

## **Highway Maintenance Term Contract – Progress update**

### **SUMMARY**

- 1.1 In February 2012 the Cabinet approved a decision to bring the reactive highway maintenance contract back in-house by setting up a Streetpride branded highways maintenance service.

In-house teams are to be used for small and uncomplicated repairs up to a value of £100k. A local framework is being set up for medium sized contracts up to £1 million, and an existing regional sub contracting framework will be used for large scale projects over £ 1 million. The main benefits of this decision are:

- to give the Council greater flexibility and control, to drive efficiency and reduce cost through a mix of direct service provision of reactive maintenance and procuring planned maintenance and major projects
- an in-house service enables the Council to remove the bureaucracy that comes with a client / contractor split and to reinvest any efficiency savings in our deteriorating highway network. This means we can effectively achieve more with the limited budgets we have
- a local schemes framework helps secure local jobs and show investment in the local economy and helps to reduce our carbon footprint.

- 1.2 Setting up a new service is a complex process but the enthusiasm of those involved has helped greatly and progress has been excellent. Various task based groups have been established to focus on specific elements of the new service. The small task groups feed their progress into an overall in-house service group who report to the project board. A dedicated project manager from the transformation team has been in place for some time and they sit on the established project board which provides overall direction and decision making.

- 1.3 Direct assistance is being received from other services within the Council including HR, finance, legal services, procurement and Health and Safety.

### **RECOMMENDATION**

- 2.1 To note the contents of the report and recognise the progress made to date.

## REASONS FOR RECOMMENDATION

- 3.1 To keep the scrutiny panel informed of progress made in replacing the existing highways maintenance contract with the new in-house Streetpride Highways Service.

## SUPPORTING INFORMATION

### 4.1 Project governance

A dedicated project manager from the transformation team has been in place for some time. This role helps to provide the project management rigour, to ensure that progress is achieved and deadlines are met. The project manager sits on an established project board which provides overall direction and decision making for the project.

To successfully manage the mobilisation of such a complex project, key areas have been split into specific elements and allocated as work packages, to task based groups for completion. Each work package has a lead who reports back to a main in-house service preparation group, to ensure integration and to remove any duplication of work.

The work groups are:

- In-house Service Preparation
- Local schemes framework
- Service management processes (back office processes)
- HR and TUPE
- Facilities and accommodation
- ICT, Communications and data migration
- Procurement of assets and supply chain management
- Health and Safety

#### 4.2 **In-house Service Preparation**

This is one of two main groups for this project (the other being the Local Schemes Framework). This group provides the majority of the technical detail on how the in-house highway maintenance service will operate on a day to day basis.

Some of the items the group have been working on include:

- Working with Leicester and Nottingham City Councils, who have well established in-house services, to learn lessons and take away best practice.
- Analysing existing processes with assistance from the Highways and Transport Leadership Foundation and re-designing following 'lean principles' to maximise efficiency and remove waste.
- Establishing the size and shape of the service, the number of gangs, the tools required and the number of vehicles.
- Investigating and setting the requirements for the new winter maintenance fleet, trialling the use of 'swap bodies' to enable vehicles to be used practically throughout the year.
- Developing new winter maintenance procedures and increasing flexibility by recruiting drivers from other Streetpride teams.
- Establishing the skills and competencies of the existing Carillion workforce who will TUPE across and establishing any training needs
- Identifying front line policies and procedures for detailed preparation by task groups.

#### 4.3 **Local Schemes Framework**

This is the second main group tasked with the development of the Local Schemes Framework. The framework will be used to deliver all work outside of the technical ability or capacity of the in-house service. It will be let in 17 different lots, each assigned to a particular speciality and four contractors will eventually be selected for each lot.

This framework is being developed in conjunction with Nottingham City Council to help reduce procurement and legal costs and to utilise the expertise available in both authorities. A memorandum of understanding between the two councils is going through final checking, prior to signature.

The joint procurement process has largely been agreed with the OJEU notice to go out in November 2012. Local companies will be contacted to make sure they don't miss the notice and the opportunity to tender for the framework.

The contract documentation for the joint framework is currently in preparation and is being supported by the Collaborative Working Centre who has recently helped the Midlands Highways Alliance and Nottingham County Council through a similar process.

##### Timescales

OJEU Notice - November 2012.

Pre-qualification - December 2012.

Detailed tender assessment – February / March 2013.

Contracts signed – March 2013.

First use by Nottingham City in April 13 followed by Derby in August 2013.

#### 4.4 **Remaining Work Groups**

The remaining work groups have a smaller scope and so have been summarised here.

##### **Service management processes (back office processes)**

Some progress but heavily reliant on decisions around the size, shape and operational details of the service. This group will start in earnest now that more certainty is available.

