



## Transportation Select Committee

# SURREY HIGHWAYS PARTNERSHIP PROGRESS REVIEW 8 JULY 2004

This report sets out the findings of the “12 month review” of the Surrey Highways Partnership contract and proposes an Improvement Action Plan.

### KEY ISSUE

To report on progress made in the introduction of the Surrey Highways Partnership contracts (SHiP), formerly known as MAMOTH, at the end of the first year of operation.

### SUMMARY

The introduction of the SHiP contract followed an internal Best Value Review and involved a significant change in the County Council’s contractual arrangements and associated cultural issues for the delivery of the highway maintenance functions.

Although there are a number of issues still to be resolved, we have seen significant improvement during the first year, whilst the contract arrangements have been bedding down. The original contract strategy, which addresses the requirement of the Members’ Best Value Review, appears to be fundamentally sound.

In the coming year a focus on better project management and increasing cost effective works management should lead to improved value for money and more reliable programme information. We will strive to identify and address all areas where improvement is possible but in particular will address the items contained in the Improvement Action Plan.

In addition we have seen a number of examples of good practice within the contract and these will be built upon to provide a good basis for ongoing year on year continuous improvement.

## **INTRODUCTION**

- 1 The Surrey Highways Partnership (SHiP) came into operation on 28 April 2003 to replace a number of disparate contracts which had previously operated in various parts of the County.
- 2 The contract strategy was devised in order to meet the recommendations of the Members Best Value Review of Managing and Maintaining the Highway Network and follows modern industry best practice as recommended in the nationally acclaimed Latham and Egan reports.
- 3 It is an innovative contract based on partnering which seeks to move away from and improve on more traditional, adversarial contract arrangements. This has involved a significant cultural change within both organisations; the contractors and the County Council.
- 4 In view of the very significant changes in service provision and culture of the contract it was essential to undertake a review of experiences to date and reflect on both those areas where improvement is required and those where good practice has been identified and should be built upon. This report has been prepared at the end of the first year of operation to identify those areas, to provide information in respect of elements of the contract which have generated most questions and to set out a proposed Improvement Action Plan.

## **BACKGROUND**

- 5 The Contract Strategy was developed and the contract tendering process pursued under the guidance of a cross party Member Task Group of the Environment and Economy Select Committee commissioned by the Executive Transportation Portfolio holder and a cross service officer group including Finance, Legal, Procurement and Transportation representatives.
- 6 Development of the contract was carried out with input from external Legal and Engineering Consultants and the tender processes were overseen by County Audit.
- 7 There are two SHIP contracts, one covering the West - Spelthorne, Surrey Heath, Waverley, Runnymede, Guildford, Woking awarded to Ringway Highway Services and the other the East – Elmbridge, Epsom & Ewell, Mole Valley, Reigate & Banstead, Tandridge. which was awarded to Carillion. Both constructors are well recognised internationally and nationally in the construction industry. Each contract is of four years minimum duration with potential for annual extensions up to 10 years based on good performance as measured by the Contract Key Performance Indicators (KPIs). The contracts are based on a partnership ethos with co-location of contractor and client staff wherever possible. The contracts were let following an exhaustive tendering and evaluation process involving the “Negotiated procedure route” under European Tendering Procedures and an evaluation model developed with Price Waterhouse Cooper in a previous contract.

## **CONTRACT CONTROL**

- 8 Day to day operation of the contract is managed by a small team of County Council staff, the Contract Performance and Management Team, headed by a Contracts Manager and co-located with the constructors in each of the two contracts’ main depot locations, Merrow and Godstone. This team works closely with

representatives of the Local Transportation Service (LTS) offices who are also closely involved in contract management, especially works programming.

- 9 Overall monitoring of the Contract is carried out by the “Client Representative” a County Council officer currently the Group Manager (Contract and Performance Management).
- 10 In addition a Contract Review Team (CRT) has been set up to act independently of contract line management to audit processes, procedures and costs with a view to increasing value for money. A summary of the main operational, financial and process areas investigated to date by the CRT are included for reference at **ANNEXE A**. This team was set up on a time limited basis, but given the value it has delivered, its continued existence is currently under consideration.
- 11 The contract is also subject to audit by Surrey Audit and in addition it is proposed to commission an independent cost Engineer to carry out a cost audit later this year. Further information on this process will be given orally to the Select Committee.

