Highways England Company Limited

Scope

Operational Excellence OE2025 Requirements

Annex 0

Highways England

Operational Excellence 2025

Scope of Works

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OE2025 – Contract Scope

1. Introduction and Background

1.1 Overview

The Operational Excellence 2025 (OE 2025) Strategic Delivery Partner (SDP) (the *Consultant*) will advise and support our Operations Directorate as it develops, implements and embeds the OE 2025 transformation programme, to meet the challenge of Roads Investment Strategy 2 (RIS2), whilst leaving a sustainable legacy of change and improved capability within Operations.

As part of our Highways England RIS2 submission, Operations developed a needs-based case for asset renewals. In addition to £3bn of cyclical renewals the case set out spend of around £1.5bn to replace life-expiring major infrastructure, vehicle restraint systems (VRS) and concrete pavements.

The efficiency targets and delivery challenges through to 2025 will be stretching for Operations. We therefore need to transform the way Operations work internally and with other Directorates across Highways England to create the capacity and efficiencies needed to deliver against our challenging targets. This will be in addition to ensuring we continue to deliver successfully against our three imperatives – safety, customer and delivery – and our Key Performance Indicators.

The total RP2 efficiency challenge for Operations is expected to be c.£760m. After deducting efficiencies that have already been identified based on work already undertaken, there is an efficiency gap of c.£410m that needs to be delivered. The next phase of Operation's transformation programme, OE 2025, addresses this efficiency gap, together with delivering changes that will improve safety, customer and delivery. Operation's current change programme "Operational Excellence", which is supported by a current Strategic Delivery Partner, has supported the delivery of c.£300m of efficiencies during Roads Investment Strategy 1 (RIS1).

In response to the RIS2 business challenge described above, Operations is proposing an integrated, centrally-led, transformation programme – building upon the approach we've successfully used through the Operational Excellence programme over the last two years. This programme will be led by Highways England employees within Operations Directorate, supported by specialist expertise and technical input from the *Consultant*, to develop and deliver the transformation, ensuring that the changes embedded into Highways England are sustainable. This will build on the lessons learned from Operational Excellence during RIS1 (both positive and areas for improvement), which include:

- A focus on long-term transformation and outcomes rather than short-term cost savings
- Keeping an emphasis on business readiness to ensure change and the associated benefits are sustained into business as usual

- Highways England led ownership of the programme is a necessity to ensure successful embedment of change
- Focusing on end-to-end delivery rather than just within Operations Directorate
- Working across Directorates to exploit joined up working opportunities.

1.2 Description of Services

The Operational Excellence 2025 Strategic Delivery Partner (SDP) (the *Consultant*) will advise and support the *Client* as it develops, implements, embeds and realises the benefits of the Operational Excellence transformation programme in RIS2, whilst leaving a sustainable legacy of change and improvement capability in Operations.

The *Consultant* will support the *Client* in:

- Developing and supporting delivery of projects and changes that achieve improvements and efficiencies throughout Operations, and also the end to end delivery across both Operations and the wider Highways England directorates as appropriate.

- Building our business and transformation capability, both during the transformation programme and leaving a beneficial and sustainable legacy of improved capability.

- Establishing and defining objectives, targets, baselines and methods that enable us to robustly measure and monitor impact.

- Working collaboratively with others across the Highways England business to design and embed sustainable change, ensuring Operational Excellence complements the change programmes and initiatives being led by others, for example the Pavement Efficiency Group.

- Bringing knowledge and experience of outstanding practice from other sectors and industries globally.

1.3 Work to date

Work started in 2016 to build and deliver a programme of transformation that would ready our Operations business to deliver the RIS1 efficiency targets and delivery challenges whilst setting a strong foundation for RIS22. The transformation programme designed and implemented change projects and programmes that aligned with the themes and targets described above. Some of these projects and programmes were supported by the SDP, with others resourced and delivered entirely within Highways England.

We have a target operating model which defines how we will operate. This focuses on the themes of people, process, systems, technology and data. The change projects in RIS1 were designed around these themes to improve our regional business and our central functions. The projects that have had the most impact during RIS1 are outlined below.

- **Design, development and implementation of Asset Delivery** - Asset Delivery is our new operating model and has improved how we run and manage our network by changing our contracts and getting us closer to our supply chain. This has meant changes to process, people, systems and infrastructure at a regional level. Asset Delivery brings Highways England closer to our assets and therefore changes the dynamic of decision making from Service Providers to Highways England. The implementation of Asset Delivery has been led by Highways England.
- **Organisational design** - Operations have placed a strong focus on designing and implementing a regional organisational design (both target structure and operating model) that provides consistent clarity and approach around how we operate in our regions. This area of work was supported by our current SDP colleagues. The support included design advice drawing upon external experience and engagement with key Highways England stakeholders. This resulted in a series of products which we now actively manage within Highways England through a Design Authority approach.
- **Maintenance efficiency** – we have placed a strong focus during the Operational Excellence programme in RIS1 improving how we maintain our network as it is one of our core functions in Operations. Much of the change has been oriented around process improvements (including utilising existing software available to us in Highways England, such as Microsoft Power BI) and providing improved capabilities to our regional teams. The maintenance work has spanned a number of projects, but some examples include the following. All of these areas of work have included support from our current SDP.
    - Identifying ways through improving our commercial processes to reduce cost reimbursable spend and improving management of overall Maintenance and Response contract spend, accelerating payments and giving better visibility on overall spend. Taking these actions has enabled us to improve how we utilise our maintenance budget, which is flat profiled. These changes mean we can do more maintenance activity for the same amount of money.
    - Introducing visual management techniques to increase control of cyclic maintenance planning and execution in order to achieve higher cyclic maintenance completion rates. For example, one of our regions improved their completion rate from 37% to 74%. This means we can reduce our reactive maintenance work and spend and improve the experience of our customers by optimising how we use road space and therefore reducing any disruption caused by maintenance.
    - Improvements to our reactive maintenance performance, focusing on improving safety critical on-time completion rates and better prioritisation and visibility of reactive work. This has included providing guidance and tools to our Inspectors and Traffic Officers to improve the identification of safety critical work and the timeliness and accuracy of instructing our

Maintenance & Response contractor. Improving how we manage our reactive maintenance has enabled us to improve the experience for our customers.

- **Capital delivery** – effective and efficient capital delivery is one of our core functions in Operations. It is important we are doing it as efficiently as possible but in a way, that provides us with a robust, stable and forward-looking pipeline of schemes for the next 5 to 8 years. This has principally resulted in two projects during RIS1 that are summarised below. Both projects have included support from our current SDP.
    - Establishing processes, ways of working and adjusting mindsets to increase the identification and application of efficiency levers in relation to how we design and deliver our schemes so that we make our schemes more cost-effective to execute. Improving how we identify and realise efficiencies enables us to do more work for the same budget or less.
    - Design and implementation of processes, ways of working and mindsets to introduce a stage gated approach and programme viewer that enables each of our regions to build a programme of schemes for the next 5 to 8 years that is addressing network need and is stable in its outputs.
- **Operational systems and technology –** systems and technology are core to how we operate and maintain our network effectively and efficiently. This means during RIS1 Operational Excellence we have delivered a number of system and technology related projects. These include the following as examples. All of these projects have been delivered by Highways England working with the software provider.
    - Introduction of a national model of Confirm, our asset management and works ordering system. This project built a national asset database, established supporting nationally consistent processes and training and introduced these changes into our regions. This project has resulted in reductions to our system overhead costs, but more importantly has provided us with a more consistent operating approach across our regions. This has been enabled through establishing consistent processes for how we use the system to underpin our maintenance and asset management functions.
    - We use Twitter to engage with our customers, both to keep them informed and to answer questions. We implemented a project to provide our regional control rooms with the ability to tweet so that we could improve the depth and breadth of information that we provide our customers. For example, we increased our followers by more than 30,000 between January to May 2019 and some of our regions more than doubled the number of tweets being sent during the same period. This project put in place guidance and processes to enable consistent ways of working across the regions, which in turn means our customers also experience a consistent Twitter service across the Strategic Road Network.

