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Highways and Transport Committee

23 January 2025

Highways Service Peer Review Improvement Action Plan

Report of: Thomas Moody, Director of Transport and Infrastructure

Report Reference No: HTC/39/24-25

Ward(s) Affected: All

Purpose of Report

- 1 On 25 January 2024, the Highways and Transport Committee approved that an independent external peer review was to be commissioned to inform decision making regarding the potential exercise of a break clause in the Highway Service Contract. On 19 July 2024, the Highways and Transport Committee received and considered the report from the peer review and resolved that the break clause was not exercised.
- 2 The Committee delegated responsibility to the Director of Transport and Infrastructure to develop and implement an Improvement Action Plan to respond to the findings of the peer review.

Executive Summary

- 3 The Highway Service Contract Peer Review was undertaken by Future Highway Research Group (FHRG) in Spring 2024. The review used FHRG's value for money assessment tool to undertake a comprehensive, independent and external assessment of the services in the scope of the Council's Highway Service Contract. It also compared how the Council's services were rated against other Highway Authorities comprising FHRG's 40 members. FHRG's members comprise a broad range of authorities from across the country, mostly non-metropolitan county councils, with a minority of metropolitan authorities.
- 4 The Council is already a Level 3 Highway Authority, demonstrating good asset management practice to receive the maximum Integrated Transport Block Incentive Fund allocation. Overall, the Council's services ranked in the second quartile - 14th out of the 40 authorities. This indicates that the Council gets reasonable value for money for the services in the contract. In this

context, value for money was measured using FHRG's framework assessment tool. This measured value for money across six dimensions (economy, efficiency, effectiveness, strategic value, stakeholder value, mutuality). FHRG's recommendations identified areas for improvement and these have been considered in developing the response.

- 5 The Improvement Action Plan in Appendix 1 is the Council's proposed response to these recommendations. The Council's intends to commission FHRG to undertake a further review in two to three years' time to measure progress.

RECOMMENDATIONS

The Highways and Transport Committee is recommended to:

1. Note the progress made with the implementation of the Improvement Action Plan to date.
2. Approve that the Director of Transport and Infrastructure continues to progress implementation of the Improvement Action Plan in Appendix 1.
3. Notes that progress with the plan will be monitored and managed through:
 - a. the Place Directorate Management Team; and
 - b. in conjunction with Cheshire East Highways through the Transportation and Infrastructure Partnership Board,with any significant issues reported to the committee.
4. Approve that the Director of Transport and Infrastructure commissions a further peer review before April 2028 to assess progress.

Background

- 6 The report from FHRG is shown in Appendix 1 to the [report to the Highways and Transport Committee on 19 July 2024](#), listed as a background paper.
- 7 FHRG's report identified eight priority recommendations and 13 other recommendations. The recommendations are listed in the Appendix to the Improvement Action Plan. The Appendix also identifies how the Council plans to respond to each of the recommendations.
- 8 The priority recommendations were regarding:
- (a) Increasing the skills and capacity of the Council's Highways client team;
 - (b) Reviewing the governance and management of the contract;
 - (c) Refreshing the contract performance framework;
 - (d) Refreshing the Council's asset management policy and strategy;
 - (e) Considering the future contract model and scope of services;

- (f) Developing more rigorous and open benchmarking within the contract;
 - (g) Undertaking earlier budget setting; and
 - (h) Developing a stakeholder management plan.
- 9 Other areas for recommendation included the Council's depot strategy, income generation, target costing, review of professional services, productivity indicators and contract processes and social value measures.
- 10 Actions in the plan have been grouped by the ten features of top performing highway authorities that FHRG identifies in its assessment tool. The actions are designed to take the steps that will directly address these factors. While the majority of the actions within the plan concern how officers manage the services within the contract, there is a specific section relating to the role of members.
- 11 One of the strengths that the peer review identified was the strength of the collaborative relationship that the Council has with its Highways service delivery partner, Cheshire East Highways (CEH). As part of that collaboration, the Improvement Action Plan has been developed jointly with CEH senior managers. Ownership of the actions in the plan is allocated to both Council and CEH managers.
- 12 Officers have been working on developing the Improvement Action Plan and towards delivering its improvements since the peer review report was received. The plan in Appendix 1 provides a summary of progress with the actions. Many of the actions within the plan will, over the course of its implementation, lead to specific further actions. For example, changes to the Highway Asset Management Policy and Strategy will be brought to this Committee.

