

**Chief Executive's Office**

Chief Executive: CJ Bull

**To: All Members of Cabinet:**  
**RJ Phillips (Chairman)**  
**LO Barnett**  
**AJM Blackshaw**  
**H Bramer**  
**JP French**  
**JA Hyde**  
**JG Jarvis**  
**PD Price**  
**DB Wilcox**

Your Ref:

Our Ref: CJB/SAHC

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3 September 2008

Dear Councillor,

**MEETING OF CABINET**  
**THURSDAY 11 SEPTEMBER 2008 AT 2.00 PM.**  
**THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

**AGENDA (08/05)**

**HEREFORDSHIRE COUNCIL - NOTICE UNDER REGULATION 15 OF THE LOCAL  
 AUTHORITIES (EXECUTIVE ARRANGEMENTS((ACCESS TO INFORMATION) REGULATIONS  
 2000 (AS AMENDED)**

Notice is hereby given that the following report contains a key decision. When the decision has been made, Members of the relevant Scrutiny Committee will be sent a copy of the decision notice and given the opportunity to call-in the decision.

| <b>Item No</b> | <b>Title</b>  | <b>Portfolio Responsibility</b> | <b>Scrutiny Committee</b> | <b>Included in the Forward Plan Yes/No</b> |
|----------------|---|---------------------------------|---------------------------|--|
| 6              | Contract award for Minster College Building Schools For The Future, One School Pathfinder | Children's Services             | Children's Services       | Yes  |

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2. DECLARATIONS OF INTEREST**


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**Putting People First Providing for our Communities Preserving our Heritage Promoting the County Protecting our Future**

Herefordshire Council, PO Box 239, HEREFORD, HR1 1ZU  
 Main Switchboard (01432) 260000 - www.herefordshire.gov.uk

To receive any declarations of interest by Members in respect of items on the Agenda.

### **GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS**

The Council's Members' Code of Conduct requires Councillors to declare against an Agenda item(s) the nature of an interest and whether the interest is personal or prejudicial. Councillors have to decide first whether or not they have a personal interest in the matter under discussion. They will then have to decide whether that personal interest is also prejudicial.

A personal interest is an interest that affects the Councillor more than most other people in the area. People in the area include those who live, work or have property in the area of the Council. Councillors will also have a personal interest if their partner, relative or a close friend, or an organisation that they or the member works for, is affected more than other people in the area. If they do have a personal interest, they must declare it but can stay and take part and vote in the meeting.

Whether an interest is prejudicial is a matter of judgement for each Councillor. What Councillors have to do is ask themselves whether a member of the public – if he or she knew all the facts – would think that the Councillor's interest was so important that their decision would be affected by it. If a Councillor has a prejudicial interest then they must declare what that interest is and leave the meeting room.

#### **3. MINUTES**

To approve and sign the minutes of the meeting held on 31 July 2008 (*Pages 1 - 8*)

#### **4. YOUTH JUSTICE PLAN 2008/09**

To endorse the Youth Justice Plan which is prepared on an annual basis on behalf of Herefordshire Council and Worcestershire County Council (*Pages 9 - 64*)

#### **5. REVIEW OF SERVICE DELIVERY PARTNERSHIP**

To consider the recommendations of the review of the Service Delivery Partnership with Amey and approve a preferred approach to future service delivery to enable formal negotiations to commence. (*Pages 65 - 184*)

#### **6. MINSTER COLLEGE BUILDING SCHOOLS FOR THE FUTURE ONE SCHOOL PATHFINDER – AWARD OF CONTRACT**

To receive and approve the recommendation of the Building Schools for the Future Project Board to award the design and build contract for the above scheme to Stepnell Limited. (*Pages 185 - 204*)

#### **7. LAND AT FARADAY ROAD, HEREFORD**



To seek approval for preparatory steps to be taken to acquire by agreement or make a potential compulsory purchase order for land at Faraday Road (Pages 205 - 214)

## 8. ESG MASTERPLAN

To adopt the ESG Masterplan as a basis for the ongoing development of the ESG Area and as a material consideration in the determination of relevant planning applications. (Pages 215 - 218)

Yours sincerely,



**CJ BULL**  
**CHIEF EXECUTIVE**

Copies to: Chairman of the Council  
Chairman of Strategic Monitoring Committee  
Vice-Chairman of Strategic Monitoring Committee  
Chairmen of Scrutiny Committees  
Group Leaders  
Directors  
Assistant Chief Executive





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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of CABINET held at THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD on Thursday, 31 July 2008 at 2.00 p.m.**

**Present:** Councillor RJ Phillips (Chairman)

**Councillors:** LO Barnett, AJM Blackshaw, H Bramer, JP French, JA Hyde, JG Jarvis, PD Price and DB Wilcox

**In attendance:** Councillors PA Andrews, GFM Dawe, PJ Edwards, TM James, RI Matthews and SJ Robertson

**28. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**29. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**30. MINUTES**

**RESOLVED:** That the Minutes of the meeting held on 10 July 2008 be approved as a correct record and signed by the Chairman.

**NOTE:**

Cabinet and Members in attendance acknowledged the excellent news of the agreement for a radiotherapy treatment unit at Herefordshire County Hospital. The Leader thanked staff and everyone involved in the campaign with particular thanks to Cllr Swinburne, as chairman of the Health Scrutiny Committee, for the work she had carried out.

**31. SWIMMING PROVISION FOR PRIMARY SCHOOLS IN HEREFORD CITY**

The Cabinet Member ICT, Education and Achievement advised that since the publication of the LEA Swimming Pool report in the cabinet agenda there had been amendments made to the original recommendations to more fully explain the proposals. It was stated that a more evidence based report was required to look holistically at the issues, as they did not just relate to the LEA pool, but to the LAA agenda, the Olympics, encouraging swimming and providing services in a competitive way. It was also stated that HALO were experts in the provision of leisure facilities and there was a need to ensure there was a quality provision, as currently there was concern over this. Additionally an examination was needed of what is required and how to address the rising costs to schools.

A Member in attendance stated it was felt the report did not provide the overall cost to be incurred to bring the HALO leisure pool up to standard. The change over period in getting the children in and out of the pool would mean the children only had 20 minutes of actual swimming time. The cost of transporting the children would also be extensive. It was felt that additional capacity would be required even though an independent report stated it would not. At a site visit it was stated that the public

use would out of necessity be limited in the main leisure pool to accommodate the schools. It was felt that the public needed to be consulted if any of the public swimming time was to be taken away.

The Leader of the Council stated that the recommendation clearly stated that any alternative provision needed to be monitored. A Member in attendance suggested that the minimum amount of maintenance should be carried out at the pool in order to prevent further deterioration. Cabinet was advised that petitions and emails had been received in support of the pool, however, a further report was proposed for Easter 2009, when a business case could be set out and the monitoring analysed. Cabinet was reminded that 38 schools were affected and a number of schools had stated they would not use the leisure pool. Cabinet was urged to reconsider its proposal and not to close the LEA pool but to find the money to bring it up to modern standards.

The Leader acknowledged that this was an emotive issue and reminded cabinet that there were four pools in the county fit for purpose and that in the current climate energy costs must be considered. He added that the school transportation bill was rising and that Herefordshire Council was the third lowest funded for children's services in the country. He added that without government support authorities were being forced into difficult positions, but it was essential to ensure that there was access to swimming provision for every child.

Cabinet was reminded that the amended recommendations called upon the community and HALO to work together to provide a suitable provision to an acceptable standard and to work with all clubs and other organisations, however, time was needed for officers to put a clear business case forward. It was stated that 27 schools had already agreed to the HALO offer. Cabinet was reminded that HALO provided good value for money and discussion would be held with them over service provision. The Chairman of Children's Services Scrutiny Committee stated that HALO provided a fantastic service, but there was concern over the loss of public swimming time and that an hour per day for children to swim was not sufficient. Therefore, the LEA pool needed to be reopened and that money should be found from the reserves to fund it. Cabinet was reminded of the costs of running a swimming pool and that no pool was financially viable. However, it was important to take on the views of the public, as outlined in the report and to ensure that as an efficient and viable service as possible was provided.