##### **HR and TUPE**

With dedicated support from HR and good will from the existing contractor, good progress is being made, with the initial TUPE information already supplied. Some further clarification is required for local and implied conditions.

##### **Facilities and accommodation**

Some work in this area has started with the improvements to the Stores Road offices but a more thorough review of office accommodation and storage requirements in the depot will start after Christmas.

##### **ICT, Communications and data migration**

Work is ongoing, the existing software has been reviewed and steps are being taken to fully integrate it with other current council systems such as Oracle and Lagan to remove double handling of data.

##### **Procurement of assets and supply chain management**

The group is working with Procurement and Fleet Management to ensure the right specifications for plant, vehicles and equipment is achieved. Selection of the most cost effective options through a series of long and short term trials is ongoing with suppliers.

##### **Health and Safety**

Working with corporate Health and Safety has identified several training needs within existing highways staff for the management of staff engaged on work in the highway. This is currently being addressed.

New risk assessments and method statements are being prepared using information from other Streetpride Divisions and neighbouring authorities.

#### 4.5 **Monitoring of the Existing Contract**

The existing contract with Carillion still has another 8 months to run and so the management of its performance is crucial to ensure safety, quality and value for money are all delivered over the remaining period.

The contract is monitored through a series of KPI's which are collated and monitored monthly by the Partnership Management Team. They assess performance and take corrective action where necessary, based on the data from the KPI's. This performance and corrective action log is then reported to the Partnership Board, which meets every three months. The Board is lead by the Director of Streetpride and consists of the Head of Highways and Engineering, the Head of Finance and the Commercial and Regional Director for Carillion.

The 12 KPI's used to monitor the contract are:

1. Scheme accounts submitted in 28 days
2. GMU productive time (*GMU's are the work gangs*)
3. Callouts responded to in time
4. New Roads and Streetworks Act Inspections (*a measure of the quality of road and footway reinstatements*)
5. Scheme final accounts (*a measure of the timeliness of account submission*)
6. Differences in values of submitted accounts (*a measure of the accuracy of the account submitted, since the simplification of the payment process this is largely redundant*)
7. Customer satisfaction (*based on post scheme surveys*)
8. Staff satisfaction
9. Efficiency savings generated
10. Number of outstanding defects
11. Scheme start and finish times (*this measures programming*)
12. Gritting routes completed in time

The performance of these KPI's along with an overall partnership review, figures on Health & Safety and Sustainability, a list of the top five actions and financial performance, are all brought together in a monthly highlight report commonly referred to as the 'dashboard'.

As the contract is already tightly monitored using the procedures above, the only change required for monitoring the end of the contract, has been an agreement that any vacancies that may arise within the existing Carillion structure will be monitored and controlled by the Board.

<b>OTHER OPTIONS CONSIDERED</b>
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5.1 None.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	N/A N/A N/A Tim Clegg – Director of Partnerships and Streetpride. N/A
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	David Bartram 01332 641516 david.bartram@derby.gov.uk None Appendix 1 – Implications Appendix 2 - Progress against key objectives

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The in-house service will deliver efficiency savings which will enable more work to be completed with existing budgets. This will increase value for money.

**Legal**

- 2.1 TUPE regulations apply to the existing Carillion workforce engaged on the current contract.

**Personnel**

- 3.1 Carillion personnel who currently work on the Highways Maintenance Term Contract would be subject to TUPE Regulations and could transfer to the employment of the Council. Liaison with staff so far has shown that the majority welcome the transfer and are keen to make the new service a success.

**Equalities Impact**

- 4.1 None

**Health and Safety**

- 5.1 New responsibilities for the management of health and safety in the role of contractor rather than just client will take careful preparation and training.

**Environmental Sustainability**

- 6.1 The drive to improve environmental sustainability is part of the ethos of the new service and the schemes framework.

**Asset Management**

- 7.1 Current investment in our asset base is considerably below values recommended by the Highways Asset Management Plan. Choosing to set up Streetpride Highway Services would reduce overheads and increase the percentage of our budgets that are invested in our asset base. This is effectively achieving more for the same money.

**Risk Management**

- 8.1 A full risk register is in place for the project.

