

12 Month Progress Update: Select Committee Inquiry – Transport for Buckinghamshire (Ringway Jacobs contract)

Lead Policy Officer: Kama Wager
 Date reported to Cabinet: 13th January 2014
 Lead Cabinet Member for response: Ruth Vigor-Hedderly
 Lead Officer for response: Mike Freestone

Recommendation	Agreed Yes/No	Cabinet Member Response including proposed action	12 Month progress Update Feb 15
<p>1: The committee request to receive updates on the implementation of the following recent/current reviews around TfB operation and perception:</p> <ul style="list-style-type: none"> • Quarterly updates on all actions within the external consultant review of TfB and its implementation plan, commencing in February 2014 • Quarterly updates on the internal BCC Communications and Customer Focus review, commencing in February 2014 • An update on the implementation of the new role for Local Area Technicians in February 2014 with an additional 6 month update on progress. 	<p>Agreed in part</p>	<p>With respect to the first two bullet points of the recommendation an update on progress on the Improvement Plan and the Communications and Customer Focus work will be provided to the meeting of the Committee in February 2014. A further six monthly update will be provided at August 2014 after which the need for further updates will be reviewed.</p> <p>With respect to the third bullet point an update on the review of the new role for Local Area Technicians was given at the TfB 'Think Councillor' Conference on 4th December 2013 which many Members attended. The new proposals were well received by all and have the full support of the Cabinet Member. The new arrangements are being implemented from 2nd January 2014. During the discussions leading up to the proposal, the concept of reviewing the arrangements once they had been in operation a while was accepted by all. This was re-emphasised at the TfB Conference. A review of the first six months operation of the new arrangements will be carried out in July 2014 and shared with the Committee at the first overall progress update in August 2014.</p>	<p>The reviews referred to in Recommendation 1 have to a great extent now been overtaken by the more radical transformation of the service following the Gate One report which recognised the significant amount of work which had already been achieved.</p> <p>The pace of change has continued with respect to transformation and the change programme has included many changes across the service in line with the original work streams of the Transformation Programme. These are targeted on enhancing and improving customer focus and communication. Progress on these and an outline of the new approach were communicated and shared with Members and key stakeholders across the county through three separate 'Think Community' Conferences structured around the new Area based approach to delivering services.</p> <p>The following provides a general synopsis of progress across the work streams. More detailed information is given against each of the other 11 recommendations from the Inquiry Report where appropriate.</p> <p>Re-organisation - The re-organisation of TfB is substantially complete. The formal consultation period was completed at the end of October. Staff whose roles have been largely unaffected by the re-organisation have been slotted into place, and all ring fenced positions have been filled. Recruitment into vacancies is ongoing.</p> <p>Customer Journey - Both the new web based and mobile "Report It" applications are now live. The application improves the information the public can provide when reporting general highway defects, potholes, and issues with Public Rights of Way. Monitoring tools have been implemented and initial feedback from the customer remains positive with patronage starting to increase.</p> <p>A similar application for reporting street lighting faults is being developed, and is expected to be tested and delivered in February 2015 This work will substantially complete this work stream.</p> <p>Contract Review – All TfB services have been reviewed by reference to the Council's own TEE transformation programme, to provide greater value to BCC.</p>