## **RESOLVED**

### **THAT:**

- (i) the LEA swimming pool not be reopened;**
- (ii) alternative provision from September 2008 be offered at Hereford Leisure Pool and that the provision by HALO be monitored to ensure the needs of schools and other users continue to be met;**
- (iii) close collaboration and partnership working be undertaken between the Council and HALO with schools, clubs and other users of the LEA pool to ensure a viable and efficient service is provided; and**
- (iv) a report be brought back to Cabinet by Easter 2009 at the latest outlining the outcome of the process.**

**32. VIRTUAL LEARNING ENVIRONMENT**

The Cabinet Member ICT, Education and Achievement presented the report Virtual Learning Environment (VLE) and advised that full consultation had been carried out with the schools. Following on from the procurement process a preferred supplier had now been selected to provide a VLE for schools across the county. This provision would allow schools to meet the requirements for an online learning platform. Cabinet was informed that the Department for Children, Schools and Families (DCSF) had introduced the Harnessing Technology Grant (HTG) scheme, which required 75% of funding to be devolved to schools however; it was proposed that 98% of grant funding be devolved to the schools, with £25k retained for the purchase of central servers.

The Cabinet Member was asked whether the system would be able to interact with the proposed Hereford Connects programme and how secure the system would be for the children to use. Cabinet was advised that the VLE would be hosted on its own dedicated server with its own firewalls to ensure no outside influence. It was stated that even when a child used the system from home all use of the system would be monitored. There would be full training of staff and pupils to ensure everyone was fully aware of the system and it would be fully interactive with all other Council systems.

**RESOLVED That the strategy for providing a Virtual Learning Environment (VLE) for schools be agreed and the contract with the preferred supplier be approved for signature.**

**33. INTEGRATED PERFORMANCE AND FINANCE REPORT**

The Cabinet Member Corporate, Customer Services and Human Resources presented the Integrated Performance and Finance Report (IPFR), which outlines performance for the whole operating year 2007/08 against the Annual Operating Plan 2007/08, Best Value Performance Indicators and the Direction of Travel indicators. Cabinet was informed that the Council's performance was still improving, although a significant number of targets had not been reached and the rate of overall improvement was slowing. More consideration needs to be given in future to setting appropriate, challenging targets. However, as many targets were agreed as part of the Local Area Agreement (LAA) the Local Public Service Agreement (LPSA) or the Herefordshire Community Strategy (HCS) more work still needed to be done to deliver to the timescales outlined and ensure that under performance was rectified. Finally, future IPFR's would be in a revised format to accommodate the national indicator set and other desirable changes.

A Member in attendance raised a question on climate change and the continued lack of baseline figures. Cabinet was advised that this was now one of the new national indicators and some work was still needed to establish what the government was setting as the baseline for Herefordshire.

**Note:** Subsequent to the meeting it was established that the Council had now received DEFRA's baseline figure for carbon emissions in Herefordshire and progress against this would be monitored from now onwards

**RESOLVED:**

**THAT:**

- (i) **performance in 2007/08 be noted; and**

- (ii) **directors ensure that the issues are addressed within their respective areas, including the updating of service improvement plans.**

**34. COMPREHENSIVE AREA ASSESSMENT PREPARATION PROGRAMME PROGRESS REPORT**

The Cabinet Member Corporate, Customer Services and Human Resources presented the Comprehensive Area Assessment Preparation Programme Progress Report. Cabinet was advised that further guidance had recently been made available on the Corporate Area Assessment (CAA) and that it was important that all Members, along with partner organisations, attend a forthcoming training event on 8 October. Cabinet noted that overall Herefordshire was getting on with preparations, but not as quickly as had been anticipated. As outlined in paragraph three of the report there were a number of items marked amber. It was added that there was a lot for the Council and its partner organisations to do in order to complete the joint preparation plan and that there were issues to consider around capacity and communications remained the key issues.

**RESOLVED:**

**THAT:**

- (i) **progress made in delivering the Comprehensive Area Assessment Preparation Programme over the first six months of 2008 be noted; and**
- (ii) **Cabinet agree the need for effective remedial action for the items marked amber listed in paragraph three of the report.**

**35. HEREFORDSHIRE CONNECTS OPTION APPRAISAL**

The Cabinet Member ICT, Education and Achievement presented the report on Herefordshire Connects Option Appraisal and referred Cabinet to page 158 of the report, the summary of the recommendations. He advised that the Herefordshire Connects Programme had been paused for a while but it was now time to take it forward on the recommendations for the choice of software. Cabinet noted that at a recent meeting with the ICT department many Members did not fully understand what the Herefordshire Connects programme was trying to achieve. It was proposed therefore, that a series of short messages outlining what the programme was about would be made available to Members shortly.

The Deputy Chief Executive informed Cabinet that a review of the business case had been undertaken by the Joint Management Team and Deloitte. The priority now was to address the high number of systems at risk of failure. Should the Herefordshire Connects Programme not be progressed Herefordshire Council could be put in a serious position. He added that staff had looked at the rank system and what could be upgraded and looked carefully at the costs and which were the most expensive applications on the market place. He stated that the most expensive system was the one for adult social care and that was already in place and working. Cabinet was advised by the Head of Financial Services that in the budget for 2008/09 costs of £750k had been built in.

Cabinet referred to the savings of £5.5m that would be made and were asked if further technical staff would be required to see the system fully in place. The Deputy

Chief Executive advised that a significant number of the staff required were already in place, however there might be a requirement for an additional six members of staff with the preference to have the staff in house rather than consultants. Cabinet was advised that the costings outlined were at worst case and the savings were at risk averse, however the problem was the risk regarding the old systems. The Leader praised the staff in ICT as being extremely capable and paid tribute to them as they had been exposed to some loose comments in the past.

**RESOLVED****THAT:**

- (a) Herefordshire Connects be re-focused on implementing the three updated business cases and further developing these business cases jointly with the PCT as Herefordshire Public Services partners, as defined in section 5.3 of the report attached;**
- (b) Cabinet note the critical risks to service continuity of key ICT system failures. This is due to the current large number of inadequately connected systems requiring upgrades that would not achieve the Council's ambitions for improving customer services and satisfaction, provide poor value for money or that are no longer supported by providers due to their age;**
- (c) the Council's ICT system application portfolio be rationalised to achieve the minimum number of integrated applications by Joint Management Team and Deloitte conducting a two month evaluation of:
  - (i) the four market proven system providers for an integrated back office system and associated integration tools to enable integration between Council systems and where jointly approved, Council and PCT systems, as stated in Section 6.4 of the report attached;**
  - (ii) the two market proven system providers for an integrated environment and planning system, as stated in Section 6.4 of the report attached;**
  - (iii) market proven system providers for an integrated performance management system, as stated in Section 6.4 of the report attached;****
- (d) a report on the recommendations arising from (c) above be produced for Cabinet in October 2008;**
- (e) the Customer Relationship Management System Upgrade should proceed to secure the significant increase in system efficiency and customer service standards. Deloitte advise this upgrade is already delivering these for other Council users of this system;**
- (f) the current Finance System Upgrade should proceed; which will address imminent service continuity risks; and**

- (g) the Joint Management Team implement Connects Programme Management arrangements based on Section 8 of the report attached to provide assurance to the Council, and where relevant PCT, of compliance with the applicable Procurement Policies and best practice in the Project Management risks, costs and the realisation of benefits for customers and staff.**

### **36. WASTE COLLECTION CONTRACT**

The Cabinet Member Environment and Strategic Housing presented the Waste Collection Contract report. He stated he believed the proposals outlined in the report were inline with the wishes of the majority of residents in the county. With regard to the collection of waste he stated that the authority would continue with a weekly waste collection, with recycling carried out on a bi-weekly basis and wheeled bins would be provided. He added that Herefordshire would also be recycling glass products as part of the kerbside collection, and for that reason it was no longer safe to use plastic bags. By not using plastic bags there would be a saving of 2.5m bags every year. With this provision it was felt that the Council could now discuss with the supermarkets how to reduce the use of plastic bags. For those members of the community who would be unable to use wheeled bins then plastic bags would continue.

