

## REVIEW OF ROADS AND INFRASTRUCTURE SERVICES

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### 1.0 EXECUTIVE SUMMARY

- 1.1 In 2023 the Executive Leadership Team agreed that a full review of the Roads and Infrastructure Service should be undertaken and after a procurement exercise Consultants “PeopleToo” were appointed to undertake the review.
- 1.2 The consultants adopted a 4 Stage Change Process and they issued their finalised report to Officers at the end of April. The report represents the output from Stage 1 of the process and identifies opportunities for service improvements and delivery of savings.
- 1.3 Stage 1 of the 4 Stage Change Process is about challenging the ‘As Is’ service delivery arrangements to develop new thinking and opportunities. The next steps for management and staff are to take the findings and recommendations from Stage 1 and subject them in Stage 2 to due diligence to ensure the assumptions made align with evidenced delivery constraints.
- 1.4 This report sets out the 10 key findings from the review alongside a summary by service stream of the conclusions reached following the review work undertaken. The list of service specific recommendations are appended to this report at Appendix 1. RIS Management have considered the recommendations and have RAG rated them based on what they assess to be deliverable and also noted whether the opportunity is deliverable in the short, medium or long-term.
- 1.5 Officers are ready to move onto the next stages of the Change Process and this will require significant additional work. At the same time, given the nature of its work, RIS must continue delivering its current day-to-day services and therefore it is recommended that further external support is sought for the delivery of Stages 2, 3 and 4. The external support will provide challenge and direction to ensure that the planned change is delivered in terms of both actions and overall long term approaches to working that support effective service delivery. It is estimated that the external support could cost up to £150,000, however, this should be considered as a Spend-to-Save investment as the savings that will be delivered are anticipated to be far in excess of this.
- 1.6 It is recommended that Members of the Environment, Development and Infrastructure Committee:

- a) Note the findings and service specific recommendations at Stage 1 of the 4 Stage Change Process.
- b) Recommend to Council to approve that officers move onto Stages 2, 3 and 4 of the Review and approve up to £150,000 of funding from the Strathclyde Pension Fund Gain Earmarking set aside for Spend-to-Save or Transformation which will be used to bring in external support.
- c) Note the officers will bring a progress report to Members later this year with anticipated opportunities and savings to be identified that can feed into budget considerations for 2025-26 onwards.

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### 2.0 INTRODUCTION

- 2.1 In 2023 the Executive Leadership Team agreed that a full review of the Roads and Infrastructure Service should be undertaken and after a procurement exercise Consultants “PeopleToo” were appointed to undertake the review.

### 3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members of the Environment, Development and Infrastructure Committee:
- a) Note the findings and service specific recommendations at Stage 1 of the 4 Stage Change Process.
  - b) Recommend to Council to approve that officers move onto Stages 2, 3 and 4 of the Review and approve up to £150,000 of funding from the Strathclyde Pension Fund Gain Earmarking set aside for Spend-to-Save or Transformation which will be used to bring in external support.
  - c) Note the officers will bring a progress report to Members later this year with anticipated opportunities and savings to be identified that can feed into budget considerations for 2025-26 onwards.

### 4.0 DETAIL

#### 4.1 Background to the Review

- 4.1.1 The Roads and Infrastructure Service (RIS) delivers a huge range of services used by mainland and island communities every day. It manages Argyll and Bute’s local authority roads, bridges and marine infrastructure to enable the safe and convenient movement of people and goods across our geographically diverse area; and as part of doing this, manages the efficient use of vehicles and plant equipment. The Service has responsibility for managing open spaces, cemeteries, street cleaning, flood prevention, refuse collection and waste management in line with a changing landscape of legislation and local authority requirements. The Service also provides home-to-school transport, and supports a number of public transport routes and ferry services.

