

## **HIGHWAYS SERVICE TRANSFORMATION OCTOBER 2012**

Report of the Head of Highways.

### **1 PURPOSE OF REPORT**

- 1.1 This report informs HJMPs of changes to the way HCC's Highways service will be organised, in parallel with the procurement of new contracts (referred to in another report on this agenda). The new structure will come into operation on 1 October 2012.
- 1.2 The changes to the contracts, and the efficiencies which have become possible as a result, mean big changes to HCC's staffing structure within the Highways service. These are outlined in sections 5 and 7 below.

### **2 INTRODUCTION**

- 2.1 In October 2012, the County Council will introduce a new style Highways service, to replace the present Hertfordshire Highways alliance. It will use technologies, and work with suppliers, in ways which were not practical previously, to reduce the overall cost of the service without adversely affecting the service's priorities.

### **3 BACKGROUND**

- 3.1 The County Council's "Council for the Future" programme aims to deliver very considerable savings in how the council does business generally and across each of its services.
- 3.2 The timing of change in the Highways service is fixed by the fact that the core contracts underlying the Hertfordshire Highways alliance expire on 30 September 2012. A contract strategy was agreed by the county council's Cabinet on 19 July 2010 following discussion at Highways and Transport Panel.
- 3.3 The scale of the service is significant at a total capital and revenue budget of £87.5M in 2012/13. The current spend is split between two main contracts of approximately £65M pa for works and £8M pa for professional services. The remainder is split between energy costs, a range of smaller contracts, and staffing costs.
- 3.4 In November 2011, Highways and Transport Panel considered the relative priorities for the service in the light of funding pressures. It concluded that any available efficiencies should be taken, and that every effort should be made to preserve spending on maintenance,

particularly preventative maintenance. Those conclusions have been incorporated into the design of the contracts and the new HCC service structure.

## **4 UPDATE ON PROCUREMENT**

- 4.1 The two most significant contracts, the Highways Service Term Contract and the Client Support Term Contract (HST and CST) have followed the Competitive Dialogue procurement route. This process permits the council to question bidders about their proposed arrangements and prices, and enables bidders to attune their bids to the council's requirements more precisely. Other contracts are being procured by the simpler Restricted Procedure.
- 4.2 All contract procurements are on target for the transfer of service on 1 October 2012. Four of the six have been awarded: the HST to Ringway, the CST to an Opus/Arup joint venture, the Transport Planning to Aecom, and a framework contract for improvement schemes to a range of four contractors. The other two are at different stages of the tender process.
- 4.3 At this stage it appears that the council will be able to meet its objectives for cost, service and quality. The cost savings will come from applying the lessons learned during an efficiency programme which is on track to save over £14M from the current contracts between 2008 and 2012, from the removal of duplication within and between suppliers and the HCC structure, and from the introduction of further competitive pressures.

## **5 SERVICE DESIGN AND CONTRACT STRATEGY**

- 5.1 By minimising duplication with suppliers, and by using the information we hold about the highway to the full, we will be able to increase the effectiveness of our spend on the highway.
- 5.2 The split between "local" and "central" teams which has been a feature of Hertfordshire Highways will end. The care of the highway, our strategies for it and our operations on it, will be the responsibility of four locally focused teams. Subject to staff consultation processes, these will probably be South West (Dacorum, Three Rivers, Watford), Mid (Hertsmere, St Albans, Welwyn Hatfield), East (Broxbourne, East Herts) and North (North Herts, Stevenage).
- 5.2.1 Each of these teams will be responsible for
- The Highways "sense of place" for its designated area, engaging with communities and stakeholders, and considering together the impact of all Highways strategies, activities and funding streams on its area, and

- The countywide approach to a group of Highways strategies and their delivery, covering professional and technical leadership, and the sponsorship of projects, programmes and services. Subject to the results of consultation (see below), the likely groupings of strategies are: maintenance and asset management; Member and community strategies including Herts Local; development management and standards; and transport planning and strategy, including delivery of intelligent transport systems.
- 5.2.2 The HCC teams will include “Local Highways Officers” (plus a more senior Locality Manager for each team) whose role is to support communities and Members, particularly with the Highways Locality Budgets. Their role is described further below.
- 5.2.3 All four teams, and a major projects team, will be based in County Hall, to promote a single team approach. Staff will also use offices in the four depots (Kings Langley; South Mimms; Hoe Lane, Ware; and Corey’s Mill, Stevenage) as local drop-in bases. The reduction in office accommodation itself will make a difference of approximately £1M to costs.
- 5.2.4 Also at County Hall will be teams looking after contract management, network management, and major projects. The network management team will also be organised geographically.
- 5.2.5 There will also be a control room (the Integrated Traffic Control Centre or ITCC) which will bring together current information about the flow of traffic on the highway network across Hertfordshire, and the management of all operations and works.
- 5.3 The contracts feature a much clearer distinction between the tasks carried out by council staff and those carried out by the contractors. Council staff will no longer be put in the position of apologising for the defaults of others, but will support and advise Members, communities and customers on such issues. This will, however, include helping to explain reasonable actions and decisions.
- 5.4 The design of the HCC structure to deliver this service has necessarily proceeded in parallel with Competitive Dialogue on the two main contracts during 2011 and early 2012. A senior management team of three (down from five) was appointed in November 2011. The other two senior managers will stay for between six and twelve months to lead small temporary transition teams tasked with
- closing down the current contracts, including the accounts, and
  - supporting the transition to the new service.
- 5.5 Staff were formally briefed on the principles of the emerging structure in an intensive process over the three months February-April 2012. Formal and informal opportunities were given, and well used, to make comments, all of which were considered. A consultation on the actual

