

Highways and Transport Committee

Date of Meeting: 21 September 2021

Report Title: Highways Service Improvement Plan - Update

Report of: Andrew Ross – Director of Infrastructure and Highways

Report Reference No: HT/09/21-22

Ward(s) Affected: All

1. Executive Summary

- 1.1.** This report informs the Committee of the work done to date and the proposals for implementing the recommendations of the Highway Service Improvement Plan.
- 1.2.** The Service Improvement Plan was prepared following the commencement of the new Highways Service Contract in October 2018. The matters addressed in the plan cover the key areas of customer satisfaction, value for money and quality assurance of the service. The work on customer satisfaction has been incorporated into the Council's Brighter Futures Transformation Programme and Highways is the first service area to implement the Customer Experience Strategy.
- 1.3.** The report summarises the outcome of this work to date and highlights the proposed actions and those already taken to achieve the improvements in those areas.
- 1.4.** The Highway Service Improvement Plan will result in changes that will deliver the following strategic aim and subsequent priorities in the Council's Corporate Plan 2021-25 :

An Open and Enabling Organisation:

To :

- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation
- Promote and develop the services of the council through regular communication and engagement with all residents

1.5. The plan and work programmes involve changes of varying scale to the way services are managed and operated and as the roll out of the work progresses. Further updates will be provided to the Committee to seek feedback on their relative success and to consider further improvement.

2. Recommendation

The Highways and Transport Committee is recommended to:

- 2.1.** Note the progress to date on the development and implementation of the Highways Service Improvement Plan.
- 2.2.** Comment and feedback on the plan and the actions being taken to implement an improved service.

3. Reasons for Recommendation

3.1. The Highways Service is a highly visible frontline service which faces a very large demand in terms of customer engagement, set against limited capital and revenue budgets for the network size. It is therefore important that the committee is aware of the work underway to improve customer experience, quality assurance and value for money and provide its input into the ongoing service improvement process.

4. Other Options Considered

4.1. This section is not applicable.

5. Background

5.1. Since the award of the highways services contract to Ringway-Jacobs in October 2018, several changes to how the contract is operated and managed have been made:-

- A new governance arrangement has been established to provide clear lines of responsibility and accountability for the delivery of highway services alongside the delivery of wider highway and infrastructure objectives such as the major schemes programme. A diagram of the governance structure is attached as Appendix 1. The Highways Operations Board, consisting of Cheshire East and Ringway Jacobs managers, has an operational overview of delivery of the contract against performance with a line of reporting and accountability which now runs through to this committee.

- A new contract Performance Management Framework has been established to monitor and manage performance of the service provide against the key objectives and contract performance indicators. These indicators focus on delivery of the council's priorities, quality assurance and customer experience.
- A Service Review and Value for Money (VfM) Assessment was carried out by the Future Highways Research Group from Cranfield University. This assessment identified that although the highway service measured highly against the economy and effectiveness, there were opportunities for improvement against the efficiency criterion and that Member and Customer perception was that the service could improve. This report also identified that there was a need to review the resources and roles of the council's client team.

5.2. To build on the above work, it was agreed to develop a Service Improvement Plan to both give assurance that the client arrangements were appropriate and to make recommendations for improvements in respect of contract management, value for money and customer experience. A report was prepared by an independent experienced industry professional, which was completed in November 2020 following a series of interviews with highway staff from the Council and Ringway Jacobs, Council members and other stakeholders of the service.

5.3. The following table summarises the recommendations in the report. The actions arising from these are being developed and implemented through the new contract operational governance arrangements described above.

	Theme	Recommendation
1	Contract Management	Review the role of the client team and the Service Delivery Cycle
2	Contract Management	Develop new streamlined contract processes and procedures.
3	Value for money	Implement a revised cost reporting structure.
4	Value for money	Implement a rolling programme of benchmarking
5	Value for money	Introduce a programme of Value for Money reporting for capital works
6	Customer Experience	The service to engage with the Customer Journey Review and develop a Customer Satisfaction Improvement Plan.

