

## Highways Transformation vs Reformation: The Alternative Cases

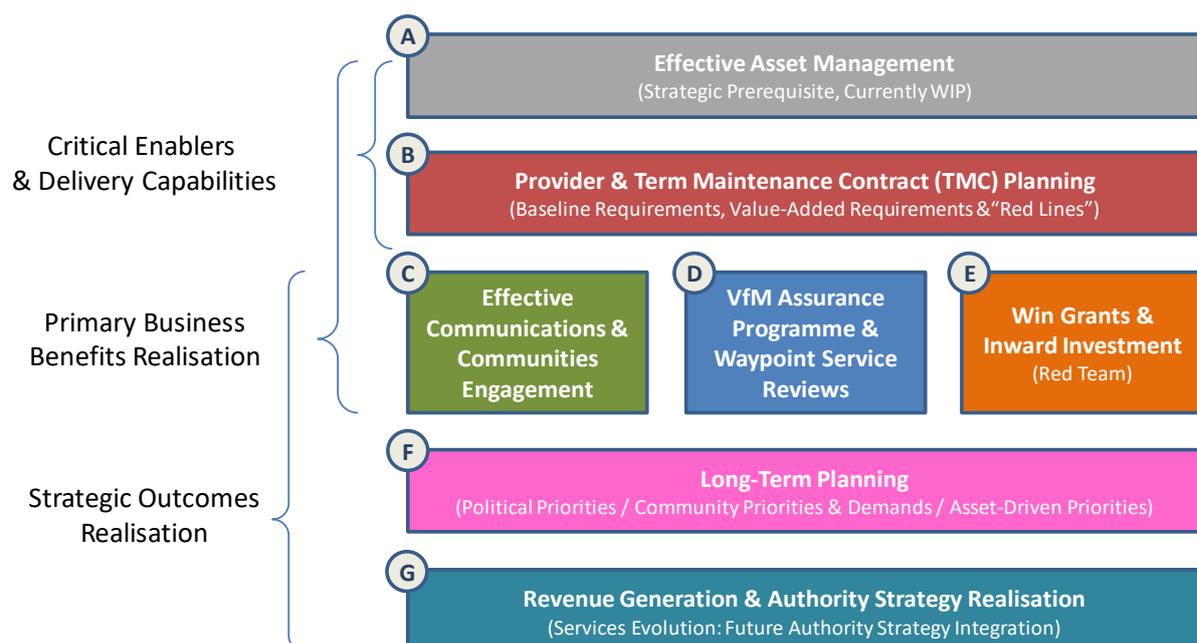
The Future Highways Research Club (FHRC) has studied the different approaches adopted by authorities in modernising highways services. Typically, the approach chosen has been driven by either fiscal considerations (principally budget cuts), the deteriorating condition of the assets or the increasing demands for better services from politicians and the public. These largely competing demands have required senior highways managers to radically rethink current structures and processes.

Three approaches have emerged; *optimisation*, *reformation* and *transformation*. Optimisation focuses on streamlining current processes and simplifying interfaces between internal functions and service providers. The assumption is that the current structures, processes and supplier relationships are largely “fit for purpose”. Typically, in the cases reviewed, the benefits of optimisation have been marginal and transitory. In some cases, the costs of optimisation have exceeded the cashable benefits realised, bringing the initiative under close scrutiny. A repeating characteristic of optimisation initiatives has been to press providers to reduce costs and increase efficiency, whilst failing to identify and address the internal root causes of deficient performance on the client-side.

The two other approaches are supported by a greater evidence base of success. Reformations target specific functions for redesign. The benefits are usually significant and sustainable, but typically stem from only those aspects of the service that have been reformed. Business disruption is contained and minimised, as are many of the business change risks. In the cases reviewed, the business benefits have been quick to accrue. This targeted approach to business change has much to recommend it. Reformation initiatives are usually delivered using only internal teams and the business change costs are largely similar to those of optimisation initiatives.

