

Full Business Case Explorer v4.2.2

Preliminary & Tentative – For Discussion Purposes Only
Not for Distribution

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Current Service Characteristics

Drivers for Change

- **The service has evolved, rather than being periodically redesigned / re-tuned.**
 - The service has developed over time, adjusting to meet the changing demands.
- **The service is fragmented.**
 - Previously a multi-Divisional model with service duplication across the Divisions.
 - Each Division and each Area has implemented variations of core processes.
 - The management approach has been to allow each operational entity a degree of “free reign” in developing and resourcing key business functions.
- **Limited cost, resource and performance management.**
 - Whilst there is an abundance of data, there is inadequate information regarding baseline and transactional costs, efficiency, capacity, resilience and effectiveness.
 - The term “Agility” has been used to mask shortfalls in efficiency and resource controls.
- **Contractor interfaces and management requires improvement.**
 - The contracted provider “job shares” with LCC, with poor task demarcation thereby undermining accountability.
 - The contractor has to apply different standards and procedures for each Area.
 - The contractors interviewed both reported lower than expected efficiency relative to other contracts.

Introduction & Project Objectives

- **The Lincolnshire Highways 2020 programme has been designed to:**
 - Reduce / offset the overall cost of the service.
 - Operating costs.
 - Contractor costs.
 - Introduce fees for certain advisory services with a single beneficiary.
 - Improve operational efficiency.
 - Establish clear roles and responsibilities.
 - Reduce role / function duplication.
 - Reduce overheads.
 - Improve and reduce the interfaces between the commissioners and providers.
 - Sustain or improve operational effectiveness.
 - At a lower cost.
 - Improve stakeholder satisfaction.
 - Especially focusing on the public, asset users and communities.
 - Implement key policy objectives.
- **The scale of financial benefits is anticipated as being between £3.4M and £5.1M per annum (subject to further qualification).**



Introduction & Project Objectives

(Continued...)

- **The performance of the highways service with regard to asset maintenance and network management will be either sustained or improved.**
 - The future bias of the service will switch from “agility” to “efficiency and economy”.
- **The development of the FBC has extended the scope beyond the OBC.**
 - The extended scope includes creating a simpler District-orientated structure for field operations; superseding Divisions and Areas.
 - Expands on the originally-identified areas for commissioning.
 - Considers the redeployment and management of AMTs.
- **The programme encompasses a number of current initiatives.**
 - Including core functional improvements with Programming and Asset Management.
- **Service users will experience a more consistent service across the county.**
 - Processes, systems and approaches will become uniform across the Districts.
- **The Lincolnshire Highways 2020 project will be implemented during 2016**
 - Some elements of the project are currently being implemented.
 - The majority of the cashable business benefits will be realised in 2016.



Policies & Strategic Drivers

Parameters for Lincolnshire Highways 2020

- **Reduce the cost to serve.**
 - Implement “Self Service” via web portals where possible.
 - Redirect telephone enquiries, reports and complaints to the web portal.
 - Use the telephone contact centre to resolve 90% of enquiries.
 - Reset expectations regarding feedback and responses.
- **Implement self-funded and traded services, wherever possible.**
 - For technical enquiries and consultancy with a single-beneficiary.
 - Implement the permitting and QA service as self-funding functions
- **Simplify the operating structures and improve efficiency.**
 - Reduce duplication, increase specialisation, uniform processes.
- **Implement a comprehensive commissioning framework.**
 - Ensure a formal commissioning approach is implemented.
 - Embed comprehensive value for money assurance.
- **“Affordability, Economy and Efficiency” supersedes “Agility”.**
 - Tight operational control, tight fiscal control, sustained effectiveness.

Assumptions, Prerequisites & Enablers

- **A simpler, leaner structure will replace the current operating model.**
 - A 7-District orientation will supersede the 2 Divisions and 10 Areas.
- **The future approach requires functional and processes discipline and co-ordination.**
 - The current approach is distributed, inconsistent and reactive.
 - Each person will have clearly defined roles and responsibilities.
- **The asset plan for the entire county will be the only plan.**
 - District Managers' will liaise with local politicians to agree the district-level priorities.
- **90% of enquiries will serviced by either the web portal or the contact centre.**
 - Too many enquiries are processed by highways engineers.
- **AMT activities will be programmed and GPS tracked by the services hub.**
 - AMTs may be moved to hot spots across the county.
 - An AMT sweep approach is being considered (following the Surrey model).
- **Non value-added activities will cease or be charged.**
 - Highways engineers will provide a visible field-based service.
- **Works will be properly commissioned.**
 - Work will no longer be shared with the contractor (i.e. works orders preparation).

