

EXTRACT OF THE MINUTES of the Scrutiny Committee Meeting held on 29 October 2015 at 10:00 am in the Elisabeth Room, Endeavour House, Ipswich.

Present: Councillors Mary Evans (Chairman), John Field (Vice Chairman), Trevor Beckwith, Peter Beer, Kathy Bole, Stephen Burroughes, Jessica Fleming, Sandra Gage, David Hudson, Len Jacklin, David Ritchie and Jane Storey.

Also present: Councillors Tony Brown, Sandy Martin and Guy McGregor

Supporting officers present: Theresa Harden (Business Manager, Democratic Services) and Linda Pattle (Democratic Services Officer).

28. Highways Contract

At Agenda Item 5 the Committee considered a report providing an update on the operation of the County Council's contract with Kier for the provision of services to meet its responsibilities in relation to highways services. The report also examined some specific areas of performance under the contract.

The Chairman welcomed to the meeting Councillor James Finch, Cabinet Member for Roads and Transport, and the following County Council officers:

Mark Stevens, Assistant Director, Operational Highways
 Alan Thorndyke, Head of Highway Network Management
 Chris Graves, Contract Manager
 John Clements, Highway Maintenance Specialist
 Richard Webster, Street Lighting Manager

The Chairman also welcomed the following external witnesses:

Jerry Pert, Kier General Manager, Suffolk Highways
 Mike Francis, Head of Service Delivery, Suffolk Highways

Councillor James Finch introduced the report. The witnesses were invited to make comments. Committee members had an opportunity to ask questions and comment on what they had heard.

Recommendation: The Committee agreed:

- a) To recommend that the Cabinet should support the Cabinet Member for Finance in ensuring that the County Council's commissioning and procurement function continued to be strengthened as a priority for the Council, bringing in outside support as necessary.

- b) To recommend that the Babergh lean systems pilot should be completed as a priority, so that this learning and lean systems could be rolled out across the county at the earliest opportunity.
- c) To recommend that mechanisms for monitoring the quality of works provided under the contract should be developed to provide clear evidence of the results achieved and any corrective measures without incurring high inspection costs. Sampling of work and customer surveys should be considered.
- d) To commend the work which had already taken place in respect of the highways contract following the appointment of the new Assistant Director (Operational Highways) and that, despite on-going concerns, on the basis of the evidence presented, the Committee recognised that the Assistant Director (Operational Highways) was committed to improving performance under the amended highways contract and the strategy for reviewing and improving the contractual and working arrangements was encouraging, in particular a move towards incentives rather than penalties in the contract was recommended to bring about improvements.
- e) To recommend that an action plan and timescales should be developed to underpin the proposed improvements, supported by a communications plan which should include raising public awareness of the plans for improvement.
- f) To welcome the adoption of performance measures that were outcomes (as opposed to outputs) based, for managing and monitoring the contract.
- g) To welcome greater collaboration between Kier and the County Council through the development of an integrated team.
- h) To recommend the reduction of design process costs and time by adopting a more pragmatic design approach through greater use of standard details rather than the more onerous 'fit for purpose' service standards.
- i) To recommend that as much design work as possible be done by staff living and working in Suffolk rather than other counties, in particular for routine jobs and where a site visit was beneficial.
- j) To recommend that the work to improve highways on-line information and reporting systems should continue, ensuring problem reporting was easy and feedback effective. This work should take into account feedback from councillors about how systems could be improved to become more intelligent and responsive.
- k) To recommend that officers and councillors should make every effort to ensure that enquirers used the on-line information and reporting system.
- l) To request an information bulletin update in six months' time on progress including information about recruitment and training for Kier staff, activity to address long term sickness rates and improve staff morale, and what difference this had made.
- m) To request an information bulletin update for the Committee's February meeting providing details of:-
 - i) predicted spend and actual spend on the contract to date;
 - ii) actual figures to demonstrate savings delivered;

- iii) the volume of work delivered;
 - iv) an update on the resolution of outstanding accounts and details of current position;
 - v) an indication of the extent to which performance of the highways service was consistent across the county;
- n) To recommend that every effort should be made to ensure that materials which were sympathetic and appropriate for conservation areas and listed buildings were used, recognising that these materials should be both cost effective and readily available.
 - o) To welcome the County Council's developing approach to highways asset management, which would be reported in more detail to Cabinet on 10 November 2015.
 - p) To request a further report on progress in 12 months' time.