## **CONTRACT COSTS**

- 12 One of the main comments on the contract has been the increase in contract costs. However there is no doubt that works costs would be expected to have increased over previous contracts and for the following reasons.
  - Higher quality scheme work. We are achieving higher quality works, particularly on highway maintenance, which will have greater life expectancy, reduced ongoing maintenance requirement and better value for money on a whole life costing basis.
  - Previous contract prices were unsustainable. In many cases the prices contained within the previous contract were below the actual cost to the contractor. As a result the contractor sometimes refused to undertake schemes containing particularly lowly priced items and it was necessary to pay a supplement to the base price. The constructor was often found to cut corners in an attempt to make up for the lack of profit. Furthermore some of the contract prices to which the SHIP has been compared are term contracts at 2001 prices fixed for two years and therefore inappropriate for direct comparison. It should also be remembered that the County Council paid a one off lump sum to the previous contractor in the final year of that contract.
  - Normal industry inflation. Traditional contracts have had price fluctuation clauses and one might expect the previous contracts to have had annual increases of 8% to 10%, higher for some items.
  - Increased Traffic Management provision. Both constructors have highlighted the need for more extensive traffic management arrangements in line with Health and Safety requirements. This has been identified as a significant additional cost particularly in cyclic schedules such as gully emptying and grass cutting. The constructors have invested heavily in vehicles, equipment and have trained personnel to the latest nationally recognised standards in order to provide this service. The cost effectiveness of various methods of applying this essential safety provision are currently being reviewed.

- Improved Health and Safety provision. Through training and enhanced procedures we have achieved industry leading standards in terms of lack of injury or accident.
  - Additional functions. Some management and operational activities previously undertaken by the client have passed to the constructor enabling the client to refocus on customer care. These include safety inspections, some works management operations and some elements related to design functions, CDM and Planning Supervisor role. Under previous arrangements the costs of these activities would have been met from other budgets and not as part of the constructors overhead. The cost of these activities accounts for some 2% to 3% of overhead.
- 13 It should also be remembered that the original Tender evaluation was carried out on a quality and price basis and that the prices quoted in competition by all tenderers demonstrate that those of the two successful tenderers were both keen and competitive within the industry.
- 14 Previous contracts have been based on schedules of rates. These include prices for individual elements of work which the contractor quotes having included allowances for overheads, profit and risk contingencies. These contingencies are not identifiable to the client and would be payable whether or not the risk materialised. A pricing strategy is also usually applied with “loss leaders” hiding other very profitable rates applicable to activities which the constructor hopes will be called for later in the contract.
- 15 The SHiP contracts are based on actual cost principles with overheads paid as a fixed cost and subject to agreement. This means that we have transparency in costs and are able to challenge any that seem unreasonable or change by way of circumstances. Furthermore we have assessed risk and which party is best able to manage it so that the County Council does not pay for risks which do not occur, or which are best managed by itself.
- 16 For accounting purposes, whilst the overhead is a fixed cost, a percentage is added to the actual costs on site which, based on the anticipated turnover, will recover the fixed sum over the course of the year. The contractors profit is a very small element of this percentage figure.
- 17 The contract overheads percentage is agreed annually and, despite additional supervisory staff having been agreed for the coming year, there will be a significant net reduction overall this year as a result of an increase in turnover, through more accurate identification of contract costs undertaken during the first year and by centrally funding of inspections.
- 18 The CRT in particular continues to review costs and processes to ensure efficiency and effectiveness and to provide clear and auditable procedures for year two and beyond. This work will also assist Surrey Audit Service when they scrutinise contract issues in September 2004.
- 19 Further cost analysis is being carried out by comparing outturn figures to previous contract costs and by some market testing with other contracts. This is a complex exercise because of the different pricing mechanisms but preliminary results are summarised in **ANNEXE B**. They show a wide range of results from 19% less for “surfacing” works to 24% more for “drainage” bases activities. When factored for the normal amount of work undertaken of each activity in a year, eg 18% to 20% of the

contract is surfacing based and only about 4% is drainage based, the overall costs of the contract are thought to be between 3% and 10% more than the previous “unsustainable” contracts.