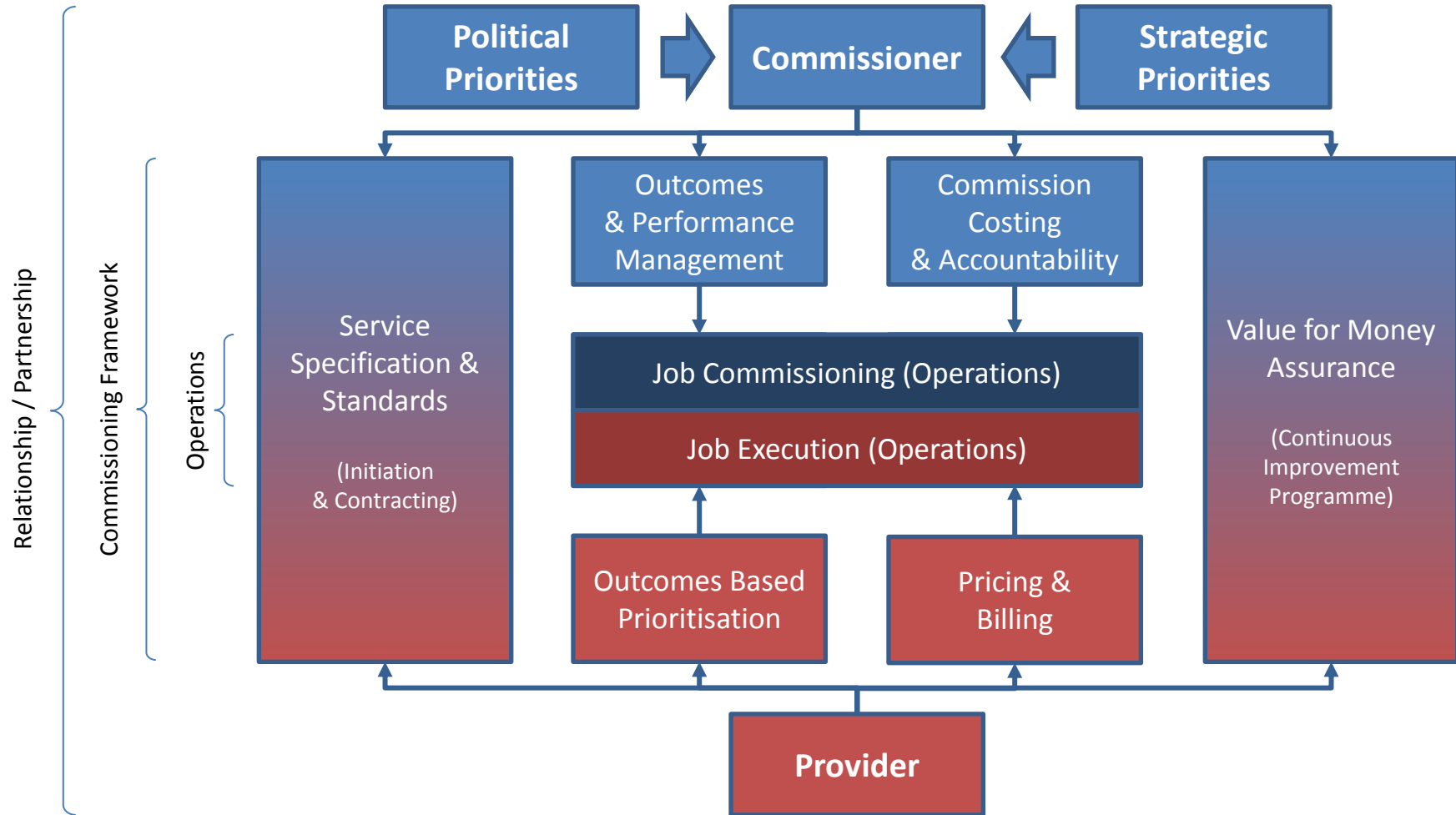
Commissioning Framework

Approach & Objectives

- The future highways service will adopt a commissioning approach.
- The internal structures have been modified to reflect a clear commissioner / provider roles.
- Provider roles may be commissioned to internal or external providers based on the best value option.
- The provider roles will be abstracted using a commissioning framework to enable each discrete function to be benchmarked and value for money assured.
- The current broad set of complex operational KPIs will be superseded by straightforward Value for Money indicators for each function:
 - Economy, Efficiency, Effectiveness, Strategic Value, Stakeholder Value
- The performance of each commission will be reviewed periodically to identify key areas for improvement or, where there is continuous underperformance, alternative providers.
- The role of commissioners will be to ensure that the optimum mix of VfM is achieved and sustained.

