

**ANGUS COUNCIL**

**ROADS COMMITTEE**

**2 MAY 2002**

**BEST VALUE SERVICE REVIEW**  
**ENGINEERING AND DESIGN SERVICES (ROADS)**

**REPORT BY THE DIRECTOR OF ROADS**

**ABSTRACT**

This Report presents the Best Value Service Review for Engineering and Design Services (Roads), details the conclusions drawn from the Review and introduces the Service Improvement Plan developed as a result of the review.

**1 RECOMMENDATIONS**

It is recommended that the Committee agree:-

- (i) to note that the Best Value Service Review of Engineering and Design Services (Roads) was considered by the Monitoring Group at its first meeting on 5 April 2002 at which it was agreed that it could be submitted to the Roads Committee;
- (ii) to note the contents of the Best Value Service Review of Engineering and Design Services (Roads);
- (iii) to note the conclusions drawn from the Service Review;
- (iv) to approve the Service Improvement plan.

**2 TERMS OF REFERENCE**

The terms of reference agreed by the Acting Director of Roads for the Review were as follows:

- 2.1 The scope of the Review was the Engineering Consultancy functions provided by the Engineering and Design Services (E&DS) section of Angus Council Roads Department.
- 2.2 The Review was carried out in accordance with Angus Council's Best Value Submission document and the corporate model for Service Reviews.
- 2.3 The Review Team comprised, J McFarlane (Team Leader), W Wallace (Lead Officer), I Cochrane, D McKay and L Trayner (E&DS), and N Johnston (Traffic Section).

2.4 The resources employed in the execution of the Review included:-

- ABC Benchmarking Group
- “Pinpoint” package for the creation and analysis of questionnaires

### 3 INTRODUCTION

3.1 The objectives of the Engineering and Design Service are:

- To meet the key themes of Angus Council.
- To ensure that the service meets the criteria of Angus Council’s Best Value Policy
- To carry out the varied engineering design and procurement requirements of Angus Council for Capital Works and to carry out its statutory/other administration/engineering requirements along with the operational management of Arbroath Harbour.

3.2 Engineering and Design Services cover a wide range of activities and the main tasks are categorised as follows:

- Roads, bridges
- Coast Protection
- Flood prevention projects
- Other Council Departments’ projects
- External clients’ projects

Certain administrative functions covering statutory duties/other responsibilities remitted to the Roads Department which involve technical input are also carried out viz:

- Flood Prevention Acts
- Reservoirs Act
- Coast Protection Act
- Safety at Sports Ground Act
- The operational Management of all aspects of Arbroath Harbour

3.4 The Service relates well to the Council’s Key Themes, in particular with the desire to provide an excellent public services while improving the environment and quality of life in Angus.

3.5 Details of the Service and its operations are reported to the Roads Committee.

3.6 Copies of the full Service Review have been placed in the Members’ Lounge for perusal.

## 4 SERVICE DETAILS

4.1 Management Information in the form of:

- Financial Monitoring
- “SCAMPS” employee time recording system
- Balanced Scorecard
- PMP Audits
- “Qpulse” Quality Management System

is used to assist in the effective and efficient application of resources.

4.2 There are no Statutory Performance Indicators directly appropriate to the Engineering and Design Service. A number of Internal Performance Indicators have been developed to monitor performance in the delivery of the Service. These include:-

### **Local Performance Indicators**

- Design costs as a percentage of the Tender Cost
- Supervision costs as a percentage of the Final Account

4.3 The Engineering and Design Service has successfully achieved third party Quality Assurance accreditation under ISO 9001 (June 2001) for Feasibility, Design and Procurement for Road and Bridge Works.

## 5 CONSULTATION WITHIN THE REVIEW

5.1 Customer satisfaction was addressed using consultation methods appropriate to the number of customers receiving a particular element of the service. These methods were:

- Questionnaires
- Data Benchmarking

### 5.2 Questionnaires

In order to gauge the level of Customer Satisfaction relating to Engineering and Design Service provision it was decided that customers could be split into two categories:

External clients, and  
In-house clients.

It was decided that the most appropriate means available to communicate with both customer groups was by questionnaire. Contractors used over the last two years were also consulted to check on the on-site process (construction phase) of different types of project.

### **External Clients**

With regard to the number of projects to be included in the survey it was decided that due to the small number of projects carried out for external clients that all works carried out over the period April 1999 – March 2000 would be included.

In fact 9 projects were carried out in financial year 1999/2000 for a total of 8 clients, with a total scheme cost of approximately £48 million. All 9 projects were included in the survey.