- 20 Market testing within Surrey of sub-contractors and the constructors own in-house providers is increasing and benchmarking information is being sought in order to compare costs against those in other South East counties. This latter exercise is influenced by the fact that the open market cost of labour in Surrey has been found to be between 8% and 18.6% higher when compared to a selection of nearby counties. However some comparison of outturn costs from Surrey schemes has been made with a number of competitively tendered, similar work in an adjacent County and the results of this show the Surrey figures to be marginally (.5%) less than those in the other County.

### **KPIs**

- 21 Whilst the contract contains a number of key performance indicators which have associated financial penalties and contract extension ramifications, these were not applicable during the first year of the contract in recognition of the large scale changes which were taking place and the need to complete the bedding in process before performance can be fairly measured.
- 22 Nevertheless some initial shadow monitoring of several of the indicators was undertaken in the latter part of the year to establish the recording mechanisms in preparation for their going live in year 2.
- 23 Indicators measured included customer satisfaction, programme completion, emergency response, health and safety and winter maintenance operations. Preliminary information on these indicators will be tabled at the meeting of the Select Committee.

### **FINANCIAL AND COST INFORMATION**

- 24 Works are generally ordered through the County Council's CONFIRM computer system. The constructors operate job management and costing systems, OTS and COINS. Difficulty was initially experienced with the software linking these systems such that for the first few months, whilst overall cost levels were known, it was not possible to allocate costs against County Council budget codes. This process has been refined and improved in recent months with costs now available in the same timeframe as for traditional contracts. However this did cause considerable problems during the first nine months of the contract with reduced financial control. It is hoped to improve on this with “hot costing” systems which provide information on a fortnightly or even weekly basis, albeit necessarily based on some accrual items, and all parties are currently working to produce this information in an accurate and timely fashion.
- 25 A working group comprising representatives of the LTS, CPT and Constructor is currently looking at ways of streamlining the invoice checking and payment procedures to enable more time for input from the local offices.

### **PROJECT MANAGEMENT**

- 26 A comprehensive project plan is fundamental to effective project management and the supply of reliable information on project timings and anticipated costs to all staff, Members and the public. This is especially true with Integrated Transport Schemes

(ITS) where many of the projects are very complex involving a range of client and constructor inputs across a number of disciplines.

- 27 Project programming has improved greatly during the year and the benefits are already being evidenced through increasing numbers of schemes being completed within the predicted timeframes.
- 28 This has involved an increased focus by the Constructor and LTS staff on an 'end date' programme containing both client and constructor milestone dates. This awareness and responsiveness will also assist co-ordination of works with the statutory undertakers and facilitate the functions of the newly appointed Traffic Manager for Surrey who will ultimately be responsible for minimising traffic delays and disruption within the County.
- 29 Considerable difficulties have been experienced with the distribution and sharing of programming information between the Constructors and County Staff because the Constructors are not yet permitted to use the County's IT system and file sizes are such that other methods of information exchange for example via e-mail are cumbersome. This issue is being addressed by an ICT/Communications working group who are seeking to facilitate better information transfer through a County Council network.
- 30 Ultimately all customers, internal and external, expect programme reliability and this is what SHiP is working towards. To facilitate this Local Transportation Directors (LTDs) are tasked with identifying schemes ahead of the financial year in which they are to be actioned so that they can be comprehensively programmed with regard to resources, other priorities and key programme milestones in terms of construction, committee, design and traffic order dates etc.
- 31 In conjunction with improved programming we are seeking to increase the level of project management exercised throughout the various phases of a scheme. To this end the role of the LTS office as scheme initiators or sponsors has been clarified so that those engineers who have carried out feasibility studies and passed on the detailed design to the constructors are aware of their responsibility to ensure that the ongoing client functions of issuing orders, preparing timely committee reports and traffic orders, further public consultation and statutory undertakers instructions etc are completed to programme.
- 32 Better project management will also facilitate more accurate estimating of outturn costs. **ANNEXE C** contains summary comparisons of estimate to outturn costs. It can be seen that estimates produced following detailed design are increasingly closer to the outturn and it is necessary for County staff to ensure that initial, feasibility estimates, reported to Members are updated as the project progresses.

## IT

- 33 IT and communications have been identified throughout the Partnership as significant issues for attention. Processes identified during the initial tendering of SHiP previously were not able to be introduced because of County IT security requirements and difficulties with some commercial software suppliers.
- 34 Interim measures have been put in place which are working reasonably satisfactorily and CICT are working to identify business needs and bring together the full spectrum of work in Transportation, integrated with the new requirements of SAP, C21B and general delivery of services electronically.

