

Future Council Improvement Review - Highways & Engineering Services for the Overview & Scrutiny Committee

1.0 Purpose of report

- 1.1 The purpose of the report is to provide the Overview & Scrutiny Committee with details of the outcome of the Future Council Improvement Review (FCIR) of the Highways & Engineering Service (the Service) and recommendations for service modernisation.

2.0 Introduction

- 2.1 To meet Future Council ambitions, a review of the Service examined the current method of service delivery and looked at how all functions are managed and aligned. This has identified opportunities for modernisation that will improve communication across teams and improve project management accountabilities for scheme delivery, whilst continuing to meet the needs of our customers.

- 2.2 The review has examined a number of strategic and operational processes to gain a clear understanding of the various service areas. As a result, the intelligence gathered has been used to inform and shape the future direction of the Service. A new vision and purpose has been developed and will be used as a focus point to manage future expectations and deliver change:-

Our Vision - *With our specialist teams we will deliver excellent highway services that everyone can be proud of*

Our Purpose - *To operate, maintain and invest in improving the highway network, enabling safe, reliable journeys for all while supporting the economic growth of the borough*

- 2.3 The review has:

- Examined the current performance of the Service compared against other councils and organisations, to better understand performance and value for money
- Assessed the financial position of the Service, including the impact of previous Key Lines Of Enquiry (KLOEs) which resulted in service changes
- Analysed the service delivery structures, management layers, roles and responsibilities, in line with the organisation's Human Resources (HR) principles
- Evaluated the working practices and areas of staff productivity to help identify opportunities for efficiency and improvement
- Reviewed workforce planning and development of the Service
- Reviewed customer satisfaction, complaints data etc.
- Considered the commercial opportunities within the Service

- 2.4 Employees from within the Service have been engaged and consulted throughout the process and have had the opportunity to contribute towards the recommendations.

- 2.5 The FCIR has also considered the informal review completed by Internal Audit during 2017/18. The focus of the Internal Audit work was on the governance, controls and risk management arrangements associated with highways construction services. It sought to ascertain reasons for the overspend in 2016/17 with details and evidence of corrective actions being taken to minimise the re-occurrence.

2.6 The review by Internal Audit identified a number of recommendations, which led to a further independent Financial Services review to support the financial management controls; this has been overlaid with the FCIR of the Highways & Engineering Service.

3.0 Findings

3.1 The key findings and recommendations are evidence based and the detail in relation to the specific service areas can be found below.

4.0 Highways & Engineering Services

4.1 Numerous restructures of the Service have not adequately tackled the real issues of responsibility and accountabilities. They have effectively continued to refine silo-based arrangements. In consideration of this, the review has sought to re-identify the principal purposes of the Service;

1. To keep the highway network **operational** on a day-to-day basis
2. To **maintain** the overall condition of the highway to a level that facilitates the former
3. To invest in the highway network to deliver our corporate economic growth target

4.2 These three principal purposes of the Service will form the basis for facilitating lean and accountable processes. To deliver these key purposes, points one & two will form the new Highways Engineering Team and point three will be migrated to Regeneration & Property (Business Unit 4).

4.3 To keep the highway network operational on a day-to-day basis and to maintain the overall condition of the highway network, a series of currently discrete service areas (e.g. street lighting, street work, traffic management) will be brought together to meet this principal purpose. This will create a more integrated approach to delivery of works and financial management.

4.4 To meet previously supported service efficiencies, the FCIR will mean that there are some changes to the service delivery model. To support service delivery there have been five posts created within this structure.

4.5 It is also worth noting that Cabinet has supported an additional investment of £6m over two years to improve the standards of the highway network. This is following the deterioration of the structural integrity of the network, due to the extreme weather conditions encountered during early 2018.

4.6 Therefore, in order to support additional works and deliver a modernised service, the implementation of the service action plan will be delivered for April 2019, whilst some further efficiency will be aligned to the delivery programme to support the additional funding. Thereafter the service delivery model will implement additional staffing reductions to reflect the reduction in highway funding.

4.7 It is anticipated that the number of apprenticeship/career graded posts (three in total) will be introduced/maintained. This is with a view to attract and increase the number of these positions within the structure moving forward, to further support workforce and succession planning.