It was emphasised that any resident who might have difficulty in putting out their rubbish help would be provided, as it was important to ensure that everyone could participate in the scheme. It was not proposed to impose any draconian measures on residents, however it should be noted that if the government recycling targets were not met then heavy penalties could be imposed upon the authority.

The Cabinet Member referred Cabinet to paragraph 21 of the report and the consideration of other tasks that could be undertaken by contractor staff. He commended officers for the ideas they had put forward at a recent ideas session the director had held, in particular the delivery and collection of library books to vulnerable residents. Cabinet was also referred to paragraph 19 of the report and the discussions held with EnviroAbility who manage the Rebox scheme. It was stated the EnviroAbility were delighted to be asked to pilot the scheme, which if successful would be introduced across the county. It was added that the public would be encouraged to respond with ideas to improve the scheme. Cabinet was advised that currently recycling was at 74% and it was hoped it would reach 88%. The Cabinet Member stated he was confident that Herefordshire now had the right policy to take forward on recycling.

Both Cabinet Members and Members in attendance welcomed the recommendations, the creative ideas such as the collection of library books and the reduction in the use of plastic bags. It was felt that it was important to ensure the recycling facilities were operating fully before offering the kerbside collection across the county, as currently residents were sorting their waste and this would not be required under the new system. The Cabinet Member thanked officers for their work and the Hereford Times for its support.

### **RESOLVED**

#### **THAT:**

- (a) a weekly refuse collection service is provided at the kerbside for all households in the county and that plastic**

sacks be used for this purpose;

- (b) the kerbside recycling service be extended to a near 100% of the county's homes as is practicable from the current level of c.75%;
- (c) the recycling service collect mixed materials from the kerbside including glass, paper, cardboard, plastic and metal cans and that the collections be made fortnightly. The Council to provide a rigid container (a wheeled bin) for the purposes of collecting and presenting the recyclables. Householders may choose an appropriate sized bin from a number offered;
- (d) both services (waste and recycling) offer to anyone who has difficulty presenting waste and recycling at the kerbside (whether through old age, disability or other reasonable cause) a collection from any agreed part of their property; and
- (e) officers, through the procurement process, explore all opportunities to add value to the new waste and recycling collection contract especially provision of additional services by contractor staff whilst undertaking their main duties. For example, the collection and delivery of library books from vulnerable people, reporting road defects, carrying out automated road condition surveys, the delivery and collection of community equipment such as walking frames and other aids and any other possibilities that become apparent.

### **37. TREASURY MANAGEMENT ACTIVITIES 2007/08**

The Cabinet Member Resources presented the Treasury Management Activities 2007/08 report and the outturn of Prudential Indicators for the year 2007/08. He stated that it covered the Council's performance for 2007/08 through cash flow, banking and money markets and borrowing transactions; adding that a significant contribution had been made to the Council through investment. During the year the average amount in daily investments was £53.7m and £3.27m was received through investment income. The overall performance in the year allowed income from investments to exceed the budget by £804k, which helped produce an overall underspend. He reminded Cabinet that it was not only incumbent upon the Council to spend tax payers' money wisely, but to invest it wisely also. The savings made significantly contributed to the improvement of the waste and recycling arrangements for the county and congratulated the Treasury Management Team on their performance.

The Head of Financial Services drew Cabinet's attention to paragraph 3.5 of the report regarding the externally managed investments. He stated this was now managed by the treasury team with some of the monies going out to the schools. A Member in attendance raised concern over the monies held on behalf of the schools and felt this should be held separately as the Council only managed the funds on behalf of the schools. Cabinet was informed that the funds were accounted for separately even though they were held jointly. A question was raised on the nearly £106m in long term borrowing and whether the maximum the authority could borrow was £169m. Cabinet was advised this was correct as advised at the recent July Council meeting.

**CABINET**

**THURSDAY, 31 JULY 2008**

The meeting ended at 3.50 p.m.

**CHAIRMAN**



## YOUTH JUSTICE PLAN 2008/09

### PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

11 SEPTEMBER 2008

#### Wards Affected

County-wide

#### Purpose

The Youth Justice Plan is prepared on an annual basis on behalf of Herefordshire Council and Worcestershire County Council. The basic preparation of the plan is undertaken by the Youth Offending Service (YOS) according to deadlines and strict guidance from the Youth Justice Board (YJB).

#### Background

The YJB, in partnership with Youth Offending Services, has developed a new outcome-focused youth justice planning framework for England and Wales this year. The process is based upon self-assessment, improvement planning and then validated by the YJB through risk-led support. The quality and validation of our plan will improve future inspection processes such as APA and CAA and will inform the decision to release the Youth Offending Service grant to us.

As this is the first cycle of the new process the YOS Head of Service has led much of the work on behalf of both Herefordshire and Worcestershire.

#### Key Decision

This is not a Key Decision.

#### Recommendation

**THAT the Youth Justice Plan as prepared be endorsed and that it be recommended within the Policy Framework that the Plan be approved by Council at its meeting on 31 October 2008.**

#### Financial Implications

These are covered by the existing budgetary contribution.

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Further information on the subject of this report is available from Sharon Menghini, Director of Children's Services, on (01432) 260039

## **Risk Management**

No major risks identified.

## **Alternative Options**

There are no alternative options.

## **Consultees**

As detailed in the Youth Justice Plan

## **Appendices**

Appendix 1 – Youth Justice Plan 2008-9

## **Background Papers**

None identified.



Youth Justice Board  
Bwrdd Cyfiawnder Ieuencid

# Youth Justice Planning Tool 2008/09 - England

## Worcestershire and Herefordshire

**Date Completed**

**July 2008**

**(Version 4)**

## SECTION A – THE NATIONAL AND LOCAL CONTEXT OF YOUTH JUSTICE

### A1 What are the strategic aims and priorities of the youth justice system in England and Wales?

#### The 2008-11 strategic aims are to:

- Prevent offending
- Reduce reoffending
- Ensure the safe and effective use of custody
- Increase victim and public confidence.

### A2 What are the strategic aims and priorities of the local youth justice system (the story of place)?

#### Local Priorities

The Youth Offending Service is committed to the provision of high quality services, in partnership with other services and organisations, with the aim of preventing offending and re-offending by children and young people. In order to achieve this the YOS has implemented a risk led case planning framework, which maps intensity and content of intervention to assessed levels of risk across the three areas of re-offending, harm to self and harm to others. In addition the service further recognises the role it has in increasing public confidence in the youth justice system and increasing victim satisfaction through their involvement in restorative and reparative processes. This is reflected in the service's five strategic objectives;

- The prevention of offending by children and young people
- Developing and maintaining and empowered and motivated workforce
- Improvement of outcomes for victims
- Contributing to the achievement of the five "Every Child Matters" outcomes for young people and their families
- Increasing awareness of and confidence in the youth justice system

The service believes that the cornerstone to delivering quality and targeted interventions and the management of risk is accurate and comprehensive assessment, through the use of the CAF (where appropriate), Onset and Asset tools. Audit work undertaken on Assets in early 2008, revealed inconsistencies in the quality of assessments across the service. An Asset Quality Improvement Plan is in place for 2008/09.