An example of a reformation programme is currently being implemented by West Sussex County Council and being directed by Matt Davey (Director of Highways & Transport). Matt has designed a six-month programme targeting critical areas for improvement. These are illustrated in Figure 1, below:

**Figure 1: West Sussex County Council Highways Service: Strategic Reformation Programme**



These initiatives are highly interdependent and each is contributing to shaping the requirements for the new Term Maintenance Contract (TMC). The benefits of this programme include wide-ranging improvements in communities' engagement, significant improvements in the accountability and value for money performance of internal functions (using tools developed by Proving Services for the FHRC) and a more focused approach to pursuing grants and inward investments. This is a carefully-conceived, internally-led reformation programme with a clearly defined scope and set of business objectives. Some of the West Sussex initiatives will be reviewed in more detailed in later publications of Highways magazine.

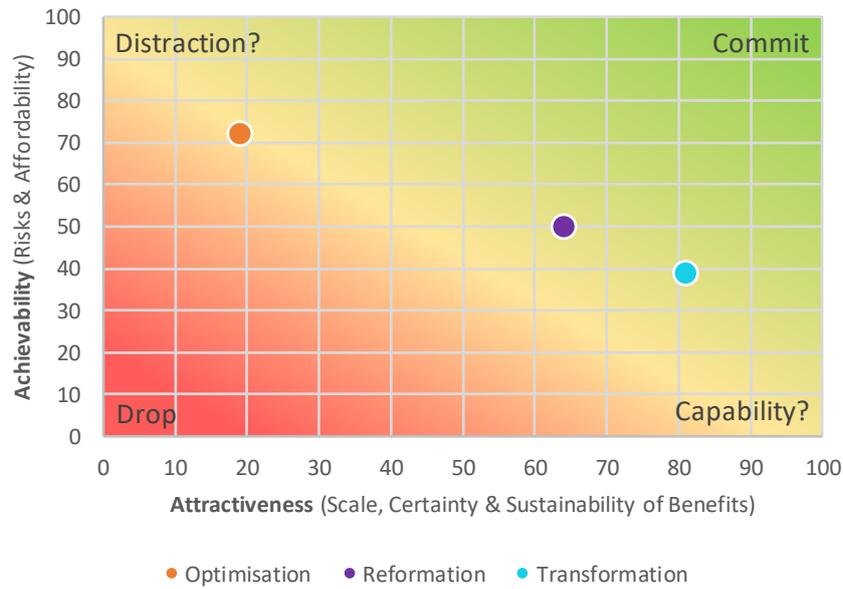
A more radical approach is services transformation. A true service transformation programme re-imagines and redesigns the entire service and seeks to deliver a breakthrough leap forward in value for money performance. Transformations are strategic programmes that consider the changes necessary to deliver the overarching strategic objectives. They are not constrained by the current operational structures, teams or contracts and require significantly more effort to design and implement. As with reformation programmes, they require a forward-thinking leadership team supported by a competent delivery team. They also require providers willing to embrace change and this necessitates careful provider selection and agile contracting terms. They are more time-consuming, higher risk and costly, but the prize is greater.

This holistic approach enables radical ideas to be included in the programme, including concepts such as *cost neutrality* and *community-driven commissioning*. Excellent examples of true strategic transformation can be found in the Lincolnshire and Suffolk highways services.

Which is best? The answer is that, done correctly, reformation and transformation are both high-performing options. Each has its own characteristics, as illustrated in Figure 2 below. Based on the cases reviewed, it is essential to clearly identify the scope, objectives, cost and risks prior to commencing either approach. Both will challenge the current culture and have to overcome internal and external inertia.

**Figure 2: Business Change Options: Attractiveness & Achievability**

## Attractiveness & Achievability Analysis



The evidence suggests these types of programmes deliver significant, sustainable business benefits; financial (cashable savings, for example), reputational, political, social and environmental.

And optimisation? First consider if tinkering with an underperforming function or service will make any difference. Where the fundamental structures and processes require redesign, then embrace an approach that is proven to be successful. Based on the evidence, a targeted reformation programme is a good place to start.

However, if a service has been analysed and shown to be performing well, a process of continuous improvement will enable the service to remain optimised for the operating environment. A most effective method is using a rolling *Value for Money Assurance Programme*.