



Derby City Council

**Neighbourhoods Overview and Scrutiny  
Board  
11 March 2014**

Report of the Strategic Director of  
Neighbourhoods

# ITEM 5

## **Streetpride Highways Maintenance In-House Service – Six Month Progress update**

### **SUMMARY**

- 1.1 On 3 August 2013, the new Streetpride Highways In-House Service was launched, which meant for the first time in 16 years, Derby's roads and pavements are now maintained by the Council's own dedicated workforce.
- 1.2 Setting up a new service has been a complex process, but the enthusiasm of all involved, spurred on progress and results. Some of the key results to date include:
  - A reduction in management staff costs of £175k.
  - Improved working methods which have lead to a doubling of productivity rates.
  - Materials, hire costs and overheads reduced by over 20%.
  - Increased quality of permanent reinstatements.
  - Three apprentices taken on with on the job and classroom based training.
  - Procurement of a modern fleet of environmentally friendly and fuel efficient vehicles which are maintained by Streetpride, helping to secure jobs within the Council.
  - In addition to reactive maintenance, 27 projects worth over £215k have been completed across the city since the in-house service started in August.
- 1.3 Completing more work in-house offers better value for money, better quality, greater flexibility and keeping the available funding within the Council to promote skills and protect jobs.

### **RECOMMENDATION**

- 2.1 To note the contents of the report, to recognise the progress made to date and the plans to increase productivity in future years.

### **REASONS FOR RECOMMENDATION**

- 3.1 To keep the scrutiny panel informed of progress made within the first 6 months of the

in-house Highways Maintenance Service.

## **SUPPORTING INFORMATION**

### **4.1 Background**

On 3 August 2013, the new Streetpride Highways In-House Service was launched, which meant for the first time in 16 years, Derby's roads and pavements are now maintained by the Council's own dedicated workforce.

This has improved efficiency, management costs and increased the percentage of our highway budgets that are invested back into the city's highway network.

Bringing the Highways contract in-house has reduced overheads and increased the percentage of our budgets that are invested in highway assets and is one of the services transformed in Streetpride to be more responsive to the needs of communities.

This modern, lean and efficient new service is now delivering good quality, safe and cost effective highway maintenance, which is more flexible, manageable and accountable. By doing the work in house and using carefully selected suppliers and contractors to support us, we are ensuring that more of each pound we spend is invested in improving the highway network in Derby.

We've also invested in new modern equipment and vehicles, enhanced the back office IT support and put in place a new support framework, containing a range of contractors who can help us out with more specialised work.

### **4.2 Efficiencies and New Ways of Working**

#### **Staffing and Structure**

To deliver a good quality, efficient service we needed an experienced workforce. Thankfully, almost the entire previous Carillion workforce who worked on the Derby contract, transferred to the Council. This meant the new service started with an experienced workforce, who were well aware of the challenges of working on the highway network in Derby. The workforce is made up of 20 skilled operatives and 7 supervisory and technical support staff. Three senior Carillion management staff chose not to join the council and have not been replaced. Their duties have been distributed to existing council staff which made a saving of approximately £175k. This has been allocated towards our existing savings targets.

### **4.3 Pothole Repairs**

One of the most inefficient parts of highway maintenance is responding to urgent call out and repairing potholes. We examined the process from end to end and redesigned it using lean principles. With dedicated safety repair teams now working closely with the safety inspectors we are able to programme pothole repairs much more efficiently and effectively.

We have also moved to a first time permanent fix method wherever possible, rather than a temporary repair and then a second visit to do the permanent repair.

This change to a more structured and programmed work load has had a huge impact on productivity with an average of 90 defects per week now being completed with 19 operational staff, compared to 55 defects per week under the Carillion contract with 25 staff.

The number of defects completed per week per man has therefore more than doubled under the new arrangements from 2.2 to 4.8.

#### 4.4 Materials and equipment hire

As part of setting up the new service we negotiated with local suppliers for our materials and hire of small plant and equipment. This has seen a reduction of around 20% in costs and continues to offer excellent value for money.

Typical savings are shown in the table below.

Item	Carillion Rate	Our Rate	Potential Annual Saving	Comments
Stihl saw hire (per week)	£15.68	£12.10	£1,116.96	Based on 6 saws
Breaker hire (per week)	£54.28	£40.35	£4,346.16	Based on 6 breakers
Roller hire (per week)	£66.34	£44.85	£6,704.88	Based on 6 rollers
Haulage / tipping charges (per load)	£868.45	£720.00	£28,502.40	Based on 16 loads per month
6mm footway surface course (per tonne)	£98.68	£83.96	£18,370.56	Based on 104 tonnes per month
HSCA carriageway surface course (per tonne)	£138.38	£105.73	£52,109.40	Based on 133 tonnes per month
Two way traffic light hire (per week)	£135.49	£75.00	£1,572.74	Based on 26 weeks of hire
			<b>£112,723.10</b>	

#### 4.5 Training and staff development

Training and staff development is critical in an environment where technical skills and knowledge have a direct effect on health and safety, quality and operational efficiency. We completed an analysis of skills and brought all of our operatives up to date with their skills and competencies. We have developed an extensive training and development plan for the manual workforce to ensure all statutory health and safety training is received, but also to grow their skills so we can increase the scale and complexity of work delivered in-house in future years.