- 35 In addition changing central Government finance requirements in the form of Resource Accounting and Budgeting, is intended to lead to better measurement of costs and assets. Asset management is therefore being developed that requires IT software to manage data generated by the Constructors. This work, together with the detailed process maps which record the numerous specific functions is very complex but has now begun to be developed.

## **DEFECT IDENTIFICATIONS**

- 36 Safety inspections of the highway are undertaken by the Constructor on behalf of the County Council and the Constructors share the County Council's risk if we fail to meet our statutory obligations.
- 37 The single most significant operational issue during the first few months of the contract was that more defects were identified than could be dealt with at current levels of budget.
- 38 This situation was exacerbated by the success of Transportation's work to make it easier for the public to report defects through the website and Contact Centre, which resulted in a significant increase in the number of defects being reported by the public. In one six month period during the year a 300% increase in reports was identified over the previous year.
- 39 As a consequence, in order to maintain safety and protect the County Council against insurance claims it was necessary to concentrate on reactive works albeit these works are not cost effective. Funding was achieved by deferring some planned minor maintenance schemes. The structural "Major" maintenance and ITS programmes remained unaffected.
- 40 Additional resources supplied by the Constructors (49% additional gangs during the first few months) enabled us to complete much of the backlog of work, some of which was left over from the previous contracts. This backlog of reactive work is beginning to diminish such that more pro-active works can be actioned.
- 41 A new National Code of Practice for Highway Maintenance has been published and we are revising our inspection frequencies and intervention level specifications to accord with the new Code. This will involve further training of inspectors and revisions to the inspection regimes, however it will put the County Council in a good position for robust defence of any third party claim received.
- 42 We have also clarified the respective roles of the Constructors Highway Inspectors and the Clients Highway Stewards so that reports and repairs are handled more efficiently.

## **QUALITY OF WORK**

- 43 It has generally been noted and accepted that during the first year of SHiP the quality of workmanship has improved on maintenance and to a lesser extent ITS scheme work undertaken in the County. However there is still much scope for improvement particularly in the reactive elements of the contract such as grass cutting.
- 44 The thrust now is to bring routine "jobbing" maintenance up to similar standards. Because of the requirement to be highly responsive and to attend and make safe reported defects within specific timeframes in order to protect the County Council

from claims, temporary repairs are often carried out which have very limited life especially when weather conditions are not compatible with the necessary materials used. The Partnership is working towards completing permanent repairs “first visit” wherever possible and better works programming which will enable the use of more cost effective plant and materials. It is recognised that as a priority the constructor and County Council staff need to increase the level of supervision of routine and cyclic work to achieve improvements in both quality and productivity.

## ACHIEVEMENTS

- 45 Despite the difficulties experienced during the initial phases of the contract there is no doubt that good progress was made in achieving operational status with, for example, 80 emergencies dealt with on day one, 96% of the structural maintenance programme completed (compared to 88% pre SHiP) and over 45,000 individual job orders completed during the first year including:-

12077	Emergency call outs
120	Structural Maintenance schemes designed
141	Structural Maintenance schemes constructed
108	ITS schemes constructed
18	Other schemes designed
81	Other schemes constructed
135,700	gullies cleansed
23,584,472	m <sup>2</sup> grass cut
11,036	km weedkilling
542	Winter maintenance callouts
0	No. of reportable accidents
100	% of staff receiving H & S training

- 46 Significant improvements have been carried out within the depots to meet new Health and Safety and environment agency requirements, thereby protecting the County Council from prosecution.
- 47 Surrey also received much praise for its winter maintenance response this season which saw Surrey’s roads maintained for safe passage whilst those of adjacent Counties were in some cases unpassable.
- 48 The quality of scheme work has improved which will lead to longevity of surface life with less disruption to traffic flows in the future as a result of maintenance requirements.
- 49 The quality of vehicles, and County Council image, has improved and continues to do so.
- 50 Emergency response procedures have worked well and targets for response times are being met or exceeded.
- 51 Innovation and sustainability forums have been set up to drive forward improvements. This is already being evidenced through improved recycling facilities with every depot increasingly equipped to segregate and re-use materials. For example 7000 tonnes of spoil and 1000 tonnes of foambase has been crushed ready for use resulting in a saving of landfill tax tipping charges as well as reducing future construction costs and gully waste is recycled by extraction of pollutants and water and the soil then recycled.