Key priority areas for performance improvement for 2008/09 will be;

- **Preventing Offending - reducing the number of first time entrants to the youth justice system (NI 111)**
- **Reducing Re-offending (NI 19) and**
- **Improving access to Education Training and Employment (NI 45)**

Key areas for service development for 2008/09 will be:

- Improvement of assessment quality
- Development of a user and stakeholder engagement strategy, including implementation of the Viewpoint web based interactive user feedback program
- Implementing a Safeguarding Action Plan which addresses the recommendations outlined in an independent safeguarding audit conducted in April 2008
- Quality assuring community interventions
- Working in partnership with Children's Services and Connexions to develop Targeted Youth Support strategies in both counties
- Undertaking feasibility of implementing joint offender management strategy for medium risk offenders and community resolution for potential first time entrants

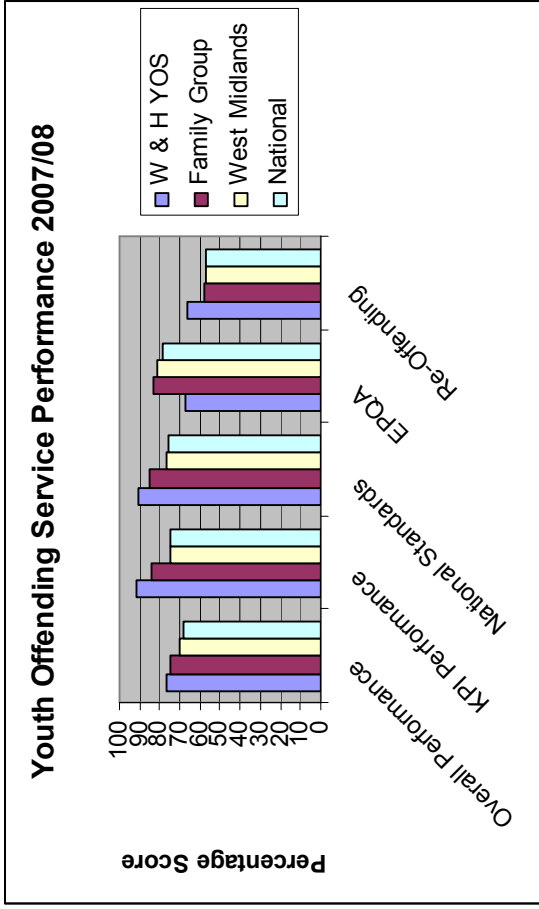
### **Performance Overview**

2007/08 has seen the Worcestershire and Herefordshire Youth Offending Service continue to develop steadily and improve performance. In 2007/8 Worcestershire and Herefordshire Youth Offending Service achieved an overall performance rating of Level 4 (on a 5 level rating scale). The overall performance of the service is based on the degree to which the YOS is meeting targets in 4 areas; (i) Performance against YJB Key Performance Measures, (ii) Compliance with key National Standards, (iii) Effective Practice and Quality Assurance (EPQA) audit scores and (iv) levels of re-offending.

During 2007/08 performance improvements were secured in 3 of these 4 areas. There was no measurement of re-offending for 2007/08 and the results for 06/07 were used to assess the YOS for 07/08. The performance improvements are outlined in the following table:

|                                       | 2005/06 |                   | 2006/07 |                   | 2007/08 |                   |
|---------------------------------------|---------|-------------------|---------|-------------------|---------|-------------------|
|                                       | Level   | Performance Score | Level   | Performance Score | Level   | Performance Score |
| <b>Overall Performance</b>            | Level 3 | 63.1%             | Level 3 | 68.4%             | Level 4 | 76.6%             |
| <b>KPI Performance</b>                | Level 3 | 76.7%             | Level 3 | 77.8%             | Level 5 | 91.7%             |
| <b>National Standards Performance</b> | Level 4 | 66.7%             | Level 4 | 79.4%             | Level 5 | 90.5%             |
| <b>EPQA Performance</b>               | Level 1 | 59.7%             | Level 1 | 55.7%             | Level 2 | 67.7%             |
| <b>Re-Offending Performance</b>       | Level 3 | 60.0%             | Level 3 | 66.7%             | Level 3 | 66.7%             |

In terms of overall performance, KPI performance, National Standards compliance and re-offending performance the YOS is performing higher than the family group (statistical neighbour), regional and national averages.



In terms of individual performance indicators engagement in full time education, training and employment, although improved, 78.7% in 2007/08 compared to 66.4% in 2006/07, falls short of the previous national target of 90%. Re-offending performance has declined between the 2002 cohort, 38% and the 2005 cohort, 46%. These two performance areas are key priorities for performance improvement in 2008/09.

In 2008/09 the performance framework for Youth Offending Services nationally has been reduced to a smaller set of six outcome areas which are included in the national indicator set for local authorities (198 indicators). These indicators are:-

- NI 19 – Proven rate of re-offending by young offenders
- NI 43 – Young people in the youth justice system receiving a conviction in court who are sentenced to custody
- NI 44 – Ethnic composition of young offenders on youth justice system disposals
- NI 45 – Youth offenders engagement in suitable education, training and employment
- NI 46 – Young offenders access to suitable accommodation
- NI 111 – First time entrants to the youth justice system

### **Local Planning Environment**

The local planning environment in which the YOS operates is complex and multi-layered given the fact it spans two top tier Local Authority Areas, Herefordshire and Worcestershire, 6 District level Local Authorities and in terms of the Local Criminal Justice Board and as lead agency for the Intensive Supervision and Surveillance Programme has West Mercia wide responsibilities.

There are 74,748 young people aged 10 to 17 living in Worcestershire and Herefordshire. In 2007/08 there were 1880 individual young people committing offences representing 2.5% of the youth population, thus 97.5% of children and young people across Worcestershire and Herefordshire do not offend. Approximately 4.45% of the youth population are from BME groups (mid 2005 estimate) and approximately 4.1% of the offending population are from BME groups.

The YOS links into the local Children and Young Peoples planning structures and Children's Trust arrangements through representation on the Partnership Advisory Body in Worcestershire and on the Children's Trust Management Group in Herefordshire. In addition the YOS Head of Service is Chair of the Positive Contribution Outcome Planning Group in Herefordshire. Representation on these bodies ensures that work of the YOS supports the achievement of priorities in the Children and Young Peoples Plans (CYPP) and that the Plans effectively address the needs of young people who offend as well as those at risk of offending.

The work of the YOS directly supports 8 of the 10 priorities in the Worcestershire CYPP and 9 of the 18 priorities in the Herefordshire Plan.

The YOS has two targets in the 2006/09 Local Area Agreement (LAA) in Worcestershire, re-offending and the engagement of young offenders in education, training and employment, and one target, re-offending, in the 2006/09 LAA in Herefordshire. In terms of the 2008 LAA none of the 6 YOS indicators are included in the Worcestershire LAA, however the YOS recognises it has a part to play in the achievement of NI 110, participation in positive activities and NI 117 young people aged 16 to 19 who are not in education, employment or training, which are included. The proven rate of re-offending of young offenders, NI 19 is included in the Herefordshire 2008 LAA.

The YOS is a member of the West Mercia Local Criminal Justice Board which has identified seven key priorities for 2008/09, these include enhancing efficiency and effectiveness which incorporates the implementation of CJSSS in the Youth Courts, improving public confidence, focusing on victims and witnesses, strengthening partnership working and reducing re-offending.

The YOS is a member of the Herefordshire Community Safety and Drugs Partnership Strategic Board, the Worcestershire Safer Communities Board, the South Worcestershire Community Safety Partnership, the North Worcestershire Responsible Authorities Group and the three district Community Safety Partnerships in North Worcestershire.

### **YOS Position in the Local Authority and YOS Governance Arrangements**

The YOS is hosted by Worcestershire County Council and line management for the Head of Service is provided by the Head of Integrated Services for Children and Families in the Children Services Directorate. It is clear, however, that this relationship is structural and the YOS remains a partnership service with a distinct clear identity operating across and within both Local Authority Children Services. The YOS recognises the importance of reducing the distance between services in order to improve outcomes for children and their families and is increasingly working more closely and in partnership with other parts of Children Services and, in particular, the developing arrangements for Targeted Youth Support in both Worcestershire and in Herefordshire.

The YOS has a strong Management Board jointly chaired by the Director for Children Services for Herefordshire and the Director for Children Services in Worcestershire. Other Board members include commissioning managers from the two PCTs, the Chief Executive of West Mercia Probation Trust, a Senior Officer from West Mercia Constabulary and the Head of Integrated Services for Children and Families from Worcestershire Council.