- **Data Insights –** as a company we have a lot of access to data, but we don't always maximise its availability to provide us with insights to inform and support our decision making. This project, however, focussed on maximising how we use and analyse our data to provide us with improved operational insights. We've improved a number of our areas of business, including network occupancy, network capacity, Traffic Officer productivity and out station locations. This work has highlighted the importance of us having this analytical capability in house within Highways England and so we're now focussing on designing the capability that we need so we can put the changes into place. This area of work has been supported by our current SDP.
- **Regional control rooms** – Asset Delivery brings additional control room functions into Highways England providing us with a great opportunity to integrate these functions with our regional control centres. We've therefore delivered a piece of work integrating processes and capabilities to help us improve how we operate our regional control rooms. The early stages of this work had input from our current SDP, but then later stages have been delivered by Highways England
- **Pavement Efficiency Group (PEG)** – This project has been running since September 2015 and used, during RIS1, the services of an independent technical delivery partner procured through the Specialist Professional and Technical Services (SPATS) framework. It has successfully enabled £350m of pavement efficiencies to date and is an established brand with supply chain and Highways England. Funding for a continuation and widening of the scope of this project to include other asset types has been approved for RIS2. The *consultant* will need to work with the technical delivery partner to ensure there is a common understanding of workstreams to ensure no overlap of service and that work is aligned and complementary.

2. Programme Structure and Scope

2.1 Overview

The Operational Excellence team have worked with those developing Operation's RIS2 submission to develop a high-level transformation plan that is consistent with our vision for Operations to 2025. We've worked to establish what we want to achieve and where we believe the opportunities for transformation and efficiencies are. We've structured this around the following transformation themes, which have relationships and dependencies between them.

- Planning and Programme Optimisation
- Controlling the Network
- Intelligent Contracting
- Intelligence-led Predictive Maintenance
- Maintenance Productivity
- Business Capabilities linked to Outputs
- Reliable, Accurate and Available Asset and Activity Data

We've outlined who we'll need to work with to deliver this transformation and our ultimate vision for the capability that our business needs to build and achieve during RIS2. We've also stated some of the limits within which we will work.

We anticipate the transformation programme being delivered through four key phases.

2.2 Phase 1

Phase 1 will start from the *Contract Date* through to the *Starting Date* (duration of 1 month) and will have a mobilisation focus, including the *Consultant* building full familiarity with Highways England, Operations and the OE 2025 programme.

2.3 Phase 2

Phase 2 will start from the *Starting Date* and will run for 2 months. Phase 2 will have a strong focus on setting up and implementing all activities needed to ensure the integrated Highways England and *Consultant* (SDP) team are ready to deliver impact from beginning of Phase 3.

The following are the minimum outputs needed for Phase 2:

1. Targets defined and agreed (including methodology to measure) between Highways England and *Consultant* – this means:
    a. we have set SMART performance targets to show how the Operational Excellence programme will beneficially impact safety, our customer service, delivery and our people. These will be derived from our corporate performance targets and will have a link to demonstrate how we will make a measurable impact.
    b. we will have defined the targets, how we measure them and why.

    c. we will have baselined today's performance to understand where we're starting and which will allow us to measure the impact of what we deliver
    d. we will have built a performance projection across the programme and for each target, which we will be able to use to inform and decide which parts of the programme are priority areas.
2. Governance and common ways of working defined, agreed and in early use – this means:
    a. we will have an commonly understood and agreed set of roles and responsibilities
    b. the *Consultant* will be clear on how to adopt our programme governance for delivering change
    c. we will have a commonly understood and agreed *Consultant* and Highways England approach to how we communicate and engage with each other
    d. we will have established how we will work collaboratively
3. Programme designed and approved for Phase 3 – this means:
    a. we will have a high level schedule that captures the logic, dependencies and overarching timescales for the transformation programme. This will include and consider other changes underway within Highways England that impact Operations
    b. we will have a high confidence of what we're delivering within the first 6 months of Phase 3, with this having been built from the priority areas identified from the target setting and performance baselining
4. Task Orders setup and approved – this means:
    a. We will have Task Orders drafted and agreed for the first 6 months of work during Phase 3
5. Engaged with all key stakeholders – this means:
    a. Refreshed stakeholder engagement and communications programme wide plan
    b. We will have held early engagement sessions with key stakeholders to form relationships
6. Delivery on the three relevant Tender Commitments set out in the *Consultant's* response to 'Mobilising Ready to Deliver' quality question (Instructions for Tenderers, Annex D, Question 4).

2.4 Phase 3

Phase 3 will then start at the end of Phase 2 and will run up to the end of 2025. Phase 3 will be delivery focussed, ensuring projects are brought to life to have the required impact during RIS2.

2.5 Phase 4

A final, fourth, demobilising phase (Phase 4) will run in parallel with the end of Phase 3. During the last 6 months of the contract, Phase 4 will ensure all of the products and deliverables are properly handed over and the services are closed down in a sustainable manner. The *Consultant* will produce a demobilisation plan and agree this with the *Client*. The legal transfer of all physical and electronic assets must be

completed before the end of Phase 4 and within the contract duration. All residual responsibilities must also have transitioned into their business as usual arrangements by the completion of Phase 4.

2.2 Planning and Programme Optimisation

2.2.1 What is our vision for Operations?

Our vision is to have an approach to managing our assets that builds a consistent, national way of working for each individual asset class, but in a way that is integrated

between Operations and our Major Projects Directorate. This is likely to be best expressed as a series of evidence-based strategies for our assets that will inform more operational asset plans. It is expected that through this work, we can have a simple, rationalised asset base, easier to manage and specify maintenance regimes and maintenance decision making processes that are consistent across our strategic road network.

Whilst we've already made improvements to the way we operate during RIS1, professionalising the planning functions, we still have very different regional and central ways of working. Bringing **process** consistency is essential in creating the planning 'scaling' capability. A holistic end-to-end vision for our processes needs to be articulated. It should span from our strategic asset management plans across to the control of what work happens on our network through road space booking. Our ambition is to plan efficiently, to integrate works effectively, optimising delivery and reducing our overall disruptive occupancy of our network. We need a clear, consistent repeatable process that translates asset and customer needs into effective interventions on our network; our current ways of working are too reactive and short-term to manage delivery on the scale that will be required of us. We will need to improve how we measure performance, with clear measurable targets that link to process.

We need to continue the good work undertaken in RIS1 developing our corporate planning capability through making our people more capable and attracting the right **people** with the right skills in our business. We need to be clear on the role our regional planning teams perform which will translate into clear and consistent planning roles. We also need to design how these regional roles integrate with our central portfolio office to control what's planned and what's delivered corporately.

