

From: Bryan Sweetland, Cabinet Member – Environment, Highways & Waste
John Burr, Director - Highways and Transportation

To: Environment, Highways & Waste Cabinet Committee

Date: 23 April 2013

Subject: Future Highways Programme

Classification: Unrestricted

Summary:

This paper updates the Cabinet Committee on the major change programme carried out within the Highways and Transportation Division since 2010 entitled Future Highways. This programme was developed in response to a number of major challenges facing the Service, notably the need to transform business culture and deal with the impact of falls in government funding.

This report describes the key challenges facing the Service in 2010 and what has been done to tackle these head-on to create a modern, forward thinking Service that puts customer care at its heart. The Future Highways Programme is now substantially completed, and its successes have enabled Highways and Transportation Service to substantially fulfil the Vision it published in 2010.

Recommendation:

That the report be noted.

Background

1. In mid 2010, it became clear that Kent Highway Services (KHS) now called Highways and Transportation (H&T) was to lose around 25% of its budget from the start of the following financial year (2011-12), largely due to national austerity measures and the ending of the major capital scheme programme. A Programme of Change was commenced to meet this challenge head on which was designed to deliver the Vision for the service, promoting more efficient, joined up working practices and working with staff to change hearts and minds particularly on service delivery and the approach to customer care.

2. The Vision was designed to focus on creating a top performing highway authority to become an intelligent Client through the re-procurement of key contracts and the delivery of a number of related internalisation projects, leading to the transfer of some functions back to KCC from Consultancy. . A major staff restructuring was commenced together with a re-procurement of the Works Contract which ultimately led to Ringway being replaced with Enterprise in September 2011.
3. The Future Highways Programme's scope, vision and complexity was wider and more extensive than any other change programme for Highways in recent years and represented a significant investment both in budget and people resource. The Programme was designed to deliver important financial, perception and service benefits and has been successful on all three counts. The main implementation phase of the Programme around the procurement of the contracts and those benefits the contracts will bring will be fully realised in the future and therefore, will be some time before it is possible to fully assess the 'Value for money' of the Programme. It is clear, however, that H&T is leaner, fitter and more able to meet future challenges than it was previously.

The Challenges

The key challenge facing H&T was to ensure that despite a reduction of budget, community facing elements of the business and work programmes showed improvement and embraced the requirement to manage resource in a completely new way. The significant challenges were;

- Ensuring that H&T had sufficient time to properly engage with stakeholders and carefully consider the required scope of the contracts, despite the short procurement and tight mobilisation period for both contracts.
- Ensuring that the new contracts were a major improvement from the previous arrangements with regard to payment mechanisms, risk management and value for money.
- Extracting providers that had been embedded into the business for a number of years, including disseminating complex systems and reintegrating them into KCC's environment.
- Ensuring that KCC's IT systems were integrated with the new contract provider's system, within agreed timescales and ICT continued to meet the needs of H&T throughout.
- Recruiting the right skills internally for appropriate roles with people who fully understood the importance of customer engagement.

A dedicated programme team, clear governance and strong political and senior management support was vital for success in meeting those challenges.

Scope of Programme

4. The Future Highways Programme included a review of the Term Maintenance and Consultancy contracts, aligning the service to the needs of the business, relocating services to where they are best placed and supporting the staff through training. Engagement and communication was paramount to ensure seamless change without disruption to service delivery.
5. The Programme was divided into Phases and delivered the following activities:-
 - **Phase 1** delivered a new Term Maintenance Contract. Enterprise commenced the contract in September 2011 with a continuity of service from Ringway. This change has worked very well and Enterprise has brought a new approach to the delivery of highway works and maintenance. Phase 1 **also** delivered a new staff structure based on the needs of the business and the new contract. Staff were relocated to the Ashford Depot and the newly developed Aylesford Depot based upon the best place for delivery of their respective services. The emphasis was on recruiting the right people and replacing those who were not able to adapt to modern thinking. This has led to a major change in the way H&T operates and has resulting a vastly improved perception of the service from Members and key stakeholders such as Parish Councils.
 - **Phase 2** delivered the mobilisation and embedding of the Enterprise contract into the business. Training was rolled out to over 300 staff to raise the commercial and contract capability within the business. This has been very important in the challenging of costs leading to budget savings and more efficient working.
 - **Phase 3 has delivered**, the internalisation of the Structures Team, Intelligent Traffic Systems, Crash Data Team and Arboriculture Service (Soft Landscape) – the teams and their ICT systems were moved from Jacobs' employment and place of work to H&T offices under Kent County Council Employment. These changes have led to reduction in the cost base and a much more joined up efficient way of working across the organisation.
 - **Phase 4** delivered a new Technical and Environmental Services Contract which commenced in April 2013. This contract has been designed by H&T to deliver professional services across the Directorate with new working practices and payment mechanisms. The new consultant, AMEY will attend this meeting of the Cabinet Committee to introduce themselves to Members. Phase 4 **also** included the demobilisation of Jacobs and the extraction of key systems. H&T has also internalised the Crash Data Team and their systems, an aspect of the Safety Inspection Service, the Gazetteer and Traffic Regulation Orders. Bringing these systems and teams in-house means H&T has far greater control of the work that is being undertaken and ensures best value.