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<p>2: We recommend that the service ensure effective long-term planning (a 4 year plan which fits with the Council's Medium term plan and budget proposals) to guide the annual planning activity, with particular emphasis on efficiencies, value for money and longer term development of the transport network. The Environment, Transport and Locality Services Select Committee should receive a written update on any forthcoming long-term plans.</p>	Agreed	<p>A draft four year plan has been prepared by TfB and this was received by Place Officers in early December 2013. The draft plan was prepared whilst the Council's Medium Term Plan and budget proposals were under discussion and has taken account of these. Place Officers have commented on the draft plan and there has been further dialogue to ensure that the TfB 4 year plan meets the Council's aims and aspirations for the Highways and Transportation service. It will not be possible to finalise the plan until the Council's budget for 2014/15 and Medium Term Plan are agreed in early February.</p> <p>The plan will be rolled forward one-year annually in line with the Council's budget planning cycle. It will be the key long-term planning document for the contract and service. The plan will be signed off the Strategic Board in March and shared with the Committee at the first overall Improvement Plan update in August 2014.</p>	<p>The initial draft four year plan was presented to the Strategic Board in March 2014.</p> <p>The concepts of this plan have been adopted for MTP 2015/16 Business Planning.</p>
<p>3: We recommend that all future KPIs evolve to place greater emphasis on long-term outcomes</p>	Agreed in part	<p>The principle of encouraging wider member involvement in the KPIs is accepted.</p>	<p>A new set of Key Performance Indicators (KPI's) has been drafted to align with the Council's corporate</p>

<p>and improvements and that future setting/amending of KPIs be subject to wider Member involvement to inform the decision making process of the Strategic Management Board. The Cabinet Member should put forward options for this by February 2014 for the Environment, Transport and Locality Services Committee to comment on and agree.</p>		<p>The extent to which long-term outcomes can be incorporated into 'contractual KPIs' depends upon the extent to which such outcomes can be influenced by the contractor; the form of contract; and the degree of certainty about the Councils Medium Term budget plans.</p> <p>A review of KPIs has been undertaken as part of the Improvement Plan arising from the external consultant review of the contract. A workshop involving the Cabinet Member, Deputy Cabinet Member and Members of the Select Committee took place on 17th December 2013. The outputs of this review and workshop are being used to refine the KPI process in discussion with Ringway Jacobs and to develop proposals for change as necessary. This work is expected to be completed by the end of February 2014.</p> <p>It should be noted that the current KPIs and associated KPI process are integral to the Transportation Services Contract and dependent upon the nature of any changes proposed, there could be commercial implications for the Council and the Contractor associated with changes. The Council must fulfil its obligations under the contract and within the contract there is a requirement for any changes to KPIs to be agreed by the Council and Contractor. Any revised proposals will therefore need to be subject to discussions and accepted by Ringway Jacobs. As business planning for next financial year is already well advanced the extent to which any changes can be introduced before the 2015/16 financial year may be limited.</p> <p>It is suggested that the Select Committee is given the opportunity to comment on any potential changes arising from the current review and that where possible the Committee's comments are taken account of in finalising any resultant changes through the contractual governance framework.</p>	<p>objectives. This has currently reduced the existing 41 contract KPI's to 26 (19 contract and 7 alliance performance indicators), however this is likely to increase as Area based KPI's are currently being developed and will need to be incorporated. The measurement methodology for each KPI is currently being finalised.</p> <p>The indicators were shared at the Contract's Strategic Board in December and a workshop is being arranged with a view to the proposal being available at the January Strategic Board.</p> <p>The Current Key Performance Indicators (KPIs) have been used for the 2014/15 contract year to ensure consistency in delivery standards are maintained and ensure the appropriate control / challenges of the contract.</p>
<p>4: We recommend that KPI figures and values need to be properly audited on an annual basis, for example through internal audit or the client team, in order to ensure that the decision making around payments and extensions is robust. A written report of the findings should go to the Strategic Management Board and also monitored by this select committee.</p>	<p>Agreed in part</p>	<p>A process will be developed in discussion with Ringway Jacobs. Once the process has been decided upon the minutes and any associated papers from the relevant Strategic Board will be shared with the Select Committee at the first overall update in August 2014.</p> <p>As audit of the KPIs is currently the responsibility of the Contractor any additional audit by the County Council will incur additional costs. The Strategic Client within Place is not currently resourced to undertake the work but should it be possible to strengthen this (see response to recommendation 7) then the work could be accommodated within the revised staff structure.</p>	<p>It is accepted that there will be joint audits by BCC & TfB on an annual basis to ensure appropriate challenge & check the KPI figures and results.</p> <p>The 13/14 KPI's and close out of the year is still ongoing as the KPI's and other elements are the subject to robust challenge and review prior to sign off, albeit significant progress has been made and only a small number of clarifications are outstanding.</p> <p>Enhanced client resources are allowing a robust and detailed check and challenge to the achievement of performance targets.</p>
<p>5: We recommend that the Cabinet Member for Planning and Transport retains a Member-led system for road maintenance but:</p> <ul style="list-style-type: none"> • reviews the definition of Member-led 	<p>Agreed in part</p>	<p>The Cabinet welcomes the Select Committee's support for retaining a member-led system for road maintenance. The current system was introduced in 2011 and made road maintenance and resurfacing one of the County Council's</p>	<p>Following feedback from Members and key stakeholders and evaluation of industry best practice the updated Highways Inspection Policy and consequential approach to asset data collection went live at the beginning of</p>