- 4.1.2 As an indication of what this means for the scale of demand on the service:

- Around 650 staff
- million bin uplifts a year
- 900 bridges, 4 ferries, 39 ports and harbours and 4% of Scotland's road network (2,300 km of adopted roads) maintained
- 10,000+ km streets swept, 32+million square metres of grass cut, and 14,000 light units maintained per year
- Around 3,000 school pupils transported to school every day
- 130 cemeteries and 1 crematorium
- Around 500 council vehicles managed
- 5 landfill sites and 98 civic amenity/bring sites run
- 57 public toilets provided
- 110+ car parks provided
- 28 electric vehicle charging points provided to date
- £40million revenue budget and £20-£30million capital budget.

4.1.3 The scale of demand on RIS, and the challenges of delivering its services in Argyll and Bute, make it difficult for staff to deliver consistently high performing services without an effective operating model matched to short and longer term challenges. This can lead to public and Councillor dissatisfaction which can be demoralizing for employees working hard to support our communities.

4.1.4 Given the points above, in 2023 the Executive Leadership Team agreed that a full review of the Roads and Infrastructure Service should be undertaken to develop an operating model and working practices that support employees in meeting service demands and so develop customer satisfaction; and to identify options for savings and/or income generation to support the Council in meeting future years budget gaps.

4.1.5 A procurement exercise was undertaken, with Consultants PeopleToo appointed to undertake the review. The Project Initiation meeting took place on 14 June 2023 which set out the scope and methodology for the Review.

4.1.6 There were 11 service streams within the scope of the Review, as noted below:

- Bereavement Services;
- Environmental Warden Service;
- Parking Services (Inc. enforcement activities);
- Marine Operations;
- Passenger Transport Services;
- Fleet Services;
- Waste Collections and Environmental Services, (Inc. grounds maintenance activities, street cleansing and the cleaning of public conveniences);
- Waste Disposal Services (Inc. the PPP Contract);
- Infrastructure Design Service;
- Road Services; and
- Customer Relations and Business Support Activities in the service.

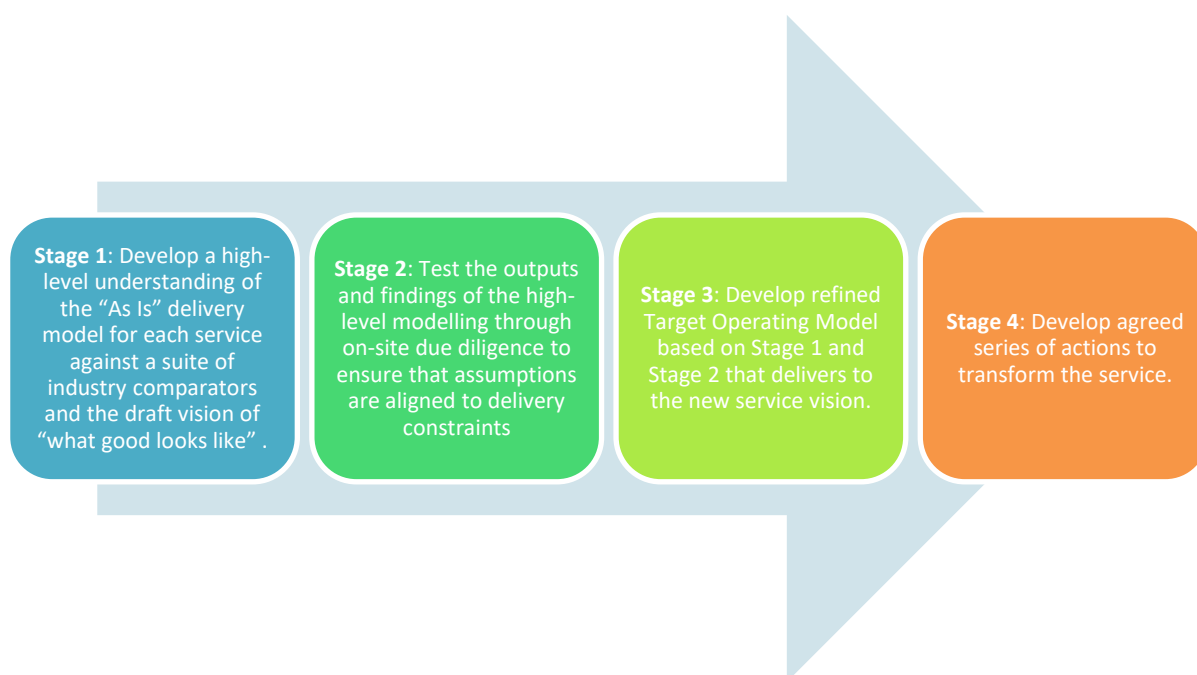
4.1.7 A RIS Review Project Board was established and this met fortnightly to monitor