Our planning **data** is currently very flat, static and regionalised. We need to make it dynamic, available and connected. This will be essential to deliver a plan in which we can see what's happening on any particular section of our network on a particular night whilst also being able to aggregate this data to evaluate how changes to what gets delivered when and where impact our Key Performance Indicators (KPIs), our business objectives and the level of service we provide to our customers

The **systems** landscape we have is outdated and isn't anywhere near as mature as other industries, sectors and business with similar spend and planning responsibilities. Whilst some work has been done corporately, this hasn't been brought into Operations in a structured, controlled way. We need to influence the systems landscape to make it more compatible with our requirements as an infrastructure owner and operator. We will do this through being clear on our requirements and building these requirements based on high quality business processes.

We've not fully matured how we manage our **performance** measurement of planning and programme integration. To deliver RIS2, we need clear measurable metrics, particularly with a focus on network occupancy, to drive and incentivise the right type of behaviour. We need the capability to measure the value of works we integrate and the impact of this on customers. We need to be able to describe the efficiency we generate as a management organisation and the value we create through better planning, better works integration and improvements in delivery on our network.

There's a limit to how much we can achieve in isolation. We need to work with our Major Projects colleagues, **supply chain** partners and the communities we have created to plan works more effectively and particularly to be flexible in integrating work. We haven't unlocked all the benefits of our Asset Delivery contract structure yet and really matured these relationships. Finding the right delivery partner at the right time for the right work at the right cost is the ultimate outcome of this work. It can only be realised through capitalising on our enhanced planning and programme building capability. We also want to stabilise and optimise resource deployment across our Operations business and our supply chain. At the lowest resolution, this could be about structuring an individual intervention or piece of work on our network more efficiently, or it could be through balancing the seasonal demands our network creates that some efficiencies are gained. There are likely to be efficiencies we can realise through better working with our supply chain to understand their constraints and through providing the line of sight they need, sharing what we want to deliver and when. At the 'macro' scale, this could be about structuring and balancing our resources across the whole Road Investment Strategy 2 Period

2.2.2 What do we want to achieve?

Transformation within the theme of planning and programme optimisation is intended to deliver efficiency savings in the region of £150million over the RIS2 Period through improving how we identify, integrate and plan the delivery of work. It should also make a significant contribution to reducing the level of disruption on our Strategic Road Network (SRN) by rationalising our network occupancy and improving our customers' journeys.

2.2.3 Where is engagement required?

Engagement across our regional and central Operations business will be pivotal to success.

Work to improve asset-oriented planning, particularly through consistent strategies and plans for our assets will need to involve our Strategy and Planning (S&P) and our Safety, Engineering and Standards (SES) Directorates. This will be enhanced by working with other groups in the business that link with asset management, such as the Pavement Efficiency Group.

Work to improve the way we balance resources should impact Operations internally, but will also require extensive engagement with our supply chain.

Major Projects have made some significant advances in building corporate planning capability over RIS1; we will need to work with them to ensure when we improve our organisational capability within Operations, we do so in a way that is consistent and compatible and allows the integration we need to unlock secondary opportunities.

Ultimately, to take commercial advantage of our developments in planning and programme optimisation, we will need to work collaboratively with our Finance and Business Services and our Commercial and Procurement Directorates. This includes

a project being led by our Commercial and Procurement colleagues called “integrated demand forecasting and planning”, which seeks to provide an improved pipeline view of work to our supply chain.

2.3 Controlling the network

2.3.1 What is our vision for Operations?

Whilst we've made improvements to the way we operate and control the network, by improving control room people and system capability and streamlining processes, we still have a way to go to achieve a proactive approach to how we control the network and greater situational awareness. This needs to extend to all functions that are needed to operate and control the network. Establishing clear, consistent repeatable **processes** that automate functionality (ensuring safe ways of working for all involved is maintained) is critical to enable the transformation needed. We will also need to establish consistent ways of working across all our regions and functions so that our customers have the same experience across all our Strategic Road Network. Our ambition is to ensure that 24/7, 365 days a year we have full situational awareness of how our Strategic Road Network and adjoining roads are performing so we can be proactive whilst minimising the number of unplanned events and provide the optimum experience for our customers.

We need to continue the good work undertaken in RIS1 that saw us develop and implement a regional target structure to drive more consistent ways of working, together with providing clarity of expectations so the capability of our **people** is developed in the right direction. Our ambition is to achieve an optimum position on the number of people and capability of our staff who are involved in controlling the network. Today we have a setup of seven regional control rooms (with additional control rooms in some parts of the country) and the National Traffic Operations Centre. This presents a significant opportunity to integrate network activity control and management, in region and nationally.

Our current access to **data** and insights that tell us how the network is operating at any one time is limited and not overly accessible to those who need it. We need to make it available, visual and informative, but in a way that allows us to share this view with others, including but not limited to road users, supply chain, partners (such as the Emergency Services) and other transport and travel operators. This will be essential to improving our customer service and situational awareness.

We're evolving the **systems** that help us to control the network, but there is scope to maximise the functionality further. We don't have full roadside technology coverage and so need to consider other ways to provide us with the situational awareness of how all parts of our Strategic Road Network are performing at any one point in time. We have already undertaken analysis to understand the potential scale for improvement and have identified, as an example, that the ability to access real-time and historic data (internal and external) through a single visual interface could provide a significant step change to how we can control the network. We need to influence the systems landscape to make it more compatible with our requirements as an infrastructure owner and operator. We will do this through being clear on our requirements and building these requirements based on high quality business processes. Requirements will be defined as part of Operational Excellence, building upon the requirements identified during RIS1.

There's a limit to how much we can achieve in isolation. We need to work with our **supply chain**, other partners who help keep the network flowing (such as the Emergency Services) and other transport and travel operators.

2.3.2 What do we want to achieve?

Transformation within the theme of controlling the network is intended to directly contribute circa £150m of efficiency savings over the RIS2 Period through enhancing Operation's situational awareness of how the Strategic Road Network is operating, supporting integrated network activity, control and management. It should also reduce the risk of our road users and contractors, make more efficient use of network capacity and provide greater and more consistent situational awareness of current/likely activities on the network.

2.3.3 Where is engagement required?

Engagement across our regional and central Operations business will be pivotal to success across these potential transformation projects. Improving how we control the network will also interface with multiple other parts of Highways England. Our Strategy and Planning (S&P) Directorate and our Safety, Engineering and Standards (SES) Directorate will provide effective engagement points vision, strategy and policy.

We will also need to work closely with our HR Directorate to ensure due consideration is given to the impact of the transformation on our staff.

There will need to be close working with our Information and Technology Directorate, as they will be able to guide and support getting the right information and technology solutions developed, and which will be pivotal to the success of improving how we control our network.

Major Projects engagement will also need to be intertwined into the transformation, aligning with the improvements they are making within their Directorate, but also to align with the schemes they are delivering on our network.

The ability to successfully control the network has a strong dependency on the input and interaction with our supply chain, meaning there will need to be strong engagement with the supply chain to be successful.

2.4 Intelligent Contracting

2.4.1 What is our vision for Operations?

We need effective ways of working for capturing, processing, synthesising and using cost intelligence to underpin better commercial decision making. and contracting approaches. Through these **process** improvements we will have an enhanced organisational capability and will achieve better commercial outcomes.

