

Balancing act

Jonathan Goddard looks at how Managed Motorways can play a significant role in achieving the Government's efficiency agenda

Much has been written about the global economic downturn in recent months to which the UK is no exception.

Therefore, in October of last year, perhaps with an element of nervousness or even trepidation, the majority of the transport sector was keeping a keen eye on the Comprehensive Spending Review (CSR). Within the announcements to the House of Commons the Chancellor advised that transport would receive a £30bn investment in capital spending over the new four years, larger than the previous budget. Complementing this were funding announcements by the Department for Transport (DfT) within their Investment in Highways Transport Schemes paper later that month.

The DfT had made it clear that the Managed Motorways programme, both current and future, represented the continued focus in lieu of widening schemes. This is further evidenced within the M25 DBFO where despite Sections 1 and 4 (J16 to J23 and J27 to J30) being

Traffic Management, Maintenance and Highways Agency wide efficiencies all highlighted. The appointment of Alan Cook as the first ever non-executive Chairman of the Highways Agency (HA) provides further clarity, if it were required, that ensuring greater efficiency is paramount.

As part of the new Efficiency and Reform Group within the Cabinet Office the governance is in place courtesy of the Office of Government Commerce (OGC) with procurement being rationalised by central and local government. HM Treasury, via the Infrastructure Cost Review Report of December 2010, clearly believe that 15 per cent savings are achievable within infrastructure projects. Therefore, how does the highways industry rise to the efficiency challenge without affecting the fundamental principles of Managed Motorways, thereby running the risk of adversely affecting the HA's strategic plan?

Effective procurement will be core in ensuring that the efficiency challenges

whether this be Central Government and their desire to maximise the value for money obtained by Government departments through the procurement and supply of goods and services, or whether it be Contractors reducing their supply chain partners in an attempt to reduce costs and increase efficiency.

- Contractual Mechanism – To date a number of alternative contractual arrangements have been utilised in order to deliver Managed Motorway schemes. These include technology framework contracts, competitively tendered NEC3 construction contract and Early Contractor Involvement (ECI) with the Major Projects National Works Framework poised to deliver the Tranche 1 Managed Motorway schemes. This suggests that the preferred and most efficient contractual mechanism has not been identified. Whilst the NEC3 suite of contract documents has been favoured you will note that innovative procurement such as competitive dialogue are becoming more mainstream but as of yet have not been utilised within the Managed Motorway environment.

Ensuring that a holistic procurement strategy is in place from Central Government right through the supply chain represents a key challenge and fundamental requirement within the revised landscape

widened the method for combating congestion will shift to hard shoulder running within Sections 2 and 5 (J23 to J27 and J5 to J7).

Since the CSR the new norm must be seen as 'value for money' or 'more for less' and this drive for efficiency was highlighted within the DfT with four specific areas embracing Major Projects,

are met going forward. Two key areas are worth considering:-

- Supply Chain – The implementation of a strategic procurement strategy throughout the supply chain should be at the cornerstone of all organisations. Category Management lead analysis has seen increased activity in this area,

A HOLISTIC APPROACH

One school of thought is that the increased use of incumbent maintenance organisations, such as the MAC/TechMAC will facilitate efficiencies. This could be achieved through integration of schemes with major maintenance schemes, protection of Public Service Agreement Targets or by purely removing maintenance interfaces through construction period. Either way ensuring that a holistic procurement strategy is in place from Central Government right through the supply chain represents a key challenge and fundamental requirement within the revised landscape.

As with any project/programme, certainty of delivery to time and to budget are key drivers, to which the DfT and HA are no exception. If we accept that in the implementation of a project then the three most common primary objectives are lowest cost, highest quality and shortest time then it will be recognised that the gain in one of these objectives needs a compromise in the other. The normal situation is typically that one of these factors is fixed and the other two will vary in inverse proportion to each other, with an example being that time is often fixed and the quality of the end product will depend on the cost or resources available.

Therefore with cost and time fixed, if the scope starts to creep you are left with only one choice - cut functionality. That is the theory, but the underlying principles of Managed Motorways is that schemes must be driven by the safety and operational requirements and therefore if you reduce functionality are we at risk of adversely affecting the desired outcome therefore jeopardising the overarching principles of Managed Motorways?

Protecting the core objectives in any project is fundamental and therefore the chances of efficient implementation can be significantly improved if the following are considered:

- **Scope Creep** – If the art of management is making decisions, then the art of project management revolves around making decisions quickly. When faced with scope creep you cannot ignore it. With a governance-based framework in place, the risks will inevitably be understood and managed at project level, however it is imperative that recognition of the scale of the risks are understood at programme level. This will enable potential impact of time and cost risks to be understood and the dissemination of lessons learnt to other projects.

- **Integration** – It has been demonstrated that a truly integrated approach can generate significant time savings, without adversely affecting cost or quality whilst enabling early benefit realisation. Fast-track delivery can be realised from tender through to testing and commissioning with a continuous and focussed investment programme.

FUTURE PERFECT?

It may be that Managed Motorways of the future, currently known as Managed Motorways 2, will involve design optimisation and therefore cost reduction. However this will require a careful balance between benefits and costs. It is paramount that efficiencies are realised however in order to protect the overarching principles of Managed Motorways then we need to ensure that the safety and operational focus is not compromised.

Perhaps to date a gold service has been provided to the road user and the future may necessitate the provision of a silver service. However in the decisions we make it is important that a short-term cost saving approach is not taken as the cost of the future generation and therefore whole life costs should remain core to our decision making process.

Once the efficiency improvements have been achieved and benefits realised from the capital spending then this should enable the Highways Agency to realise its vision of becoming 'the world's leading road operator' and therefore contribute towards economic growth.

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