The Board has defined three clear functions;

- Support -** including ensuring adequate finance and human resources, infrastructure and provision of professional support
- Scrutiny –** Including performance management, approval and monitoring of service plans, budget approval and monitoring and monitoring quality assurance
- Services -** including enabling access to mainstream services within organisations represented on the Board and support in accessing other mainstream provision

In 2008/09 the Board intends to review the governance arrangements, including the relationship between the Board and the Children's Trust arrangements.



## **SECTION B - USE OF RESOURCES AND VALUE FOR MONEY**

### **B1 Assess the extent to which the YOT's financial, staff, programme and ICT resources have been used to deliver quality youth justice services.**

#### **FINANCIAL RESOURCES**

The YOS has a complex budget structure comprising of partner agency cash and in kind contributions, core funding from the YJB and a range of time limited ring fenced funding for specific purposes. The ring fenced grants include the ISSP Grant, Prevention Grant and Substance Misuse Worker Grant channelled via the YJB, an allocation from Worcestershire Substance Misuse Action Team, OLASS funding for the Ngage project and an allocation from Worcestershire's Area based Grant to part fund the Worcestershire YISP.

Partner agency funding to the YOS is outlined in table B4. There have been no significant changes in partner agency contributions between 2007/08 and 2008/09. There is a marginal reduction in the overall budget as a result of projected costs, due to inflation and cost of living rises being higher than the inflationary uplifts provided by partner agencies and applied to the central government grants. There was no uplift applied to the Prevention Grant and the allocation from the Area Based Grant in Worcestershire was reduced. The budget challenges these reductions pose are planned to be met through efficiencies.

The agreed budget for 2008/09, therefore, attempts to balance the challenging funding environment faced by partner agencies, the need to find efficiencies within the YOS and the need to maintain and develop service provision. The significant increased cost of staffing continues to be a major financial pressure as payroll costs account for approximately 70% of the YOS budget.

The proportionate spending on youth justice services across preventative services, PACE, pre-court and remand services, court based services, community based penalties and custodial sentences are set out in table B5.

#### **STAFF RESOURCES**

The staffing resources of the YOS are set out in tables B7 and B8. The YOS comprises 104 salaried staff (including part time posts) supported by 54 sessional workers and 44 volunteers. The majority of staff within the service are white with BME groups not consistently represented through all levels and teams within the service. The number of sessional workers available has increased since 2007/08, mainly through recruitment for workers to support YISP and ISSP activity. The service only uses volunteers in the capacity of Community Panel Members and a recruitment campaign is planned to replace those members who have now served two terms of three years.

In 2008/09 arrangements for providing human resource support to the YOS by Worcestershire County Council continue through the Children Services team within the HR division. Monthly meetings are held between the YOS and the HR advisor from WCC where issues such as recruitment, staff turnover and sickness are monitored.

Overall the YOS is adequately staffed although significant difficulties continue within the North Worcestershire Team which has, historically, had a high turnover and to which it has been more difficult to recruit to.

The Worcestershire YISP experienced a high turnover of staff at the end of 2007/08 due to staff being placed at risk of redundancy due to the late confirmation of the YJB Prevention Grant.

The YOS has a dedicated training budget to commission training in 2008/09 to meet the training and development needs of staff and volunteers. Although the training budget represents a very small proportion of the total YOS budget it is supplemented by staff being able to access training from the corporate training programmes provided by the two Local Authorities. In addition some training is provided by partner agencies, the Local Safeguarding Children Boards and the YOS has taken advantage of YJB funded places for staff to obtain youth justice NQF qualifications.

### **PROGRAMME RESOURCES**

The YOS continues to manage the Worcestershire YISP which co-ordinates and delivers individual support programmes for young people assessed as at risk of entering the youth justice system. This includes directly delivering a combination of focussed interventions, for example, anger management, with positive activities. Partnership working with the Police and Worcester Rugby Club has resulted in the successful "Walk like a Warrior" Project. The YOS is developing a partnership with Hereford and Worcester Fire and Rescue Service to develop the "Ignite" programme to target NEET young offenders and those at risk of entering the YJS. The YOS has, in partnership with West Mercia Constabulary, WCC and the Community Safety Partnerships funded a mentoring programme for young people in the prevent cohort of the Prevent and Deter Schemes.

In Herefordshire the YOS part funds the Herefordshire CF Panel (YISP). The CF Panel has a number of Area Based Grant funded project which it is able access including mentoring. The primary referral process for access to CF panel work for young people at risk of entering the YJS is via the Prevent and Deter scheme. The targeted Positive Activities for Young People has now adopted the Prevent and Deter Scheme as its main referral source.

The YOS has a strong commitment to work with its partners to achieve the ongoing development of appropriate resources to meet the identified needs of young people. In summary, the following specialist resources are key:

- Drug Treatment Programmes – progress is evident in this area as a result of the YOS Substance Misuse specialists linking to SPACE and ZIGZAG (Worcestershire Young People's Substance Misuse Service, and Herefordshire Young People's Substance Misuse Service).
- Mental Health Services – these services continue to perform consistently well with YOS specialists linking into mainstream CAMHS services. In 2008 new protocols between the YOS and the PCTs relating to the access of mental health services have been put in place in both Herefordshire and Worcestershire.
- ETE Provision – accessing post-16 provision remains a considerable barrier to progress, however via OLASS funding each YOT team has access to the Ngage Project Workers who provide support for young offenders in accessing and maintaining ETE placements.

- Parenting and Victim Services – There is a prevention service's parenting worker and two full parenting workers working across the YOS. Each Area Team has a Victim Liaison Worker within it. There is a Restorative Justice Officer who provides support and training to staff and promotes the use of restorative practices in other settings.

The YOS is also building the quality of interventions through the training of all practitioners in the delivery of the Pathway Plus cognitive behavioural programme. To promote equality and diversity, the YOS has established a Diversity group, which has overall responsibility for the implementation of the Race Action Plan.

The YOS continues to work effectively with Youth Support Services (YSS), with YSS staff seconded into the area teams. YSS has additionally been awarded a grant to pilot a Transition to Adulthood project. This project will provide voluntary support to young offenders who are transition from youth criminal justice services to adult services. It is likely this project will be in the North Worcestershire area.

In 2008 the YOS has established an interventions working group to review content and quality of interventions, develop a core offer and put in place a quality assurance process for community penalty interventions.

#### **ICT RESOURCES INCLUDING THE WIRING UP YOUTH JUSTICE PROGRAMME**

YOS IT systems are hosted by West Mercia Constabulary (WMC), and all hardware is stored at WMC Force headquarters. Each area office is linked to West Mercia via a 2.3Mb line, the Worcester line being recently upgraded to 10Mb which has resulted in speedier access to case management systems. Users access all applications and case management systems using Wintems across a thin client network. YOS Police staff have access to the Police National Computer (PNC) at designated terminals in each area office, as well as West Mercia local databases, CRIMES and GENIE.

We currently use two case management systems:

YOIS Plus – provided by Social Software – for case management and data analysis of young people who have offended, and YISPIS – provided by an external consultancy company – for prevention recording and the provision of prevention data.

#### **Secure E Mail**

The YOS uses C.JSM secure email portal for the transmission of sensitive/confidential data between other Criminal Justice Agencies, as well as having the Police PNN secure email.

The implementation of the YJB Electronic Yellow envelope project has enabled the YOS to send information to the secure estate by secure email in a format that can be uploaded to the sentence management system used by the secure estate (eAsset). Risk can be assessed by the secure estate prior to the arrival of young people sentenced to custody. Significant time savings have been made by sending this information electronically compared to the previous methods of fax and hard copy.

#### **Remote Access**

Remote access is achieved by using the police's standard cable and wireless secure dial in facility. Laptops are configured and secure log-in fobs available for each remote access. This enables YOS laptops to be used remotely through a standard modem with an analogue

connection by utilising an authentication process currently employed by WMC.