Much of the capability improvement we expect, particularly where it comes to building relationships and making effective decisions, will be dependent on **people**. The way in which Operations and Commercial and Procurement work together will be essential to define and align with the process design.

Reliable and robust **data** needs to underpin our commercial decision making. We need improved access and more consistent cost intelligence and cost performance data, making better use of the information we already collect. From this, we should have models that can be used to assess what work should cost so that we know what true commercial value looks like. We want to provide ourselves with a data-driven understanding of commercial risk when we contract and enter into contractual agreements with clear risk ownership.

Highways England continues to invest in commercial, financial and contract management **systems.** We need to make better use of these systems, ensuring they are appropriately configured for our use and they support the business processes and data flows we need to effectively operate.

We need to integrate supplier **performance** into our operational decision-making processes, building upon and working collaboratively with other teams in Highways England that design and manage mechanisms for measuring supplier performance. Supplier performance should have a direct impact on who we contract with and for what scope of works. We need to be able to identify good performance and reward it and share best practice. We also need to measure the performance of our team managing suppliers, so we can continually improve.

The relationships we have with our **supply chain** partners need to be collaborative, not competitive. We want a supply chain that is more diverse than the one we have now, with improving capability. We're open to contracting with 'do-ers' rather than management organisations, the objective being to work with organisations that can be agile, innovate and put this innovation into operational use at pace. The way we manage risk with our partners also needs to be transparent; our business must be risk aware and not automatically defer to 'sell' and transfer out the risks associated with our services. Through RIS1, we've made some strides towards more collaborative relationships with our supply chain where we share data and knowledge better. We need to continue and build upon this good work through RIS2, ensuring decisions are made by those best placed to make them and that the functions we deliver as Highways England are well defined and clear to our suppliers. We will need to work in true collaboration with our supply chain, developing peer to peer relationships wherever they are in the tier hierarchy. This will

allow us to achieve outcomes that benefit our industry, not just one organisation within it. Through these collaborative relationships, we expect improvements in productivity and cost performance.

2.4.2 What do we want to achieve?

We believe there are at least £100m in potential efficiency savings that can be unlocked through transforming our commercial aptitude and becoming an intelligent contracting organisation. We want to work more collaboratively with our suppliers, foster a culture of innovation and be adaptable to new ways of working that result in 'win-win' outcomes for both Highways England and our suppliers.

2.4.3 Where is engagement required?

Success within this theme relies on our transformation team working jointly with our Commercial and Procurement and Major Projects colleagues within Highways England. We will also need to build positive, open working relationships with our regional Operations teams to deliver transformation in a way that will start with understanding our national and regional supply chain structure. Finance and Business Services will also be engaged as part of delivering projects within this theme.

There are specific efficiency groups, panels and forums within our organisation that are already mature in identifying and implementing efficiency; some of these have mature supply chain relationships. The transformation of our relationship with our supply chain through this Intelligent Contracting theme relies on building relationships with these groups (such as the Pavement Efficiency Group).

By its nature, this area will require strong engagement with our supply chain.

2.5 Intelligence-led predictive maintenance

2.5.1 What is our vision for Operations?

We need timely, automated and efficient ways of working for identifying and capturing asset information, which can then be used to inform effective decision making. These ways of working need to be established within Highways England and between Highways England and our supply chain. Through these **process** improvements we will be able to reduce the number of manual inspections and visits that are needed to both understand the condition of our assets and address any issues, but in a way, that also reduces safety risk and network disruption. To achieve this, we want to build a capability that allows us to build evidence-based predictive maintenance plans that are also based on full understanding of risk.

Much of the improvement we need to achieve will have an impact on the way our **people** and **supply chain** currently work, meaning we will need to design ways of working and improvements that provide our teams with the right capability. We also want to be able to maximise the time saved through not needing to visit the network and translate that into time spent better understanding our asset risks and aligning our ways of working to improve our investment decisions accordingly. We want to provide our people with a better understanding of our asset risks and align our ways of working to improve our investment decisions accordingly, so that we target interventions and increasingly shift our focus onto proactive and planned maintenance activities.

Data will play a pivotal role in driving an intelligence-led approach to our maintenance. We will need timely access to reliable and robust data to inform and underpin our understanding of the asset condition and to ensure appropriate decisions are made about where, when and what maintenance is undertaken.

During RIS1, we have invested in our **systems** that help us manage our assets and have made a step change improvement. We can continue to build on this to interface with other system and technological improvements that will enable us to reduce the risk of asset failure, measure asset condition and inform decision making whilst reducing the number of manual inspections and visits. We will need to ensure that we focus on introducing system changes that meet our need and support business processes and data flows to effectively maintain the network.

During RIS1 we have placed a focus on our maintenance **performance** to enable us to drive the transformation. We can continue to build on this approach to ensure the improvements we make continue to have the required impact in reducing manual inspections and visit, reduce exposure to safety risk, reduce asset failure and reduce our costs.

2.5.2 What do we want to achieve?

Transformation within the theme of intelligence-led predictive maintenance is intended to contribute in the region of £50m of efficiency savings over RIS2. We will

do this through understanding when assets will fail so we intervene at the optimum point, therefore reducing the risk of asset failure; reducing the number of urgent and unplanned maintenance activities and reducing the cost of asset inspections and maintenance. Achieving this will reduce the safety risk to on road colleagues (internal and those in the supply chain), reduce disruption to our customers and will reduce our costs, particularly our reactive maintenance costs.

2.5.3 Where is engagement required?

Success within this theme relies on our transformation team working closely with our regional Operations teams to put in place changes that will work on the ground whilst still achieving the desired outcome. This includes our internal staff but also our supply chain who are pivotal to us achieving the required levels of maintenance on our network, and therefore who we will need to work with, so we can enable them to adapt as we transform our ways of working.

We will also need to work with colleagues in our Safety, Engineering and Standards Directorate to ensure policies and requirements provide us with an effective framework and structure for achieving intelligence-led maintenance.

Our Information and Technology team are positioned within the business to enable delivery of optimum data and technology solutions to meet the needs of the business. This transformation theme will need to maintain close working with our Information and Technology Directorate as a result.

Our Strategy and Planning team have been developing a view of how our roads will evolve and develop between now and 2050. We will need to remain aligned to this work to ensure the changes made can continue to evolve and have impact into the future.

There are also teams within Highways England that have tested innovative ways of maintaining our network. We will need to tap into this research and knowledge to maximise the impact we have in the changes we deliver.

2.6 Maintenance productivity

2.6.1 What is our vision for Operations?

The **process** design that supports the scheduling and integration of works will be key to success. Making this process consistent, repeatable and fair whilst driving the right behaviours and encouraging works integration is essential. Through standardising this, and measuring performance to drive improvement, we should find we are making better use of our network occupancy and delivering more every time we work on our network. Mechanisms for sharing and then enforcing optimal ways of working will need to feature in the process architecture. This will require our organisation and those undertaking work on our behalf to be 'flexible by design'. We believe we can also improve the standardisation and consistency of maintenance delivery.

We will have to challenge behaviours that currently see those delivering works treating their network occupancy possessively. Highways England employees also need to be clear on their duty to challenge those undertaking work on our network to deliver it most efficiently, focussing on effective integration. Our **people** will become more commercially astute; the benchmarks and peer-performance measures we create must provide our own people with the tools and intelligence to be able to challenge the supply chain. Having the right number of people in the right roles is also an essential part of our operating model. There needs to be commonality on the size and scale of the organisation delivering our services across all our operational regions.

