



HMEP Strategic Review

Hampshire County Council

January and March 2015

Report

Introduction

Hampshire County Council (HCC) invited a team of peers to help explore its options in developing a new contract. There has already been a significant amount of consideration, including a preferred model being accepted by members. The Strategic Review took place over two and a half days: one in January 2015, and one and a half in March 2015 as opposed to the three day visit with a further action planning day which is the standard approach. This is the report from the two days taken together.

The team was:

Paul Crick	Kent County Council
Mark Kemp	Oxfordshire County Council (not on site on day 2)
James Bailey	Staffordshire County Council
Cllr Mac McGuire	Cambridgeshire County Council (not on site on Day 1)
Becca Singh	Local Government Association (Challenge Manager)

The Strategic Review is part of the Highways Maintenance Efficiency Programme (HMEP) offer to support sector-led improvement where we have been invited in as supportive and critical friends. Our feedback is based on what we have read, heard and seen and our experience which is inevitably a snap shot from the two visits

The team met with a variety of HCC staff, including frontline focus groups at two depots. Feedback was given (written and verbal) at the end of both days, with the feedback from day 1, helping to shape the plans for the second day.

We have attempted to answer the three questions you asked:

1. Can the team give some assurance on decisions already made?
2. Is Highways heading in the right direction?
3. Has anything been missed?

The team have also offered examples of notable or useful practice from other areas of the country where HCC could learn from.

Detailed feedback:

1. Assurance on decisions already made

- Good story – HCC were able to demonstrate a clear direction with good member engagement.
- Good programme and timescales. HCC has afforded suitable time to building up to the new contract period testing the market, exploring the appetite for different models (both within HCC and in the market). It has started early in order to give plenty of time to test different options and involve as many people as possible. Everything is well evidenced; there has been rigour with good criteria ensuring HCC has considered all options. There is a good audit trail demonstrating this.
- Comprehensive engagement – This been particularly with managers and councillors, including cross party member involvement and senior member support. Members have been engaged through the Select Committee process, as well as task and finish groups on individual elements of the process. There is a good relationship between officers and members. There has been active engagement with the parish councils, recognising that they can (and do) play a role in highways maintenance moving forwards.

- Staff engagement - There is a good platform with staff; staff want to be involved, true involvement in the new contract. They are very capable and able and will add a lot of value to the process in a positive and open-minded way. Keen to feed in learning from the existing contract and a genuine desire to make things even better. Now may be the right time to ramp up staff engagement to ensure that they own the outcome. For example, you could establish groups working on different parts of the contract, identifying what is needed and how it will work on the ground. Involve staff to help to change the culture to get advocates of change to bring the biggest doubters on board. Build momentum and don't lose it; staff expectations are high around being involved fully; not embracing this significantly increases the risk of disappointment, lack of engagement and "buy in" and ultimately frustration in delivery. Consider backfilling frontline staff role in depots to be involved in the new contract in order to enable dedicated and genuine input. Involve staff in developing those options. You have a platform with staff now to introduce new more efficient management and working arrangements in advance of new contract to ensure the council maximises its benefit from the changes. Use the remaining time wisely. The next 12-18 months is key for staff culture change. Take them on the journey.
- Use staff performance management positively, understanding of wider skill set of behaviours and competencies: The County-wide 'Valuing Performance' programme includes Champions in the depots; this is really important in making it real and valuable to all staff.
- Evolution not revolution – There is a recognition that HCC can't jump too far in one go. Culture change takes time to develop and embed and HCC is working well along this journey. Ensure that HCC is realistic with the time this takes.
- Budgetary constraints – HCC already recognises that revenue budgets are decreasing for the foreseeable future and the capital programme will need to support the on-going relationship. The effect that this may have is being taken into account with exploring future options.
- Collaborations with the public sector - Consider the breadth of what's included. There is a lot of synergy across different councils and other public sector organisations, such as contact centres, fleets, tree management, FM, parks and open spaces. There may be additional savings and benefits to be found by working with other public sector organisations as well as Parish Councils. Lengthsman is an example of how the council have been able to engage with some parishes but not yet with all. Ensure learning across parish boundaries. Build on good relationships. Where there are agency agreements with Districts, how much flexibility is there if you want to take money out of that service?