Progress to Date:

5.4. Recommendation 1 - Review the role of the client team and the Service Delivery Cycle

- This review is complete. The client team's role is to oversee the contract performance and ensure that the service is delivered to appropriate quality standards.
- The team is small and because of this should concentrate on strategic contract quality, performance and value issues. Over time, there was evidence that the team had been drawn into more operational matters, which was limiting the capacity to focus on strategic work.
- The solution is to re-define the existing client team's role away from operational issues to focus on where they can add most value for the client. This is preferable to significantly increasing the size of the client team. There is however a need to provide additional capacity for direct site based quality assurance with the addition of a Quality Assurance Officer to the team.
- It was also concluded that the additional focus on value for money (VfM - see later recommendations) may best implemented by adding additional commercial skills and capacity to the team in the form of a dedicated officer.
- The changes to the client team will require increased revenue funding and any changes would be subject to redirecting the use of existing budgets and the 2022/23 Medium Term Financial Strategy budget process.

5.5. Recommendation 2 - Develop new streamlined contract processes and procedures

- This is a technical action relating to formal contract correspondence and communication between the client team and contractor.
- Bespoke contract documents have been improved using standard templates to ensure effective contract communications. These include Service Manager's Instruction and Notification forms, Contractor's Notification and Submission forms, Compensation Event and Early Warning forms.
- The new payment application documents allow for cost comparison against actual Task Order instructions and new processes have been developed related to Value for Money and Benchmarking.
- Shared folders are in place to record Early Warning, Risk Registers and efficiency savings.

- These improvements are helping lead to greater efficiency in the day to day management of the contract.

5.6. Recommendation 3 - Implement a revised cost reporting structure

- This is a technical action relating to how the monthly contract application for payment is presented to the client team. The improvements were implemented in April 2021.
- The new payment application documents to provide a more efficient and transparent validation and coding process through the Council's finance system, provide improved budgetary management and comparison against cost estimates and will also lead to greater efficiency in managing the process for both client and contractor.

5.7. Recommendation 4 - Implement a rolling programme of benchmarking

- This is a technical action relating to how the Contractor benchmarks his costs and presents these to the highway client team to evidence ongoing delivery of cost effective and efficient services and schemes.
- A benchmarking process has been established and agreed which sets out clearly how the contractor carries out this work across all elements of both their supply chain and self delivery resources and presents it to the highway client team for consideration and approval.
- This process is cyclic and sets out how and when the various benchmarking activities are carried out and how they are reported by the contractor to evidence ongoing delivery of value for money for the Council. This enables the Council to monitor, challenge and track performance in the key areas of time, cost and quality which determine value for money.
- A bench marking programme has been approved and a cross-contract benchmarking report format adopted to capture this aspect of the benchmarking process.

5.8. Recommendation 5 - Introduce a programme of Value for Money reporting for capital works

- This is a technical action closely linked to Recommendation 4 regarding benchmarking and sets out how the Contractor will ensure value for money on capital schemes and evidence this to the Council as part of the target cost setting process for capital improvement schemes.
- An Improvement Scheme Pricing Flowchart is incorporating value for money activity has been developed (Appendix 2) This sets out a process for evidencing value for money in a graphical format.
- The Contractor uses a target cost pack to present the proposed cost of an improvement scheme to the highway client team for approval. The

pack data is used to assess the value for money provided by the Contractor and used by the Council to check, challenge and validate the proposal to ensure value for money is provided. Only when the client is assured of value for money will the improvement scheme be commissioned.

- A target cost is the contractor's best estimate of the cost of delivering a scheme and includes some elements of risk. Target Costs are used when a scheme is well defined and uncertainties at a minimum. The contractor is paid his actual costs for delivery the scheme and that cost may finish up above or below the target cost. If the contractor's costs exceed the target, he has to bear a proportion of the excess cost. If the Contractor's costs are less than the target, he receives a proportion of the difference. Through this mechanism there is a shared risk if a scheme's costs exceed the target cost, with all of the risk carried by the Contractor if the target cost is exceeded by 10% or more.
- The Contractor's share or proportion of risk is set out in the Highway Service Contract.