- 52 Trackers have been installed on gully emptiers and other vehicles with Global Positioning used to monitor productivity and provide inventory data.
- 53 All staff have undergone enhanced Health and Safety training and processes have been put in place resulting in an accident free environment which is significantly better than national industry standards.

## **CUSTOMER SATISFACTION SURVEYS**

- 54 Customer satisfaction surveys have been carried out covering Quality of Work, Performance of Constructor and Quality of Scheme Information. This was done by way of questionnaires and doorstep surveys at randomly selected scheme sites. The results are contained in **ANNEXE D**. In summary 99% of responses in the East were satisfactory to excellent and 94% in west.

## **RESPONSIVENESS**

- 55 The constructors are responding to emergency reports extremely quickly and achieving between 89% (West) and 98% (East) response rates within 24 hours. However because of the concentration on engineering priorities the processes involved in the contract have not given due regard to the requirements of the LTS and Members where these are not technical or safety priorities but are nevertheless priority issues for local communities.
- 56 To combat this, “Community Gangs” are being introduced progressively over the next few months. These teams will have work programmes set by the LTS after consultation with local Members and local community groups eg Parish Councils, Chambers of Commerce or Residents’ Associations etc. They will work to set patterns so that reliability, predictability and visibility are achieved. The exact pattern of work and consultation arrangements will vary from Borough to Borough depending on circumstance and Local Committee requirements.
- 57 LTS staff will monitor quality and productivity levels achieved by these gangs. Community gangs are seen as a key opportunity to provide local response and their effectiveness will be fully reviewed after 6 months of operation.
- 58 The Constructors provide “whereabout” sheets detailing the anticipated location of gang activity for the day and “beenabout” sheets detailing where works have been completed. The flow of these sheets has not been as reliable as is necessary to enable the LTS and other County Council groups to provide good information both internally and to the public. This is being addressed.

## **EXPECTATIONS**

- 59 It is clear, with hindsight, that we and our constructors underestimated the time required to achieve the contractual and cultural changes necessary to delivery the potential of the contract.
- 60 We have recently had meetings with several external practitioners who have previous experience in successful partnering contracts to discuss the progress we have made against our objectives, the issues we have identified and how we are addressing them. The organisations consulted include Costain Civil Engineering, who have had several beacon partnering projects, Thames Water who operate a successful partnering arrangement, CWC the Collaborative Working Consultancy, a division of

the Building Research Establishment involved in government sponsored and private consultancy work in the field and the 4Ps organisation.

- 61 In all cases the feedback we have received is that we should not have expected the Contract to settle down during the first year and that real benefits will only start to come through from the middle of year 2 onwards. Further, the issues we have identified are commonly occurring in other leading contracts nationally and our strategies for dealing with them are recognised as the appropriate way to move forward.

#### **IMPROVEMENT ACTION PLAN**

- 62 Much has been achieved, but many improvements are still required. Consequently an Improvement Action Plan has been developed from the work undertaken by the Contract Review Team and this is shown in draft as **ANNEXE E**. It is proposed that progress against this plan will be reported to this Committee at the end of the coming year and will accompany progress by the Constructors against the project KPIs.

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## LIST OF “TOPICS” EXAMINED IN REVIEWING SHIP