In 2007/2008 the YOS secured a grant from the Youth Justice Board under the Wiring up Youth Justice Project. As a result of this there are now Winterns and printers installed in Redditch, Kidderminster, Worcester and Hereford Magistrates Court buildings. This gives easy access to YOS IT systems, and enables our court officers to provide up to date case management information to Magistrates upon request.

#### **Libra**

Working closely with West Mercia Police and HMCS, Worcestershire and Herefordshire is the first YOS in the country to have direct access to the Magistrates Courts new database LIBRA. This is a Web based application, enabling staff to have instant access to Court lists, registers, PSR requests, Court Orders and bail notifications.

#### **Future IT Projects**

##### **Connectivity**

The Connectivity Project, funded by the YJB is planned to go live in Worcestershire and Herefordshire by March 2009. It will allow computer systems across the youth justice system to “talk” directly to each other, exchanging information automatically between the YOS and YJB Placements and Caseworks team and to the eAsset system in the secure estate. It will reduce the risk of error as practitioners will no longer be required to enter the same information on two different systems. The March 2009 target date for this project is dependant upon Social Software completing a technical upgrade of YOIS by the first quarter of 2009.

##### **Viewpoint**

Investment has been made in Viewpoint, an interactive internet based service user assessment and feedback programme, to be implemented in September 2008. However the use of this needs to be part of an overall user and partner engagement strategy which will be developed during 08/09.

##### **ContactPoint**

The YJB has accepted funding from the Department for Children, Schools and Families for providing a link to ContactPoint and is currently working with them to define the requirements for YOIS. DCSF Contact Point local implementation managers based in local authorities will soon be assisting YOT's with planning the implementation of ContactPoint.

##### **Police Electronic Notifications to YOTs (PENY)**

A YJB initiative, the project will implement a national solution to improve the use and sharing of information between 43 police forces, the British Transport Police and the 157 YOTs using CJSM or other secure routes. This includes notifications of reprimands, Final Warnings, charges, penalty notices and victim information (where consent is given). The information will be supplied securely, within 24 hours of a police decision and to a nationally agreed minimum dataset. The solution will be in place across England and Wales by December 2008.

## **B2 Identify risks to future use of resources and value for money and plans to overcome the risks**

### **Financial Resources**

The YOS recognises challenging funding environment faced by partner agencies which has led in 2008/09 to inflation uplifts which may not reflect the cost of living rises applied to salaries (currently under negotiation) for directly employed staff and spinal point increases for those staff who are not at the top of their scale. The YOS further recognises that partner agencies may also need to factor efficiency savings into future contributions. In addition there are a number of grants received, which are annually announced for example the OLASS funding and the additional substance misuse funding received via SMAT (Drug Action Team), which may not be available in future years.

One significant area of risk is in relation to the funding received from the Area Based Grant. In both counties decisions regarding how the ABG will be managed/allocated for 2009/10 and 11/12 have not been finalised. YOS preventative activity in Worcestershire is supported in 08/09 by an ABG allocation, and in Herefordshire the service commissioned by the YOS to deliver YISP activity is primarily funded from the ABG.

### **Programme Resources**

Section C2 identifies the re-offending of young people subject to community penalties as an area of weakness. This has highlighted the need to ensure that the YOS is delivering effective interventions to young people. The interventions review group has been put in place to evaluate the programmes currently being delivered within the YOS.

### **ICT Resources**

#### *Connectivity*

The March 2009 target date for this project is dependant upon Social Software completing a technical upgrade of YOIS by the first quarter of 2009. YOIS system upgrade will begin in September 2008 and is planned to be completed in the first quarter of 2009. The YJB WUYJ team are currently working with the YOS and West Mercia IT towards achieving Connectivity. The technical solution is to install a broadband connection alongside the YOIS server. After the system upgrade, the Wiring Up Youth Justice Business Change team will contact the YOS and West Mercia IMTD to agree how they can successfully incorporate Connectivity and improve practice. This will involve YOT participation in workshops to help improve current business processes, and training by the suppliers on using the case management system. The decision to go live with Connectivity will be made with the YOS after the initial training. Any delay in the system upgrade by Social Software will reduce the amount of testing time allocated to West Mercia IMTD, and this in turn could delay implementation.

#### *Viewpoint*

Strict security policy of West Mercia IT may impact on the success of this programme. West Mercia have yet to test the Viewpoint software to see if it is compatible with their IT infrastructure. North Worcs team do not have a dedicated PC connected to broadband for use by young people due to their mobile / flexible working status and alternative methods of accessing the website need to be found. This will be via a wireless connection to a laptop, so that the programme can be used in the young persons home.

| Identify plans to overcome the risks to future use of resources and value for money |  |  |  |   |
|---|--|--|--|---|
| Risk  | Action   | Success Criteria   | Owner  | Deadline                                  |
| ABG Grant reduced or directed to other activity                                     | <p><b>Worcestershire</b> - Ensure that YOS continue to promote positive outcomes of the prevention work.</p> <p><b>Worcestershire</b> – any prevention team vacancy to be filled on time limited contract</p> <p><b>Worcestershire and Herefordshire</b> - Scenario planning for service delivery model if ABG not allocated</p> | <p>Raise awareness of effectiveness of preventative work – demonstrate positive outcomes for young people and families.</p> <p>Minimise impact for the service and for staff if posts need to be deleted</p> | <p>Prevention Manager</p> <p>Admin Manager</p> | <p>Ongoing to 31/3/09</p> <p>31/12/09</p> |
| Budget overspend in 2008/09   | <p>Monthly monitoring meetings with finance staff.</p>   | <p>Transition to new delivery models if required. Continuation of effective work with at risk young people.</p>  | DHOS   | 31/12/09                                  |
| Insufficient funding to support current staffing establishment                      | <p>Posts to be reviewed as vacancies arise during 08/09 and review of balance of resources between area teams</p>  | <p>Action taken to ensure that expenditure remains on track</p>  | Finance Manager                                | Monthly ongoing                           |
| Inconsistencies in delivery and quality of interventions across the service.        | <p>Review of interventions and implementation of quality assurance process</p>   | <p>Ensure balance of resources is correct between each area team.</p>  | HOS  | Ongoing, review by 31/10/09               |
| Delays in implementing Connectivity   | <p>Agree deadlines for installation of Broadband connection at West Mercia IT HQ. Follow up with YJB and Social Software to ensure that YOIS upgrade is completed on time.</p>   | <p>Consistent delivery of effective interventions</p>  | DHOS   | 31/03/09                                  |
| Technical and practical issues affect the full implementation of Viewpoint          | <p>Identify IT to be used in each area, and test. Arrange request for change with West Mercia for software installation on servers. Arrange training for all staff.</p>  | <p>Connectivity live by March 2009</p> <p>Implementation by end of September 2008</p> <p>Increase service user engagement</p>  | IPM  | March 2009                                |
|   |  |  | S Maddox                                       | 30/9/08                                   |

**B3 YJB risk to future delivery assessment comments**

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| <b>B4 Youth offending team budget sources for the financial year 2008/09</b> |                |                  |                       |                  |  |
|--|----------------|------------------|-----------------------|------------------|--|
| Agency   | Staffing Costs | Payments in Kind | Other Delegated Funds | Total            |  |
| Police   | 152,848        | 146,516          |                       | 299,364          |  |
| Probation  | 111,920        | 73,340           | 30,650                | 215,910          |  |
| Health   | 86,467         | 65,996           |                       | 152,463          |  |
| Local Authority  | 508,826        | 736,822          | 38,000                | 1,283,648        |  |
| YJB  |                | 1,291,530        |                       | 1,291,530        |  |
| Other  |                | 475,044          |                       | 475,044          |  |
| <b>Total</b>   | <b>860,061</b> | <b>2,789,248</b> | <b>68,650</b>         | <b>3,717,959</b> |  |

| <b>B5 Services planned for the financial year 2008/09</b> |                  |              |  |
|---|------------------|--------------|--|
| Core Activity   | Total Budget (£) | Any Comments |  |
| Preventive services                                       | 666,790          |              |  |
| PACE  | 23,754           |              |  |
| Pre-Court   | 308,324          |              |  |
| Remand  | 118,771          |              |  |
| Court   | 365,786          |              |  |
| Community   | 1,582,776        |              |  |
| Custody   | 146,799          |              |  |
| Other   | 504,959          |              |  |