5.9. Recommendation 6 - The service to engage in a Customer Journey Review and develop a Customer Satisfaction Improvement Plan.

- It is important to aim for a high level of customer satisfaction with the Highway Service. There is currently however some low levels of customer perceptions and satisfaction with the service. The Highway Service has actively been involved in carrying out a customer journey review with the aim of ultimately improving customer satisfaction and reducing formal correspondence. This work supports our aims in the Council's 2021/25 Corporate Plan:
 - Improved customer satisfaction with highways
 - Improved response times to customer enquiries

5.10. Brighter Future Transformation Programme - Customer Experience Strategy

The council's Brighter Futures Transformation Programme is responsible for driving change across the organisation, with a focus on customers and for designing and delivering corporate systems to support this. It includes:

- A corporate analysis of who our customers are and their needs
- Development of a Charter of Customer Experience standards which all Services can adopt
- Customer Experience training, awareness and workshops
- Enhanced approaches to consultation, engagement and "voice of the customer"

- Design and delivery of the underpinning customer contact and case management technology
- Recommendation 6 from the original work on the Service Improvement Plan has now been incorporated into the wider council work on the Brighter Futures Transformation Programme. The Highways Service is now a pilot service for this programme
- Work started with an analysis of the experience that our customers receive when they contact the Highway Service and have plotted what those customer journeys look like by completing customer journey mapping and formal correspondence analysis

5.10.1. Data Analysis

The service receives very large volumes of customer contact. In 2020/21, the Council's Highways Service received:

- 33,287 new service requests - via customers telephoning or emailing the contact centre or digitally logged on the Council's **Report It Tool**
- The highest volume enquiry types were potholes, gully & drainage, hedge & tree, light out and carriageway issues. These five enquiry types equated to 19,386 individual enquiries which is 58% of all enquiries received within the year.
- 20,117 Highway Service telephone calls were received by the contact centre of which 8,549 were new service requests.
- 1,738 individual pieces of Formal Correspondence (468 MP's enquiries, 82 Chief Executive enquiries, 51 Leader enquiries and 1,137 Member Enquiry Service enquiries)
- 277 complaints (245 Stage 1 and 32 Stage 2)
- 147 Freedom of Information requests
- 46% customer satisfaction from the National Highway and Transport (NHT) survey

5.10.2. Customer Journey Mapping

Customer Journeys have been analysed using the busiest five enquiry types listed above at 5.10.1.

Monthly audits have been carried out as part of the management of the highway contract. The responses to a selected number of enquiries are assessed to identify what could have been done better. These audits have proved very useful in making improvements to the customer experience.

The audits have so far:

- Identified and built on some areas of good practice.
- Resulted in a review of the highway web pages; providing the customer with more information on the webpages to reduce unnecessary contact
- Identified a need for a closer working relationship with the contact centre which will allow for more opportunities for the contact centre to confidently resolve queries at first point of contact and to manage our customer's expectations more effectively

5.10.3 Formal Correspondence Analysis

An analysis of the formal correspondence completed in service has identified the following:

- A high volume of formal correspondence for the service is the result of:
 - The service not responding to a service request within timeframe.
 - The service not providing a satisfactory response to the customer.
- A large volume of the formal correspondence should be treated as service requests.
- A number of individual pieces of correspondence are received through multiple correspondence channels (Chief Executive, Leader, Member, MP) which generate a separate response to each piece of correspondence
- Formal correspondence received by the service is increasing year on year:
 - 884 in 2018/19
 - 1,763 in 2019/20
 - 2,162 in 2020/21
- There was a significant increase in 'recorded' formal correspondence in 2019/20 when both the Leaders and Member Enquiry Service correspondence began to be administered on i-casework – the council's in house correspondence handling system.
- The estimated cost to the highways service associated with investigating and responding to formal correspondence between April 2018 and March 2021 was approximately
 - £167,000 in 2018/19

- £283,000 in 2019/20
- £220,000 in 2020/21)
- **A total over 3 years of £670,000 – not including any costs involved in managing the corporate processes outside of the highway service**
- It was found that the pressure to ensure that each piece of correspondence is responded to within the correct timeframe can mean that proper updating and cross referencing against current service requests already in the system is not always completed, which then leads to existing service requests being escalated to future pieces of formal correspondence. It is that cycle that needs breaking.