staffing structures has now concluded, and appointments processes are under way. The change is a complex one, with all staff changing team and office (County Hall based staff will be moving within the building), virtually no jobs remaining unchanged, and a number of functions which are partly duplicated with our current suppliers being transferred to the new ones.

- 5.6 Unison is closely involved. The council's well-tested Procedure for Handling Organisational Change is being followed.

## **6 CUSTOMER SERVICE**

- 6.1 At the end of January 2012, Highways became the first HCC service to be delivered with Serco, supported through the CSC and with additional online services to help improve the customer experience. In practice, and when problems with the implementation have been resolved, this will mean
- a higher proportion of queries can be resolved and answered at the first point of contact (the Customer Service Centre).
  - much more information will be made available through [www.hertsdirect.org/highways](http://www.hertsdirect.org/highways) for the public to see directly – including current traffic conditions, planned roadwork sites and similar useful information
  - applications and other transactions with the public ( e.g skip licensing etc) will be made available online - this will be promoted so that the public are aware that the web is the quickest and most convenient way to report, apply or pay for things.
  - an improved online fault reporting system has been launched, allowing people to mark faults on a map and, for those who wish to register, receive information about progress updates
  - callers to the Customer Service Centre will be “talked through” the process so that where possible they can in future get what they need without the phone call.
- 6.2 Since the new online fault reporting service went live on 6th February over 20,000 faults have been logged this way. The introduction has not, however, gone smoothly. Many of the issues have been with features which were being tested for use elsewhere in HCC services. County officers have been developing solutions with Serco, the council's supplier of the service, including consideration of how best the user sign up and registration process should work. Changes have been made in the last few weeks but the situation is still being monitored.
- 6.3 Apart from offering a more responsive gateway for the public to make enquiries and get things done, the approach will allow the service to spend a greater proportion of its resources on work “on the road”.

## **7 LOCAL MEMBER SUPPORT**

- 7.1 Currently members are supported on highways matters by locally focused technical highway officers, typically an Assistant District Manager operating under the direction of a District Highway Manager. In the pilot areas for Hertfordshire Local, the role of the local highway officers has been developed to support the arrangements.
- 7.2 16 Local Highway Officers (LHOs) will provide advice on the local network and also on technical matters, legal issues, statutory duties and various policy issues. They will provide the route into the service for members, liaising with the rest of the local team and with specialists. Compared with the present Assistant District Manager role, a considerable element of non-public-facing work will be carried out elsewhere, making the total commitment of time to local service broadly consistent with present provision.
- 7.3 A Highways Locality Manager in each of the four area teams will manage the work of the LHOs and support them.
- 7.4 The LHOs will help members assemble their programmes of work under the Highways Locality Budgets, and will commission the work from a supplier, usually the HST contractor. The supplier will be responsible for liaising with the member direct on programme and progress, but the LHO will always be there to assist.
- 7.5 Almost all information a member might need about the service in their division will be made available through a special part of the website. This includes up-to-date programmes of work (HCC's work and others'), performance and traffic information, progress on future and current HCC work, information about highway defects and other issues, and current consultations, enquiries and petitions.
- 7.6 The future arrangements for Hertfordshire Local and the tasks carried out by Highways Joint Member Panels are covered in a separate report to this panel.

## **8 NEXT STEPS**

- 8.1 A round of officer-level meetings is being held with each District Council to explain the changes, and start developing how we will work jointly for the local community in the new structures.
- 8.2 The procurement process is nearly complete. The remaining two contracts will be awarded in time for a 1 October start.
- 8.3 Most HCC staff appointments are expected to be complete by mid August, though work will continue to be handled in the current structures up until the moment of transition at midnight on 30 September.

- 8.4 There is much planning and activity on the linked projects of exiting the current arrangements and mobilising the new ones, with sub-projects covering each work type and all support services such as staff moves under TUPE, buildings, archives, IT and so on.
- 8.5 Space at County Hall is being made ready for Highways on the 1<sup>st</sup> Floor, New Block. The build of the ITCC is complete and equipment is being tested.
- 8.6 Comprehensive information about the new service structures, contact details, etc will be produced for members, communities and other stakeholders in early Autumn, once all the major suppliers are known and the details of the HCC organisation are finalised.