

Report to: Economy, Transport and Environment (ETE) Scrutiny Committee

Date of meeting: 20 September 2017

By: Director of Communities, Economy and Transport

Title: Highways Infrastructure Services Contract – Year 1 Update

Purpose: To update the Scrutiny Committee on the performance of the first year of the Highways Infrastructure and Services contract.

RECOMMENDATION: Scrutiny is asked to note the performance of the first year of the Highways Infrastructure and Services contract

1 Background Information

1.1. The new Highways and Infrastructure services contract with Costain replaced three separate maintenance contracts for highways, street lighting and traffic signals. A key benefit of the new contract was the introduction of cost savings and operational efficiencies resulting from improved end to end business processes, and through the introduction of innovative systems and technology to improve the efficiency of highway works, visibility of data and customer communication.

1.2. In moving to the new service model, Members were very keen that there was appropriate management and scrutiny of the service with robust client commercial and performance regimes in place. The contract is required to deliver against the specific outcomes requested by members of the Scrutiny Members Reference Panel: namely, to have the best road network condition for the funding available; to improve network condition; promote economic growth; reduce the level of third party claims; provide value for money; promote local engagement; and improve customer satisfaction.

1.3. The new contract commenced on 01 May 2016 and this report summarises the performance of the contract through the first year in relation to achieving the contract Service Performance Indicators and outcomes. A full list of Service Performance Indicators and outturns is detailed in Appendix 1.

2 Progress against the contract outcomes

Improve Asset Condition

2.1 The County Council's progressive asset management approach to managing the highway network and continued investment has meant overall road condition continues to improve with the 2016/17 network condition surveys showing further improvement in the condition of rural roads, with a reduction from 22% to 19% of the unclassified roads requiring maintenance. The condition of the principle and non-principle roads has also been maintained at the previous levels of 5% and 6% respectively. The number of substandard structures remains at previous levels as anticipated and the number of street lighting columns in excess of the intervention age has reduced by 24%. There has been a slight increase in the number of traffic signal controllers in excess of the intervention age, increasing from 13% to 18%, and also in the SCRIM¹ outturns, although this is in line with a national trend.

2.2 Both the highways revenue and capital budgets were delivered on budget in the first year enabling a full programme of maintenance to be delivered as planned. A summary list of maintenance achievements for the first year is detailed in Appendix 2.

¹ SCRIM is a measurement of the wet skidding resistance of a road surface

Ensuring a Safe Network (reduce third party claims)

2.3. The County Council's Asset Management Policy and Highway Inspection guidance set out the maintenance intervention levels and response times, which enable ESCC to maintain a safe road network. The introduction of new hand-held field data devices for both Highway Stewards and the maintenance crews directly linked to the defect recording and work scheduling systems enables more effective repair times and clear instructions for crews. This marked a huge improvement on previous arrangements and means work can be undertaken right first time and with clear evidence of a repair being carried out within the timescales required.

2.4. The introduction of this approach means the Contractor has successfully defended 270 claims for personal injury or property damage out of the 412 received on behalf of the County Council with less than £20,000 paid in compensation. East Sussex Highways has also successfully defended the first case to be taken to court with one other court case withdrawn before the case started.

Provide value for money

2.5. The packaging of County Council core maintenance services (pothole repairs, winter gritting, grass cutting and gully emptying) as annual lump sum arrangements provided the County Council with revenue savings of £1.4m at contract award, compared to previous contract arrangements. This enabled the County Council to achieve its RPP&R savings target for this service area. In addition, some of the core service requirements have been enhanced in the new contract to provide improved service standards (e.g. routine ditching works and road marking (lining) replacement).

2.6. Since the start of the contract improved systems and information handling have enabled a more planned approach to minor works to be developed, providing further service efficiencies and resulting in an increase in the volume of minor works that were undertaken in the first contract year. This has included the introduction of a full hedge cutting programme, full cut back of the rural grass verges to improve highway drainage, additional ditching works, additional lining refreshment works, and sign cleaning and replacement. The full increased value gained is still being determined as part of the Year 1 final accounting process.

2.7. Efficiencies in design and delivery packaging for schemes, combined with integrated working with the supply chain partners, has provided greater value from capital works with the equivalent of 50 additional maintenance schemes being delivered in the first year.

2.8. The year one street lighting column replacement schemes will deliver electricity savings of approximately 287,000 kilowatts per year which is an energy reduction of just under 3% and is projected to save the council £30,000pa at 2016/17 prices.

Promoting the Local Economy

2.9. There is a specific requirement for the contract to promote the local economy by supporting local businesses both through providing training and procuring works.

2.10. 43% of the first years expenditure through the contract was spent with local supply chain organisations within East Sussex, the equivalent over £17 million directly into the local economy.

2.11. The Contractor has made significant investment in these local companies by training their operatives and supporting them to achieve the standards required to deliver services to provide services to the contract including Hailsham Roadway, Gorrington Civil Engineering and Countryman Landscaping Services. They have also provided training to other significant delivery partners such as Conway surfacing and drainage services.

2.12. In addition to training, the Contractor has introduced and supported the development of new technologies to modernise the way the local supply chain partner companies can manage and schedule their works which provides better information to the customer team.

