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Performance Improvement within the Red Claims function of National Highways

Following a successful engagement with National Highways supporting the Network Claims division's transformation of its Green Claims function – Project Reditus – the Managementors team was asked to undertake a project with Network Claims' Red Claims function.

The aim of the project was to improve visibility and control of performance, enhance decision-making and strengthen interfaces with stakeholders throughout the end-to-end process.

"It was a really positive experience for us. We all collectively as a management team learnt an awful lot from the project and what Managementors has taught us will continue to help going forwards."

Sarah Biddle, Head of Network Claims

Key challenges

- Substantial claims backlogs, missed SLAs and poor quality / delayed information

- Little focus on performance, limited performance reporting and poor claims visibility

- Limited understanding of resource requirements and team capacity unknown

- Lack of delegation with minimal empowerment

- Insufficient output from the team paired with behavioural challenges

- Lack of standard processes and agreed best practice

Key gains

- Bespoke, integrated Management Operating System (MOS) developed and installed

- Red Claims performance now visible on a daily, weekly, monthly basis by individual, team and area

- Processes and best practice agreed and documented, and roles and responsibilities defined

- Structures reviewed and recommendations for further removing wastage from the process and developing a more resilient and flexible workforce shared

- Demonstrable increase in the Red Claims team output achieved in March 2021 (end of project) vs winter performance base:

  o 44% increase in acknowledgements sent

  o 59% increase in liability decisions sent

  o 19% increase in percentage of claims defended

  o 24% improvement in SLA attainment for liability decisions

Introduction

The National Highways Red Claims team manages all claims registered by individuals involved in an incident on the network, resulting in damage to a vehicle, personal injury or, in some unfortunate cases, fatality. Claims are logged via a central Customer Contact Centre or MoJ portal then passed to the Red Claims team to manage. An acknowledgement letter is sent to the claimant from National Highways within 21 days to confirm receipt of the claim, and following this, the Red Claims team has 90 days from date of acknowledgement to respond to the claim, in order to comply with the WOOLF protocol.

For each claim, the Red Claims team must review the available information, and decide whether to defend or pay the claim. Approximately £3m per annum is paid out by National Highways for Red Claims with the majority of claims being low value, high volume and a few large claims that significantly skew the figures.

Network Claims' Senior Management team acknowledged that numerous issues existed within the Red Claims function causing delays, missed SLAs and low team output. Whilst the majority of National Highways' regions had undergone significant changes in the transition from Asset Support (ASC) to Asset Delivery (AD) contracts, it was recognised that the Red Claims process had not evolved to reflect this, with regions effectively still being treated as service providers and excessive hand-offs consequently in place.

Furthermore, following the completion of the work with Green Claims, the Senior Management team were keen to roll out the Management Operating System (MOS) principles developed as part of Project Reditus and implement standard ways of working across both Red and Green Claims teams.

Project Judicatio commenced in February 2021 and was a 10-week engagement with the Red Claims function, concluding April 2021.