Making better operational use of the **data** we collect is a big part of our vision for Operations by 2025. This theme relies on our ability to use scheduling and delivery data, road space booking data and **performance** data from a wide range of sources. This then needs to be turned into useful, operational formats to support decision making. Where capital works are delivered, and our asset inventory is changed, there is an opportunity to optimise the way in which data is handed back into our business, whether it comes from Major Projects schemes or our own capital renewals. We want to ensure our asset systems more fully reflect the physical assets we are responsible for.

Requirements for **systems** across a broad range of functions need to be clear for this theme to deliver successfully. We need systems that can support dynamic planning and help us capitalise on network occupancy and works integration opportunities. The way in which we manage cost and productivity information to build baselines and benchmarks is also likely to utilise a system.

For the challenge of RIS2, we need to clarify the boundary of our organisation is and where our **supply chain** starts. There are some regional differences and ambiguity now when we're planning, specifying and managing maintenance. Incentives for the supply chain need to be aligned to our objectives, we need to reward those scheduling work efficiently and adopting standard approaches quickly. The outcomes of having better strategies and plans for our assets should be an improvement in the predictability and stability of the work required to maintain and operate our assets.

This stability should lead to lower unit costs for our assets. To realise this, we'll need evidence-based benchmarks which draw on our cost data in addition to that of other industries and sectors. We need to know how our unit costs change through time and relative to peers.

2.6.2 What do we want to achieve?

We believe there is an efficiency opportunity of approximately £50m during the RIS2 period to expand upon the performance improvements we've seen in our delivery of maintenance during the first phase of Operational Excellence. Through efficient scheduling and delivery of works and effective performance management we should be able to deliver maintenance for a lower cost, with less disruption to our customers and reduce the safety risk exposure for all of those who work for us.

2.6.3 Where is engagement required?

To achieve the ambitions of this theme, the project will need to engage with the Commercial and Procurement Directorate; many of the commercial data sources that we need to make better use of are already collected and maintained. A close working relationship with the Cost Intelligence team will be essential.

Engagement within Operations will also be required; understanding how our regions manage our supply chain partners, how our supply chain partners deliver the services we require of them and the role the central divisions within Operations should play.

2.7 Capabilities linked to outputs

2.7.1 What is our vision for Operations?

We need **processes** that enable our teams to be agile, that enable them to understand how cost and activity link to outputs, have a clear focus on outcome and to establish a framework that provide lines of sight and enable decision making to be made at the right level in a timely manner. Process changes made through this transformation will principally be Operations owned processes, but there will need to be an awareness of wider business processes that will need to be aligned.

The way our **people** work today will need to change considerably to achieve a culture throughout all levels of Operations that encourages and accepts the required agility and shifts the focus of delivery from inputs to outcomes and priority impacts. We've driven a focussed change in RIS1 to design and implement an organisational structure across all our regional teams that has built a foundation for consistent and standardised ways of working. There is an opportunity to evolve this further to create an agile workforce that can adapt its skills and capabilities based on the current and future needs of the organisation. This would see us being able to deploy our talent to critical outputs in a time efficient and effective way, with right sized and harmonised teams nationally and within and between regions. This also opens an opportunity to review what we spend on our resources from a first principles approach. This change is needed for all our people, no matter the level or area of the business they work in, but success will rely on developing strong leadership across the organisation that focuses on outcomes. We started to develop and enhance leadership capability within Operations during RIS1 and so will need to continue to build upon that. We also want to be able to capture and evidence that we have achieved this vision.

Enabling our people to have the lines of sight on decision making and to help them make decisions at the right level and in a timely way will benefit by improving access to **data**. Our aim is to use data to underpin and inform decision making, shifting our focus from manual data processing and decision making by experience to automated data processing and data informed decision making, and therefore maximising the value of a human intervention to ensure we always make the best decision possible.

Highways England has invested in **systems** during RIS1 to enable effective people management and encourage identification and movement of talent around the business to meet business and individual's needs. The nature of this transformation doesn't necessarily rely on system changes to be a success, but it may present an opportunity for further improvement.

2.7.2 What do we want to achieve?

Transformation within the theme of capabilities linked to outputs is intended to contribute circa £50m of efficiency savings over the RIS2 Period through evolving our Operations organisational structure and capabilities to reflect current and

evolving delivery priorities, with greater accountability for outcomes. These changes will also be effective enablers for the other transformational elements to come to life.

2.7.3 Where is engagement required?

Success within this theme relies on our transformation team working closely with our regional and national Operations teams to role model the required cultures, and then work hand-in-hand to help the culture come to life and embed itself as the normal way of working.

This type of change will require collaborative working with our HR Directorate to ensure its successful delivery. This is particularly important as the company is undergoing a re-grading exercise during RIS1 and so changes will need to remain aligned to that work.

There is a company-wide piece of work underway to review the business architecture, with the aim of designing a company-wide setup that encourages agility, right sized teams and efficient use of resources across the organisation. This transformation element would need to remain closely aligned to this through engagement with our Strategy and Planning colleagues.

As would be expected, this change will also require engagement with all other parts of the business that Operations has touchpoints with, so they are at least aware and can align their ways of working where needed. This would include Major Projects who Operations regularly interact with, and which is a relationship that will experience a step change as a result of this transformation programme.

Engagement with our supply chain is expected to be needed as part of this work, but to a lesser extent compared to some of the other transformational elements.

2.8 Reliable, accurate and available asset and activity data

2.8.1 What do we want to achieve?

To enable the successful implementation of the transformation themes described above, we will require reliable, accurate and available asset and activity data throughout our operational business. We're seeking a rigorous approach for capturing, maintaining and using data that is accurate, reliable and provides a 'single version of the truth' to support decision-making.

This will deliver:

- Clear ownership of asset and operational data
- Improved quality of asset and operational data
- Improved supply chain understanding and compliance with data requirements
- A single view of asset and operational data that is captured and maintained

The transformation programme will develop our capabilities and allow us to:

- Improve our ability to capture asset and activity data
- Ensure consistent use of data across regions, both internally within Highways England (all Directorates) and with our suppliers
- Create insight in near-time to support management decisions
- Understand overall data quality
- Enhance our organisational capability to build evidence based investment submissions for future roads periods and roads investment strategies

2.8.2 Where is engagement required?

Highways England's other directorates will be developing and delivering change programmes that will work to improve how information and data is captured and used, so there are multiple touchpoints for engagement.

Active engagement will be needed with our Information and Technology colleagues who have developed and own a company wide data and information vision and strategy. This strategy underpins how the company is to manage and use information and data, meaning its pivotal to the success of the Operational Excellence transformation programme.

Our Safety Engineering and Standards colleagues throughout RIS1 have developed requirements, ways of working and supporting tools for asset data management, including in a way which ensures Highways England compiles with its licence requirements. This means engagement will be key to ensure success.

The data used by Operations is also common to Major Projects and so there will be a need to collaborate and engage with Major Projects throughout the transformation to remain aligned.

Our supply chain will also need to be engaged to align how data is captured, managed and shared.

2.9 Limits to Scope

There are constraints within which the *Consultants* will be expected to work.