1	Constructor’s Team Structure	39	Incentivisation
2	Programme Management	40	Delegation Arrangements
3	Design Process	41	Web Site Review Team
4	Traffic Management	42	Mori Poll Review Group
5	Insurance	43	Gang Operation
6	HR (TUPE)	44	Customer Care Review
7	QMS	45	SAP/Confirm Interface
8	Environmental Maintenance	46	Core Group Operation
9	Materials Testing/Coring	47	Strategic Alliance Operation
10	Vehicular Crossovers	48	Inventory Management
11	Drainage, Gully Cleaning and Inventory	49	Materials Supply Chain
12	Contact Centres	50	Street Lighting Liaison
13	IT/Communications Improvements	51	Winter Maintenance
14	Aids to Movement Resources	52	Improved Work Processes
15	Health and Safety Provision	53	Improved Project Management
16	Training	54	Improved Forward Planning
17	Contract Rates	55	IT Use and Improvements
18	Whereabouts Sheets	56	Team Info. & Work Practices
19	A & E’s	57	Data Standardisation
20	Surface Dressing	58	Improved Internal Comms.
21	Workmanship Quality	59	Improved Use of Confirm
22	Safety Inspections	60	Define Roles/Responsibilities
23	Major Maintenance Procedures	61	Building a Performance Mgt Culture
24	Design Procedures	62	Ensure Operational Effectiveness
25	Sub-Contractor Working Arrangements	63	Improved SHiP Contact Centre
26	Structures Works	64	Improved Works Ordering on Confirm
27	Developed Target Costs	65	Simplified Ordering/Invoicing processes
28	Sustainability Issues	66	Improved Programming Liaison
29	Innovation Forums	67	Use Electronic Site Assessment Forms
30	Contract Documents	68	Develop Completion Certificate Process
31	Damage to County Property	69	Develop Monthly ShiP Newsletter
32	Risk Register	70	Process MAP all Issues
33	Finance & Budget Monitoring	71	Info on working Party Initiatives
34	Asset/Data Management	72	Drainage Investigation Process
35	Identification of Working Groups	73	CPT Structure
36	Gully Emptying	74	Recycling Materials
37	Mismanaged Jobs	75	Vehicle Crossovers
38	Liquidated damages	76	Weed Control

**COST COMPARISONS**

Summary comparisons of ShiP costs against previous Highways Maintenance Contract (HMC), E17 and E9 costs for base prices and inflation updated prices.

**Surfacing (Approximately 20% of contract)**

	<b>Normal Working</b>	<b>Sunday Working</b>	<b>Night Work</b>
Base figure	8% less	13% more	7% more
Inflation updated	17% less	4% more	2% less
Client function removed	19% less	2% more	4% less

**Integrated Transport Schemes (ITS)**

	<b>Scheme Type 1</b>	<b>Scheme Type 2</b>	<b>Scheme Type 3</b>	<b>Average</b>
Base	8% more	32% more	5% more	15% more
Inflation adjusted	2% less	20% more	7% less	4% more
Client function removed	4% less	18% more	9% less	2% more

**Surface Dressing**

Variations across the County. Average 0.5% less than previous HMC.

**Drainage Schemes**

Variations across the County. Average 24% higher.

**Daywork**

Breakdown cost to constructor under HMC for labour, adjusted for inflation £9.66 per hour. Equivalent ShiP cost calculated at £10.23 ie 6% higher.

**OUTTURN COSTS COMPARED TO ESTIMATED COST****Integrated Transport Schemes**

(estimate based on feasibility stage)

Outturn less than estimate	25%
Outturn equal to	40%
Outturn greater than	35%

(estimate based on detailed design)

Outturn equal to estimate	75%
Outturn greater than estimate	25%

(all estimates)

East

Outturn less than estimate	12.5%
Outturn equal to	57.5%
Outturn greater than	30%

West

Outturn less than estimate	22%
Outturn equal to	50%
Outturn greater than	39%

**Structural Maintenance Schemes**

East Contract (based on detailed design)

Outturn less than estimate	19%
Outturn equal to estimate	37%
Outturn greater than estimate	44%

West Contract (some feasibility stage and some detailed design)

Outturn less than estimate	20%
Outturn equal to estimate	45%
Outturn greater than estimate	35%

Countywide average based on a 100 scheme sample

Outturn less than estimate	31%
Outturn equal to estimate	33%
Outturn greater than estimate	36%

It should be noted that approximately 65% of those schemes where the outturn was above or below the estimate were subject to variation orders during construction.

**CUSTOMER SATISFACTION RESULTS**

Satisfaction surveys results below were obtained from the following sites:

**East**

West Hill, Epsom & Ewell  
 Salfords Way, Reigate & Banstead  
 High Street, Merstham, Reigate & Banstead  
 Nutfield Road  
 A217 Brighton Road  
 Middle Street  
 Woodhurst Lane, Tandridge  
 Lower Road, Mole Valley  
 Kennel Lane, Mole Valley  
 Church Road, Mole Valley  
 Hollow Lane, Mole Valley  
 Avondale Avenue, Elmbridge  
 Queens Road, Elmbridge

