



Committee and Date

Council

18<sup>th</sup> July 2013

Item

**7**

Public

**PORTFOLIO HOLDER REPORT FOR HIGHWAYS AND TRANSPORT COMMISSIONING**

**Responsible Officer** Tim Sneddon, Environmental Maintenance Service Manager  
e-mail: Tim.sneddon@shropshire.gov.uk Tel: 01743 254904 Fax: 01743 254901

**Councillor Claire Wild – Portfolio Holder for Highways Transport Commissioning**

**Introduction**

The purpose of this report is to summarise the current position with respect to the provision of Environmental Maintenance Services and proposed future developments, improvements and savings.

The service covers the maintenance and cleansing of some 5,500km of adopted highway, 1,000 bridges and structures and ground maintenance of 1.2 million sqm of amenity grass cutting and 4,157 km of verge maintenance, including 30,000 highway trees. The service also responds to severe weather events, such as snow, ice and floods.

**Background**

The existing Highways and Environmental Term Service Contract (HETSC) commenced in April 2012, it was let for a term of six years with a possible extension of four more, depending upon satisfactory performance.

The contract was set up so it allowed a fundamental change to the way services had been commissioned and delivered previously. This included the opportunity to:

- Allow increased capacity of inspectors to take on additional new duties including; sustainable urban drainage system (SUDS) inspections, permit inspections, culvert inspections and utility company inspections. These all give the potential for income. It is estimated that permits will deliver £150,000 from 2014/15 and SUDS £75,000 for 2015/16 and £100,000 thereafter
- The contract itself has allowed £1.24M in additional of savings; £600,000 last year and £640,000 this year. These have already been removed from budgets
- 100 Shropshire Council staff have been TUPE transferred to the new Contractor

- Working more collaboratively with Cheshire West and Chester Council (CW&C) has already delivered an additional £150,000 saving, with opportunities to increase this in the future

## **Contract Performance**

The operation of the contract has not been without problems. The mobilization period of thirteen weeks was always ambitious. There has and continues to be problems with IT systems and paperless working is yet to be completely delivered. Weeds and grounds maintenance were poorly delivered to start with, as robust sub-contracts were not in place at the start of the contract. There was a lack of management skills on the Street Scene side of the contractor and a manager for that part of the service was not appointed until July 2013, four months after the contract started. That appointment allowed sub-contracts to be re-let and there has been significant service improvement since then.

The overall performance remained a concern, largely due to remaining IT issues. High level weekly meetings were arranged by Shropshire Council with the Contractors managers to drive through improvements. There is also a fortnightly meeting between the councils Area Commissioner South and the contractors Managing Director. The full set of contractual tools has been used to drive improvements including; remediation notices, early warnings and withholding of payments. This was subject to a review by the Protecting and Enhancing our Environment Scrutiny Committee in February 2013. (See Appendix A for recommendations). Detailed action plans covering service redesign and Hedge to Hedge working and IT improvements with milestones have been developed.

Throughout the first year of the contract, we experienced some extreme weather with the wettest summer/autumn and longest winter recorded. The response to floods and gritting by the contractor was excellent and received a lot of positive feedback. For the winter provision of the basic gritting facility; salt, vehicles and staff on standby we saved 20% (£150,000) compared to our previous contractor. We gritted on 132 occasions (a normal year would be about 70), however, due to the competitive new contract rates, costs were 66% of what they would have been with our previous contractor, representing a reduction in costs of over £300,000.

## **Redesign**

A redesign has been undertaken in the highways and transport teams. The objectives:

- Promote shared services with CW&C and other adjacent authorities
- Define the commissioning and service provider split in the teams
- Promote local service delivery in line with the locality vision
- Ensure effective succession planning and continual development
- Promote remote, mobile and flexible working, including the sharing of all support resources

The new local highways and transport commissioning teams are included at Appendix B.

The collaborative working with CW&C is progressing with prototypes being trialled for four disciplines (Street Lighting , Bridges, Contract Management and Strategic Highways), the intention is that a full collaborative commissioning team is established and working in 2013. This will provide the most effective way of managing our main suppliers, including Ringway Infrastructure Services, and will accrue further savings.

As part of this re- design our engineering consultants, Mouchel are to vacate their current premises and move temporarily into our offices at Shirehall and the local highways depots. This has reduced Mouchel's cost base and allowed them to share this saving with us. It has also ensured that there is much more effective communication.

