

**HIGHWAYS TERM MAINTENANCE CONTRACT AND ASSET MANAGEMENT STANDARDS**

Report Author: Tony Toynton (Interim Head of Highways)  
Tel: (01908) 252994

**Executive Summary**

1. Section 41 of the Highways Act 1980 sets out the highway authority's duty to maintain a highway maintainable at public expense. The duty is not restricted to only maintenance and repair, of that part of the surface of the highway used by traffic or pedestrians; but rather it extends to the structure and fabric of the highway which would include any bridges on the highway.
2. The Highways Term Maintenance Contract (TMC) with Ringway Infrastructure Services commenced in April 2014. It is monitored by the Council's Highways department through a series of Key performance Indicators (KPI) linked to a financial 'pain/gain' mechanism as set out in the contract. All of this performance data also links to contract extension clauses that are considered at prescribed points in the life of the contract. The Performance Report for July 2016 is Annexed
3. In November 2015 the Council's Cabinet approved the Council's Highways Asset Management Policy and Highways Asset Management Strategy. These documents set out how the Council will manage Milton Keynes' Highway Network making the best use of available resources in line with best practice from other Authorities, DfT guidance and future funding arrangements from Central Government.
4. The Strategy;
  - (a) Adopts a preventative approach to the way we maintain our roads and footways moving away from the previous reactive approach which was costly and unsustainable.
  - (b) Maximises the life of our assets by adopting a longer term approach in the selection of optimum maintenance interventions.
  - (c) Recognises the importance of all types of roads and footways to our communities.
  - (d) Allows geographical considerations to be made on funding choices.

- (e) Improves residents' expectations of network condition and maintenance works to our Highway network.
  - (f) Delivers financial efficiency savings of up to 20%.
  - (g) Protects funding cuts from Central Government.
5. Whilst the selection of individual maintenance schemes is predominantly driven by evidence based condition data, the use of Councillors' local knowledge and their ability to challenge proposals will ensure that our communities' priorities are considered in the development of our delivery plans.
6. Reactive maintenance intervention levels for day to day highway repairs, such as potholes and surface treatments, are specified within with the strategy in line with national best practice and the resources available.

## **Introduction**

This report sets out the scope and monitoring arrangements of the Highways Term Maintenance contract between Milton Keynes Council and Ringway Infrastructure Services and the standards set that direct both reactive and planned maintenance programmes funded by the Council year-on-year.

Milton Keynes Council is the Highway Authority as defined.

### **Section 41 – Highway Authority Duty to Maintain**

Section 41 of the Highways Act 1980 sets out the highway authority's duty to maintain a highway maintainable at public expense. The section 41 (1) duty, is an absolute duty to maintain and is not qualified by any requirements to reasonableness. The duty is to put and keep the highway *"in such good repair as renders it reasonably passable for ordinary traffic of the neighbourhood at all seasons of the year without danger caused by its physical condition."* (*Burnside v Emerson [1968]*).

The duty is not restricted to maintenance and repair, of that part of the surface of the highway used by traffic or pedestrians; but rather it extends to the structure and fabric of the highway which would include any bridges on the highway.

All of these highway features together are often referred to as the 'highways asset'

The Council's largest asset in value terms is contained in the highways infrastructure which consists of:

- 56,000 street lighting columns
- 14,000 illuminated signs and electrical units
- 1170 km carriageway
- 1800 km footways

- 791 bridges
- 300 km Redways
- 115 structures (mainly retaining walls)
- As well as this there are significant numbers of street nameplates; unilluminated traffic signs, traffic signal junctions, bus shelters and highways drainage systems

Looking after the highways network is a local and national priority given its fundamental role in the economy. To fulfil this potential, it needs to be adequately maintained.

To ensure value for money and provide the Council with a logical and defensible approach to managing its liabilities as highways authority, in line with other highway authorities in November 2015 the Milton Keynes Council Highways asset management Policy and Strategy were formally agreed by Council and in line with good practice is made publicly available on the Council's website.

### **The Highways Term Maintenance Contract**

In April 2014 following a full competitive procurement exercise a new Highways Term Maintenance Contract (TMC) between Milton Keynes Council and Ringway Infrastructure Services was mobilised and which saw the transfer of MKC maintenance staff to the new provider and the creation of a 'client side' team of officers with the responsibility of carrying out the duties as set out in the contract that remain with the Council including performance monitoring.