5.10.4. The Highway Service “Customer Satisfaction Improvement Action Plan”

The following is a comprehensive list of actions identified from the work so far, so of which are current and some for future consideration that have been incorporated into a Customer Satisfaction Improvement Plan.

Underway now:

- The ‘as is’ journey mapping for pothole, hedges & tree, gully & drainage, carriageway and light out service requests to help understand the reasons for customers chasing their service requests, not being happy with their responses (escalations) and stage 1 and stage 2 complaints.
- Identifying the ‘could be’ journey maps to improve on current ways of working
- Opportunities are being taken to increase resolution of queries at first point of contact’
- Work to provide customers with a better online experience – by working to implement the on-line reporting tool, “Fix My Street” - initially for the above enquiry types
- Implementation of good practice customer performance measures from the Well Managed Highways Infrastructure Guidance.
- Implement the remaining customer focussed measures identified in the highway contract documents

- The identification and implementation of new customer focussed performance measures linked to all the above
- Embedding the Council's Customer Experience culture across the Highways Service
- Undertaking a pilot exercise on Formal Correspondence. This commenced 17th June 2021 and will last for three months

Future actions and further opportunities to be explored, some of which may be subject to funding:

- The rolling out the above activities to all enquiry types
- Further enhancements to Fix My Street to implement new enquiry types
- Making more asset data visible to customers and contact centre staff to enable them to identify assets not maintained by the Council, to see faults already reported and to view maintenance activities that are already planned.
- Improving communications; to better implement proactive messaging around issues such as road closures or major works to inform customers and minimise the need to make contact.
- Enhancing the contact centre and digital channel services to provide an initial assessment of the fault and therefore the anticipated next steps and timescales
- Providing customers with better access to scheduled planned work and resulting outcomes i.e. safety inspections, gully work
- To investigate and consider the development of a business case for the use of in vehicle technology to identify and report highway defects to reduce dependence on reports.

Future Updates

Progress with the Customer Satisfaction Improvement Plan will be provided monthly to the service's Operations Board and the Brighter Future Customer Experience Working Group and will be reported to this committee until all actions have been fully implemented as day to day business activities.

6. Implications

6.1 Legal

6.1.1. None.

6.2. Finance

6.2.1. The Brighter Futures Transformation Programme has funding to support the work on the Highways Pilot. The work to demonstrate Value for Money will be important and are to be welcomed. As indicated in Section 5.2.4, some of the means to enhance customer satisfaction may require additional investment, which will be subject to the 2022/23 Medium Term Financial Strategy (MTFS) budget process.

6.2.2. Also as noted in Section 5.5.5, the changes to the client team that would require increased revenue funding are subject to the 2022/23 MTFS process.

6.3. Policy

6.3.1. No wider policy implications.

6.4. Equality

6.4.1. No equality implications.

6.5. Human Resources

6.5.1. Recommendation 6 of the Service Improvement Plan, described in Section 5.5 has some implications for staffing levels in the Cheshire East Council Contract Client Team and will be subject to the usual business planning.

6.6. Risk Management

6.6.1. No risk management implications.

6.7. Rural Communities

6.7.1. There will be no different impact on rural communities than any other communities.

6.8. Children and Young People/Cared for Children

6.8.1. No implications different from any other groups

6.9. Public Health

6.9.1. No implications.

6.10. Climate Change

6.10.1. No implications

Access to Information	
Contact Officer:	Chris Hindle

	chris.hindle@cheshireeast.gov.uk
	01270 460686
Appendices:	Appendix 1 – Highway Service Contract Governance Appendix 2 – Improvement Scheme Pricing Flowchart
Background Papers:	None