progress with the review. The Board was chaired by the Executive Director Kirsty Flanagan with Vice Chair Executive Director Douglas Hendry.

## 4.2 Review Process

4.2.1 The Consultants noted that it is an ambitious commitment to transform all services delivered by RIS at the same time and to achieve this level of change it needs to be done in a four stage change process set out below to make sure that the change is well planned and deliverable.

### The 4 Stage Change Process



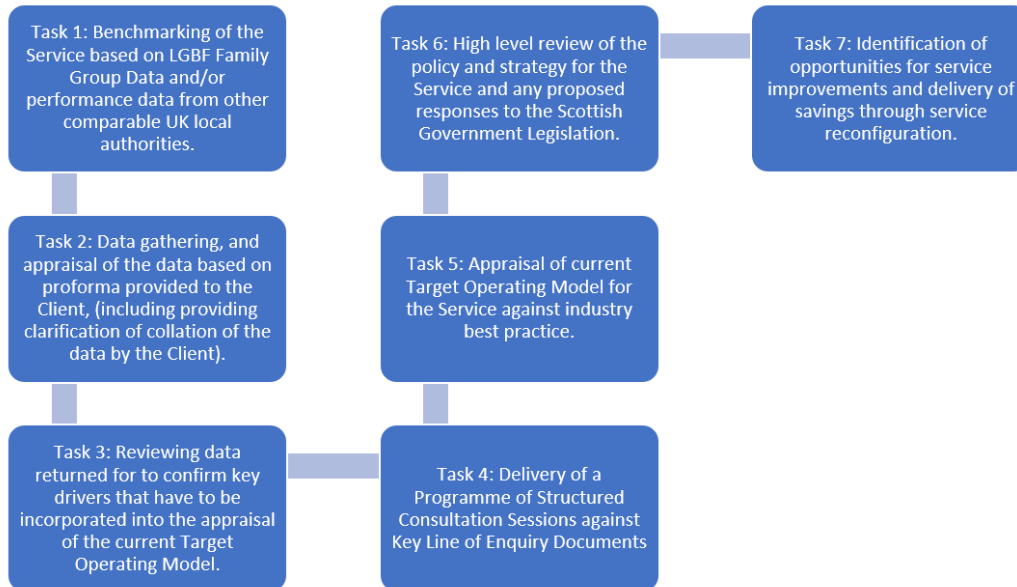
4.2.2 The starting point for the Review was for the Council to provide core data for each service that covered the following:

- The policies and strategies against which each service is delivered.
- The metrics of assets to be managed and maintained.
- The service standards to be delivered for each service.
- The resources current being deployed to manage and maintain assets.
- How the resources are currently organised, this is known as the current operating model (COM).
- The arrangements for business support and delivering customer relations.
- The costs being incurred to deliver the services (including income being achieved) to then benchmark the costs as value for money (VFM).

4.2.3 This data was then used as the basis for structured interviews with managers and technical staff in services, the business support officer in RIS, and managers from Finance and HR to test current service delivery arrangements

against the profile of what a good service should look like.

