



Environment & Transport Select Committee
September 2014

Surrey Highways – Project Horizon Year 1 Review

Purpose of the report:

To provide Committee Members with overview of first year delivery of Project Horizon and update on Year 2 programme.

SUMMARY OF ISSUE:

1. In April 2013 Surrey Highways commenced a five year programme to target the worst condition roads in the county, with a plan to resurface 500KM of road (10% of total road network) that had been identified as requiring major maintenance.
2. Successful delivery of the programme is measured against five criteria:
 - Programme Delivery
 - Design & Programme Control
 - Public Communications Strategy
 - Construction Quality & Site Management
 - Budget Management & Cost Savings
3. Year 1 Review, confirms SCC has met or exceeded its overall targets, with specific achievements in programme delivery and construction quality. Delivering over £4.4m savings and 130KM of road resurfaced by 31st March 2014.
4. However, the review also identifies improvements required for Programme Control and Communications Strategy and these will be implemented (where possible) as part of year 2 delivery.
5. Section Two provides details performance against each criterion, measured against three assessments:

Fully Effective	Targets Achieved or Exceeded
Developing	Targets Partially Met – Action Plan in place to deliver improvements
Unsatisfactory	Targets not Met – Management Review in progress

DETAIL: HORIZON PERFORMANCE DETAIL

CRITERIAN ONE: PROGRAMME DELIVERY

6. In Year One Project Horizon exceeded its target of resurfacing 120Km by successfully replacing 130KM of tarmac across the county, see breakdown by area below:

	Y1 KM Actual	Y2 KM Forecast	Y3 - 5	Total KM
Elmbridge	12	10.5	22.5	45
Epsom	0.5	10.5	19	30
Mole Valley	23	17	25	65
Guildford	15	17	53	85
R&B	12	21	37	70
Runnymede	0	7.5	25.5	33
Surrey Heath	2.5	4.5	38	45
Spelthorne	1	7.5	26.5	35
Tandridge	43	14	13	70
Waverley	13	11.5	65.5	90
Woking	8	10.5	17.5	36
Total	130	130		604
Target	120	120	342.5	

7. Year One focussed on resurfacing the county's strategic network thus ensuring that primary routes were free from disruption and congestion. This has resulted in major improvements to the following roads:
- A281 (Guildford to Horsham) – 5KM resurfaced
 - A25 (Redhill to Reigate) – 2.7KM resurfaced
 - B228 (Kent to Surrey) – 5KM resurfaced
 - B2130 (Godalming) – 5KM resurfaced
 - A3100 (Guildford to Waverley) – 4KM resurfaced

8. See Annex One (Year One Delivered Schemes) for breakdown by area of all 130KM resurfaced between August 2013 and March 2014.
9. The Horizon programme has delivered the expected consistency of machine resource, with four machine crews working full time Monday to Friday, and a fifth crew working nights from September to March. This has supported programme delivery improving consistency and relationships.
10. Over 90% of the year 1 schemes committed to Local Committees were delivered as promised, with the remainder only delayed due to clashes with utility or third party developers and have re-programmed for year 2.
11. The programme has therefore achieved the overall planned outputs of programme and has been **Fully Effective** in achieving SCC goals.

CRITERIAN TWO: DESIGN & PROGRAMME CONTROL

12. In the context of Project Horizon, design and programme control is defined as being able to confirm the **Planned Start Date** three months in advance of the **Actual Start Date** and any changes between the Planned and Actual Date fully controlled and communicated by the Programme Manager.
13. There are five key factors required to enable the *Planned Start Date* to be achieved three months in advance of *Actual Date*:

Activity	Description	Outcome	Duration
1. Coring Investigation	A road sample of approximately 100mm depth is excavated by a Coring Rig and tested by Highway Laboratory to confirm underlying materials and road issues	Materials Test Report	1 month
2. Scheme Design	Using Material Test Report Design Team determines material solution for carriageway to design 10 year life for road	Scheme Design Brief	2 – 4 Weeks
3. Scheme Risk Assessment	Scheme reviewed with local highway office and stakeholders (e.g. local schools, business, members etc) to identify any specific dates or issues that would impact construction	Scheme Risk Assessment	2 – 4 Weeks
4. Utilities Consultation	Scheme issued to utility company to identify any potential clashes that would delay scheme. Under legislation utilities companies must have 12 weeks to consider clashes	Utilities Approval	3 month
5. Resource Allocation	Scheme is then allocated to specific Works Gang to construct Scheme Design Brief and scheme duration confirmed	Resource Allocation	1 month
Total duration			6 month