2.13. The Joint Venture between Costain and CH2M (JV) has also rolled out a programme of social value initiatives including:

- Employment of 10 Apprentices in year 1
- Introduction of 2 Enterprise Advisers to support local schools and career development for young people

- Formation of a collaborative relationship with Sussex Downs College as training provider for an extensive Apprenticeship programme
- Appointment of the Contractor's Performance and Social Value Manager as chair of the Skills East Sussex (SES) Board

Promoting Local Engagement

2.14. The Contractor has introduced Citizenship days across its workforce, with staff spending over 20 paid work days in year one supporting local community projects. Local charities also have been directly supported through staff fundraising efforts, the Beachy Head Chaplaincy received £3,088 as a result of the Christmas raffle, and the Contractor as East Sussex Highways are the official sponsor for the Maresfield Dynamos football club.

2.15. STEAMfest 2017 was both sponsored and supported by the Contractor with staff giving their time to talk to young people about careers in STEAM (Science, technology, engineering, arts and math) subjects.

2.16. Over the course of the first year of the contract East Sussex Highways have been working to improve local engagement and satisfaction with highway roadshows carried out across the county to engage and provide information to parish councils and Members. This has included tours of the highway depot at Ringmer for parish clerks and Members to help strengthen relationships with Customer Service advisors and meet the wider team with the aim of helping them understand the new contract, our teams and processes. In addition, a review of strengthening local relationship (SLR) meetings has been undertaken to help inform how we can better engage with parishes and communities to support these meetings.

Improving Customer Satisfaction

2.17. Customers and the customer experience are at the heart of service delivery required by the contract. A key change to previous arrangements was the migration of the Highways Contact Centre to the Contractor with the expectation of the introduction of new technologies to improve the management of an end to end experience for customers, which should in turn yield an increase in customer satisfaction.

2.18. On the 1 May 2016 the existing team and previous customer data were transitioned to the new customer relationship management system Salesforce, while business as usual was maintained successfully during this time. In the first year 43,445 calls were handled by the new system.

2.19. In January 2017, following some initial concerns expressed by Members and parishes, the Customer Centre was restructured to an area based approach to improve customer service and link with operational delivery, this resulted in an improvement in customer handling with:

- 97% of calls answered within 90 seconds
- 91% of calls answered immediately
- An average of 7 seconds to answer a phone call
- 98% of customers responded to within 10 working days

2.20. A new complaints procedure to resolve all complaints at first point of contact resulted in a reduced number of corporate complaints from 142 down to 25 in the first year of the contract.

2.21. In addition, regular surveys of customers undertaken in year 1 through post completion of planned works surveys, and Quarterly Highway Customer Panel surveys, shows 55% positive feedback and 70% average satisfaction respectively.

2.22. The customer experience has been an area of focus for year one, requiring a restructure in order to meet the service levels required by the contract. The quality and availability of information on the website clearly presented some challenges early on, and work has taken place to ensure that the information is now more reliable. The customer experience will continue to be an area of focus for year 2.

2.23. Induction sessions have been held for both new and existing Members and a Members log-in area on the East Sussex Highways website has been introduced to provide Members with information at their fingertips.

3 Service Performance Indicators (SPI) outturns

3.1. There are 24 SPIs included in the contract. In the first year, 22 were measured with 2 requiring baselining during year 1 for start of measurement from year 2 onwards.

3.2. Year 1 SPIs for the contract show that the overarching target has been met, achieving 86.8% against a performance level target of 83%.

3.3. Of the 22 SPIs measured in year 1:

13 achieved their target and 9 finished within 10% of the target

A full summary of the achievement of all SPIs is detailed in appendix 1

4 Focus for Year two

4.1. Improving customer service is a key focus for year 2 particularly around improving the information available on the website, further improving on response times to customers and the quality of information provided and dealing with queries at the first point of contact.

4.2. In year 2 there will be sustained focus on operational delivery, ensuring that there is continued prompt rectification of defects. There is also a focus on improving the handling of minor works and planning, and co-ordinating improvement works, to provide further efficiencies and to maximise delivery against the asset management plan.

4.3. The Quality Management System will be subject to further improvement and scrutiny, closing any gaps that remain and achieving recognition through British Standards (BS) accreditation. This is a key element to ensuring consistency of service and response.

5 Conclusion

5.1. During the first year the Contract successfully mobilised, transferring over 200 staff to a new employer, introducing new systems and processes and most importantly introducing a very different contract model.

5.2. The new contract has introduced for the first time more rigorous governance arrangements through the creation of a client team whose focus has been on the commercial management of the contract terms, compliance with the contract provisions, and measuring performance of the Contractor through a comprehensive suite of service indicators. This has enabled for the first time the performance of one of the County Council's largest contracts to be monitored and reported on evidence based performance indicators.

5.3. The first year has been largely successful, but it is recognised that there are areas for improvement. In years 2-7 the targets for the performance indicators will become more stretching, ensuring that the contract continues to deliver value for money and a continuously improving service to the residents of East Sussex.

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LOCAL MEMEBERS

All

BACKGROUND DOCUMENTS

None