4.2.4 The diagram below outlines the agreed methodology for the appraisal and benchmarking of services:



4.2.5 It should be noted, that the data gathering element of the review was resource intensive and the timescale of the review was delayed due to the storm event in October 2023, which resulted in many staff being diverted from the review to the storm recovery work.

4.2.6 The outcome for each service stream was an opportunities statement (set of recommendations) for each service confirming opportunities for:

- Increased productivity through amended work practices and service redesign (streamlining and restructuring)
- Innovation in line with best practice
- Greater commercialisation
- Better integration of frontline services and the back office through workflow re-design and better systems integration
- Participatory budgeting
- Further development of the mixed economy if it can be evidenced to offer better VFM.

4.2.7 The Consultants issued their finalised report to Officers at the end of April. The report represents the output from **Stage 1** of the process and identifies opportunities for service improvements and delivery of savings. The review findings and the conclusions on each service stream outlined in paragraphs 4.3.1 and 4.3.2 are from the consultants' report and whilst some of the comments are difficult reading for both officers and Members, it is important to be transparent and focus on the opportunities that this review provides.

4.2.8 Stage 1 of the 4 Stage Change Process is about challenging the 'As Is' service

delivery arrangements to develop new thinking and opportunities. The next steps for management and staff are to take the findings and recommendations from Stage 1 and subject them in Stage 2 to due diligence to ensure the assumptions made align with evidenced delivery constraints.

### 4.3 Review Findings

4.3.1 There are 10 key findings from the Review, summarised below:-

1. There is no complete, or agreed, data sets for each service against which the services are then managed.
2. Some services areas performing well against comparators – marine operations, passenger transport and infrastructure design.
3. Some service areas not performing as well as they could be against comparators – fleet services, environmental services, and road services.
4. The organisation design for Roads and Infrastructure Services requires refocus to provide clarity on roles and responsibilities.
5. There is a lack of clarity on the IT system architecture in Roads and Infrastructure Services, in conjunction poor adoption/role on existing systems resulting in manual processes and poor management information.
6. There is a lack of customer centricity enshrined within all service delivery arrangements.
7. There is no comprehensive performance framework with a suite of KPI's for each service, raising concerns whether current performance data be trusted.
8. There is no clear strategic direction for all services supported by key policies and processes, agreed operating models leading to inefficient operational practices.
9. There are significant areas of value leakage through duplicated functions, confusing operating models, and no structured evaluation and learning.
10. There are opportunities for productivity gains and greater commercialisation to deliver savings.

4.3.2 Outlined below is a summary by service stream of the conclusions reached following the review work undertaken.

**Bereavement Services:** The current service delivery arrangements have been benchmarked as tightly managed in relation to costs with there being an opportunity for greater commercialisation through re-introducing the lunch time cremation slot, developing secondary income streams, developing the

woodland burial offer and requiring funeral directors to pay in advance for services by credit card.

**Environmental Warden Service:** Priorities for the service need to be re-set based on actual service requests received to reflect the reduced resources. This should be in conjunction with the development of a new policy for the investigation and prosecution of fly tipping. When the opportunity arises through a vacancy a warden post should be created to specifically serve MAKI.

**Parking Service:** There is a need to develop a Council wide approach to the development and approval of TRO's based on the model adopted in Oban to better manage traffic flow and parking across Argyll and Bute. Amenity Wardens need to be freed up from cash collection duties to allow deployment on parking enforcement in Luss, Arrochar, Inveraray and Campbeltown, followed by further locations.

**Marine Operations:** The current service delivery arrangements have been benchmarked as VFM and decreasing costs will involve developing a new operating model for piers and harbours including harmonisation of terms and conditions of service; and through greater commercialisation including revision of fees and charges for the ferry service and the insourcing of concessionary arrangement for pontoons.

**Passenger Transport:** The current service delivery arrangements have been benchmarked as VFM and decreasing costs will not be achieved through outsourcing because the local market of providers is low but by reducing service demand.