14. Following the completion of the six month design process, a minimum of 3 months should then be allowed between the Planned Date an Actual Date, this is to allow effective public communication regarding scheme. A scheme should therefore be in planning for 9 months prior to actual construction.
15. However, in Year 1 the Planned Start was not confirmed until 2 weeks prior to

Actual Date, (rather than 12 weeks) thus preventing any best practice public communication. Following performance review, the following factors prevented the Planned Date being achieved:

- **Delayed Project Approval** – due to the county council election Project Horizon was not approved until August 2013. This delay meant year 1 programme was reduced from 12 to 9 months. As a result Planned Start Date could not be achieved without deferring overall programme
- **Coring Resource** – available Coring Rig resource was limited (in time available) to delivering 70 schemes, however, programme required 120 schemes, thus overall coring programme was delayed
- **Public Consultation** – it was identified that risk assessment did not fully assess third party developments, thus some schemes had to be changed at last minute due to unforeseen clashes with new planned private developments. Equally there was also an issue with Development Companies not providing accurate start dates, resulting in constant last minute changes
- **Utilities Consultation** – under legalisation utilities have 12 weeks to review and consider highway scheme for clashes. However, utility companies continually waited until the last possible minute (i.e. week 12) to even consider scheme. Thus almost all schemes had 11 weeks on inactivity followed by rushed meetings.

16. As a consequence of the above, schemes were designed late, and in a large number of cases residents only had 2-4 weeks of advance notice of scheme, rather than the expected 12 weeks. This area has therefore been scored as **Developing**.

17. However, a number of specific management actions and the natural consequence of project being fully approved 12 months in advance, should significantly mitigate issues in Year 2, these include:

- In Y2 scheme design process commenced in December rather than August, i.e. 9 months earlier
- Increased available time enables coring resource to be more effectively planned
- Proactive consultation, design team now proactively reviews local planning schedules
- The programme team has also being expanded to mitigate project risk

18. While for Year 3 further action is being explored to improve joint working with utility companies to encourage them to review project information in month 1 rather than month 3, thus removing enforced inactivity

CRITERIAN THREE: PUBLIC COMMUNICATIONS STRATEGY

19. The principal aim of the Horizons Communications Strategy is to

- Provide members of the public and local stakeholders 12 weeks' notice of planned work. This allows residents and business to plan in advance and reduce disruption during construction

- Enable local stakeholders to contact Highway Authority prior to works and raise any unforeseen issues, e.g. local charity event, highways can then support event through access and additional signage etc
 - Provide support during construction/road closures, e.g. informing of diversion routes or night closures
20. However, as identified in clause 16, the delay in design sign off, prevented the enforcement of the 12 week notice period, as a result communications timescale was reduced to approximately 2 weeks and prevented a fully effective communications strategy.
21. However, a performance review of year 1 also identified a number of issues which have resulted in a number of further planned improvements:

Issue Identified	Description	Solution
Public Access to Information	The SCC Contact Centre is used as the primary contact point for all members of the public. However, Contact Centre do not always have latest scheme information and cannot always contact engineers who may be on-site or in meetings. Thus response to queries are unnecessarily delayed	New Roadwork's Desk implemented in December 13. This acts as a second line support to Contact Centre, and highway staff ensures desk has all latest available information. Status Resolved
Public Notification Letters	Letters issued to public were not user friendly and thus difficult to understand message	Public Letters re-drafted to be clear and user friendly. Status Resolved
Public Signage	Public signage is issued on the network 4 weeks prior to town centre scheme, and 2 weeks prior to local scheme. However, for local schemes 2 weeks was not always sufficient e.g. local scheme might have local art gallery	Increased discretion and risk assessment by design team to determine when signs should be issued Status In Progress for 2014
Member Information	Members are informed of planned schemes via fortnightly Member Bulletin. However, it is identified that not all members read bulletin, while information is not always accurate due to last minute changes.	New Members Portal to be created to enable real time information on planned scheme Status In Progress for 2015
Public Website	The website is outdated and is not user friendly to enable public to self service	Website to be improved as part of five year IT Road Map – Status In Progress for 2016

22. The issues above have therefore resulted in a score of **Developing** for the Communications Strategy. The primary issue has been the consequence of the delays in the Design Process (see Criteria 2) however; the additional Action Plan will drive further improvements and ensure it is Fully Effective in future years.