A lean review has been undertaken of the routine maintenance of the public realm. This has resulted in a hedge to hedge (HTH) approach, where a single gang deals with all environmental maintenance issues; pothole repairs, litter, traffic sign erection and cleaning, graffiti removal, kerbing, whatever is required. To achieve this, the way of working and ordering works has changed, freeing up more technician time to take up the additional duties specified earlier and income generation. This went live across all of Shropshire in June 2013 and will allow further restructure of this service area. The guiding principles are;

1. All works and services to be delivered in 'one pass'
2. HTH gangs work in front of Technical Safety Inspections. Inspections are then undertaken by the relevant officer
3. The appropriate fix or service should always be applied. An expectation of 'Right First Time' applies to all works and services applied by all staff
4. A reduction of community gangs by at least 50% (June 2013 figures of 26 gangs) is expected by June 2014
5. An increase in planned programmed work (June 2013 figures of 20 programmed works on register) by 30% is also expected
6. The HTH is technician led. Local technicians will direct gangs to local work, prioritise work in their patch and reconcile costs, time and efficiency and ensure communication with their prospective Towns, Parishes and Members
7. Local / area managers will manage the overall service and technicians and be accountable. Consistency of approach, quality improvement and cost reduction are clearly a local management priority, and thus local managers are accountable
8. The HTH system will be developed and embedded in the service. IT is being amended as necessary to support increased and more mobile works. Use of appropriate and effective IT will be a key expectation of all staff and a core skill
9. HTH will utilise the following key words and phrases. All managers will actively support, advocate, ensure and challenge in order to deliver "an effective and

responsive service that acts on local need to provide quality services and reduce costs in an effective manner”

10. HTH is consistent: a local management and administration responsibility to deliver and improve, and be accountable for

11. HTH requires greater efficiencies of staff and will create the capacity for all technicians to generate additional income through:

- Permit inspections
- Section 74 utility over run inspections
- Coring of utility reinstatements
- Car parks inspections and repairs
- Bus stops inspections and location
- Culverts and water courses inspections
- Rights of way inspections

Local targets will be set and managers will be accountable for performance management purposes.

12. Pride of Patch remains for all technicians in terms of works, services and communication with Members, Towns and Parishes and customers, this is a key improvement for technicians to manage and deliver upon

13. HTH is to reduce costs and generate income in order to re-invest in maintenance of the public realm of Shropshire

14. Payments on request and payments on hold are drastically and consistently reduced, and each local manager is accountable for ensuring that appropriate process for challenging of payments is made

As part of the HTH initiative it is proposed that the additional site visits required by the proposed Permit scheme for road works and the SUDS adoptions are included in the patch based approach. These will ensure that we are making the most efficient use of the patch based officers.

### **Integrated Passenger Transport Services (IPTS)**

The Council commissions and coordinates its passenger transport services in the Integrated Passenger Transport Services on contract with the commercial market to deliver its requirements. Shropshire’s passenger transport service provides transport for 40,000 passengers each day on over 1,000 routes. It uses 200 commercial and third sector operators and provides access to a range of statutory and discretionary front line services across the county.

The Council has reduced its transport budget by £4m since becoming a unitary authority in April 2009 via smarter procurement, network efficiencies, contract re-negotiations with providers and by adopting electronic business processes, including eAuctions.

## **Nature of the service**

The IPTS passenger transport service commissions the market to deliver passenger services and in doing so, procures, co-ordinates and delivers a range of transport services to be provided for front line service users and customers in accordance with defined statutory responsibilities and policies for which Area Commissioners are responsible. These are primarily responsible for the delivery, transformation and improvement of front line services and to achieve efficiency savings in the process. They hold the transport budgets and refer the commissioning of passenger transport needs to the commissioning co-ordinator (i.e. the Transport Coordination Group that currently sits within IPTS) to organise transport to meet their service requirements.