The contract with Ringway delivers:-

- The Highways maintenance (capital) programme – the work is commissioned annually by MKC officers on a site-by-site basis
- The streetlight upgrade/replacement programme and ongoing maintenance of all street lights and illuminated signs
- Cyclical services i.e winter gritting, gulley emptying and pothole fixing
- The ongoing highway inspection programme
- Response to emergencies on the highway network.
- The Ringway Hub provides first response to all calls from members of the public who report issues/faults to the network

### **Budgets**

- The annual contract value changes each year depending on the works required and projects being completed – in 2015/16 a total of £18.338m was paid across the council:
  - Revenue = £2.783m
  - Capital = £15.650m
- The contract provides an entitlement, without further procurement, for the delivery of all highways schemes/projects with a value up to £1m.

- During the financial year 2016/17 the capital programme amounts to some £17.8m broken down as follows:

Carriageways	£6.5m
Footways	£0.6m
Highway drainage	£0.3m
Street lighting	£6.4m
Bridges and structures	£4m
Total	£17.8m

### **Contract Performance Monitoring**

The contract contains a total of 36 performance measure contained within 23 separate Key Performance Indicators.(KPI)

Ringway produce a monthly monitoring report to an Operations Board meeting jointly chaired by MKC Head of Highways and the Ringway regional director.

These meetings are designed to address any performance failures and concerns in a timely fashion and allow the MKC (client-side) officers to hold operational managers to account in a direct way. With a regular cycle of meetings both sides develop a detailed understanding of the issues that impact on performance both good and below the standards expected.

There is facility in the contract for this Operations Board in turn to report to a Term Contract Board comprising Service Director Public Realm and Ringway senior management. This Board does not have a regular meeting cycle but is designed to be convened to deal with matter such as, on-going performance failures not remedied by the Operations Board or where senior managers on either side need to address issues that are of strategic importance to their respective organisations e.g. the possibility of significant reductions in spend by the Council and/or fundamental to the future of the contract.

The contract also includes a 'pain/gain' mechanism that is linked both to operational performance and Ringway's ability to deliver all works on or below projected cost by applying the principles of value engineering as well as their declared knowledge and understanding of the industry and best practice.

This mechanism is designed to incentivise strong operational performance and the use of innovation, economies of scale and the economies that come with good planning and use of resources.

If the overall programme results in a final cost below 'target cost' and operational performance is judged by MKC officers to be acceptable across the whole range of KPI's then the contractor receives a share of the 'gain' or alternatively is apportioned a greater share of the 'pain' should their performance be below expectations.

Note: During the financial year 2016/17 MKC's internal audit service will conduct a systems audit on all aspects of the Council's client-side in respect of this contract the findings of which will be reported to Audit Committee at a date to be fixed.

## **Asset Management**

“Asset management has been widely accepted by central and local government as a means to deliver a more efficient and effective approach to management of highway infrastructure assets through longer term planning, ensuring that standards are defined and achievable for available budgets.”  
(UK Roads Liaison Group, DfT)

The Milton Keynes Highways Asset Management Strategy uses as its base reference document the Department for Transport’s code of practice, “Well-maintained Highways” that was first published in 2001 and is now in its 5<sup>th</sup> edition together with the more detailed thematic codes of practice namely:

- Well-lit Highways
- Management of Highways Structures
- Management of Traffic Management Systems

Asset Management can be summarised as planned investment to ensure the highways asset continues to meet the needs of all users recognising that local authority funds have been and seem to continue to be under significant pressure for the foreseeable future.

The principle of investing in planned maintenance of roads infrastructure is no different to the planned maintenance of any other built asset i.e. if there is no programme of planned maintenance the asset will deteriorate such that when maintenance becomes critical it is likely to be urgent and therefore more costly than if planned in a logical, evidence based way.

In November 2015, the Council’s Cabinet approved the Council’s Highways Asset Management Policy and Highways Asset Management Strategy. The Strategy sets out the hierarchy of roads, footways etc and determines the condition levels at which the Council agrees each will be maintained and consequently where investment is needed.

The evidence used by MKC officers in designing the annual highways maintenance programme comes from a number of sources including:

- A regular inspection programme carried out by qualified highways inspectors
- Reports from road users and other stakeholders
- Technical surveys to assess levels of grip of surface material
- Technical surveys of bridges, structures and street lights etc
- Records of reactive maintenance interventions eg the fixing of potholes.

Highway funding from Central Government is already forecast to reduce over the next 4 years. The DfT has recently implemented a new funding mechanism which incentivises Authorities to demonstrate that they have a highway asset management plan in place which is being used in practice and penalises those who don’t. The amount of funding that any Council will receive from the DfT will be dependent upon the extent to which we have

implemented the asset management approach and are able to demonstrate it. Those Authorities who are unable to demonstrate this will have their funding levels reduced by up to a further 21% if they fail to demonstrate they are implementing an asset management approach. For Milton Keynes this could mean Highway maintenance funding could reduce by cut by a further £2.4M over the next 4 years.