Commissioning Framework

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Strategic Alignment & Contribution

| ID | Strategic Driver (Highways) | Priority | Alignment | Contribution | Confidence |
|----|--|----------|-----------|--------------|-------------|
| 1 | Ensure Service Continuity | Critical | High | High | Medium-High |
| 2 | Affordable Services | Critical | High | High | High |
| 3 | Attract Inward Investment & Economic Stimulation ^{*1} | High | Medium | Medium-High | Medium |
| 4 | Value for Money Assurance ^{*2} | High | High | High | High |
| 5 | Politically Agile & Responsive ^{*3} | High | Medium | Medium | High |
| 6 | Ensure Network Availability | High | High | Medium-High | Medium-High |
| 7 | Tangible Service Improvements | Medium | High | High | High |

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***1:** There is little evidence to support the premise that effective highways maintenance leads to increased highways investment. However, where highways authorities are able to demonstrate (a) value for money in services delivery and (b) services are managed as commissions [community – political – service], the service will attract additional DfT funding. This case may be further enhanced if combined with devolution initiatives.

***2:** Value for Money Assurance is a fundamental component of the proposed Commissioning Framework and applies to all future functions.

***3:** The Future Operating Model introduces new disciplines restricting the degree of agility in favour of services efficiency and affordability. The Commissioning Framework enables politicians to set the political priorities for both the asset and the service but reduces the opportunity for day-to-day works prioritisation.



Aggregated Business Benefits (Headline)

Subject to Qualification & Quantification

- **Reduce headcount.**
 - Class: Reduce Costs, Longevity: >5 Years, Realisation: Within 12 months
- **Reduce additional fixed costs.**
 - Class: Reduce Costs, Longevity: >5 Years, Realisation: Within 12 Months
 - Reduce period retainers (by 20%). Reduce contracted AMTs (by 2).
- **Increase operational efficiency.**
 - Class: Increase Efficiency, Longevity: >5 Years, Realisation: Within 18 months
 - Reduce duplication. Reduce enquiry handling. Reduce works preparation. Reduce job scheduling / management errors. Introduce uniform processes and processes compliance. Improve contractor performance (TBQ). Create county-wide AMT services.
- **Increase service performance.**
 - Class: Increase Effectiveness, Longevity: > 5 Years, Realisation: Within 12 months
 - Reduce JV cost escalation (from 17% to 5%). Improve asset resilience services (winter maintenance and flood management services, create county-wide 24 hour emergency response service. Improve contract management and contract performance. Increase accountability and resources utilisation. Greater flexibility and scalability for future services (including future commissions), removing current constraints.
- **Improve public awareness and confidence.**
 - Class: Social Benefit, Longevity > 5 Years, Realisation: Within 12 months
 - Improve notifications and public information. Providing greater immediacy in responses (self-serve web applications). Setting public expectations to improve services satisfaction.

Aggregated Dis-Benefits (Headline)

- **Costs will be accrued largely up-front and during a short period.**
 - Class: Affordability, Longevity: 3 Months, Mitigation: Provider support
 - Cost of implementation includes redundancies, new processes, new systems, variances to contracts, staff re-locations, new office space provisions, programme design and management.
- **Reduced customer satisfaction.**
 - Class: Public Perception & Support, Longevity: Between 6 and 18 months: Mitigation: Improvements in contact centre enquiry and complaint management.
 - Reducing direct contact between Highways Officers and the public may lead to dissatisfaction with the service. Will require a formal public expectations management initiative.
- **Reduced regional capability.**
 - Class: Capability & Capacity, Longevity: > 5 Years, Mitigation: Provider support + Improvements in contact centre enquiry and complaint management.
 - Reduced regional resources may mean a service that is “out of touch” with local needs. Reduced resources may not be able to cope with emergent demands and challenges. Will require variable cost resources to meet unplanned demands.