**West**

High Street, Spelthorne  
 Halliford Road, Spelthorne  
 Shepperton Road, Spelthorne  
 Petworth Road, Waverley  
 Goose Rye Road, Woking  
 Stroude Road, Waverley  
 Crooksbury Road, Waverley  
 Portsmouth Road, Waverley

**Summary Results for the East were:**

	<b>Excellent</b> %	<b>Good</b> %	<b>Satisfactory</b> %	<b>Unsatisfactory</b> %	<b>Poor</b> %
Quality of Work	49	42	7	1	0
Performance of Constructor	41	50	8	0	1
Scheme Information*	23	64	11	2	0
Average Overall	38	52	9	1	0

\* Covers scheme information supplied by Constructors and LTS offices.

**Summary Results for the West were:**

	<b>Excellent</b> %	<b>Good</b> %	<b>Satisfactory</b> %	<b>Unsatisfactory</b> %	<b>Poor</b> %
Quality of Work	44	36	15	0	0
Performance of Constructor	45	28	18	3	1
Scheme Information*	25	36	21	6	7
Average Overall	40	35	19	3	3

\* Covers scheme information supplied by Constructors and LTS offices.

## SHIP IMPROVEMENT ACTION PLAN – 2004/2005

## ANNEXE E

No	ACTION PLAN ITEM AND DESCRIPTION	MEASURE OF SUCCESS	RESPONSIBLE OFFICER	BY WHEN
1	Client representative to review and approve contract overheads in advance of year of application.	Timely information for contract management and information purposes will provide predictability of cost early in each financial year.	Client Representative	1 April 2006
2	Review Traffic Management arrangements in both contract areas to ensure SCC is not paying for excessive over-provision.	Appropriate standards of provision should be developed and agreed to minimise costs.	CRT/ Contract Managers	1 April 2005
3	Review and update process maps and procedures to record SHiP arrangements and also inform QMS/IMS development.	Informed process management will reduce duplication and improve efficiency for all Partners while facilitating future BSi audits.	CRT / QA Manager	1 April 2005
4	Prepare 'like for like' contract works and management cost comparisons so that benchmarking and market testing can be carried out.	This financial information will permit informed discussion on future cost increases and financial control.	CRT	October 2004
5	Develop and extend 'Target Costing', or any developed alternative.	Predictability of cost and project duration. Increasingly competitive pricing.	CRT / Contract Managers	1 September 2004
6	Fully investigate Risk Management to ensure it is jointly managed and responsibility is allocated to the party best able to control it.	Risk is attributed and accounted for financially so that there is predictability of cost.	CRT / Client Representative	1 December 2004
7	SCC to establish 'Benchmarking' and 'Networking' arrangements to compare and contrast SHiP outputs with other authorities.	Improved efficiency and effectiveness based on best practice.	Client Representative	April 2005
8	SCC to audit, monitor and record the commitment of both Constructors to supervise 100% of their work (direct and sub-contract).	Improved quality and right first time works.	CPT	Immediate
9	Identified KPI's monitoring contract performance to be collected and collated to demonstrate Best Value is being achieved.	Contractor's can be compared and contract extensions considered based on objective information.	CPT	Immediate
10	Partners to jointly identify and develop training programmes to increase contract awareness and management skills through SHiP.	More efficient and effective use of Partner resources.	All	1 November 2004
11	CRT information and investigation results to be made available to Surrey Audit Services (due September 2004).	Efficient transfer of review information will facilitate the internal audit process.	CRT / SAS	1 September 2004

