No. enquiries closed
- No. enquiries received
- Percentage enquiries & Overseeing Organisation information requests responded to in time

**(Vol:21a) No. enquiries closed**



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	63	107	230	123	108							
2019/20	199	152	172	175	140	181	198	192	168	528	439	315
2018/19	381	154	154	197	149	147	157	172	174	117	89	135



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2020/21	89	130	265	135	109							
2019/20	270	222	247	203	214	249	224	223	319	585	504	329
2018/19	454	224	216	219	171	199	184	226	214	123	95	252

## **NHT bench marking.**

Each year since 2013 RBWM has taken part in the National Highways and Transport (NHT) Benchmarking Survey.

This was set up by a company called Measure2improve to provide detailed resident satisfaction information across highways and transport services on a national scale.

Now 111 local authorities take part from across the country including unitary authorities and county councils.

The survey works in a similar way to the RBWM Resident's Survey but provides a great deal more detail on our services and the ability to compare with peers.

The 2019 survey was carried out in June and the results were made available at the end of October 2019.

As well as overall satisfaction, there are 6 main themes, each containing between 2 and 6 Key Benchmarking Indicators (KBI's). Additionally, there are between 8 and 26 detailed Benchmarking Indicators (BI's) under each theme.

The table attached focusses on the Highway Maintenance theme, and more specifically the benchmarking indicators relating to the Highway Maintenance & Management contract with Volker Highways.

This includes previous year's results, and comparisons for 2019 with the national average and with the other Berkshire authorities.

For the comparisons against the national and Berkshire averages, we have highlighted the difference as red (RBWM lower), green (RBWM higher).

As can be seen, there was no significant change in satisfaction levels before and after the outsourcing of Highway services in 2017/18.

Summary of RBWM 2019 performance for resident satisfaction relating to Highway Maintenance:

Generally, our performance on Highway Maintenance aspects is good and similar to previous years. In some areas we have dropped from last year but are better than average, in others we have improved but still satisfaction levels are lower relative to other authorities.

The positive highlights to take from the 2019 results are:

- 6th highest satisfaction nationally for the cleanliness of our roads.
- In the top 3 in the South East for satisfaction with the cleanliness of our roads, speed of repair to damaged roads and condition of road markings.

- Condition of Highways 4th highest satisfaction in the South East.
- In the top 10% nationally for satisfaction with the condition of road markings.
- Also, in the top quartile nationally for satisfaction with the condition of road surfaces, condition and cleanliness of road signs, speed of repair to damaged roads, dealing with potholes, dealing with mud on the road and cleanliness of pavements.
- In terms of percentages, Cleanliness of roads and of pavements are 7% higher than the national average as is the condition of our roads surfaces. Dealing with potholes and speed of repairs are all 6% higher than the national average.

National Highways & Transport Survey (NHT) - Review of resident satisfaction benchmarking - RBWM - Highway Maintenance													
	Trend							Comparison					
Year (RBWM joined 2013 - 2020 data not yet available)	2013	2014	2015	2016	2017	2018	2019	2019					
Local Authority	RBWM							RBWM	National Average	RBWM vs National Average	RBWM	Berkshire Average	RBWM vs Berkshire Average
In house functions	contract management, project management, engineering design, highway inspections and reactive maintenance				commissioning/ contract management								
Outsourced functions	Amey - planned highway works Veolia - street cleansing				Volker - Managed Highway Service Urbaser - street cleansing								
	Percentage							Percentage					
Highway Maintenance													
Overall theme	-	51	55	55	55	52	53	53	-	-	53	-	-
<b>Highway Maintenance - Key Benchmarking Indicators</b>													
KBI 23 - Condition of highways	33	36	46	45	44	37	42	42	36	6	42	39	3
KBI 24 - Highway maintenance	53	51	58	57	57	56	55	55	52	3	55	56	-1
<b>Highway Maintenance - Benchmarking Indicators</b>													
HMBI 01-Condition of road surfaces	32	35	47	47	46	40	45	45	38	7	45	42	4
HMBI 02-Cleanliness of roads	64	62	64	65	65	64	63	63	56	7	63	62	1
HMBI 03-Condition of road markings	58	58	65	63	61	62	61	61	56	5	61	60	2
HMBI 04-Condition and cleanliness of road signs	63	60	66	63	63	63	61	61	58	3	61	61	0
HMBI 07-Speed of repair to damaged roads/pavements	26	29	38	39	38	35	37	37	31	6	37	35	2
HMBI 08-Quality of repair to damaged roads/Pavement	31	36	43	45	43	42	42	42	38	4	42	41	2
HMBI 10-Weed killing on pavements and roads	57	52	59	57	58	57	53	53	49	4	53	54	-1
HMBI 11-Provision of Drains	59	52	59	56	58	58	57	57	55	2	57	59	-2
HMBI 12-Keeping drains clear and working	52	45	57	52	56	54	55	55	52	3	55	57	-1
HMBI 13- Deals with Potholes and damaged roads	33	33	46	44	43	40	42	42	36	6	42	40	3
HMBI 17-Undertakes cold weather gritting	55	56	58	63	65	62	62	62	60	2	62	63	-1
HMBI 18-Provides information on Gritting	42	41	46	48	46	48	46	46	46	0	46	47	-1
HMBI 19-Cuts back overgrown hedges	45	41	48	48	48	47	45	45	46	-1	45	48	-3
HMBI 20-Deals with mud on the road	56	54	56	56	56	57	54	54	51	3	54	55	-1
HMBI 22 Deals with flooding on roads and pavements	-	44	51	49	50	52	49	49	49	0	49	51	-2