### **Reactive maintenance**

In order to meet its liabilities and duty to maintain the Highway Authority also has the capacity to respond to emergencies through the TMC eg do deal with dangerous spillages or unexpected faults emerging that present a safety risk to road users.

To ensure the Authority meets its duties in a way that provides a defensible position if challenged, MKC includes within the Code of Practice for highways safety inspections, a number of 'intervention criteria'. These criteria are used by highway inspectors when attending reports of potholes or other such faults to determine if and if so how soon a fix is required within the Council's published policies.

This code sets out 'intervention levels' and operational processes that are considered to be appropriate and reasonable, taking into account the safety of highway users and the constraints placed upon the Council to manage public funds responsibly within defined budgets.

Milton Keynes code of practice is a document that uses a risk based approach to categorising and prioritising defects (including potholes).

This code has also been reviewed by an independent legal advisor to the councils insurance and risk section to ensure that we comply with our statutory duty and we have a code of practice that is defensible in law.

The intervention levels set are based around existing case law and what is considered to be a hazard to the highway user.

This gives highways inspectors clear guidance when carrying out an inspections of reports of 'potholes' allowing them to assign a priority for repair in accordance to the risk it poses to the users of the highway.

If a section of the carriageway deteriorates and is less than 40mm deep (on main roads and 50mm deep on minor roads it is not considered to be a pothole, the same principle applies to footways when less than 20mm deep.

Once the depth exceeds 40mm in depth on main roads or 50mm in depth on minor roads and 250mm in diameter the inspector will deem the defect a pothole and will assign a category dependant on how deep the pothole is and what category of road the pothole is on.

This can range from a response within 2 hours, 24 hours or 28 days or to be included within a planned works programme.

## **Road Sign Replacement**

The design, layout, size and construction of all highway signs are prescribed by The Traffic Signs Regulations and General Directions 2016. This includes the temporary use of signs in the case of roadworks or other incidents on the highway.

The term road sign covers a range of signs erected on the highway to provide road users with direction, awareness of potential hazards or change in regulation e.g. speed limit sign.

By their nature signs will become worn and faded over time and some will be damaged due to collision.

Milton Keynes Council budget makes no specific provision for the replacement of signs that are worn or damaged.

During the current financial year a new system known as Green Claims is being developed to pursue compensation from motor insurance companies where the details of vehicles causing accident damage are known. This was included in the budget papers for the financial year 2016/17 with an income generation target. The system remains under development so it is too early to give any actual income or other evaluation data at the moment.

Whilst the absence of a road sign is rarely deemed a critical safety issue clearly regulation signs (speed limits, parking restrictions etc) have to be fully in place and visible to ensure the regulations are enforceable.

During the current financial year £60,000, revenue, has been allocated from the Councils Traffic Management budget for signs associated with Traffic Regulation Orders.

During the current financial year £50,000 has been allocated from the Councils Traffic highways capital budget to replace signs that are seen as safety critical. £25,000 of that has been set aside to replace chevrons at roundabouts as these are known to be safety critical at roundabouts.

## **Street Name Plate Replacement**

Whilst there is no Council policy on the replacement of street name plates, as they are not considered to be a safety issue, the Highways department issued the following in 2015 to guide helpdesk and other officers make decisions.

*“Milton Keynes Council receives a large number of complaints about missing or damaged street name plates. All enquiries should be assessed under the criteria set out below. If the location meets the criteria specified, the request should be allocated to Ringway.”*

### **Assessment Criteria**

*We will repair damaged or missing street name plates on the following basis;*

- 1. The plate is important as a way-finder ie located at the entry point to a street*
- 2. The plate is missing*

3. *The plate is so worn or damaged that it cannot be read or may represent a safety hazard*
4. *Non safety work is dependent on their being an available budget”*

### **Available Budget**

Whilst there is no specific budget for the replacement of street name plates £25,000 has been identified in the Highways capital programme for the replacement of street name plates within the above criteria.

### **Recommendations**

1. That the Scrutiny Management Committee note the Council’s approach to the monitoring of the Highways Term Maintenance Contract provides best use of available resources.
2. That the Scrutiny Management Committee note that the Council’s Highway Asset Management Policy and Strategy demonstrates the best use of available resources in line with national practice from other Authorities and DfT guidance and maximise future funding arrangements from Central Government.