Consultation and Engagement

- 13 In preparation of the plan, officers have discussed the draft proposed actions with FHRG. This was specifically to confirm that the actions proposed, if implemented, are likely to address FHRG's recommendations.
- 14 FHRG's feedback was as follows:
- (a) The plan is considered a comprehensive response to the recommendations.
 - (b) The proposals to address resourcing have been noted positively, but it has also been noted that recruitment in the Highways sector is challenging.
 - (c) The plan is appropriately challenging and ideally would have additional resource to support its implementation. While this has not been possible, it is noted that the plan is owned by those implementing it, which will support implementation.

- 15 The actions in the plan have been developed jointly with the senior management team of CEH. This ensures that the actions are challenging yet achievable.
- 16 Certain actions within the plan also require specific consultation. The restructure of the Highways service was subject to staff and trade union consultation in October and November 2024, which has now been completed.

Reasons for Recommendations

- 17 The recommendations in this report are necessary to implement and manage the delivery of the Improvement Action Plan.

Other Options Considered

- 18 No alternative option is applicable. Producing a plan is necessary to respond to the recommendations. The actions within the plan are considered appropriate and have been confirmed by FHRG as appropriate to respond to its recommendations.

Implications and Comments

Monitoring Officer/Legal

- 19 The legal team will provide legal advice and support as necessary with the legal issues arising from recommended contract, governance and policy reviews/amendments set out in this report and the Improvement Action Plan. Given the length and value of the contract, the proposed review of the contract in four years is a prudent contract management tool both to review the impact of the changes post implementation and to drive continuous improvement and efficiencies.

Section 151 Officer/Finance

- 20 The Improvement Action Plan is being implemented within the existing resources for the Highway Service Contract.
- 21 A restructure of the Highways service in the Council was implemented on 1 January 2025, with a net increase in staff costs of £374k (full year, 2024-5 costs). This is funded from income from fees and charges relating to permits and licences issued by the service.

Policy

- 22 The Improvement Action Plan is in line with the priorities identified in the Cheshire East Plan 2024-5, as follows:

An open and enabling organisation (Include which aim and priority)	A council which empowers and cares about people (Include which aim and priority)	A thriving and sustainable place (Include which aim and priority)
1.3 Support a sustainable financial future for the council, through service development, improvement and transformation	N/A	3.2 Welcoming, safe and clean neighbourhoods 3.4 A transport network that is safe and promotes active travel

Equality, Diversity and Inclusion

- 23 An Equality Impact Assessment (EIA) has been conducted and is published under “H” on the [Council’s web page](#).
- 24 The EIA has identified that while the delivery of services under the HSC can have impacts on equality and diversity issues, taking this decision does not fundamentally change the council’s approach to the delivery of service in respect of protected characteristics.

Human Resources

- 25 There are no direct impacts on human resources arising from the decisions in this report.
- 26 Implementing the recommendations of the peer review relating to increasing the capacity of the Highways service client team will have human resource implications that have been considered in the decision to restructure the Highways service.

Risk Management

- 27 The Improvement Action Plan itself will not directly affect risk management. Implementing the measures in the plan will however have a generally beneficial effect for the Council in terms of:
- (a) Improving assurance that services procured through the HSC are being delivered;
 - (b) Improving value for money under the HSC; and
 - (c) Improving the management of cost of Highway services between the Council and CEH.

Rural Communities

28 There are no direct implications for rural communities arising from the decisions in this report.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

29 There are no direct implications for children and young people and cared for children arising from the decisions in this report.

Public Health

30 There are no direct implications for public health arising from the decisions in this report.

Climate Change

31 There are no direct implications for climate change arising from the decisions in this report.

Access to Information	
Contact Officer:	Domenic de Bechi, Head of Highways Email: Domenic.deBechi@CheshireEast.gov.uk
Appendices:	Appendix 1: Highways Service: Improvement Action Plan
Background Papers:	Highway Service Contract : Report to the Highways and Transport Committee, 19 July 2024

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Improvement Action Plan