

CQC Results Overview (for membership year 2016/2017)

The headline results from the latest round of CQC analysis, on Road Carriageway Maintenance data submitted by eighty-three members of the Network for the period 2009/10 to 2015/16, are as follows:

- Network members have improved their efficiency, on average, by more than 4% over the period.
- Net annual efficiency savings of £35m have been measured across the Network, relative to 2009/2010 expenditure.
- Fifty-nine members of the Network have made measurable efficiency savings totaling £46m, relative to 2009/10 expenditure.
- Remaining 'scope for improvement' across the Network, the gap to minimum cost, equates to £100m.

Background

The CQC Efficiency Network, formed in April 2015, is run in partnership by measure2improve and the Institute for Transport Studies (ITS) at the University of Leeds. Chaired by Jason Russell, Deputy Director Environmental & Infrastructure at Surrey County Council, the Network measures efficiency, evaluating the likely impact of changes to expenditure, practice and process and assists participating authorities realise efficiency savings. CQC has received recognition from the Department for Transport (DfT) and is referenced in its Incentive Fund Self-Assessment Questionnaire.

Eighty-four authorities are members of the network, up from sixty-seven in 2015/2016, representing 56% of all English Local Highways Authorities with responsibility for 72% of the Local Authority road network and an annual spend of £840 million.

What's Changed

The CQC model is constantly developing and the priority has been to improve the robustness of the model and better understand practice that drives superior performance.

Where possible data is gathered from public sources apart from expenditure data and practice and process information submitted by the membership. Data from public sources includes Land Area, Road Length, Traffic, Road Condition, Wages & Material Prices and Public Satisfaction. Many other datasets were considered but were found to be impractical to use. Members provided Capex and Opex cost data for the period 2009/10 to 2015/16. Efforts have been made this year to separately identify additional investment as this was identified as an issue affecting 2015/2016 results.

The Network started collecting additional data, known as the Why Questions, last year to help explain why some authorities appear closer to their theoretical minimum cost than others. Changes have been made to the Why questionnaire this year to make reporting and analysis easier. This information together with collating Self-Assessment evidence should help to explain the differences between Authority results.

The basis on which adjustments were made has been changed this year. Importantly improvements in the consistency of data has given scope for a more ambitious approach to capturing cost differences in

the modelling. Much work has been done looking at how the size of an authority affects the cost model. This year's analysis is based on the combination of land area and road length, which captures the difference between urban and rural authorities and has shown to be the best method in other similar work.

Last year's study produced relatively weak relationships between road condition (RDC), public satisfaction and cost, and further work on these factors was prioritised in this year's study. Three variables have been introduced: the level of RDC, the year on year change in RDC and in public satisfaction i.e. current year less the previous year, which have provided more intuitive results.

These changes are a step forward in explaining cost differences between Authorities and the average efficiency gap has fallen from last year's analysis, indicating the modelling has improved and that the cost data is more comparable than before.

ITS developed several alternate statistical analyses utilising the data available, however, there are two sets of published results based on Total Expenditure and Total Expenditure minus any declared 'Additional Investment' where applicable.

Efficiency Savings and Scope for Improvement

CQC provides a basis for measuring efficiency savings. Authorities that close the gap to their minimum cost realise efficiency savings. The savings made by each authority, and the Network as a whole, can be quantified below by multiplying the improvement in efficiency by average annual expenditure over the period.

Network efficiency has improved on average over the period by 4.6%. Taking this improvement and multiplying it by the total of all members' average expenditure per annum in 2016, which equates to £770 million, gives an overall net efficiency saving across the Network over the period of £35m per annum relative to 2009/2010 expenditure.

Looking at individual member performance, fifty-nine members made improvements over the period, the combined efficiency savings for these members amounting to £46m.

As well as providing a basis for measuring efficiency savings, CQC gives an indication of 'potential' for efficiency savings yet to be realised. 'Scope for Improvement' is quantified by the current gap to potential 'Minimum Cost', multiplied by average annual total expenditure over the period. On this basis, the 'Scope for improvement' across the Network is over £100m.

Please note: This 'Scope of improvement' figure may be overstated because there remain unavoidable costs, that are not currently allowed for in the model. It is also possible some of these potential savings cannot be realised for a variety of local practical, political and logistical reasons.

Next Steps

At the Network's National Members' Meeting, held in January 2017, it was agreed that the Network should continue to meet on a regional basis and introduce peer group meetings. Whilst many members thought it was too early to extend the analysis to other service areas, it has subsequently been agreed that a pilot should be undertaken in recognition that any model for a new service will take several iterations to develop.