| <b>B6 Probation Contributions</b> |   |                           |  |  |                  |
|-----------------------------------|---|---------------------------|--|--|------------------|
| <b>Cash Contribution</b>          | <b>Payments in kind 1<br/>excluding staff</b> |                           | <b>Payments in kind 2<br/>staffing</b> |  | <b>TOTAL (£)</b> |
|                                   | <b>Item</b>                                   | <b>Cash Value<br/>(£)</b> | <b>Grade and<br/>Number</b>            | <b>Cash Value<br/>(£)<br/>including<br/>on costs</b> |                  |
| £73,340                           | Community<br>Punishment<br>Costs              | £30, 650                  | 3 x Po's                               | £111,920   | £215,910         |

| <b>B7 Staff in the youth offending team (by headcount)</b> |                   |    |                    |    |              |    |                |    |           |         |           |       |  |
|--|-------------------|----|--------------------|----|--------------|----|----------------|----|-----------|---------|-----------|-------|--|
|  | Strategic Manager |    | Operations Manager |    | Practitioner |    | Administration |    | Sessional | Student | Volunteer | Total |  |
|  | PT                | FT | PT                 | FT | PT           | FT | PT             | FT |           |         |           |       |  |
| <b>Permanent</b>   |                   | 2  |                    |    | 4            |    | 12             | 6  | 11        |         |           | 40    |  |
| <b>Fixed Term</b>  |                   |    |                    |    |              |    |                |    |           |         |           |       |  |
| Outsourced   |                   |    |                    |    |              |    |                |    |           |         |           |       |  |
| Temporary  |                   | 1  |                    | 3  |              | 1  |                |    | 2         |         |           | 7     |  |
| Vacant   |                   |    |                    |    | 1            | 8  | 4              |    |           |         |           | 13    |  |
| Children   |                   |    |                    |    | 1            | 4  |                |    |           |         |           | 5     |  |
| Police   |                   |    |                    |    |              | 3  |                |    |           |         |           | 3     |  |
| Health   |                   |    |                    |    | 1            | 1  |                |    |           |         |           | 2     |  |
| Education  |                   |    |                    |    | 3            |    |                |    |           |         |           | 3     |  |
| Connexions   |                   |    |                    |    |              |    | 2              |    |           |         |           | 2     |  |
| Other  |                   |    |                    | 1  | 5            | 21 |                | 1  | 1         | 54      | 44        | 127   |  |
| <b>TOTAL</b>   |                   | 3  |                    | 9  | 15           | 52 |                | 11 | 14        | 54      | 44        | 202   |  |

| <b>B8 Staff in the youth offending team by gender and ethnicity based on census 2001 categories</b> |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
|---|-------------------|---|--------------------|----------|--------------|-----------|----------------|-----------|-----------|-----------|---------|---|-----------|-----------|-----------|------------|
|   | Strategic Manager |   | Operations Manager |          | Practitioner |           | Administration |           | Sessional |           | Student |   | Volunteer |           | Total     |            |
|   | M                 | F | M                  | F        | M            | F         | M              | F         | M         | F         | M       | F | M         | F         | M         | F          |
| White British   | 3                 |   | 3                  | 6        | 16           | 40        | 4              | 17        | 21        | 30        |         |   | 13        | 27        | 60        | 120        |
| White Irish   |                   |   |                    |          |              | 1         |                |           |           |           |         |   |           |           |           | 1          |
| Other white   |                   |   |                    |          |              |           |                |           |           |           |         |   |           | 2         |           | 2          |
| White and Black Caribbean   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| White and Black African   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| White and Asian   |                   |   |                    |          |              |           |                |           |           | 1         |         |   |           | 1         |           | 2          |
| Other Mixed   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Indian  |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           | 1         |            |
| Pakistani   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Bangladeshi   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Other Asian   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Caribbean   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| African   |                   |   |                    |          |              |           |                |           |           | 1         |         |   |           |           |           | 1          |
| Other Black   |                   |   |                    |          |              |           |                |           |           |           |         |   |           | 1         |           | 1          |
| Chinese   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Other ethnic group  |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| Not given   |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |
| <b>Total</b>  | <b>3</b>          |   | <b>3</b>           | <b>6</b> | <b>17</b>    | <b>41</b> | <b>4</b>       | <b>17</b> | <b>21</b> | <b>33</b> |         |   | <b>13</b> | <b>31</b> | <b>61</b> | <b>128</b> |
| Welsh Speakers  |                   |   |                    |          |              |           |                |           |           |           |         |   |           |           |           |            |

## SECTION C1 – FIRST-TIME ENTRANTS

### C1.1 Assess the extent to which the YOT partnership has contributed to reducing first-time entrants into the youth justice system and reducing any disproportionality including children and young people from Black Minority Ethnic (BME) backgrounds

The target set for all Youth Justice partnerships has been to achieve a 5% reduction in the 2005/06-baseline figure for the number of first time entrants in 2007/08. The performance for Worcestershire and Herefordshire was a reduction of 17.1%. This compares favourably against the national performance of 11%.

In 2007/08 3% of first time entrants across Worcestershire and Herefordshire were from BME groups compared to a BME groups representing 4.45% of the youth population.

The Worcestershire Youth Inclusion and Support Panel (YISP) was subject to an independent evaluation in Autumn 2007, from which the feedback given by Service Users and other agencies was very positive. The evaluation confirmed the YISP was delivering positive outcomes for young people, in particular 86% of the young people that has received a YISP intervention had not offended at the time the evaluation was conducted. The evaluation also gained the recognition of the Children's Commissioner for England who visited the YISP team and it's Service Users in the Spring of 2008. The feedback from the Commissioner was again very positive. The referral criteria for a YISP intervention includes the young person being exposed to four or more risk factors associated with offending behaviour and is in line with YJB "YISP Management Guidance".

In Herefordshire prevention of offending work is conducted through a YISP type structure, the CF Panel. This YISP has also been independently evaluated and found to be delivering positive outcomes for the children and young people it works with. The main referral route for young people at risk of entering the youth justice system is via the Prevent and Deter operational group. Some work undertaken on referrals during 2007/08 found that 68% had not offended following their intervention programme. Although this figure is lower than for the Worcestershire YISP, when the cases were analysed it was found that there were young people in the cohort who were previously offenders and were not, therefore, potential first time entrants. Work is being undertaken to refine the referral criteria and process for the Herefordshire YISP.

The targeting and identification of young people who are considered to be at risk of becoming involved in offending or anti social behaviour, relies on the good communication and appropriate referrals being received, from local voluntary and statutory agencies. If a referral is accepted, in both the Worcestershire and Herefordshire schemes a key worker will be responsible for completing an in depth assessment, through the use of Parent and Young Person "Over to You" and the Onset assessment tool. An individual support plan will be put in place, which aims to reduce risk factors and enhance protective factors.

Within Worcestershire assessment and case management information is collected and recorded on the YISPIS database. Unfortunately IT constraints within Herefordshire have meant that YISPIS has not been able to be implemented making data collection and data returns for the YJB a manual process and collating aggregate referral and assessment information more difficult to achieve.

Worcestershire YISP has a parenting key worker who works alongside case holding key workers to ensure a family focussed approach. In Herefordshire parenting work was partly delivered by a third sector organisation on contract to the CF Panel, and partly by the key workers. The role of the CF panel is currently under review and there is a proposal to expand the service to provide family support directly. In 2007/08 70% of prevention programmes were supported by parenting interventions in Worcestershire and 100% in Herefordshire.

The YISP services in both Herefordshire and Worcestershire promote service user engagement and participation, including using information from service users to inform service delivery. In Worcestershire service users have recently been used as part of an assessment centre for key worker recruitment.