## **Developing our Approach to Commissioning**

As part of our commissioning role, we have plans to continue to drive down costs and increase savings, picking up issues coming out of the 2012 Task & Finish process, as per:

- Switching in-house services to the market
- Deploying community transport to better effect and as an alternative to Shropshire Link
- Developing the way we commission services
- Increased charges
- Smarter and more flexible procurement
- Better focused contract terms to reduce costs (e.g. contract lengths, taxi ages)
- Development of in-house 'E-auctions'
- Expansion of European Framework which provides the Council with an approved pool of transport operators which it uses to source its transport needs via tender – the bigger the pool, the lower tender prices tend to be, which is clearly good for the Council
- Enhanced digital platforms, which includes developing the web based interface with transport operators (ETOPIA) to help with the likes of contract regulation, quicker turnaround of tenders and better technical support for operators.
- More peak time synergy to reduce costs, which will focus on looking for more opportunities to combine contracts where possible and better networking routes at high usage periods when costs tend to be higher
- Exploiting operational dynamics to cut spend
- A range of other initiatives to save money

## **IPTS Achievements since 2009**

- Digital procurement and web based contractor interface 'ETOPIA' introduced
- 'e' Auctions
- National nomination for procurement innovation
- 40,000 passengers transported daily
- Service budget reductions
- Network reviews reducing carbon footprint and cost
- Integrity of service networks maintained both operationally and financially
- New cutting edge solutions deployed, notably in the procurement area and sharing information and best practises with other Councils, most recently helping Bedford Borough Council to generate significant savings from E-auctions

## **Budgets**

A key development has been the use of efficiency savings to reduce the home to school transport budget in 2013/14 by £700k, which reflects savings already achieved by the Task & Finish process.

Overall, the Council currently spends £25m per annum on providing school transport, social care transport, public transport, the concessionary travel scheme and in-house vehicles to provide services for Shropshire residents. This represents a significant budgetary commitment for the Council in this complicated and dynamic service area, which is reliant nearly entirely on the commercial market. Commercial transport provision is co-ordinated by the Transport Co-ordination Group and there is a continuing drive to increase efficiencies and reduce costs to the lowest possible level.

## **Redesign to date**

IPTS has consistently had a major focus on reducing both staff and service costs where it can, whilst maintaining the integrity of service provision. Specific staff are dedicated to this savings function and because of the ever changing nature of passengers and their locations, and the networks required to service their needs, this process is on-going. New digital platforms for procurement, a new web based interface with contractors (ETOPIA), cyclic and spontaneous network reviews, route planning, 'e' auctions and the continued expansion of our European Framework have all contributed to reducing costs and generating new savings. Innovation in procurement in this field led to the Council being nominated for a national Government award in this area and close work with the Government's regional improvement and efficiency team has also reaped many rewards.

Local market intelligence helps staff understand how to get the best arrangements from the market and keep Council costs down. Continually improving work processes also helps reduce costs and speeds up outcomes.

## **Task & Finish 2012**

The 2012 Task and Finish Group presented reports on the following areas:

- IPTS Delivery Structures
- In-house Fleet and Transport Management Organisation
- Home to school transport
- Social care transport
- Community Transport
- Mainstream Public transport
- Concessionary Fares
- Park & Ride
- Grey Fleet
- Shropshire Link

The Task and Finish process has challenged Officers to consider new and alternative ways of managing, working and procuring transport services. It has generated new ideas and proposed solutions that offer good outcomes for the Council and transport users.

## **Forward Work programme**

The major redesign projects of the service will include;

- The bedding in of the new area based highways and transport commissioning teams
- Developing the collaborative commissioning team with CW&C
- Co-location with Mouchel
- Re-design of the all service provider teams, including highways maintenance, street scene and vehicle maintenance
- Procuring the vehicle for collaborative delivery of the service provider with CW&C

## **Appendix A – PEE Scrutiny Committee recommendations, February 2013**

The Protecting and Enhancing the Environment Scrutiny Committee are asked to consider the following recommendations.

1. Support the Improvement Plan and that a further report(s) are submitted to this Committee to monitor delivery of the improvements as committed to by Ringway in six months' time or as appropriate
2. Support the move towards the development of an integrated management team of the strategic highways functions with Cheshire West and Chester Council to further drive efficiencies, savings and improvement in the operation and overview of Ringway (this will be subject to other reports as appropriate)
3. Support integration of our operations more fully with our term engineering consultant and those of Cheshire West and Chester Council, to determine how we can work more collaboratively and deliver further efficiencies (this will be subject to other reports as appropriate)
4. Support increased development of the "total locality model" with our communities and increase revenue generation activities and other cost saving efficiencies by internal integration across our services and with Ringway



**Appendix B; Highways and Transport Area based commissioning teams**

Team	North	Central	South
Transport Commissioners , LTP, passenger transport including car parks	Matt Johnson	Jan Cook	Victoria Merrill
Highway Development Control, highways input to planning applications	Mark Wootton	Richard Harman	Gemma Lawley