**Fleet Services:** The service has been evidenced as performing below a high performing service and the fundamental issue for the Council is the level of commercial risk it has appetite for, and this involves the Council assessing the capacity and capability of RIS for the following:

- To restructure the service to implement the revised inspection and servicing frequencies?
- To deliver the increased productivity levels?
- To manage more effectively negligence and abuse of vehicles?
- To secure external works and deliver it within commercial constraints?

**Waste Collections and Environmental Services:** The services have been evidenced as performing below a high performing service based on the following:

- The comparator Target Operating Model (TOM) has been modelled on best industry practice rather than existing RIS deployment arrangements to test this current.
- The 'As Is' current operational model is not delivering to normal best practice productivities.
- The 'As Is' current operational model for grounds and street cleaning demonstrates the grounds service 'over performing' against industry norms and the street cleaning service performing in line with industry norms. The current performance for grounds maintenance needs to be



further appraised in Stage 2 of the Change Process based on a more robust data set.

- The 'As Is' waste collection service is significantly underperforming against industry norms.

**Waste Disposal Services:** An options appraisal should be carried out of the options for insourcing the waste disposal activities delivered through the PPP contract, either to be directly managed by RIS or by a LATCo, to confirm the preferred option.

The Council does not have the following capacity and competency to insource and then manage waste disposal arrangements and therefore should create a budget to retain external support for the following:

- Project leadership and management of the insourcing
- Operational management competency for multiple waste disposal sites
- Technical waste disposal expertise
- Legislative compliance expertise
- Commercial waste expertise.

The service need to be clear on the future design of waste collection and waste disposal arrangements, which should be informed by surveying of participation in recycling services with a focus on improving recycling across the area.

**Infrastructure Design:** The Infrastructure Design service is being delivered against sound principles and to build on this the hourly rates for Infrastructure Design should be set after benchmarking of market rates to evidence VFM and should include management and overhead costs.

**Road Services:** The current service delivery arrangements could not be fully appraised or benchmarked because the core data to do this could not be provided. However, a provisional review was carried out based on the engagement that took place and the current delivery arrangements over Network & Standards and Operations are considered dysfunctional and it is therefore recommended that a single integrated road service should be created to drive the fundamental transformation of road services to include:

- A policy and strategy re-set to provide clear direction for the delivery of road services.
- A review of the asset data base for roads to ensure the completeness of data to then be used for the development of programmes for cyclical maintenance, planned maintenance and capital improvement schemes.
- Developing a new target operating model for operational road services (safety and NSWRA inspections, reactive maintenance, planned maintenance, capital improvement schemes, gully cleansing and street lighting) based on best industry practice productivity levels.
- Reconfiguration of the WDM system to be able to deliver output data in line with best industry practice; and then have it managed by a person with proven knowledge and expertise of such systems.
- Adopting a new model for costing and budgeting for planned maintenance and capital improvement schemes based on a costed

resource model required to deliver specified quantities of work to standard.

**Customer Relations & Business Support:** The review work completed will inform the transformation of current admin activities and incorporation into the proposed Business Support Hub, this is proposed to be done through a 'Hot House' change process.

- 4.3.3 The list of service specific recommendations are appended to this report at **Appendix 1**. RIS Management have considered the recommendations and have RAG rated them based on what they assess to be deliverable and also noted whether the opportunity is deliverable in the short, medium or long-term. Stage 2 of the change process will carry out further testing and due diligence on all the recommendations and it should be noted that some may have policy implications which will require engagement with Members.
- 4.3.4 There are a number of the recommendations set out by the Consultants that the Service are in the process of implementing or have already been implemented.
- 4.3.5 In addition to the service specific recommendations the consultants have suggested that a new organisational design is key to the implementation of change in RIS, as an opportunity to redefine management and supervisory roles and responsibilities in line with best industry practice.

