



# Buckinghamshire County Council Select Committee

Environment, Transport and Locality Services Select Committee

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## Report to the Environment, Transport and Locality Services Select Committee

<b>Title:</b>	Transport for Buckinghamshire Scrutiny
<b>Committee date:</b>	2 <sup>nd</sup> September 2014
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<b>Report signed off by Cabinet Member:</b>	Ruth Vigor-Hedderly – Cabinet Member for Transport
<b>Electoral divisions affected:</b>	All

### Purpose of Agenda Item

This report updates the committee on the progress on the 12 recommendations raised by the Environmental, Transport and Locality Services Select Committee Inquiry of Transport for Buckinghamshire (December 2013)

### Background

Members of the committee and senior management were keen to review the operation of the TfB contract following feedback on a range of issues. An Inquiry was commissioned in July 2013 with a scope to examine the contract, its delivery and performance. Issues raised by members included communication, performance, contract management by the client, value for money and the role of the Local Area Technician (LAT).

During the inquiry it became clear that there were other reviews running in parallel. Rather than have duplication the inquiry was able to learn from and contribute to these reviews.



In December 2013 the Inquiry findings and recommendations were published. Whilst there were 12 recommendations the main findings focused on:

- The need for long term planning
- The role of Key Performance Indicators (KPI's) in the contract
- The importance of sufficient client capacity and in-house skills
- The need of a further review to ensure “Value for Money”
- Wider learning points from the TfB contract for future BCC contracts with external providers.

On 13<sup>th</sup> January 2014 the report was presented to and considered by Cabinet. The Cabinet Member responded positively to all recommendations, with only recommendation 8 not agreed.

It is important to note that the current and highly focused Transformation Programme being undertaken in partnership between Ringway Jacob and BCC has been developed to integrate all of the various reviews and improvement plans and has been coalesced into 8 work streams:

- Organisation structure and HR
- Communications
- Culture
- Values and efficiency
- Customer journey
- Information flow
- Contract review
- Strategy and policy

## Summary

Appendix 1 lists the 12 recommendations from the Inquiry with responses on progress by TFB in the 8 months since the report was published.

It should be noted that in addition to the inquiry a range of work, actions and reports have supported transformation & significant change in moving the TfB service forward (Gate One, TfB Improvement Plan, Customer Journey, Audits etc.). This is wide ranging, looking at structure, functions and culture. Where appropriate they are referenced in the appendix but they will also be raised verbally by Ruth Vigor-Hedderly (Cabinet Member for Transport) and other Officers attending the committee. A new TfB structure chart will be available

## Conclusions

Following this report and presentations it is apparent that significant progress has been achieved with the service change and on the 12 recommendations. However, the positive

start to the TfB journey must continue, ensuring the benefits the committee, the Council and the residents of Buckinghamshire expect are met.

To that end it is proposed that a further update on the overall “Gate One” recommendations and subsequent “Transformation” project is provided in 12 months. This will not only ensure improvements continue within TfB, but also the learning / lessons from externalising a service are shared across the council.

## Appendix 1

### Recommendation 1:

The committee request to receive updates on the implementation of the following recent/current reviews around TfB operation and perception:

- 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 (para 11-20).

### Response

To a great extent this has now been overtaken by a more radical transformation of the service following the Gate One report. However key aspects from the Improvement Plan, have been built into the change programme. The majority of original Improvement plan targets have now been achieved with others replaced by more testing change.

The significant amount of work already achieved has been recognised within the “Gate One” report. The pace of change over the last 6 months has been considerable with a number of activities progressing, including but not limited to:

- a) New Area based way of working – currently rolled out in the 2 southern depots and to be launched shortly in Griffin Lane, this incorporates new management arrangements for LAT’s;
- b) New organisational structure introduced for TfB top tier with further work underway to refine the structure at lower, more operational levels;
- c) Gate One review completed and new improvement based temporary governance arrangements in place to oversee and drive improvements through;
- d) New client structure and staffing established and developing as part of Future Shape roll out;
- e) New web-based reporting interface for public developed and to be launched imminently.

### Recommendation 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 (para 21-30).

### **Response**

A 4 year plan was presented to the Strategic Board in March 2104, with the intention to revise and roll this forward in parallel with the counties MTP budget planning which is just underway for next year.

Linked to this has been joint working to prepare a long term investment programme currently planned to go to LAG and Cabinet in very near future.

Improvements in planning have meant for example that work on next year's roads and footways programme is commencing imminently to ensure that subject to final agreements the current large scale capital investment will commence much earlier in the year than previously to add to certainty of delivery and to provide confidence of delivery for any potentially expanded programmes in future.

### **Recommendation 3:**

We recommend that all future KPI's evolve to place greater emphasis on long-term outcomes 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 (para 31-39).