The Challenge

The initial analysis undertaken by the Managementors team during the first couple of weeks of Project Judicatio highlighted a number of key issues within the Red Claims function. These included a lack of visibility of performance, measures, targets or a review structure through which to effectively manage individual and team performance – resulting in low team output and missed SLAs. Liz Herridge, Director of Network Claims and Transformation at National Highways highlighted that "there was no visibility of performance and how to track it. We were unable to see how quickly people were getting through the work, where claims were in the process and where the bottlenecks were appearing and why." Sarah Biddle, Head of Network Claims at National Highways added that "driving some focus on performance into the team was definitely a key aspiration for the project. Overall there was just a general lack of understanding from the managers as to how the team were performing." Unfortunately, with the lack visibility also came the lack of empowerment to make informed decisions and delegate effectively.
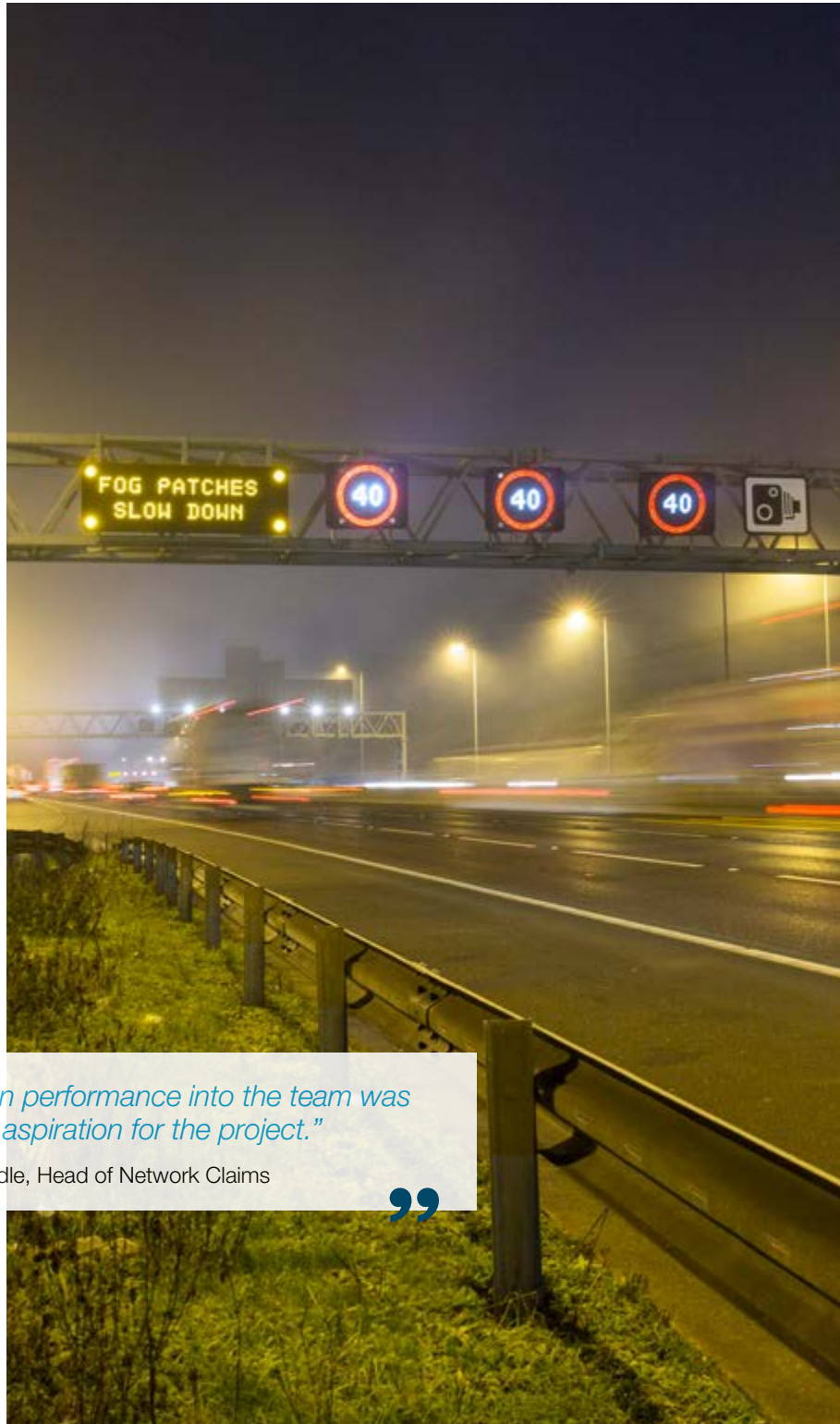
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"Driving some focus on performance into the team was definitely a key aspiration for the project."

