

CABINET SCRUTINY COMMITTEE – 25 OCTOBER 2006

Report Titles:	Delivering a 21st Century Highway Service
Documents Attached:	Report to Cabinet, 16 October (Item 12) <i>Cabinet approved the recommendations set out in the report.</i>
Purpose of Consideration:	(a) To explore the implications of this Decision. (b) To explore why this Key Decision has come forward at such short notice that it could not be included in the Forward Plan.
Possible Decisions:	The Constitution (<i>Appendix 4 Part 8</i>) requires the Committee to take one of the following decisions:- (a) make no comments; or (b) express comments but not require reconsideration of the decision; or (c) require implementation of the decision to be postponed pending reconsideration of the matter by the Cabinet in the light of the Committee's comments; or (d) require implementation of the decision to be postponed pending reconsideration of the matter by full Council.
Previous Consideration:	The Committee has considered issues relating to the Reshaping Kent Highways programme on a number of previous occasions: 29 September 2004, 20 April and 14 December 2005, 18 January 2006.
Background Documents:	None.

By: Keith Ferrin, Cabinet Member for Environment, Highways and Waste
Pete Raine, Managing Director – Environment and Regeneration

To: Cabinet 16 October 2006

Subject: Delivering a 21st Century Highway Service

Classification: Unrestricted

Summary: This report sets out the current accommodation strategy for Kent Highways Services and a proposal to reduce the number of operational divisions from three to two with consequential proposals regarding reallocation of resources.

For Decision

1. Introduction

- 1.1 Kent Highway Services faces difficult financial challenges in the coming years together with a desire to deliver improved satisfaction of the service in Kent.
- 1.2 This report describes a way forward to minimise the impact of the budgetary pressures on frontline services and a radical transformation of the management of the service through restructuring and deployment of smart information technology.

2. Accommodation

- 2.1 On 16 January 2006, the Cabinet Member for Environment, Highways and Waste approved a capital accommodation investment of £17.7m (net) to develop three super depots/offices based in West Kent (Wrotham), Mid Kent (Ashford) and East Kent (Whitfield, Dover), and two satellite depots at Preston (Faversham) and Haysden (Tonbridge) (Appendix 1).
- 2.2 Since taking up post in August 2006, the Director of Kent Highway Services has reviewed the plans and worked with the Managing Director - Environment & Regeneration and the Cabinet Member for Environment, Highways and Waste to develop a new accommodation proposal that meets operational needs, with no degradation of service, whilst reducing the capital investment required. The new proposal is to:
 - Develop two super depots/offices based in West Kent (Wrotham) and Mid Kent (Ashford) – subject to planning permission - to create two divisional offices from the current three – West Kent incorporating Gravesham, Dartford, Sevenoaks, Tunbridge Wells, Tonbridge & Malling and Maidstone, and East Kent incorporating Swale, Ashford, Dover, Shepway, Canterbury and Thanet.
 - Develop the two satellite depots at Preston and Haysden and an additional satellite depot in East Kent (Appendix 2).

- 2.3 Office accommodation will be built around a model of flexible and mobile working and will require investment in technology.
- 2.4 The operational service, for example routine maintenance, emergency response and winter maintenance, will be maintained, without a reduction in service standards, and delivered from this network of super depots and satellite depots.
- 2.5 It is anticipated that net capital savings from this revised programme are in the order of £3.4m, with annual revenue savings of £0.53m (Appendix 3).

3. New technology

- 3.1. As a result of not proceeding with Whitfield there will be an unallocated budget and it is intended that this should be used to invest in a technology programme.
- 3.2. This will focus on reshaping existing operational processes to deliver business efficiencies and will:
 - significantly improve the process from fault identification to completion of repair;
 - demonstrate lower costs in running the service;
 - improve levels of public satisfaction through faster response times and improved communication;
 - increase the number of enquiries resolved at first point of contact by the Contact Centre or through web-enabled self-service.
- 3.3. Significant investment is required in mobile technology and business systems to deliver these benefits and this is estimated to be £3.7m. Only by making this investment will KHS be able to operate from two divisions with resultant staff savings.

4. Reshaping the organisation

- 4.1. Kent Highway Services is currently structured by three divisions and a strategic headquarters. The accommodation proposals outlined in this report will necessitate a restructure of the service from three to two divisions. Investment in technology will also involve a review of how activities are delivered to ensure that we operate in the most efficient way possible and this will inevitably affect how staff work across the KHS Alliance.
- 4.2. Preliminary discussions have taken place with staff and UNISON to ensure that they are aware of these proposals. It is intended that KHS will work closely with UNISON and Personnel & Development during the restructure process to minimise the impact on staff as much as is possible.