**Corporate objectives and priorities for change**

- 9.1 The project will contribute towards the goals of



- A thriving sustainable economy
- Good-quality services that meet local needs
- A skilled and motivated workforce

## Summary of progress to date

Objective	Progress To Date	%age Complete	Immediate Programme (Present to end 2012)	Long Term Programme (Jan 2013 to August 2013)	RAG
In-house Service Provision					
Establish best practice from neighbouring authorities.	Visits to Nottingham and Leicester City Council to see how they are delivering reactive maintenance.	75	Continue dialogue with Nottingham and Leicester	Further visits to compare safety inspection procedures (what the inspectors actually pick up)	GREEN
Determine the reactive maintenance work flow from inspection through to repair (links with IT hardware and software)	Transformation team business analysts currently producing an 'as is' flowchart for Carillion's current procedures.  Review of procedures also being carried out by the HTLF	20	Review flowcharts when complete to identify efficiencies using lean process techniques.	Produce final 'to-be' process by 1 <sup>st</sup> April 2013 to allow processes to be trialled prior to August. New process to incorporate the recommendations from the Pothole Review	GREEN
Establish Fleet Requirements	Fleet Requirements Decision made on make up of gritting fleet. 4 fixed bodies and 2 demountables with a hotbox and gully unit.  Lorry/van requirements passed to fleet on 1 <sup>st</sup> October for procurement	25	Confirm exact requirements with fleet, trial different vehicles over the first part of winter. Trials/viewings to be arranged  Confirm final specification  Fleet to arrange viewings/trials	Procure fleet for delivery by 1 <sup>st</sup> September 2013 to allow for driver training and familiarisation. Hotbox to arrive at start of August for immediate use  Procure for August 2013	GREEN
Redesign winter maintenance service.	New weather station installed and procedure now under review. DCC have joined the National Winter Service Research	25	Develop procedures for delivery of winter maintenance. Key objectives are to work within driver regulations and if necessary	Implement training of new drivers (if necessary).  Confirm standby payments and overtime payments with HR.	GREEN

## Summary of progress to date

	Group (NWSRG). This group will be able to offer guidance on service provision.		recruit drivers from other Streetpride teams	Investigate possibility of priority routing to make efficiencies	
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Objective	Progress To Date	%age Complete	Immediate Programme (Present to end 2012)	Long Term Programme (Jan 2013 to August 2013)	RAG
Investigate IT systems for new service provision. Specifically asset management and works order management.	<p>Demonstrations from all four major software suppliers. Decision taken to continue with Atlas but to develop an improvement programme with Atlas to implement the first stage of mobile working and to bring about back office efficiencies.</p> <p>Decision taken to continue with In Touch Works Order Management System (WOMS) used by Carillion in order to programme works and issue to the gangs.</p>	40	<p>Order laptops for highway inspectors to enable them to move towards mobile working.</p> <p>Work with Atlas to improve utilisation of system for front and back office procedures</p> <p>Prepare business case for corporate IT to purchase In Touch system.</p> <p>Work with In Touch on developing the Inspector module</p>	<p>Inspectors to be fully mobile, receiving works and updating remotely</p> <p>Continue to monitor development of Inspector module and implement as and when possible providing it helps deliver efficiencies</p>	GREEN
<b>Local Schemes Framework</b>					
	Draft memorandum of understanding between Derby and Nottingham.	80	Final agreement and sign off		GREEN
	Majority of the joint procurement process now complete in draft.	80	Final consultation with users prior to the publication of the OJEU notice.		GREEN
	Undertake procurement process.	0	Publication of the OJEU notice planned for November 2012.	Detailed assessment of tender bids due to be completed in February and	GREEN

## Summary of progress to date

			Pre-qualification assessment is due to take place before Christmas.	March ready for initial use by Nottingham City in April 13, followed by the first use by Derby in August 13	
	Joint framework contract being drafted with the assistance of the Collaborative Working Centre.	70	Final vetting and sign off by legal services.		GREEN

Objective	Progress To Date	%age Complete	Immediate Programme (Present to end 2012)	Long Term Programme (Jan 2013 to August 2013)	RAG
<b>Service Management Processes</b>					
Setting up of the back office processes to ensure efficient running of the service.	Existing processes reviewed and gaps identified.	5	Integration of Atlas Highway Maintenance System with Lagan customer manager and Oracle financials.	Work on streamlined process for budget monitoring, productivity and performance management, sickness and absence monitoring.	GREEN
<b>HR and TUPE</b>					
Establish current pay and conditions	Initial TUPE figures received.	60	Further information required on conditions and local agreements such as company cars.		GREEN
Define an appropriate communications strategy.	Strategy prepared in draft with corporate comms team.  Initial face to face held with TUPE staff to explain reasons behind transfer and visions for the future.	65	Comms strategy reviewed and finalised.  Ongoing communication with Carillion staff as required.	Increased communication with Carillion staff as deadline for transfer approaches.	GREEN
<b>Facilities and Accommodation</b>					
Ensure suitable office accommodation and storage available.	Improvements started on the Sores Road Offices to enable more flexible working.	5		Detailed review of storage and office space to be completed	GREEN
<b>Health and Safety</b>					
To ensure that the	Initial work with corporate	10		Drafting of overarching H&S policy	

## Summary of progress to date

new service has class leading H&S procedures.	Health and Safety has identified training needs.  New risk assessments and method statements are being prepared.			for Streetpride Highways Services utilising best practice from around the region.	GREEN
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