<p>currently used in the context of prioritising road maintenance to allow for greater flexibility in the approach and,</p> <ul style="list-style-type: none"> examines the proportion of budget allocated between local member priorities, and a countywide strategic management approach. <p>We request that the Cabinet Member commission a report on this topic, referencing national practice, and further options for road maintenance prioritising.</p>		<p>top priorities. The Cabinet will continue to review the effectiveness of the Council's investment in strategic road maintenance, including the member-led programme, on a regular basis, and will discuss any proposals for change with the Select Committee as appropriate.</p>	<p>November 2014.</p> <p>Recent DfT guidance on future funding arrangements has identified the need to adopt a sustainable formalised whole asset management approach to the maintenance of highways assets. This, when married with collaborative working practices alongside other factors, allows the potential for unlocking maximum funding allocation. It is important therefore to ensure that the adopted Member led approach to road maintenance and management provides business intelligence to ensure a balanced and appropriate approach to investment is adopted. This needs to additionally balance against county objectives and development and investment priorities.</p> <p>It is acknowledged that Members provide a powerful insight into problems and the most appropriate solutions and that it is important to capture and harness this into an appropriate and effective approach to highway investment. The Cabinet Member will continue to review the effectiveness of the Council's investment in strategic road maintenance, including the member-led programme, on a regular basis, and will discuss any proposals for change with the Select Committee as appropriate.</p>
<p>6: We recommend that at least two BCC elected Members are re-appointed to the Strategic Management Board (or an alternative Member involvement option) in order to strengthen democratic representation, as recommended by the 2011 TfB scrutiny review.</p>	<p>Agreed in part</p>	<p>The Cabinet Member for Planning and Transport accepts the principle of increased member representation on the Strategic Board. The current Terms of Reference for the Board allow the Board to invite additional members. It is important however that the effectiveness of the Board is not diminished by it becoming too large and that it retains an appropriate balance between representatives of contractor and client.</p> <p>(Currently there are 3 representatives from the Contractor and 3 representatives from the Council on the Board). For the above reasons it is considered that one additional Councillor on the Board would be more appropriate than two. The choice of the additional Member will sit with the Cabinet Member with agreement of the Strategic Board.</p>	<p>This action has been fully completed and captured in a Governance Paper presented and formalised at the contracts December Strategic Board Meeting</p>
<p>7: We recommend that the Strategic Client function should be sufficiently resourced to ensure the necessary client capacity and in-house skills are in place so that the client can effectively manage the contract and provide robust check and challenge of delivery.</p>	<p>Agreed – subject to resources</p>	<p>As part of the Improvement Plan arising from the External Consultant's Review consideration has been given to the organisational structures and resourcing of both the Contractor and Client sides of the Alliance. The intention is to align contract management through three key areas:</p> <ul style="list-style-type: none"> Strategy and Customer Focus Commission and Delivery Monitoring and Compliance <p>Central to this strategy is a revised client side structure which serves to strengthen the Council capacity in these areas.</p>	<p>The new organisational structure for the Client continues to be progressed. Interim arrangements to strengthen the client have been put in place pending "Future Shape" restructuring.</p> <p>Since the last update 2 more staff have been recruited to the Client side in the roles of Head of Highways and an additional Quality Inspector.</p> <p>The Client structure is now:</p> <p>Director of Transport Services (Interim) – Mike Freestone – dealing with overall contract relations and</p>