2. **Is Highways moving in the right direction?**

- Asset Management is moving forward well. There may be potential savings to be made in further developing a risk-based approach to service levels e.g. Northamptonshire CC defect response times.
- Comms – there is a good platform with the Directors' blogs and confidence in internal Comms. The Comms department know what they want to achieve but needs to be delivered with pace. There is recognition of the need to redesign and transform services to give better customer service (Southampton/BB have some

good practice to consider) and this will have a knock on effect of saving money. However, Comms, particularly external Comms, also needs to be about managing expectations (ADEPT/Ringway demand management pilots e.g. Devon, Staffordshire, Essex and Buckinghamshire). Promotion of Highways is good, but it is important that Comms are used in a more sophisticated way to help change behaviours and perceptions with the public and elected members in order to minimise the dependency culture and help people to help themselves and each other. Intelligent Comms can be part of the solution. This includes individual elements such as the IBM / Amey / HCC App.

- Clear vision for highways – the strong, good, recognised leadership team is clear that they need something flexible with the right culture of partnership. They recognise the potential for the contract to be used wider, maybe helping to increase value by spreading HTC establishment/overhead costs across larger capital schemes too.
- Strength - two year budget cycle and re-investing savings that are delivered early
- Consider how the future HTC and existing strong in-house capability could be used to do more for third parties, helping to achieve corporate aims and generate new income.
- Term Highways Contractors should be able to demonstrate to HCC the value of also being the preferred provider for other Capital works.

3. **Has anything been missed?**

Areas to consider:

- Collaborations across HCC. Clarify what is HCC's main purpose. Establish and build relationships with other HCC departments, including Public Health, adults and children's services. Link with other departments, and allow scope for critical friend challenge from outside the department. How can Highways help engage with other HCC departments and help to deliver their outcomes? Think 'whole-systems-approach' to achieving outcomes (Staffordshire CC); consider the social value of your procurement strategy and how this can link to HCC's main purpose and corporate outcomes. What do you want to be delivered up front? For example, tackling NEETs, apprenticeships, reducing long-term unemployment, using a low emission fleet, providing a living wage etc. The next step along this thread would be to incentivise, reward and empower the provider with the responsibility for achievement of these corporate outcomes, for example Staffordshire County Council Infrastructure+ contract.
- Engagement with business community as another stakeholder. HCC is in two LEPs – Enterprise M3 and Solent. There is a clear understanding of the need for a good transport network, with an excellent highways asset in order for businesses to be attracted to the area, and to remain. Significantly, the LEPs recognise the importance of well-maintained network in delivering economic growth and the perception of Hampshire as a place. This helps to ensure that funding is not solely put into new schemes, but also into maintaining existing infrastructure. LEPs and HCC are recognising wider commercial opportunities / income, e.g. red carpet for inward investment (section 278 etc.). Considerations about collaborations with

other highway authorities and other LEPs are being explored. Flexibility is seen as the key to the new contract, and getting the right level of flexibility within the framework agreements.

- Managing the contract - Identify the critical success factors to create the culture that you want to enable innovation. Decide to how monitor and evaluate these, e.g. through performance management, governance structures or payment mechanisms. Focus on achieving the outcomes rather than specifying inputs and process. Consider how performance indicators in new contract can help to achieve corporate outcomes. Use benchmarked performance to recognise good practice. Work with the provider to decide how to measure the outcomes you want. The choice of provider is essential, needing the right culture, with responsiveness, flexibility, and innovation. There is the potential for the new contract to deliver capital schemes beyond traditional Highways Maintenance. Ensure that you build a Strategic partnership relationship with new contractor, and work with them to solve some of the ambiguities in play. Building flexibility into a long-term contract is important in being able to respond to changing economic and political unknowns in the future. Build in resilience and emergency planning into the new contract

Conclusions

- The team were able to see the transition between the two on-site days with the development of a clear way forward and how to get there. This indicates a confidence HCC's ability to progress the work in future and achieve the outcome it wants within the timescales.
- Staff are ready, skilled and keen to be involved and influence how the contract will be set up and identify the outcomes it should achieve.
- Comms around changing behaviours (e.g. travel patterns) and perceptions (e.g. around pothole maintenance) needs to be further developed. Part of the role of Comms is to manage demand and expectations. Use different communication channels to target different people and communities (localities strategies).
- Demonstrate the clarity of purpose for HCC and linkage of HTC to wider HCC objectives (linking to adults and children's as well as economic development and regeneration). This will help to explain the need to be flexible going forward.
- Make sure that you start making the savings now (take fat out) so that HCC benefits from them and doesn't just provide easy wins for the contractor.
- It is important to recognise de-mobilisation and mobilisation even if it's the same provider. This has been acknowledged; HCC needs to be prepared for this.
- Be comfortable with the ambiguity. Don't try to solve it all on your own. Identify the right provider to work with then create the right operating environment that enables and empowers the provider to maximise their contribution to HCC outcomes. Be aware that initially this might require HCC taking a 'market development' role to help move the sector and potential providers forward from a culture/expectation of simple transactional arrangements.