- Managing the Programme – ways of working and the approach to programme governance will be defined, resourced and led by Highways England. However, the *Consultants* will be expected to manage their own resources and tasks to deliver the required level of service to the programme
- Defining how we manage data at an enterprise level will not require input from the *Consultants*
- Delivery/implementation of technology solutions will not require input from the *Consultants*
- Delivery/implementation of data changes/improvements will not require input from the *Consultants*
- Development of technology, information and/or data strategies will not require input from the *Consultants*
- Design of changes that are already being delivered by others in the business will need to be taken account of by the *Consultants* but won't be part of the scope of work to deliver

3. Roles and Responsibilities

3.1 Highways England's change roles

The *Client* intends to deliver the transformation programme led by a Highways England implementation transformation team, with strong and active Executive sponsorship and operating as an integrated team with the *Consultant*. The *Client* will make use of the expertise it has available in-house and from the *Consultant,* with the *Client* and *Consultant* working together to deliver the *Client*'s objectives. The *Consultant* will work with the *Client* to form a seamless, highly professional and integrated operational excellence implementation team, which works together to achieve the *Client's* objectives.

Highways England will seek to establish arrangements to enable successful design, delivery and embedment of change into business as usual, which will be enhanced by the technical and specialist services support provided by the *Consultant*. The following arrangements are intended to have been developed and implemented ready for the start of OE 2025, building on lessons learnt during RIS1:

- We will have strong Highways England sponsorship of the projects and programme, with sponsors identified who are ambassadors for change and who have credibility with their peers in the business because they work in the same business area impacted by the change.
- There will be a high performing and strong Programme Management Office (PMO) who will be responsible for owning and applying proportionate governance to ensure the programme delivers on time, effectively and achieves the required impact. The PMO will have responsibility to hold all work within the programme to account to drive and insist on the essential good disciplines around project delivery, prioritisation, planning, change control, benefits reporting, risk management etc.
- There will be a Target Operating Model Design Authority which will have responsibility for designing the "to be" operating model (I.e. our future vision for the Operations operating model) that we need to successfully achieve the challenges presented in this document, and the responsibility for influencing and designing changes that will successfully progress us towards the "to be" operating model. This will put the Design Authority into a position of acting as a gatekeeper of change.
- Linked to the above there will be a strong focus on Quality Management, with a focus on ensuring we have robust and controlled approach to maintaining consistent ways of working across our regions that align with the direction of travel.
- There will be a dedicated focus on Operations systems and technology, which allows us to articulate our requirements for Operations and then work with our IT team to put in place either system, technology, data and/or information

changes. This will align closely with the Design Authority. There will be a dedicated focus on business readiness and change management, with arrangements in place to coach and develop softer skills across the business to help improve how we embed change with our people. This won't be about delivery but providing support to others whilst they deliver, helping others to understand overall objectives and business direction whilst checking and challenging back to those delivering that they're considering and applying people change.

- There will be a dedicated resource for programme management nationally to ensure we have robust management of all of our projects to keep them focussed on delivery to time, cost and quality. This will be coupled with robust and effective planning for change working with all other teams in Highways England, and ensuring change is impactful and sustainable.
- There will be a project management team to lead and support robust delivery of the projects.
- There will be Regional Change Leads to act as our single point of contact for change in each region, enabling our regions to plan for the change and therefore in turn successfully enabling the design, delivery and sustainability of the changes. In region there will also be access to subject matter experts.

4. Relationships and Approach

4.1 Our Values

We live our values at Highways England; they enable and empower us to do the right thing, guiding our decisions and structuring how we work to deliver out objectives. Our values describe how we do it, how we treat each other, and expect to be treated, how we want to be perceived as an organisation and how we do business. We will look to the *Consultant* to mirror these values and behaviours.

Safety is the core strand, woven through everything we do. Safety is both a value and an imperative. As a value: it is how as individuals, colleagues, a business and a client organisation we act safely and enable others to act safely too. As an imperative: it is what we set out to achieve. We can't routinely eliminate risk, but we can recognise it, assess it, manage it, and make sure no-one comes to harm from it. Safety is the most important part of our work so that we all get Home Safe and Well.

We should only give commitments we intend to keep, provide honest feedback, and we don't say one thing and do another. We should always act in accordance with the other values and act with **Integrity**.

We care about what we do. We care about each other. We put energy into the things that are important to us. We act with **Passion**.

We take responsibility for doing things and making them happen. We take **Ownership**.

We work with the people around us, not just for our own success but for their success too. This is **Teamwork**. It's not just about the people in our local team, but getting other directorates, contractors, suppliers, and stakeholders to work together, to share goals so that everyone is successful.

4.2 Progressive Behaviours

We want the *Consultant* as our Strategic Delivery Partner to challenge our thinking, to encourage innovation and help us develop creative solutions to the challenges we face. We want to be progressive and are open to new ways of working. We're not looking to be told the answers by a third party; we intend to develop creative, integrated delivery teams that work together to solve problems; this is a model of co-creation.

4.3 Delivering Change

The changes we put in place need to be individually and collectively baselined, identified, developed, designed, implemented, embedded and assessed for them to be successful. To work in this way, we're building our change delivery team around three core capabilities; technical **programme and project management**, **readying the business for change** and **change management**. We know we will need to

stretch our capabilities to make this happen; we want the *Consultants* to be the delivery partner that supports this.

Throughout the programme of transformation, we need to maintain attention on the objective to leave our business more capable than it was before we began the process. Through implementation, the change needs to **embed** and become the new way of working. It needs to be **continued as business as usual** and deliver **sustainable** ways of working.

We also want to enhance our ability to deliver change **independently**. We should become progressively less reliant on the *Consultant's* support during the duration of the contract as our organisation will be more capable through knowledge and skill transfer. This applies to both the Highways England transformation team and our regional teams who we will be working with to deliver and embed the change.

We require a degree of **stability** from the *Consultants* to support our approach to implement and embed change. Changes in personnel should not affect the implementation of change and we do not expect to have frequent, disruptive handover periods that stall change delivery and jeopardise embedment. If the *Consultant* is comprised of different organisations, we will not accommodate multiple approaches and ways of working; we expect consistency in all elements of work. We also want to ensure we have the right people aligned to the right work, within Highways England and the *Consultant*. We want to work together to plan and manage resourcing, putting in place effective processes that enable us to do this in a way that puts Highways England's priorities and interest at its core.

4.4 Looking outwards

We do not want Operational Excellence 2025 to become a wholly inward facing programme within Operations. To deliver the scale of change and impact to our business we're aspiring to, the programme needs to **look outwards**, working with others outside organisational and industry boundaries.

We want to be able to take advantage of great ideas and innovative practice, drawing upon experience and knowledge gained through other industries and sectors. Through experience of transformational change delivery, the *Consultants* should be able to bring **innovation** from other sectors and industries that can transform how we manage our Strategic Road Network.

Our approach to organisational change will necessitate authentic **baselines** of performance to be assessed before we implement change, so we can measure the impact of our change programmes. We must also **benchmark** ourselves against other industries and sectors, so we not only compare ourselves to our past performance but have a real understanding as to how our productivity and performance compares to high performing businesses.

We will need to align with other changes in the business and bring on board other teams from the outset so that we can co-create and deliver change. Operational

Excellence will have to remain aligned with corporate transformation, delivered under the umbrella of Highways England 2025.