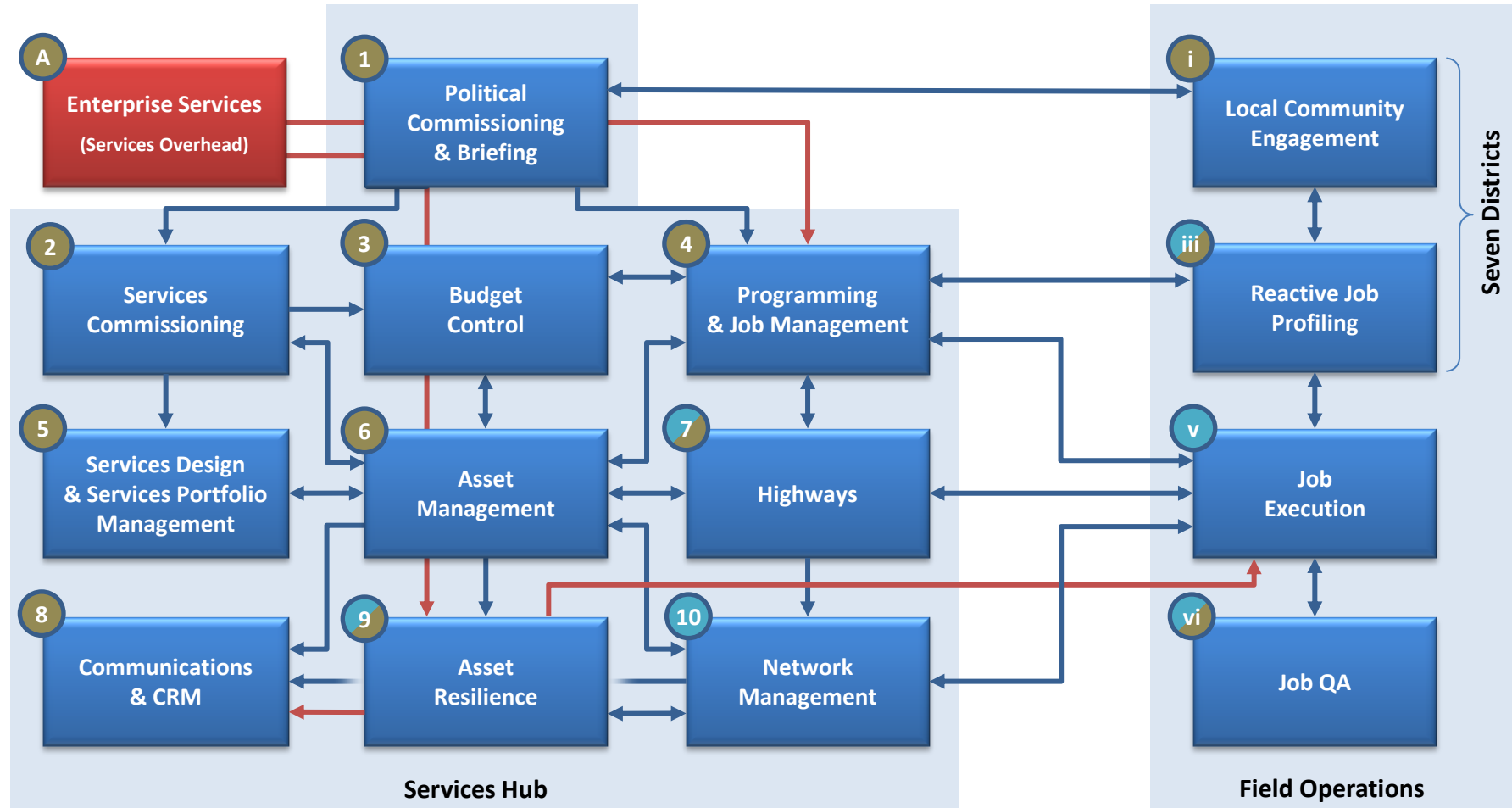
Risk Mitigation

- **Engaging a dedicated change management team.**
 - Includes a multi-disciplined team: Change Management, Highways (Subject Matter Experts), Commissioning
 - Change team from highways will transfer / share roles for the duration of the assignment.
- **Timescales.**
 - The timescales will be determined by the change plan and phased to realise the primary cashable business benefits early post-implementation.
 - Current timescales (indication only) suggest an August / September delivery point.
- **Complexity (Scale, Novelty, Diversity, Interdependencies, Volatility)**
 - The project is acknowledged as being complex and requiring thoughtful design and management.
 - A phased approach will enable the implementation to be managed as co-dependent modules, rather than a single “big bang”.
- **Retreat options.**
 - The project, once committed will not be reversed.

Lincolnshire 2020: Future Operating Model

Consolidation of Analysis To-Date (Model v19c)

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α In-House Capability
 α Commissionable (JV) Capability



Future Functional Objectives

- **New structure reflects a political District orientation.**
 - This supersedes Areas and Divisions.
 - The districts are unequal in size, network and population.
 - The future model needs to recognise the differences in workload.
 - A more flexible approach will be taken regarding District resource allocation.
 - Recognising the potential variability of demand over time.
- **Simplify and clarifying the roles of Districts' teams.**
 - Focus on value added tasks.
- **Adopt universal processes and interfaces.**
- **Adopt uniform information and performance management frameworks.**
- **Improve contractor management.**
 - Enable contractor-side benefits to be realised.
- **Enables the implementation of the commissioning-based approach.**