## SHIP IMPROVEMENT ACTION PLAN – 2004/2005

## ANNEXE E

No	ACTION PLAN ITEM AND DESCRIPTION	MEASURE OF SUCCESS	RESPONSIBLE OFFICER	BY WHEN
12	MS Project version control to be resolved as a priority.	More efficient and effective use of Partner resources.	Client Representative	1 September 2004
13	Shared data store facility to be progressed.	More efficient and effective use of Partner resources.	CRT/ICT	1 September 2004
14	'Collaboration' software to be investigated fully.	More efficient and effective use of Partner resources.	CRT/ICT	1 September 2004
15	Shared telephony to be established.	More efficient and effective use of Partner resources.	CRT/ICT	1 September 2004
16	Identify, co-ordinate and process map SHiP functions to ensure C21B, SAP etc. interfaces are properly addressed.	More efficient and effective use of Partner resources.	Client Representative	To C21 SAP prog.
17	Continue to monitor and improve on the initial work done regarding contract 'beenabouts' and 'whereabouts'.	More efficient and effective use of Partner resources.	Contracts Manager	1 September 2004
18	Develop 'easy use' procedural guides wherever possible and appropriate.	More efficient and effective use of Partner resources.	CRT/QAM	As processes are developed
19	Prepare, update and manage a comprehensive schedule of SHiP processes through the identified and agreed QMS/IMS systems.	More efficient and effective use of Partner resources.	All/Client Representative	As processes are developed
20	Review and revise the Contract Term Briefs to make them 'realistic' in terms of anticipated allocations.	Contractor compliance within allocation.	CRT	1 April 2005
21	Seek to minimise the number of meetings and their duration within SHiP but simultaneously improve the quality of information provided through those that remain.	More efficient and effective use of Partner resources.	All/Client Representative	Ongoing
22	Identify and manage the introduction of short-term improvements in IT/communications including 'roaming profiles' for appropriate Partnership employees, a shared data store and shared telephony.	More efficient and effective use of Partner resources.	CRT / ICT	1 September 2004



## SHiP IMPROVEMENT ACTION PLAN – 2004/2005

## ANNEXE E

No	ACTION PLAN ITEM AND DESCRIPTION	MEASURE OF SUCCESS	RESPONSIBLE OFFICER	BY WHEN
23	Establish a management structure to oversee and co-ordinate I.T. proposals in Transportation and SHiP in the medium to long term.	More efficient and effective use of Partner resources.	CRT / ICT	1 September 2004
24	Identify and record all outstanding operational and financial processes that influence SHiP and may also require I.T. systems support.	To develop robust processes that will ensure the most effective and efficient management systems to improve I.T. and communications within the Partnership and provide an auditable basis for future internal and external QAM inspections.	CPT	1 April 2005
25	Establish appropriate I.T. links between corporate I.T. systems, Asset Management in Surrey and SHiP.	More efficient and effective use of Partner resources.	CRT	1 September 2004/ 1 December 2004
26	Jointly review the revised Safety Inspection standards after three months of operation.	More efficient and effective use of contract resources that should avoid overspends.	Client Representative	1 November 2004
27	Review the ability of both Constructors existing structures to respond to the revised Safety Inspection standards and regime.	Minimise overhead costs.	Client Representative	1 November 2004
28	Review on a monthly basis SHiP Partners management of the budgets allocated to each cost heading and scheme.	To ensure a full and managed spend of the allocations within the revenue profiles and approved scheme programmes.	Client Representative	Immediate
29	Consider and develop alternative forms of budget allocation for specific works in the third year of SHiP.	More efficient and effective use of contract resources.	CRT / Client Representative	1 November 2004
30	Undertake a minimum 10% audit of all types of work on site to ensure quality and 'right first time' standards are achieved, maintained and recorded.	Continually improving construction standards and quality recognised by our stakeholders.	CPT	Immediate
31	Ensure 100% supervision of all types of work is achieved by both Constructors.	Continually improving construction standards and quality recognised by our stakeholders.	CPT	Immediate
32	Customer feedback and satisfaction surveys to be expanded as indicators of public satisfaction of SHiP work and management.	Continually improving construction standards and quality recognised by our stakeholders.	CPT	Immediate
33	All Parties to positively promote and market SHiP.	Increased awareness and understanding of SHiP objectives and contract.	CPT / Constructors	Immediate

## SHiP IMPROVEMENT ACTION PLAN – 2004/2005

## ANNEXE E

No	ACTION PLAN ITEM AND DESCRIPTION	MEASURE OF SUCCESS	RESPONSIBLE OFFICER	BY WHEN
34	Publish KPI and other performance data quarterly.	Wider understanding of successes in ShiP	Client Representative	Quarterly starting July 2004
35	Fully deploy community gangs where approved by local committees.	More response to local priorities	Contract Managers/LTDs	July 2004
36	Operative performance recognition system to be introduced.	Better quality work/higher productivity.	Client Representative	April 2005
37	Review supervision and inspection processes to ensure correct level of client involvement.	Optimise decision making.	Client Representative	April 2005
38	Review the operation of community gangs to ensure objectives achieved.		Client Representative/ Contracts Managers	December 2004