#### **4.4 Next Steps**

- 4.4.1 As noted in paragraph 4.2.8, Stage 1 of the 4 Stage Change Process is about challenging the 'As Is' service delivery arrangements to develop new thinking and opportunities. The next steps for management and staff are to take the findings and recommendations from Stage 1 and subject them in Stage 2 to due diligence to ensure the assumptions made align with evidenced delivery constraints.
- 4.4.2 Officers are ready to move onto the next stages of the Change process and this will require significant additional work. At the same time, given the nature of its work, RIS must continue delivering its current day-to-day services and therefore it is recommended that further external support is sought for the delivery of Stages 2, 3 and 4. The external support will provide challenge and direction to ensure that the planned change is delivered in terms of both actions and overall long term approaches to working that support effective service delivery. It is estimated that the external support could cost up to £150,000, however, this should be considered as a Spend-to-Save investment as the savings that will be delivered are anticipated to be far in excess of this, indeed a saving of £200,000 has already been committed to within 2024-25 with further meaningful savings in future years.
- 4.4.3. It is anticipated that some opportunities and savings will be available to be considered as part of the budget setting process for 2025-26, with further opportunities and savings deliverable in future years.

## **5.0 CONCLUSION**

- 5.1 In 2023 the Executive Leadership Team agreed that a full review of the Roads and Infrastructure Service should be undertaken and after a procurement exercise Consultants “PeopleToo” were appointed to undertake the review.
- 5.2 The consultants adopted a 4 Stage Change Process and they issued their finalised report to Officers at the end of April. This report represents the output from Stage 1 of the process and identifies opportunities for service improvements and delivery of savings.
- 5.3 Officers are ready to move onto the next stages of the Change process and are recommending that further external support is sought for the delivery of Stages 2, 3 and 4 to provide challenge and direction to ensure that the planned change is delivered.

## **6.0 IMPLICATIONS**

- 6.1 Policy – Any policy issues will be picked up as part of Stage 2 due diligence.
- 6.2 Financial – There are a number of recommendations from the Consultant that could result in savings for the Council or equally require financial input and this will be tested further via Stage 2 of the process of the Review and brought forward to Members at an appropriate stage. Members are recommended to approve up to £150,000 of funding from the Strathclyde Pension Fund Gain Earmarking set aside for Spend-to-Save or Transformation which will be used to bring in external support.
- 6.3 Legal – There may be some legal aspects which require checking should any of the recommendations proposed be taken forward and implemented – this will be picked up in stage 2 of the Review process.
- 6.4 HR – Trade Unions have been informed of the outputs from Stage 1 of the review. There are potential HR implications which will be explored further at Stage 2 of the review.
- 6.5 Fairer Scotland Duty:
  - 6.5.1 Equalities – Will be considered as the Review progresses, Stage 1 is about high level opportunities to be further explored at Stage 2.
  - 6.5.2 Socio-economic Duty – Will be considered as the Review progresses, Stage 1 is about high level opportunities to be further explored at Stage 2.
  - 6.5.3 Islands – Will be considered as the Review progresses, Stage 1 is about high level opportunities to be further explored at Stage 2.
- 6.6 Climate Change – Will be considered as the Review progresses, Stage 1 is about high level opportunities to be further explored at Stage 2.

- 6.7 Risk – There will be risks with some of the recommendations, these will be explored at Stage 2. There is also a risk that the review will not be progressed at pace or the planned change will not be delivered without external support.
- 6.8 Customer Service – There are a number of recommendations from the Consultant’s findings that will improve customer service in respect of the delivery of the Roads and infrastructure Service.
- 6.9 Rights of the Child (UNCRC) – None arising directly from this report.

**Kirsty Flanagan, Executive Director with responsibility for Roads and Infrastructure**

**Councillor John Armour, Policy Lead for Roads, Transport and Amenity Services**

**10 June 2024**

## **APPENDICES**

Appendix 1 – Service Specific Recommendations