### **5.3 Data Benchmarking**

Data benchmarking was carried out through the use of data provided by the ABC Benchmarking Group of Authorities.

## **6 COMPARATIVE ANALYSIS**

- 6.1 Comparison with the Benchmarking Partners was varied but limited by the range of schemes carried out by the other partners. In general, comparison has been favourable and in cases where potential for improvement was identified this has been addressed within the Service Improvement Plan.

## **7 MONITORING GROUP**

This review was considered at the first meeting of the Monitoring Group on 5 April 2002. This Group will consider all forthcoming Best Value Service Reviews with the aim of picking up corporate issues. National issues will be discussed and the implications for Angus Council will be investigated.

After considering minor issues with respect to the Best Value Service Review Template the Monitoring Group emphasised the need for consideration of Option Appraisal early in the review process. The Director of Roads outlined how E&DS had gone through the challenge questions and addressed the justification of the conclusion that the existing delivery system provided best value. The use of consultants to augment the small number of in-house engineering staff provided a flexible and proven way of delivering the service. Market testing had been carried out through competing for work (and winning it) in open competition and the fact that the E&DS was delivering best value was also demonstrated by the Agency Agreement which the Scottish Executive had chosen to place with Angus Council for the procurement of the contract for the A90 Grade separated junctions rather than commissioning this work from private sector consultants.

The Monitoring Group asked if there was a case for increasing the number of in-house staff.

The Director felt that the balance of in-house staff v use of outside Consultants was about right in view of the present workload. Angus was exceptional in the amount of major projects underway at present and it was the intention (and normal practice) to supplement the permanent staff with additional staff on fixed term contracts for the site supervision of the construction phases of these projects.

The Monitoring Group raised the issue of the non-return of questionnaires from Internal (Council) Clients (i.e. 8 out of 25 issued not returned). It was explained that there were multiple projects for some departments and this may have led to some non-replies. The Monitoring Group requested details of the questionnaire responses to allow the Chief Executive to pursue this issue through the Chief Officers Management Team.

The areas of Clients' concerns arising from the questionnaire responses were being addressed through the service improvement plan.

The Monitoring Group noted that there were no references to e-government issues in the Service Review. The Director of Roads explained that only passing attention had been paid to wider issues of e-government due to workload but tendering and procurement possibilities were being monitored. Means of improving efficiency were looked at but there were insufficient resources to carry out pioneering work with regard to e-procurement, etc.

With these queries clarified and action points agreed, the Monitoring Group confirmed that it would be appropriate for the Best Value Service Review of Engineering and Design Services (Roads) to be submitted to the Roads Committee for their consideration.

## 8 **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

## 9 **HUMAN RIGHTS IMPLICATIONS**

There are no human rights implications arising from the proposals in this report.

## 10 **CONSULTATION**

The Chief Executive, the Director of Law and Administration and the Director of Finance have been consulted in the preparation of this Report.

## 11 **CONCLUSION**

11.1 The Conclusions drawn from the Best Value Review of the Service are summarised in Appendix A to this Report.

11.2 The Service Improvement Plan is shown in Appendix B to this Report.

Ronnie McNeil  
DIRECTOR OF ROADS

NOTE

No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

WW/JSG  
12 February 2002  
REPORTS/best.val.e&ds

## APPENDIX A

### SECTION 7 - CONCLUSION

**7.1** The Service Review Team has investigated the provision of civil engineering consultancy services for Angus Council currently provided by the in-house Engineering and Design Services section of the Roads Department. Alternative services provision methods were considered in the initial scoping survey and the arguments against change are further developed under the appropriate section of this conclusion. The conclusion highlights where the level of service is good and identifies areas where improvements can be made to service delivery. These have been included in the Service Improvement Plan which follows the conclusion.

#### **7.2 Performance of the Service against Performance Indicators**

There are no published National Performance Indicators pertaining to Local Authority in-house engineering consultancy services but the Roads Department Management have adopted two of the 'SCOTS' Performance Indicators to be reported under the departmental 'Balanced Scorecard' critical success factors. These indicators will be monitored regularly and reported annually as an ongoing measure of performance.

The two performance indicators chosen are

- |   |  |
|---|--|
| (1) <u>Design Costs</u><br>Tender Costs | (2) <u>Supervision Costs</u><br>Final Account Cost |
|---|--|

Fife Council hold a database of the five SCOTS Performance Indicators populated with data from a number of Scottish Authorities. Though the type of project is mainly of a maintenance nature it provides some check on E&DS performance from more of a national perspective.

**(Service Improvement No 6).**

#### **7.3 Performance of the Service against Established Benchmarks**

As stated under 3.27 E&DS were able to participate in the ABC benchmarking group of authorities chaired by Perth and Kinross Council.