### **Response**

Two Member / Officer Workshops were held earlier in the year. The progress has been consumed by the Gate One review. Current KPI's will continue through 2014 / 15 to ensure appropriate control / challenges of the contract. The new KPI's will fully reflect the transformed business and be implemented in 15 / 16.

Initial work was developed on reviewing and refining the KPI's through workshops, including Members, earlier this year, and is now being concluded so that they can be shadowed in the remainder of this year for introduction in 2015.

It is planned that these will be available by the end of September and can be shared with the committee at that time.

It is intended that the KPI's will be closely aligned with the new area based way of working as part of the Transformation Programme

#### **Recommendation 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 (para31-39).

#### **Response**

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.

The 13/14 KPI's and close out of the year is still not completed but the KPI's and other elements are the subject to robust challenge and review prior to sign off. Client capacity has recently been enhanced to allow this to take place.

As part of the Transformation Programme commercial review links between performance and reward are being examined with particular focus on the extension concerns.

#### **Recommendation 5:**

We recommend that the Cabinet Member for Planning and Transport retains a Member-led system for road maintenance but: Reviews the definition of Member-led currently used in the context of prioritising road maintenance to allow for greater flexibility in the approach and, Examines the proportion of budget allocated between local member priorities, and countywide strategic management approach. We request that the Cabinet Member commission a report on this topic, referencing national practice, and further options for road maintenance prioritising (para 40-44).

#### **Response**

The Cabinet Member 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 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.

As part of developing a potentially bigger investment programme for highways infrastructure consideration is being given to the best way for Members to interact and assist in ensuring that local concerns are properly taken into account in determining what works should be

done, this will be underpinned by an asset led approach as promoted by central government such that the high quality technical surveys of the classified network can be utilised to help guide scheme selection. On unclassified roads though Members provide a powerful insight into problems and the best solutions, aided by technical staff.

### **Recommendation 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 (para 45-54).

### **Response**

The Cabinet Member for Transport accepts the principle of increasing member representation on the Strategic Board to two. This change took place from the March 2014 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 the service provider and client.

Member representation has been strengthened with both Cabinet Members for Transport and Planning plus the Deputy Cabinet Member for Transport included on the Strategic Board.

### **Recommendation 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 (para 55-59).

### **Response**

As part of the Gate One Review new organisational structures and resourcing of both the Service Provider and Client side of the Alliance are being progressed. Interim arrangements to strengthen the client have been put in place pending “Future Shape” restructuring.

The Client structure is now:

Head of Client – Mike Freestone (Interim) – dealing with overall contract relations and improvements

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

This will continue to develop and permanent appointments made as part of the Future Shape structure.

#### **Recommendation 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 (para. 60-65).

#### **Response**

The issue of contract extensions and how they are managed form part of the current review. In January 2014 Cabinet did not agree this recommendation.

The Cabinet Member recognised 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) 6 (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.

The Transformation workstreams incorporates a review of elements of the contract governance including extensions and is the subject of commercial discussions.

### **Recommendation 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 (para 66-69).

### **Response**

The principle of annual benchmarking activity is accepted. Discussions have taken place between Client Officers and Ringway Jacobs on more use of benchmarking in the contract. This is being actively pursued as part of the Transformation process and draft documents are being produced.

This vital work area has recently restarted and Ringway Jacobs, with the client team, are now developing robust benchmarking systems and proposals that are promising but need to develop and broaden their scope, currently main focus is around comparison with other RJ operations and needs to take a more outward look. This forms part of the Value and Efficiency workstream.

### **Recommendation 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 (para70).

### **Response**

The Cabinet Member for Transport would welcome such a review which will add to the "Gate One" work aimed at improving the contract and is currently in progress. This will take place as part of Transformation. 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:

- 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.
- Ringway Jacobs have been informed of the likelihood of this Value for Money review.

A Value for Money review has not yet been undertaken although an externally led forensic audit of the payment process has been completed recently and is currently being considered for any follow up action. This has not shown though any major areas of concern.

Value for Money is important and is a significant part of work currently being developed with RJ as part of the Transformations Programme.

#### **Recommendation 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 (para 71-72).

#### **Response**

We currently apply the 3% contractual efficiency savings. 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 efficiency savings). Through this process significant improvements have been achieved over the life of the contract, in both cashable and non-cashable savings. Further discussions will take place on this aspect as part of the Transformation process.

The contract requires a 3% annual efficiency saving, this is being reviewed as a contractual mechanism to seek a more refined way of delivering innovation and efficiency within the Transformation Programme.

In the first 4 years (2009-2013) RJ have produced a report that shows savings and efficiencies of the order of £18.9m, on a turnover of £120m via various routes, including operational efficiencies and staffing reductions.

#### **Recommendation 12:**

We recommend that all learning points from the TfB arrangement to date are used to inform future operation of the Council as it moves to become a commissioning/contracting organisation, in particular: 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 (para 73-74).

#### **Response**

Gate One have highlighted issues on how the business is structured and operated. The learning achieved from this 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.