		<p>Financing for any additional posts will be subject to the availability of resources during the final stages of the current MTP process.</p>	<p>improvements Head of Highways (Interim) – Demos Kettenis – leading Client Team Operations Manager – Gareth Llewelyn (Interim) – dealing with operational delivery matters and focus on improving outputs at depots and through supply chain Quality Manager – Paul Turney (Permanent) – dealing with contractual and operational processes and improvements Compliance Manager – Raj Rajkumar (Interim) – dealing with contract administration matters, e.g. reviewing monthly payment applications Works Quality Inspector – Chris Thomas (Interim) – dealing with frontline service delivery and site quality output reviews Works Quality Inspector - Tim Fowler (Interim) dealing with frontline service delivery and site quality output reviews.</p> <p>This will continue to develop and permanent appointments made as part of the Future Shape structure.</p>
<p>8: We recommend that the TfB report for the Strategic Management Board on the approval of the yearly contract extensions be circulated to the Environment, Transport and Locality Service Select Committee in order to inform the decision making process of the Strategic Management Board on the approval of contract extensions.</p>	<p>Not Agreed</p>	<p>The Cabinet Member recognises that this contract has been subject to significant scrutiny and is of high local importance. It is important, however, that the contract governance continues to align broadly with the approach taken on other strategically important contracts within the Council. The Cabinet Member believes that the actions agreed in response to recommendation no.1 (regular updates) and recommendation no. 7 (increased Member representation on the Strategic Board) combined with the existing contract controls and a strengthened client side should be sufficient to address the Committees concerns with this aspect of the Contract.</p> <p>The particular concerns about the KPI process expressed in this section of the report are noted. The Cabinet Member believes that these can be addressed by progressing the work which is already underway with respect to recommendation no.3, and in which Committee members have been actively involved. The audit process proposed in recommendation 4 and strengthening of the strategic client will also help improve this aspect of the contract.</p>	<p>The issue of contract extensions and how they are managed form part of the Transformation Programme. In January 2014 Cabinet did not agree this recommendation.</p> <p>As part of the Transformation Programme Contract Review work stream the links between performance and reward are being examined with particular focus on the extension concerns. This is particularly relevant to the agreement of KPIs to ensure that the indicators and measures drive and deliver the required outcomes and objective achievement.</p> <p>The proposed amendments to the Contract (see response to Recommendation 1 above) will address current anomalies in this area of the Contract.</p> <p>No further action is envisaged</p>
<p>9: We recommend that a schedule of areas for financial benchmarking against other Local Authorities be agreed between TfB and the Strategic Client. This should be reviewed annually by the Strategic Management Board to provide clarity over benchmarking activity to ensure contract compliance and value for money.</p>	<p>Agreed</p>	<p>The principle of annual benchmarking activity is accepted. Discussions are already underway between Council Officers and Ringway Jacobs on more use of benchmarking in the contract through both greater use of the existing contract provisions and via revisions to the KPI process.</p> <p>It is important that benchmarking is done at an appropriate level and includes a 'programme wide' view of value for money as well as looking at individual work areas and schemes. This will help improve understanding of the added value provided by the current form of contract.</p>	<p>Ringway Jacobs, with the BCC Client Team, are developing benchmarking systems and proposals which need to develop and broaden in scope. Currently the main focus is around comparison with other RJ operations.</p> <p>Cross Contract benchmarking papers have been developed, as commercial in confidence, and consideration is being given to how this work can be expanded. However, external benchmarking may not be beneficial or achievable due to the commercial sensitivity</p>