4.5 Constraints on how the consultant provides the service

4.5.1 Quality Management

The *Consultant* Provides the Services under a quality management system which

complies with BS EN ISO 9001:2015 (or the current standard that replaces it),

has third party certification from an accreditation body approved by the applicable national member of the European Co-operation on Accreditation or is operating in preparation for accreditation within 12 months of the Contract Date; and

includes processes for delivering continual improvement following the guidance in ISO 9004 or any equivalent standard which is generally recognised as having replaced it and

complies with good industry practice and encourages innovation during the contract duration.

The *Consultant* produces a quality plan and incorporates the proposals in the Quality Statement and is sufficiently detailed to demonstrate how the *Consultant* will achieve each of the commitments in the Quality Statement and meet the *Employer*'s objectives for the contract.

4.5.2 Quality Plan

The *Consultant operates a quality management system which complies with the requirements stated within the scope. Within the period stated in the Contract Data, the Consultant provides the* Service Manager with a quality policy statement and a quality plan for acceptance. A reason for not accepting a quality policy statement or quality plan is that it does not allow the *Consultant* to Provide the Service. If any changes are made to the quality plan. The *Consultant* provides the *Service Manager* with the changed quality plan for acceptance. The *Service Manager* may instruct the *Consultant* to correct a failure to comply with the quality plan. This instruction is not a compensation event.

The *Client Notifies* the *Consultant* if he considers that the Quality Plan does not comply with the requirements of this contract. Following such notification, the *Consultant* reviews the Quality Plan and reports to the Client setting out his proposed changes. If the C*lient* accepts the proposals the Quality Plan is changed.

The Client may carry out audits of the *Consultant's* quality management system from time to time. The *Consultant* allows access at any time within working hours to any place where he or any Subconsultant carries out any work that relates to this contract for the Client to carry out audits, to inspect work and materials and generally to investigate whether the *Consultant* is performing his obligations under this

contract. The *Consultant* provides all facilities necessary to allow such audits and inspections to be carried out.

- Following notification of a Defect, the *Consultant* submits to the Client for acceptance the corrective and preventative action that he proposes to take to deal with the nonconformity. The *Consultant* does not take action to deal with the nonconformity until the Client has accepted his proposals.
- Within one week of the *Consultant* submitting the proposed corrective and preventative action to him for acceptance, the Client either accepts the proposal or notifies the *Consultant* of his reason for not accepting it. A reason for not accepting the proposed action is that:
- it does not take action required to ensure that nonconformities do not recur or
- it does not comply with the Scope.
- If the Client does not accept the proposed action, the *Consultant* submits a revised proposal to the Client for acceptance within one week.
- The *Consultant* corrects nonconformities and takes action to eliminate the causes of actual or potential nonconformities within a time which minimises the adverse affect on the Client or Others and in any event before carrying out any operation the same or similar as that in respect of which the nonconformity occurred.

The *Consultant* notifies the Client when the proposed actions have been taken and provides with his notification verification that the defective part of the *services* has been corrected.

4.5.3 Collaborative Performance framework

The Client uses the current version of the CPF in order to actively measure the contractor's performance and follows the processes set out in the CPF in relation to the use of performance scores to drive improved performance.

- The Consultant's records performance against each of the indicators in the CPF and assists the Client in the development of the framework by proposing and developing ways in which improvements can be made to the CPF.
- The scores recorded by the consultant against each CPF indicator are submitted to the Client and copied to the CPF email address supplierperformance@highwaysengland.co.uk no later than working day 7. (Working day 0 is the last working day of the month).
- The Client leads additional annual reviews to assess all aspects of consultant performance and trends in performance indicators.

4.5.4 Performance reviews - CPF

The performance review described above will include assessment by the Client of the Consultant's overall CPF scores.

- Where the Consultant's performance, as measured in accordance with the CPF, is below the Performance Level, this is treated as a substantial failure by the Consultant to comply its obligations under this or any Package Contract.

4.5.5 Communications

The *Consultant* is to liaise with the *Service Manager*, in the first instance, in relation to all communications activities, opportunities and issues, unless otherwise agreed by the *Client*.

The *Consultant* catalogues and records all documents, relating to communications undertaken during the life time of this contract

The *Consultant* provides a monthly communications report to the *Service Manager*. The report is a mandatory requirement and is to include details of all proactive and reactive communications activity undertaken by the *Consultant* (and subcontractor where applicable). The report also includes details of all known existing or potential communication risks (e.g. damage to the *Client's* reputation), known enquiries or issues; progress with project milestones, and community liaison work. The *Consultant* is not required to purchase a media monitoring or cuttings service in order to prepare the monthly report or as part of this contract.

The *Consultant* provides a project communications plan, prior to the commencement of an event or communications activities relating to the *service,* along with any copies of communications literature (e.g. leaflets and other printed materials) developed by the *Consultant* for use prior to, or during, the *service*.

All communication plans produced by the *Consultant* require acceptance by the *Client* prior to the implementation of the plans, and the commencement of the *service*. The *Consultant* puts into action the accepted communications plan.

The *Consultant* works with the *Service Manager* to identify key groups of customers and interested parties they need to communicate with. The *Consultant* works with the *Service Manager* to ensure these groups have the information required via the *Client's* approved channels of communication.

The *Consultant* ensures that customers have the opportunity to provide feedback to the *Consultant* and the *Client* in relation to the *service*.

The *Client* requires:

- regular liaison between the *Consultant* and the *Client*;
- the *Consultant* to attend regular communications management meeting, set up by the *Client*, to discuss communications best practise, all known existing or potential risks, any other all communications activities relating to the *service;*
- a basic fact sheet and route map to be available for issue to the media as required; and

the *Consultant* to commit to maintain regular and open communication with the *Client and respond to general correspondence within 48 hours i.e. responding to emails about programme queries, support i. e. day to working.*

5. *Consultant* (SDP) Skills, Experience and Resourcing

5.1 *Consultant* Skills and Experience

The *Consultant* provides the *Client* with access to resources that have direct experience of leading and managing transformation processes and with a relevant technical background and the culture and behaviours that align with those of Highways England.

The *Consultant* helps the *Client* to develop the desired collaborative culture to support the successful delivery of the *Client's* objectives.

The *Consultant's* team is divided into senior leadership, subject matter experts and project management/consultant support.

The *Consultant* ensures its senior leadership and the subject matter experts are *key people.*

The senior leadership team will spend significant time on the transformation and carry personal responsibility for the success. The Consultant ensures its leadership team has robust experience in the following:

- Implementing multi-year transformation programmes in complex, multi-regional organisations in capability improvement, productivity increase and efficiency realisation
- Implementing operational improvement projects in infrastructure or public sector organisations
- International projects utilising global best practices in strategic infrastructure or highways, relevant for this transformation
- Coaching and building client capability, from top team to front line, to achieve significant cultural and performance changes during long and complex transformations in the UK public sector

The *Consultant* clearly identifies subject matter experts who they will leverage to support in guiding the programme. The *Consultant* articulates what relevant experience they will bring and how they will be engaged to bring this experience to the *Client*.

The *Consultant* clearly identifies project management and consultant support who have relevant experience such as operations transformations, public sector, transport and infrastructure projects.

5.2 Consultant Resourcing

From the Contract Date, the *Consultant* prepares and updates at the commencement of each month a resource schedule of the *Consultant's* planned activities for Phase 1 and 2, detailing all the staff resources required to complete each activity. The *Consultant's* activities represent all the agreed *Consultant's* activities required to Provide the Services to complete all aspects of Operational Excellence 2025.