This group also uses the five SCOTS Performance indicators and Appendix 4 gives the comparison of Angus Schemes against the other members of the group. Unfortunately the like-for-like comparison in terms of type of project is lacking again due to the other members carrying out maintenance schemes in the main.

The other area of benchmarking carried out was the comparison of average in-house consultancy charge-out rates against consultants rates for both Road and Bridge type of projects. See Appendices 1 & 2.

These appendices show that in comparison with external consultancies Council staff at the lower grades tends to be more expensive but for senior staff the reverse is true.

It appears that local government has a more truncated salary structure than the private sector but on average Council costs are comparable to employing external consultants. Angus E&DS had one of the lowest charge-out rates for the ABC group of authorities. See Appendix 4.

#### **7.4 Performance of the Service against known feasible comparators**

Whilst there is an established market for external consultants there has only been one contract in the last financial year where E&DS have been in a direct pricing competition with external consultants. This contract was for the design, procurement and site supervision of an industrial site servicing contract at Orchardbank in Forfar. E&DS won the contract in November 2000 against competition from four local consultants.

Though this is not conclusive it indicates that E&DS can put in a competitive bid for this type of contract.

Apart from direct comparison as above E&DS are employers of consultants when specialist services or workload demand requires. It has been found that considerable input is required from in-house staff in providing background information both factual and procedural together with considerable checking of submissions by consultants for errors or omissions.

The ABC benchmarking group carried out a survey which confirmed a general satisfaction with work carried out by consultants but with unseen costs both in increased direct fees and in indirect council staff costs in managing and checking the work of external consultants.

It is acknowledged that external consultants have a far greater ability to market their professional services in a better way than local authorities and this is an area which E&DS has included as an action point in the Service Improvement Plan.

**(Service Improvement No 7)**

#### **7.5 Views of Clients and Contractors were sought**

##### **(i) Clients**

In order to effectively gauge the level of Customer Satisfaction, questionnaire surveys were issued to External Clients and In-house Clients. The detailed rationale behind the questions and the results of the survey are shown in sections 4 and 5.



In summary there was a distinct difference between the results from the two client groups with the external clients recording a higher level of satisfaction than the internal clients. In particular it was felt that financial reporting to the client needed to be improved in general but particularly for the in-house group. There tends to be more interaction with in-house clients who, because of the flexibility afforded by E&DS, often make more changes as the project progresses. Internal clients are also less aware of the commercial implications and feel fees are higher than they anticipated. Regular financial updates would help to avoid the unexpected nature of final costs.

## **(ii) Contractors**

The Clients indicated that service outcome was their most important criterion and integral to this process is the performance of E&DS in getting a successful construction outcome. It was therefore felt that it would be beneficial to issue questionnaires to Contractors (the builder of the project) who had carried out projects for E&DS over a two year period (prior to the issue of the questionnaires) to help assess E&DS in a design and contract administration capacity.

The detailed results are again shown in Section 6 and are rated “above acceptable”.

The consultation exercise has provided excellent feedback and the process is recognised as an essential tool for monitoring ongoing improvements. To this end a procedure will be written into the E&DS QA system to ensure that a questionnaire is put out to the clients within 3 months of substantial completion of the project.

## **7.6 OVERALL ASSESSMENT OF PERFORMANCE**

The current arrangement with a mixed use of a relatively small in-house consultancy services unit and outside consultants as and when required offers best value to the Council. Statutory engineering requirements dictate the need for in-house engineering expertise which along with present and predicted workload justifies the present small in-house consultancy.

At present the current in-house team of 16 as well as carrying forward the normal workload supervises the work of the following consultants.

A92 Dundee – Arbroath

- Babbie (Technical Advisors)
- KPMG (Financial Advisors)
- Shepherd & Wedderburn (Legal Advisors)

A92 Montrose Bridge Replacement – Halcrow

Shoreline Management Plan – H R Wallingford

As previously pointed out when external consultants are employed there is still considerable in-house involvement in briefing, monitoring and supervising the work of such consultants.

The Service Review Team concluded that the current working practice provides Angus Council with a flexible and efficient means of carrying out the engineering requirements of the Council.

1	The performance of the Service against Performance Indicators	Unknown
2	The performance of the Service against the established Benchmarks	Above Acceptable
3	The performance of the Service against known feasible comparators	Above Acceptable
4	The views of users and where appropriate service suppliers	Above Acceptable

There being no published national performance indicators (criterion 1) the assessment of the service is 'Above Acceptable' standard based on the other three assessment criteria. Criterion 2 was rated at Above Acceptable despite the lack of like-for-like information available and the team considered that Criteria 3 and 4 were also 'Above Acceptable' in the light of the evidence gathered. Therefore overall the E&DS Service is currently Above Acceptable.