4.8 It should be acknowledged that the majority of posts within the front line operational workforce will not be affected by this proposal. This is to ensure that there is sufficient

capacity to successfully manage and deliver the enhanced core maintenance programme of works for the next four years. There are currently 11 vacancies in the front line and a number of these will need to be utilised to support the additional funding and then released once this additional funding is no longer available. The management of the operational teams has been reorganised based on the findings of the review to ensure operational delivery is optimal whilst fulfilling the statutory requirements in relation to maintaining the highway.

4.9 Greater emphasis will be placed on the leadership within the Service; providing clearer management responsibilities, which will in turn drive improved service performance and delivery.

4.10 To achieve the transformational change, the key themes and proposals have been outlined below. They are arranged to provide a brief insight into the work to be undertaken at the service level, i.e. across the Highways & Engineering Service:

1. Service - Project Management and Governance
2. Service - Communications & Technology
3. Service - Recruitment and Succession Planning
4. Operations - Street Works
5. Maintenance - Asset Management Function
6. Maintenance - Minor Works Delivery
7. Maintenance - Productivity

5.0 Service - Project Management and Governance

5.1 Throughout the review it has been clear that there is a requirement to improve the current programme and project management models and techniques used across the Service. Schemes and programmes which have a single point of responsibility and accountability are being delivered in an effective and efficient way. It has been concluded that recent successfully delivered schemes, such as M1 J36, were delivered with a project management centric approach, which is a critical success factor. In contrast, other schemes such as Cundy Cross were managed through passing the project at each key stage from one team to another, which resulted in a lack of accountability, transparency, slippages, and issues at the time of delivery, resulting in reputational risk to the service. In summary, customers / road users deserve a consist level of service.

5.2 Improved and integrated programme management will provide better coordination within the Service and will provide transparency to senior management and customers; thus improving communication and engagement. As a minimum this should include and define:

- A new process flow with appropriate accountabilities, from operations, all the way through asset survey; design; construction and back to operational status;
- Clear control points within the process, with set stages and durations;
- Performance management information to monitor, measure and control project flows; and
- Appropriate governance and leadership to drive change and improvements.

6.0 Service – Communications & Technology

6.1 Service communication is improving, albeit the review has shown that there is still a gap when compared with other council services. Significant investment in mapping technology has improved the customer journey for customers reporting pot holes,

damage to signs and pavements etc. These changes have dramatically reduced the levels of customer contact via the Contact Centre, whilst improving the levels of information provided back to customers automatically. However, there is still more to do to change the way the process flows and how technology is used to improve all of the customer communication experience from the Service.

- 6.2 Member-level engagement as part of this review has highlighted the importance of providing appropriate methods of incident reporting and the need to improve our digital offer for self-service. Pilots such as the Member Email enquiry channels have been a success; however the communication on performance isn't sufficiently transparent. Transparency is a continuing theme on communications; the Service needs to invest in improving this for Members and customers.
- 6.3 In recognition of this, the Service has appointed a Digital Marketing Assistant who will work closely with this theme to ensure that communication plans are in place to support schemes; update the highways web pages; and improve our use of customer feedback and insight information to enable the Service to be more responsive.
- 6.4 The Service already employs hand-held technology to perform a variety of mainly inspection-based roles. It has an asset management system and utilises digital video information to survey and monitor traffic flows. The review has found that there are many specific projects underway to improve the Service. To develop, it needs a consistent plan and strategy to provide consistent outcomes aligned to the Digital First strategy.

7.0 Service - Recruitment and Succession Planning

- 7.1 The current structure seeks to support strategic succession planning and has various apprentice and career graded posts, however currently none of these are occupied. Highways has a high average working age profile, with 54% of staff aged 50 years or over. Consequently, there is a significant risk to loss of experience in the near future.
- 7.2 There are some opportunities within the current workforce to support progression by exploring the various courses available through the internal apprentice hub. This path could support existing experienced members of staff to gain the qualifications they require to progress further, therefore adding resilience to the structure and supporting local knowledge.
- 7.3 It is recommended that clear management roles are built into the structure with defined project manager/programme management skills within the tiers. The proposed structure should align with the fundamental workflow phases, from operation, inception and construction.
- 7.4 There is a need to reduce the dependency on agency resources wherever possible. The Service has developed a labour supply contract framework for maintenance services, albeit there are a number of operations roles where agency staff are being employed, backfilling vacancies. This dependency should only be considered as short-term. Plans to address this through the new structure need to be implemented.
- 7.5 There is a shortage of qualified Highways Engineers both locally and nationally. Demand is higher than supply, making it incredibly difficult to recruit. This frequently results in local authorities competing for the same staff. In the longer term this could be addressed through career graded posts and apprentice placements. However, there is also the need to give further consideration and discussion around the opportunities which may exist within the emerging Barnsley, Doncaster & Rotherham (BDR) Knowledge Hub.