In October 2013, we took on three Highway Maintenance Apprentices to support the crews. We need to develop and build on the existing the skills of our in house teams. Along with gaining 'on the job' experience, they are working towards a practical qualification at New College Nottingham. This gives us a great opportunity to pass down the skills and knowledge from some of our more experienced operatives and develop a mentoring process to grow our own skilled workers for the future.

#### 4.6 **Quality, Safety and Environment**

Developing an in-house service required brand new policies and processes to cover not only the critical areas of health and safety management, quality and environmental impact but all the processes and procedures which the service requires to operate.

We have developed an Integrated Management System (IMS) to store the policies, processes, procedures and other documents that collectively set out how Highways and Engineering delivers statutory and other duties on behalf of the Council, as the local Highway Authority. It's user friendly and will direct all users to the information they require to do their job. The IMS is key to leading and developing the way we work and will contribute towards our aim to gain ISO: 9001 accreditation for quality management and ISO: 14001 for Environmental Management.

#### 4.7 **Customer comments and client feedback**

Along the way, we have received support and praise from a number of sources and passed this onto the operatives. We really appreciate the commendations as it demonstrates that changes we've made are working and give the operatives a boost to know that their hard work is being noticed.

##### ***Cllr Barker- Oakwood Ward (Oct 2013)***

*Having seen the team on Vestry Rd and Minster Close over the past week, can I say I am impressed with the quality of permanent repair to what was an atrocious road surface in both these locations. In visiting the area on a few occasions throughout the week, I was amazed as to the difference in standards previously experienced under Carillion and their inevitable usage of sub contractors. Damaged surfaces were squared off, planed to the under surface, tack coated filled with better quality material, sealed with tar and ribboned on the surface. I am sure the residents of Oakwood will benefit from this high standard of repair which now stands a great chance of withstanding the oncoming winter months. Please pass on my thanks to the team who have carried out their duty in such a professional manner. I am convinced the decision to bring back in house is now paying dividends.*

##### ***Cllr Bolton – Chaddesden Ward (Jan 2014)***

*First of all, I have regular meetings with the highways staff and liaise frequently about Chaddesden Ward matters, so a great improvement for me is communication. Arranging a meeting at our Stores Road depot is easy and a satisfactory way to deal with my casework and neighbourhood issues. Also a site meeting is a regular occurrence, whereas before it was most difficult to arrange.*

*Another enhancement is the quality of work undertaken on site. One example is the new footways on Vicarage Drive in the ward. I think this was one of the first projects to be undertaken in house. Local residents have commented to me via phone and letter and gave high praise for the workers who carried out the improvements on site.*

*All in all a much improved service and I am very satisfied with the results to date. Hope they continue, but realise the pressures on the service.*

**David Gartside – Head of Traffic and Transportation** (one of our key clients)

*Since the previous highway maintenance term contract ended in July 2013, we have had approx. 70 schemes completed, varying from installation of signs and posts, dropped crossings and small scale projects completed for Neighbourhood Boards. The majority of these have been completed by the new in-house highway service in quick turnaround.*

*The close coordination with the Framework Providers for lining services allowed a number of Traffic Regulation Orders to be introduced across the city for key dates, allowing enforcement to commence promptly. We've also been able to resolve long standing neighbourhood issues and bring them to a satisfactory and quality solution with the help of skilled operatives.*

*Communication has played the major role, in that we now have access to work schedules, early engagement with works managers on how best to proceed with schemes and a schedule of rates which allows officers to cost work efficiently and too budget.*

*It is also a real benefit to work with people who understand that sometimes it is the small work items that are important to local people. Being able to draw on colleagues to help deliver work quickly and efficiently is invaluable.*

#### **4.8 The future**

Our aim is to expand the range and complexity of services that the in-house service can offer to internal and external clients and further increase our fee generation to become a more commercially driven service. With this in mind we propose to set on one additional work gang to focus on fee generating work.

We have already highlighted approximately £700k of capitally funded projects from a range of clients in the 14-15 programmes, which can be completed in-house. Some clients have already identified a preference to work with the in-house crews over external contractors because of our quality and flexibility. This will take careful planning to ensure we can commit to delivering these projects with the resources we have available and still deliver on quality, efficiency and value for money.

By expanding our services we will also be able to do more for the Neighbourhood Board, devolved budget projects and maximise the benefits from the available funding.

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

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

Legal officer Financial officer	
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<b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Tim Clegg, Director of Partnerships and Streetpride
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<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
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The in-house service has delivered efficiency savings, improved value for money and improved quality. This enables more work to be completed with existing budgets.

**Legal**

- 2.1 None

**Personnel**

- 3.1 None

**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 the client have meant the adoption of detailed new policies and processes. These extra duties will require ongoing management and continual refresher training.

**Environmental Sustainability**

- 6.1 The drive to improve environmental sustainability is part of the ethos of the new service. Reduction in waste materials and new fuel efficient vehicles all contribute to lowering our carbon footprint. .

**Asset Management**

- 7.1 Current investment in our asset base is considerably below values recommended by the Highways Asset Management Plan. Realising the efficiencies of the in-house service means we can achieve more with our existing budgets.

**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
- inspiring working life **by improving skills and creating jobs**
  - inspiring place to live **by improving inner city areas**