Sarah Biddle, Head of Network Claims
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It became clear that there was a significant amount of wastage within the process including unnecessary hand-offs between the Central and Regional teams, contributing to a lack of accountability and ownership of claims. The lack of documented processes and agreed best practice became another key driver behind the project. "The team had not changed their processes for about 20 years, so over time, where we've had a risk, they've probably added in extra steps and not really taken the time to stand back and assess whether it was working. We knew that the processes were inefficient and we needed to do something differently. They needed to be slicker, and more effective so that it would take us less time to get to the outcome," explained Liz. The inefficiency of the processes resulted in substantial claims backlogs and lack of active management of claims, despite over capacity within the team. Liz highlighted that they "were accruing a big backlog which felt like it was just getting bigger, and with more severe weather conditions increasing our claims it was impossible to keep on top of."

The review also showed that there were barriers to the interface between the Central and Regional teams, as well as inconsistent information capture both at the front end by the Customer Contact Centre and during investigation by the Regional teams. "We needed to break down some of the barriers between the Regional and Central hand-off and improve the collation of evidence. The individuals knew what they needed to do but were struggling to get the right information quickly" Sarah highlighted.

With the Regional Claims teams there was a lack of clarity with regards to roles and responsibilities within the end-to-end process. Liz reinforced that "the interactions with the Regions needed to improve so that we were able to get the information in a more timely manner and of a better quality."

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>
> Liz Herridge, Director of Network Claims and Transformation "

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> *"We've challenged manager's leadership behaviours and we're asking them to be more visible in that leadership space. What that does allow us to do is manage performance or put additional support and coaching in place to close the gaps."*
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> Liz Herridge,
> Director of Network Claims & Transformation
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The added lack of engagement with the Regional Operational teams also meant that feedback loops were inconsistent and ineffective. Liz explained that "the fact the operations are spread over Regions and Central means that you can't just deal with a core team, you're trying to deal with single bodies in the Regions as well as Central, which can make it quite difficult to get everyone on the same page."

"Overall, we needed to raise the profile of Red Claims and look at how we present our information in a more concise format, so that people understand the challenges and the barriers that we're working with. There are lots of people involved in the Red Claims process, but the teams didn't necessarily understand the importance of their work from the reputational point for National Highways," Sarah explained. "One of the issues that we face is that Finance and Business Services (FBS) pay for Red Claims so the Regions don't feel the pain. If they don't repair the network and we have ten pothole claims, it doesn't impact their budget. Getting them to take notice and understand the importance of it is really challenging when there is no consequence."

Our Approach and Outcomes

Taking a facilitative approach, Managementors worked in partnership with key National Highways stakeholders to implement processes and management controls to form a stronger, more productive Claims team, improve the delivery of Red Claims and the output of the team.

At the start of the project, it was crucial to gain visibility and consensus re the key issues hampering the performance of the Red Claims team. To achieve this, workshops were organised involving both Central and Regional Red Claims stakeholders to map and critique the 'as is' process and MOS, with gaps and root cause issues identified. These were quickly translated into an Opportunity Log which shaped some of the key work streams for the project, focusing on four key themes: front end information capture, the investigation and decision-making processes, visibility/feedback of issues and performance, and the perception of Red Claims across National Highways.

Emphasis was placed on agreeing best practice to improve consistency and quality as well as to reduce lost time through rework, with 'right first time' tracking developed and rolled out to quantify and address issues. Sarah highlighted that previously "some of the forms that were being used weren't driving 'right first time' and the lack of format in them meant that there was a lot of going backwards and forwards. We are now starting to formulate more report-style letter templates to drive better decisions."

As part of the project, roles and responsibilities within the end-to-end process were clarified, documented and reinforced both within the Red Claims team as well as with wider stakeholder groups such as the Customer Contact Centre and Inspector teams. The decision-making process was reviewed, and appropriate financial delegations were introduced, empowering Red Claims Handlers to make decisions with regards to liability as well as to remove a non-value adding, administrative burden from the Red Claims Managers' role, enabling them to transition towards a more active management style. "There has previously been a lot of hiding behind 'we're really, really busy', but it wasn't clear what people were doing to be that busy. A lot of it was because there wasn't a clear process and there were too many hand-offs. The engagement with Managementors has put everything in a concise format for me to say - we don't need to do that, we need to do this - and it's made me make those decisions based on fact rather than theory," explained Sarah.