These arrangements are not included within the proposed structure as further discussions need to take place. It is recommended that consideration is given to this approach to support any future service critical vacancies.

7.6 In order to bridge these gaps the Service will:

- Utilise the agreed policies to attract good people, whilst seeking to improve relationships with target groups to better understand how we can improve our offer to prospective employees
- Undertake a skills analysis throughout the service to identify skills / qualification gaps to enable potential further training or internal apprentice opportunities
- Promote the Service to encourage graduate placements
- Introduce further career graded posts to encourage existing staff to progress within the authority
- Encourage further and more meaningful conversations with neighbouring authorities regarding partnership working

8.0 Operations - Street Works

8.1 The Traffic Management Act 2004 places a statutory duty on the local authority to coordinate and manage all works on the highway, e.g. work done by utility companies. Currently it is primarily traffic sensitive routes which are enforced. However, it is planned during late 2018 to move to an 'all streets' permitting system. Business planning and analysis is currently being undertaken to predict the additional demand within the Service to manage this move. A minor restructure within the Highway Operation Function will be required to deal with the move to 'all-streets' permitting during 2019, when more certainty about the 'go-live' date has been established. This is because part of the process to change to 'all streets' permitting involves periods of consultation, which means the timeline for implementation remains fluid, becoming more certain as consultations are completed.

8.2 To support the move to an 'all streets' permitting system, the Transformation Team will review the internal permitting processes to ensure permits are submitted in a timely, consistent method which supports schemes/projects within the overall project planning framework.

9.0 Maintenance - Asset Management Function

9.1 The highway network is the authority's most valuable asset and is critical to the social and economic success and wellbeing of our residents and visitors. The authority has 756 miles of network (A, B, C and unclassified roads) to maintain and manage, and this network continues to grow with each new development. Currently there is no dedicated asset management role within the structure and the responsibility for asset management sits within a dual role within the current Drainage section. Drainage act as the local Flood Authority and therefore the demand for both specialist areas means that this arrangement is not sustainable going forward.

10.0 Maintenance - Minor Works Delivery

10.1 A number of process redesign workshops have been held with the Service to review the process of identifying maintenance schemes, and the associated phases through to delivery. This concluded that overall the process works, however there is a lack of programme / project management, numerous hand offs and, as a result, reduced visibility and accountability and a degree of blame culture within existence. Several improvements

to this process have been made to address the recommendation of the Audit report into the Service; specifically around controls and job charging.

10.2 The current structure and physical arrangement of staff being based at two locations has impacted on the process, communication and accountability of schemes due to the work being handed over to construction with no formal project management in place. This has created a confusing culture through undefined roles and responsibilities. Within the proposed structure all key stakeholders will be co-located at Smithies Lane Depot.

11.0 Maintenance - Productivity

11.1 Considerable anecdotal evidence has been gathered as part of the review. It is evident that there is further data to be gathered to accurately determine the level of increased productivity that could be achieved. One principal area already identified is Material Supplies. This includes reducing the waste in the process associated with issuing materials by looking at other alternatives within the FCIR of Stores.

12.0 Recommendations

In summary the core changes and recommendations are:

- Redefine & support the principal purposes of the Highways function
- Strengthen both leadership and accountability across the entire Service
- Redefine a minor works project delivery team
- Embed project management and governance frameworks, building on the project management centric models used to deliver larger schemes
- Assist in the further development to create a single major scheme project team
- Create broad highway operations and maintenance functions within the Service, creating a dedicated Highways Asset Management function to identify and manage maintenance programmes
- Create focused communications plans and customer engagement processes
- Efficiently deploy resource
- Maximise the use of technology to improve a range of end-to-end processes