Reason for recommendation:

- a) The Committee considered that the experience from the highways contract showed there needed to be a very robust commissioning and procurement function within the Council. The Committee heard that the highways contract had been developed with a risk averse approach to performance monitoring which incentivised unhelpful behaviours designed to meet targets and avoid penalties, creating bureaucratic and duplicative processes and frustration for both parties. Members considered it important that this experience was learned from and not replicated in future procurement exercises.
- b) Members considered that there was an urgent need to complete the Babergh lean systems pilot and roll it out in order to reduce wasteful activity across the county. They heard that it had not so far been possible to release key staff from their current roles to work solely on the pilot due to other pressures. However, some new business development resources had been added recently, and officers were confident that the pilot would be complete by spring 2016.
- c) The Committee heard that the quality of the works provided was monitored in a number of ways: Kier had their own internal supervisors; and also staff from the Area Offices would report on defects if they became aware of any. Any instances of poor quality work were recorded in a Defects Register which also assigned a particular person responsible for rectifying the problem within four weeks. The Register was reviewed on a monthly basis. However, members were aware of instances in their own divisions where the quality of work was variable, and, whilst appreciating that costs of quality monitoring needed to be kept to a minimum, they considered that greater attention could be given to this, for example through a formal sampling process or by undertaking more customer satisfaction surveys.
- d) The Assistant Director outlined his objectives as being to improve programme management, contract management and develop the Council's approach to asset management. He also wished to encourage more integrated working and to reduce financial bureaucracy. Members of the Committee expressed a view that the evidence presented at the meeting had

demonstrated a refreshed approach and a willingness from both the County Council and Kier to work together to make the necessary improvements.

- e) The Committee wished to see the objectives outlined by the Assistant Director translated into an action plan with clear indications as to when the actions would be completed. Members were aware that among members of the public there were negative perceptions about the highways service. Therefore they considered that a communications plan was needed to help people understand what changes they could expect to see.
- f) Members agreed with evidence presented that the contract's emphasis on the penalisation of poor performance was not encouraging the right behaviour from Kier. There was too much emphasis on measuring performance outputs, whereas members considered that focussing on outcomes would make it possible for the contract to contribute more effectively to the Council's corporate priorities.
- g) Members were encouraged to hear that there was a move towards greater integration and closer working between highways staff working within Kier and the County Council.
- h) Members questioned the procedures and costs associated with the design process, which from experience they considered could be cumbersome and expensive. Members heard that until recently works had been designed to a high "fit for purpose" standard. They were pleased to hear that in general now works were being designed to standard details, which would make the process quicker and more cost-effective, particularly for small schemes
- i) The Committee considered that having most design work carried out within Suffolk would be more efficient and cost-effective than going out of county.
- j) Members recognised the value of the current online system for reporting defects and highways problems. They considered that the system should be developed further. Having submitted a report or requested something, the councillor or member of the public should be able to track progress online. The Committee recognised that being able to provide information online about when work would be done would require good programme management.
- k) Members were aware that encouraging more people to use the online reporting system would reduce the number of telephone calls and ad hoc emails to officers and lead to improved efficiency.
- l) The Committee was aware that there were a number of vacant posts in the Suffolk Highways organisational structures. Members heard that some of the vacancies had now been filled on a temporary basis, but due to an upturn in the economy there were difficulties in finding suitable permanent recruits. The Committee considered these vacancies, together with absences due to long-term sickness and the quality of training provided, could have an impact on staff morale. Members therefore wished to be kept informed about recruitment and training, as well as activity to address long term sickness rates and improve staff morale.
- m) Members appreciated that a theoretical exercise had revealed that an annual net revenue saving of just over £2 million had been made. However, they

wished to receive more specific information about the amounts of money spent and saved and the volume of work delivered through the contract. They were also aware that an exercise was being undertaken to resolve a large number of outstanding accounts between the County Council and Kier, and they wished to be updated on progress. The Committee heard that some councillors believed that the quality of work carried out in the west of the county was not as high as that in the east. Members therefore requested information about consistency of performance throughout the county.

- n) The Committee heard that there had been instances where street works in conservation areas had been treated unsympathetically, with unsuitable replacement materials being used. Members recognised that when schemes were designed for conservation areas there was a need to consider the whole life costs and to ensure that replacement materials remained available over a long period.
- o) The Committee was pleased to hear that officers were in the process of strengthening the Council's approach to highways asset management by developing a new suite of documents, incorporating the latest thinking, philosophies and recognised best practice.
- p) Members were aware that the Highways contract was a matter of great significance to all Suffolk residents, and wished to reconsider in 12 months' time the extent to which progress had been made.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