At the heart of the project was the development and implementation of a bespoke MOS – providing the Red Claims function with the tools and reporting needed to build a strong platform for continuous improvement. Key elements of the Red Claims MOS included the identification and agreement of key performance measures and initial targets for Red Claims, as well as the development of a Red Claims Performance Dashboard, providing the team with clear visibility of daily/weekly/monthly performance by individual, team and area. Liz expressed they "needed a really good Performance Dashboard with which the managers could track the performance of their team and team members. By doing this piece of work we've got so much more evidence and information to share with people around where the clusters are, for example how many claims have we had and what the overall value is to National Highways." The Performance Dashboard also included functionality to support effective forward planning and understanding of trends.

Close coaching was provided to support the Central Red Claims management team in shifting towards a more 'active' style of management and in using the data on a daily basis to understand their team's output and achieve a step-change in performance. This was paired with the development of an integrated 'Network Claims' daily/weekly/ monthly performance review structure, bringing together Red and Green Claims performance. Sarah explained that "one of our main challenges was that it was such a shift for our teams to be working in a structured way. The daily calls were something that the team just weren't familiar with and didn't quite understand why they needed to happen. They were a group of individuals that had never been performance managed before, so initially they were a bit sceptical. As we got further into it, it became clear that the meetings were a positive driver to understand and gain visibility of where everyone was at. It was giving more structure to their day. People now fully understand things, have an improved attitude towards work and feel as though they are being listened to because we are making welcomed changes. It's been a definite step forward for them."

Furthermore, best practice guidance was agreed and rolled out to improve the quality and consistency of investigations across the regions, as well as 'Right First Time' tracking, to enable quantification and effective feedback of issues.

Other initiatives included:

- Volume profiling to better understand the seasonal nature of Red Claims and provide a methodology for effectively forecasting inbound claims volumes

- Development of Red Claims Planning Guidelines (PGLs) to provide a clear breakdown of end-to-end Red Claims handling activities and how long these activities should take

- A Red Claims Skills Matrix to identify the skills required as a Red Claims Handler, the existing capabilities of the team and training requirements. Sarah highlighted that there "is a lot of work going into training at the moment – thanks to the skills matrix we've identified training needs and are taking the steps towards upskilling the team where required"

- Creation of a scenario-based Red Claims Resource Model – enabling the business to understand the resource required, monthly and by region, to deliver the forecast claims volumes, depending on the scenario selected

Finally, a review of the Red Claims team structure was undertaken, feeding in insight gained from the process critiquing, PGL development, volume profiling and resource modelling work completed as part of the project. A summary of options was collated for further consideration with the aim of enabling the business to further reduce wastage within the process, and increase resilience and accountability within the team, using the MOS as a framework to drive continuous improvement.

Sarah summarised that "ultimately, what we wanted to get out of the project was to get the basics there and the standards that we wanted to adhere to, as well as to get an understanding of what the operational model could look like - to be in a better position to make decisions moving forwards. The engagement with Managementors had certainly done this. It's given us a platform to share the better data that we have now with other areas of the business that directly contribute to Red Claims. There is now better visibility, so the importance of doing the job properly is more on people's radar."

The Networks team at National Highways are confident that they have been set up for success following the project with Managementors. Sarah finalised that "it felt very much like coaching as well as delivering, especially for the people that are either new to management or haven't worked with consultants before – it's left them with a really good impression. Keep doing what you're doing Managementors!"

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> *"The project enabled me to see what the challenges were and it gave me a good insight into the direction that we needed to go in and the further improvements that we could make. It's that old thing – 'you've always done something in a certain way, why should we change it?' For me, it's enabled me to be more decisive because I've got the figures and the facts in front of me."*
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> Sarah Biddle,
> Head of Network Claims
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Following projects Reditus and Judicatio, the National Highways' Network Claims team received **'Highly Commended'** for **'Team of the Year'** at the 2021 National Highways Awards

Highly Commended

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