		<p>The proposed adjustments to the client structure were also intended to enable the robustness and quality of benchmarking activity to be improved.</p>	<p>of information and accessibility of such data in the open market. It also needs to be appreciated that there are limitations to the exercise in drawing conclusions with many variables influencing the outturn costs and outputs achieved from contract to contract.</p> <p>The benchmarking document however provides a useful indicator of areas for exploration for potential operational improvement and future efficiency and will continue to be improved.</p>
<p>10: We recommend that an external value for money review be undertaken (over the first half of 2014) to ensure and satisfy the client (BCC) that it is getting best value for money from the contract for elected Members and the residents of Buckinghamshire and that the committee receive a briefing on the findings of this review.</p>	<p>Agreed</p>	<p>The Cabinet Member for Planning and Transportation would welcome such a review which will add to the work aimed at improving the contract which has already been done and is currently in progress. A proposed scope of the review has been developed which focusses on the value for money aspects of the contract. Within this overall context, it is also considered important that the review:</p> <ul style="list-style-type: none"> • takes account of the review and audit work done so far any issues arising from these and planned improvements • addresses both the current situation and the extent to which the benefits expected of the contract at time of tender have been realised over the life of the contract so far. <p>Ringway Jacobs have been informed of the likelihood of this Value for Money review.</p>	<p>A formal external Value for Money review has not yet been undertaken although as reported previously an externally led forensic audit of the payment process has been completed. This has not shown though any major areas of concern. Notwithstanding this, an action plan on issues and areas for improvement has been developed and is currently being delivered.</p> <p>In addition, the cross contract benchmarking exercise will help demonstrate to BCC the extent to which it is receiving value for money by comparison to other Ringway Jacobs contracts.</p> <p>As part of the MTP process consideration is being given to an expanded programme of Capital Maintenance Schemes. If this goes ahead there will be an opportunity for the Council and RJ to undertake more extensive market testing of this area of work in 2015/16. The results of this exercise should provide a useful source of data for assessing value for money from different contract approaches.</p> <p>Value for Money is important and is a significant part of work currently being developed with RJ as part of all aspects of the Transformation Programme.</p>
<p>11: We recommend that the contractual obligation for a year -on -year 3% efficiency saving should be reviewed to allow for greater opportunity for cumulative and sustainable efficiency savings over a number of years. Alternative options should be drawn up by the Cabinet Member by the end of the 2013/14 financial year.</p>	<p>Agreed</p>	<p>There will be a contractual implication from this recommendation. Initial discussions on the principle have already started with senior representatives of Ringway Jacobs. Proposals will be drawn up following further discussion with the Contractor.</p>	<p>The 3% contractual efficiency savings is currently applied. This is contained within the annual Business Plan approval process and is regularly monitored throughout the year. In addition this is supported by Value Plus (a process that identifies and records additional efficiency savings). Through this process significant improvements have been achieved over the life of the contract, in both cashable and non-cashable savings.</p> <p>Proposals have been developed for changes to the approach to the 3% efficiency saving to allow for greater opportunity for cumulative and sustainable efficiency savings over a number of years. BCC officers are currently evaluating the potential changes and options to the contract.</p>
<p>12: We recommend that all learning points from the TfB arrangement to date are used to inform</p>	<p>Agreed</p>	<p>The Cabinet Member for Finance and Resources would welcome officers involved in this, and other commissioned</p>	<p>Gate One have highlighted issues on how the business is structured and operated. The learning achieved from this</p>

<p>future operation of the Council as it moves to become a commissioning/contracting organisation, in particular:</p> <ol style="list-style-type: none"> 1) securing providers who are able to work in a democratic environment, 2) securing providers who can set out how they will meet strategic longer-term outcomes sought by the client, and 3) the need for a high-level contract management prepared to use contract clauses to meet requirements. 		<p>contracts, sharing their experience and learning in this way.</p>	<p>process will be fed into and assist the authorities "Future Shape" programme. The Strategic Board and other Transformation meetings are attended variously by senior Members and also by senior Officers who are intrinsically linked with the counties corporate programmes, particularly Future Shape and ensure alignment both into the TfB review and vice versa.</p>
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