CRITERIAN FOUR: CONSTRUCTION QUALITY & SITE MANAGEMENT

23. Of the 148 schemes (resurfacing 133KM) only six schemes in Year 1 were deemed to have specific quality issues that resulted in re-work. A review of the

six specific schemes identified no common issues, with the issues and was generally the result of unique local circumstances, with failure volume viewed as within expected tolerances.

24. Remedial work for all six schemes was completed within 3 months of scheme completion, with majority of remedial work completed at contractor expense.
25. 96% of schemes have been delivered with a 10 year warranty from the contractors. The introduction of new road materials (e.g. Superflex) has proved successful with products operating as expected.
26. The majority of schemes were fully completed within the expected duration and there was no significant over runs or delays. The new policy (approved by Cabinet) of relocating parked cars, where necessary, has proved successful in removing significant delays.
27. Plant failure was rare with only two specific instances of plant causing delay to programme.
28. Surrey Highways have also received a large number of positive feedback and compliments from residents in relation to on-site supervision and how works have supported local community. Some examples include:
 - A road scheme prevented local elderly resident getting to supermarket, Site Supervisor arranged for local workman to take shopping list and complete shopping on her behalf.
 - Art gallery had a major exhibition during road works, site manager arranged for additional signage and a Traffic Warden to guide traffic through closed area and reach gallery.
 - Local residents were concerned about construction noise at night time on nearby scheme, following consultation, it was agreed to close road earlier (with residents parking elsewhere) which allowed noisy activities to be fully completed before midnight.
29. Site quality checks have also confirmed that sites are generally tidy at end of schemes with no spoil or rubbish left behind.
30. The continuous programme of Project Horizon has also enabled consistency in the work crews, creating an effective team that fully understands SCC processes and expectations.
31. The construction quality and site management is therefore considered **Fully Effective** with schemes meeting expected tolerances and performance targets.

CRITERIAN FIVE: BUDGET MANAGEMENT & COST SAVINGS

32. The 13/14 Horizon budget was £31.5m, with year 1 programme delivered with an actual cost of £31.7m, an overspend of £200,000 or 1% variance. The £200k was a management decision in January 2013 to allow increase work in the B3100 and was paid by an £200k under spend in the structures budget. The transfer of the £200k from structures budget enabled budget to be fully balanced at year end.
33. In Year 1, project horizon delivered £4.4m cashable saving. The savings have been audited and confirmed that prior to Horizon resurfacing programme

would have cost £36m. As agreed within the original business case, the £4.4m is ring-fenced and will be used to supplement year two programme

34. The year 1 programme delivered an 14.4% saving, against an original target of 15%, specific successes of the savings included:
- Saving £500,000 by recycling hazardous materials
 - £3,000,000 in reduced contract rates and improved gang productivity
 - £500,000 in specific scheme value engineering (e.g. reducing expensive traffic management)
35. Although the full 15% has not been realised, a review has confirmed this will primarily be due to the late start of Project Horizon reducing the opportunity of value engineering savings. 15% saving for year 2 is still considered to be achievable and will be continually monitored.
36. Budget Management & Cost Savings for the project are therefore **Fully Effective** and overall project savings are still on track to be fully realised.

CONCLUSION & SUMMARY

37. Project Horizon was launched in 2013 to resurface a minimum of 10% (480 km) of roads within a five year period, ensuring all new schemes came with a minimum 10 year warranty and saving over £15m over the life of the project.
38. The first year of the project has to date resurfaced 133km and saved over £4.4m, with 96% of schemes delivered with ten year warranty.
39. The project is an overall success, although in year 1 issues have been identified in Design Control and Public Communications, with design pressures preventing an effective 12 week communication strategy. A performance action plan has been implemented in both areas and significant improvement anticipated for year 2.

RECOMMENDATIONS

That the Select Committee notes and comments on the first year delivery of Project Horizon and the update on the Year 2 programme.

WHAT HAPPENS NEXT

40. Year 2 Horizon Report submitted to Select Committee in September 2015.

Contact Officer:

Mark Borland, Group Manager Projects & Contracts, 0208 541 7028

Annexes: Annex One: Project Horizon: Year 1 Schemes Delivered

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