The *Client* issues Task Orders to deliver the activities for Phases 1, 3 and 4. The *Consultant* will provide detailed resource projections in the manner described above to support the Task Orders and any other proposed changes to the *services*. The *Consultant* submits such projections to the *Client.*

The *Consultant* will keep the *Client* informed and notified of planned resourcing changes, ensuring that *key people* are maintained throughout and applying an agreed change control process for any resourcing changes identified.

5.3 *Consultant's* Employees Register

The *Consultant* maintains a register of its employees from the Contract Date until the Completion Date. The register contains details of the *Consultant's* employees used to Provide the Services.

The register contains at least the following information – name; employer; position; grade; start and end dates; and principal duties under this contract. The register is available for inspection by the *Client* and its representatives at all times.

5.4 Additional Resources

At any time, the *Client* may require the *Consultant* to provide additional resources to directly support the activities of the operational excellence implementation team. The *Client* instructs and agrees any additional resource requirements.

5.5 Knowledge and Capability Transfer

We expect the *Consultant* to prioritise transfer of knowledge and capability to Highways England, and we will expect evidence to be demonstrated of how this is achieved and delivered.

6. Programme Logistics

6.1 Locations

The *Consultant* provides a team of staff from the *Contract Date*. The team shall be based in Birmingham, but travel will be required to *the Client's* offices and estate (across England). A list of operational locations can be made available upon request.

6.2 Timeline

We anticipate the transformation programme being delivered through four key phases.

Phase 1 will start from the *Contract Date* through to the *Starting Date* (duration of 1 month) and will have a mobilisation focus, including the *Consultant* building full familiarity with Highways England, Operations and the OE2025 programme.

Phase 2 will start from the *Starting Date* and will run for 2 months. Phase 2 will have a strong focus on setting up and implementing all activities needed to ensure the integrated Highways England and *Consultant* (SDP) team are ready to deliver impact from beginning of Phase 3. The following are the minimum outputs needed for Phase 2:

- Targets defined and agreed (including methodology to measure) between Highways England and *Consultant* – this means:
    - we have set SMART performance targets to show how the Operational Excellence programme will beneficially impact safety, our customer service, delivery and our people. These will be derived from our corporate performance targets and will have a link to demonstrate how we will make a measurable impact.
    - we will have defined the targets, how we measure them and why.
    - we will have baselined today's performance to understand where we're starting and which will allow us to measure the impact of what we deliver
    - we will have built a performance projection across the programme and for each target, which we will be able to use to inform and decide which parts of the programme are priority areas.
- Governance and common ways of working defined, agreed and in early use – this means:
    - we will have a commonly understood and agreed set of roles and responsibilities
    - the *Consultant* will be clear on how to adopt our programme governance for delivering change
    - we will have a commonly understood and agreed *Consultant* and Highways England approach to how we communicate and engage with each other
    - we will have established how we will work collaboratively
- Programme designed and approved for Phase 3 – this means:
    - we will have a high level schedule that captures the logic, dependencies and overarching timescales for the transformation

programme. This will include and consider other changes underway within Highways England that impact Operations
    - we will have a high confidence of what we're delivering within the first 6 months of Phase 3, with this having been built from the priority areas identified from the target setting and performance baselining
- Task Orders setup and approved – this means:
    - We will have Task Orders drafted and agreed for the first 6 months of work during Phase 3
- Engaged with all key stakeholders – this means:
    - Refreshed stakeholder engagement and communications programme wide plan
    - We will have held early engagement sessions with key stakeholders to form relationships
- Delivery on three relevant Tender Commitments

Phase 3 will then start at the end of Phase 2 and will run up to the end of 2025. Phase 3 will be delivery focussed, ensuring projects are brought to life to have the required impact during RIS2.

A final, fourth, demobilising phase will run in parallel with the end of Phase 3. During the last 6 months of the contract, Phase 4 will ensure all of the products and deliverables are properly handed over and the services are closed down in a sustainable manner. The *Consultant* will produce a demobilisation plan and agree this with the *Client*. The legal transfer of all physical and electronic assets must be completed before the end of Phase 4 and within the contract duration. All residual responsibilities must also have transitioned into their business as usual arrangements by the completion of Phase 4.

7. Glossary

Asset – all physical and technological assets that enable operation of the Strategic Road Network

CAPEX – CAPEX is our Capital Expenditure includes budgets that we spend on renewal schemes, implementation activities (such as new technology) and some resource.

Design Authority - The Design Authority is the group which safeguards and controls Operations' vision. It provides the 'conscience' to ensure that operating model design and delivery take place in a consistent and coherent manner.

Directorate – Highways England is setup as Directorates. There are 10 Directorates across Highways England, covering:

- **Operations (Ops)** - keep the roads open for business and play a key role in making sure the network we manage is fit for purpose today and for the future
- **Major Projects (MP)** - responsible for the initiation and delivery of national and regional road infrastructure asset investments
- **Safety Engineering & Standards (SES)** - provide technical and support services to lead, enable and innovate in the development of the Strategic Road Network and provide expert advice on matters relating to health and safety
- **Strategy and Planning (S&P)** – lead the direction for strategic roads enabling the company to deliver societal benefits through meeting the needs of our customers and clients, within our regulatory obligations
- **Information and Technology (IT)** - support Highways England transform the way it operates by delivering digital, data and technology services from frontline to back office, in a modern and efficient way
- **Human Resources (HR)** - support, develop and nurture our people so that we can all achieve our full potential
- **Finance and Business Services (FBS)** - supports the business with finance (claims, strategic finance and planning and financial control); corporate assurance; estates and facilities; and management of Dart Charge
- **Commercial and Procurement (C&P)** - supports the whole of Highways England when it buys goods and services
- **Corporate Affairs and Communications** - tells the story of Highways England to external and internal audiences
- **General Counsel (GCO)** - contains Highways England's legal team and the companies secretariat function

Highways England – we are one of the 21 agencies and public bodies supporting the Department for Transport. We're responsible for maintaining, renewing operating and improving the Strategic Road Network. Since 2015, Highways England has operated as a government owned company.

Lever – these are approaches/changes we can make to improve efficiency realisation. An example lever is LED lighting or use of pavement materials that are more cost efficient to procure or install.

On-road – Highways England internal staff and supply chain resource that works out on the Strategic Road Network, e.g. Traffic Officers, Inspectors, Maintenance & Response contractors

Operational Excellence (OE) – this is the name of our Operations transformation programme, which started in RIS1 and will continue into RIS2

OPEX – OPEX is our Operational Expenditure, which includes budgets that we spend on some (but not all) resources, running costs (such as systems) and maintenance activity.

Roads Investment Strategy (RIS) – way of planning future road investment, introduced in 2015. Strategy documents are put in place to define our delivery commitments.

Roads Period (RP) - these are cycles within the RIS and are 5 years in length. RP1 started April 2015 and will end March 2020. RP2 will start April 2020 and will end March 2025.

Strategic Road Network (SRN) – comprises the major highways (motorways and some A roads) which link cities, ports and airports and areas of high population in England. According to the Highways England Network Valuation for November 2011 the SRN has an estimated asset value of £99 billion Map of the SRN, locations of the RCCs, outstations and other related maps.