The mobilisation of Amey was also undertaken in phase 4 to ensure that this new Consultant was ready to commence work on April 1st 2013. 120 staff were put through Advanced Commissioning Skills training to embed the contract and to improve the quality of the commissions being produced from day 1. Two additional

contracts were procured separately to bring greater commercial benefit to the business. The Scanner/Condition Survey contract and the Materials Testing and Coring contract commence in April 2013. The opportunity to review the services that H&T's consultant undertakes for us, presented itself when the renewal of the existing contract was due. It was important for H&T to internalise services under KCC management where it could be demonstrated that savings and more efficient working could be delivered. A new contract was designed and procured to ensure that risk was allocated appropriately and addressed those areas of the previous contract that were not proving efficient ways of working between organisations.

- **Phase 5** delivered the assimilation of Transport Integration into H&T. 40 members of staff and ICT systems were relocated to Aylesford Depot from Commercial Services in March 2013. This brings the management of public transport into one area provided a much more efficient and co-ordinated method of working.

Benefits of the Changes

6. The H&T/Enterprise partnership was designed ensuring that "every pound counts". The contract was procured as Enterprise offered the best balance of cost versus quality. Risk is allocated to those best placed to manage it and there is clear ownership of liability – KCC only pays once for any works done thereby driving "right first time" workmanship. This is an effective joint motivator for innovation and change, as well as stimulating/incentivising management responsibility and accountability. Performance indicators also drive the delivery of demonstrable efficiencies, innovations and cost savings. Both parties attend a monthly technical review group to share ideas that can then be implemented and trialled "live" for feasibility and cost benefit. This continues to strengthen the partnership and improve business processes.
7. Performance has improved across the business with regard to response times, budget management, programming of works and route optimisation; these are key areas where working better together with Enterprise is proving particularly successful. Relationships are already being successfully forged with Amey and early indications show that the principles of the new contract are being embraced by both the business and consultant.
8. The decision to internalise some services into the business has already shown economies are realised by direct employment and an increased expertise within the business will negate the need for external procurement of those team's services.

Demonstrable Success

H&T's level of success is based on the following evidence:

- Contracts are in place that enables us to be a strong intelligent client. From the outset, starting with Market Engagement and the Provider's Open Days through to Competitive Dialogue and on to Final Tender discussions, H&T has retained a strong client approach. It was made clear to the bidders that H&T would be moving away from a formal Alliance partnership to a Client Contractor partner relationship;
- H&T have Contracts that demonstrate Value for Money with relevant pricing mechanisms and indices;
- H&T have Contracts that challenge poor performance with strong performance measures to ensure there is a robust method of measuring performance on the contract and there is a clear understanding of consequences of failure and requirements for extensions;
- Contracts are in place that have political support with Member involvement throughout the procurement process, including participating in decision making at Strategic Procurement Board, Informal Member Groups and member participation at Bidder Presentation at Evaluation stage;
- H&T have Contracts that clearly show that Risk sits where it is best managed;
- Staff are located where best placed to deliver the service and are trained to fully utilise the contracts and produce high quality commissions;
- The level of front line service has been sustained despite sizable budget challenges
- H&T now operates as one service, with its supply chain sharing objectives and identity
- Vast culture change achieved, to promote ownership of issues and a can do attitude.

Recommendations:

That the report be noted now that the Future Highways Programme is substantially completed.

Contact details:

David Hall, Future Highways Manager

David.Hall@kent.gov.uk

01622 221081