5. Recommendation

Cabinet is recommended to note and agree that:

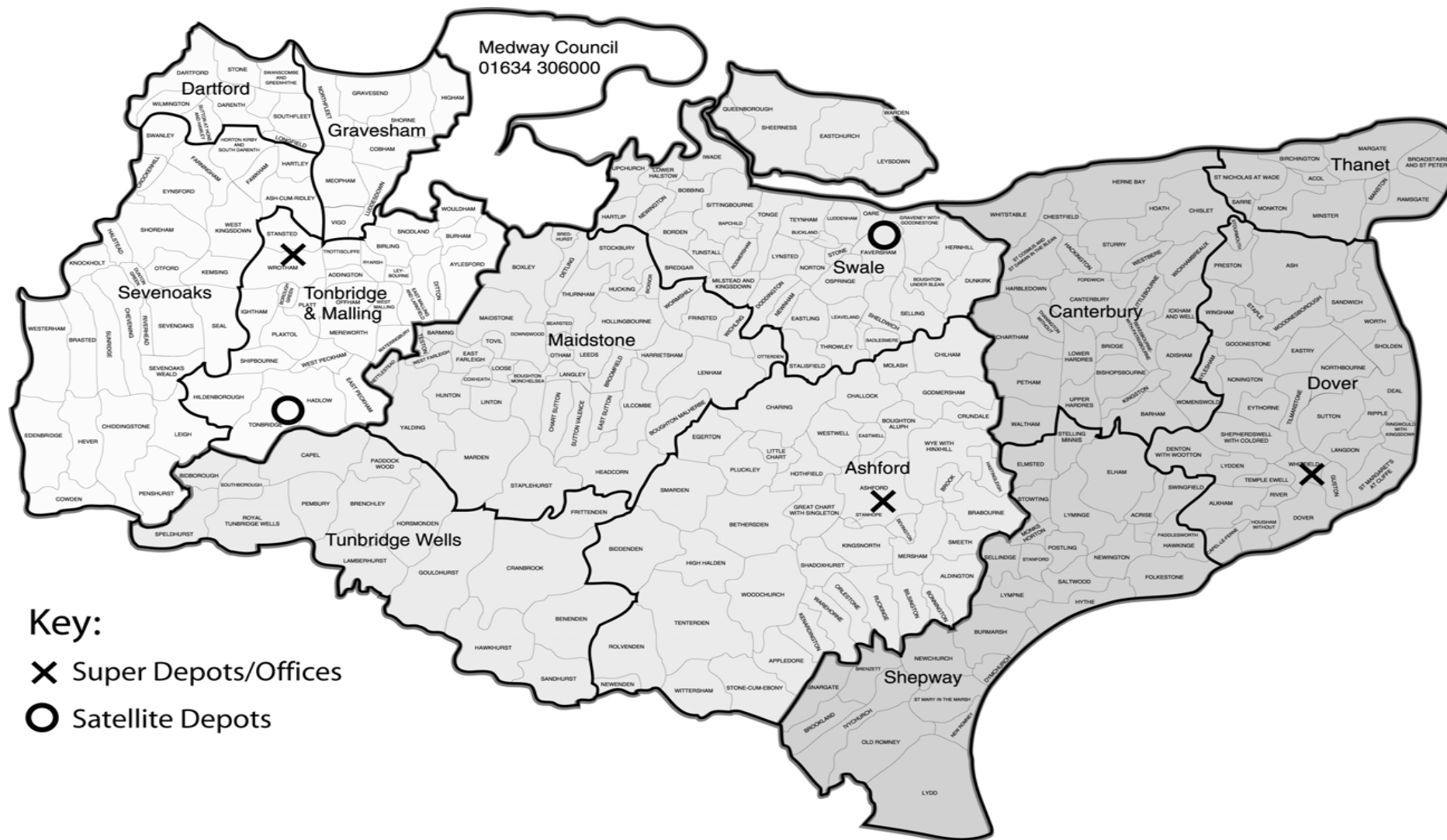
1. The Council does not proceed with the acquisition and development of a site at Whitfield and agree that KHS continue to deliver the operational service from two divisions based in super depots/offices at Wrotham and Ashford – subject to planning permission - and three satellite depots.
2. Note that as a result of not proceeding with Whitfield there will be an unallocated budget and it is recommended that this should now be used to invest in a technology programme.
3. Agree that as a result of the investment in technology, and economies of scale arising from reducing to two divisional offices, KHS should be restructured to create staff efficiencies.
4. The Managing Director for Environment and Regeneration be given delegated authority in consultation with the Cabinet Member for Environment, Highways and Waste to take forward and implement the management actions arising from these decisions.

Contacts:

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Background Documents: None

Current accommodation proposal



Key:

- ✕ Super Depots/Offices
- Satellite Depots

Amended accommodation proposal



WEST KENT

EAST KENT

Key:

✕ Super Depots/Offices

○ Satellite Depots

Financial Summary - Accommodation

Capital Costs

Estimated capital cost of the current proposed East Kent super depot/office is c.£6.93m:

Land purchase:	£1,400,000
Office element:	£3,085,162
Depot element:	£2,270,201
ICT Fit-out:	£0,174,038
Total:	£6,929,401

Cost of a satellite depot in East Kent as per the new proposal

Purchase :	£0,560,000
Development cost:	£2,000,000
Total:	£2,560,000

Loss of development economies of scale estimated at **£1,000,000**

Net capital saving = £3,369,401

Revenue Savings

Corporate saving of the reduced capital borrowing costs (not calculated)

Saving of c.£530,000 per annum in the running costs of a super depot/office (based on the revenue running costs of current accommodation).