## APPENDIX B

<b>SERVICE IMPROVEMENT PLAN</b>				
<b>Task</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Timescale</b>	<b>Progress Report</b>
<p><b>(Service Improvement No. 1)</b>  <b>Clients</b>  <b>Assurance(of competence) – Q 10 &amp; 11</b></p> <p>With regard to E&amp;DS staff keeping the client informed of project progress and financial aspects, the survey identified that improvement was required in this area. (Particularly in the area of financial appraisal)</p> <p>This was an area identified by both internal and external clients, although more emphasis on improvement is directed towards internal clients</p> <p><b>Improvement</b></p> <p>1. Appraise client of project progress &amp; financial aspects at set intervals throughout the project, in accordance with quality procedures.</p>	All E&DS Staff	High	Sept 2002	

<b>SERVICE IMPROVEMENT PLAN</b>				
<b>Task</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Timescale</b>	<b>Progress Report</b>
<p><b>(Service Improvement No. 2)</b>  <b>Clients</b>  <b>Service Outcome – Q 23 &amp; Q24</b></p> <p>With regards to time management the survey highlighted that the client was not satisfied. 13% strongly disagreed that the finished product was completed in the time stated and 13% strongly disagreed the project was completed when they wanted.</p> <p><b>Improvement</b></p> <p>1. Ensure Project Managers assess time scales and key target dates (producing works programme) at project commission. Appraise client of any changes throughout project duration in accordance with quality procedures.</p>	<p>Design Manager/All E&amp;DS staff</p>	<p>Medium</p>	<p>Dec 2002</p>	

<b>SERVICE IMPROVEMENT PLAN</b>				
<b>Task</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Timescale</b>	<b>Progress Report</b>
<p><b>(Service Improvement No. 3)</b>  <b>Contractors</b>  <b>Tender Period – Q 5</b></p> <p>With regard to the mobilisation period required between Contract Award and commencement on Site, 35% of contractors neither agreed nor disagreed that an adequate period of time was allowed and a further 7% disagreed that the time was adequate.</p> <p><b>Improvement</b></p> <p>2. Basic Project Planning techniques will be utilised and adequate tender mobilisation periods will be allowed for, consistent with Clients' requirements.</p>	All E&DS Staff	Medium	Ongoing	
<p><b>(Service Improvement No. 4)</b>  <b>Contractors</b>  <b>Contract Drawings – Q 8</b></p> <p>The Contractors felt that the drawings were clear and unambiguous. 29% neither agreed nor disagreed and a further 7% disagreed.</p> <p><b>Improvement</b></p> <p>1. Greater standardisation with more use of Standard Detail Drawings.</p>	All E&DS Staff	Medium	Ongoing	

<b>SERVICE IMPROVEMENT PLAN</b>				
<b>Task</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Timescale</b>	<b>Progress Report</b>
<p><b>(Service Improvement No. 5)</b> <b>General</b></p> <p>Questionnaires were not issued immediately upon completion of the projects and in some cases were issued a considerable period of time after completion. It was felt that this would hinder the Contractors' recollection and therefore influence answers.</p> <p><b>Improvement</b></p> <p>1. Questionnaires to be issued 3 months after substantial completion of the works, in accordance with impending QA procedure.</p> <p>Comments were received from the respondents to the effect that a 1-10 score was "too fussy". The Service Review Team agreed with this and found analysis easier with a 1-5 score, allocated against "Strongly Disagree" through to "Strongly Agree".</p> <p><b>Improvement</b></p> <p>2. Questionnaires to be revised as outlined above.</p>	<p>All E&amp;DS staff</p> <p>Senior Technician</p>	<p>High</p> <p>High</p>	<p>Ongoing</p> <p>Ongoing</p>	

<b>SERVICE IMPROVEMENT PLAN</b>				
<b>Task</b>	<b>Responsibility</b>	<b>Priority</b>	<b>Timescale</b>	<b>Progress Report</b>
<p><b>(Service Improvement No. 6)</b></p> <p>E&amp;DS will compare the 5 No SCOTS PI's with appropriate schemes held on the Fife database</p>	Design Manager	Medium	6 monthly (Sept – March)	
<p><b>(Service Improvement No. 7)</b></p> <p>E&amp;DS will adopt a marketing strategy to advertise their service to prospective clients</p>	Design Manager	Medium	Oct 2002	