Worcestershire YISP also has an Early Intervention Keyworker, who is currently based at a targeted High School and makes up part of the multi agency support team (MAST). Other agencies involved include Family Support, Education Psychologists, Connexions and the Youth Service. The project focuses on increasing the attendance and attainment, improving behaviour and reducing exclusion. The YISP E I Keyworker, provides a community work link with the high school.

The Prevent and Deter Schemes in North Worcestershire, South Worcestershire and Herefordshire continue to be effective in identifying young people at risk of committing anti-social behaviour and crime and putting in place programmes to reduce the risk. The last self assessments submitted to Government Office West Midlands rated all three schemes as green. The Herefordshire Connexions targeted Positive Activities for Young Offenders (PAYP) scheme is linked into the Prevent and Deter scheme. In Worcestershire the YOS has part funded a Prevent and Deter mentoring project.

In Herefordshire other initiatives contributing to this performance area are a Restorative Justice in Schools project, led by the Police and supported by the YOS RJ Officer, targeting parenting work through the Prevent and Deter process and the YOS supporting Police visits to young people demonstrating anti social behaviour at the ABC stage of the ASB process.

In Worcestershire the YOS has promoted the use of restorative processes for behaviour management in the LA Children Homes supported by a joint Police, CPS, YOS and Children Services protocol.

The YOS is contributing to the development of the emerging Targeted Youth Support arrangements in both counties.

| <b>C1.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks</b>   |  |   |                    |                     |
|---|--|---|--------------------|---------------------|
| <b>Risk</b>   | <b>Action</b>  | <b>Success Criteria</b>   | <b>Owner</b>       | <b>Deadline</b>     |
| Within current service delivery the optimum reduction in first time entrants has been attained compromising the ability to improve on or sustain current level of performance.        | Investigate with partners, via the LCJB, the potential of piloting a community resolution initiative (initiative which diverts potential first time entrants to the youth justice system through the use of restorative practices) | Agreement to pilot a CR initiative.<br>Effective interventions to reduce recidivism in young people engaged.  | HOS                | Dec 2008            |
| Uncertainties regarding the allocation of Area Based Grant funding beyond March 2009 – placing service delivery model at risk in Herefordshire and reduced service in Worcestershire. | Ensure that YOS continue to promote positive outcomes of the prevention work.  | Raise awareness of effectiveness of preventative work – demonstrate positive outcomes for young people and families.  | Prevention Manager | Ongoing to 31/3/09  |
| At risk young people not being identified and offered appropriate services  | Scenario planning for service delivery model if ABG not allocated<br>Joint planning and strategy for provision of targeted services for young people at Tier 2.  | Transition to new delivery models if required<br>Effective Targeted Youth Support arrangements in place in Worcestershire and Herefordshire.<br>Young people with additional needs identified and provided for. | DHOS<br>DHOS       | 31/12/09<br>31/3/09 |
| <b>C1.3 Identify workforce development plans to overcome the risks to continuous improvement</b>  |  |   |                    |                     |
| <b>Skills to Develop</b>  | <b>Target Group</b>  | <b>Action</b>   | <b>Owner</b>       | <b>Deadline</b>     |
| Assessment skills   | New YISP Practitioners   | Assessment (Onset Training)   | Prevention Manager | 31/12/09            |
| Awareness of CAF  | YISP Practitioners   | Practitioners to attend CAF training/briefings  | Prevention Manager | 31/12/09            |
| <b>C1.4 YJB risk to future delivery assessment comments</b>   |  |   |                    |                     |
|   |  |   |                    |                     |

## SECTION C2 – REOFFENDING

### C2.1 Assess the extent to which the YOT partnership has contributed to reducing proven reoffending by children and young people and reducing any disproportionality including children and young people from Black Minority Ethnic (BME) backgrounds

Reducing re-offending has previously been measured by tracking a cohort of young offenders (all young people receiving a substantive outcome or released from custody during October to December each year) for re-offending over a 12 month period. The performance target was to achieve a 5% reduction in the re-offending rate for the 2006 cohort compared to the 2002 cohort across each of the four populations of pre-court decisions, first tier penalties, community penalties and custodial sentences. Due to changes in the method that the proven rate of re-offending will be measured for NI 19 and the requirement to analyse a new baseline cohort, there has been no recidivism analysis for 2006 cohort. The last performance data submitted is, therefore, that for the 2005 cohort.

A comparison of the 12 month recidivism rates between the 2002 cohort and the 2005 cohort reveal that the level of recidivism has increased from 37.7% in 2002 to 45.9% 2005. It should be noted, however, that there is no evidence that this increase is a trend as the overall recidivism rates for each of cohorts between 2005 and 2006 are as follows:

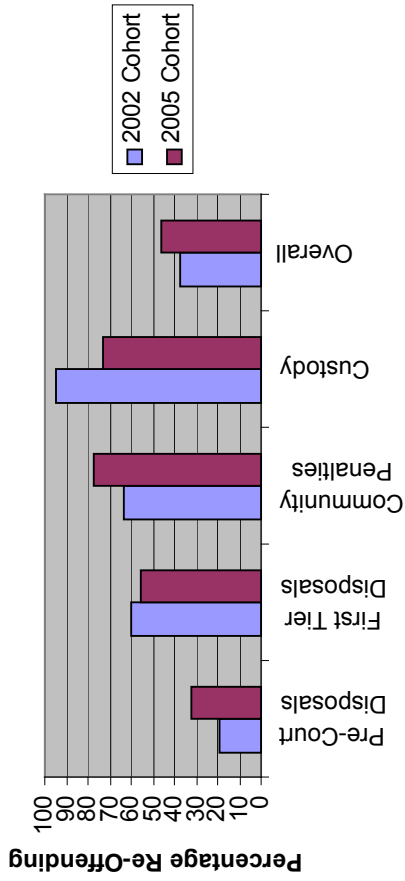
- 2002 – 37.7%
- 2003 – 42.0%
- 2004 – 37.1%
- 2005 – 45.9%

Whilst this was the methodology used previously to evaluate the performance of the YOS in terms of re-offending questions have been raised regarding the reliability of these findings. Small cohorts, a methodology which has the potential of comparing unrelated cohorts without control of other variables and other problems associated with the impact of changing policy and targets, for example implementation of the Prolific and Other Priority Strategy and the Offences Brought to Justice targets raise significant problems regarding ongoing comparison between the cohorts.

Despite this health warning the comparison of the 12 month recidivism rates in Worcestershire Herefordshire between the 2002 and 2005 cohorts shows that re-offending levels for first tier penalties and custody have reduced. Conversely, re-offending levels for young people subject to pre-court interventions and community penalties have increased.



### Re-Offending After 12 Months



In 2007/8 the YOS established a recidivism working group, which undertook a number of analyses in attempt to identify significant factors linked to re-offending particularly in relation to young people receiving pre-court disposals and community penalties. The work remains inconclusive due to the many variables which impact and the inability to control for these.

Although the re-offending figures for young people subject to custody (73%) and for young people subject to ISSP (78%) are high, they involve small numbers of young people, 15 and 9 respectively, and the offending was less frequent and less serious in over 55% of cases. Of concern are the numbers of young offenders who re-offend on community penalties. It is proposed to undertake a benchmarking exercise with youth offending services that are performing better than Worcestershire and Herefordshire YOS in terms of recidivism for young people subject to community penalties.

Although BME groups overall are not over represented in the youth offending population in Worcestershire and Herefordshire when individual BME groups are analysed young people of mixed ethnicity were the most over-represented ethnic group in 2006/7. When we look at this ethnic group in the offending population, we see that their over-representation decreased from 0.9% in 2006/7 to 0.4% in 2007/8, a difference of -0.5%. The application of the YJB statistical test shows confidence at 82% that the decrease is statistically significant.

A Service Development Group for Referral Orders is being set up in response to the consultation exercise conducted recently by the YJB and the expected increase in such Orders following the implementation of the Criminal Justice and Immigration Act. Membership of the group represents various interest groups and includes partner agencies (including Children's Services and the Police), a Magistrate representative and the Voluntary Sector (including Victim Support). Recidivism will be a standing agenda item. A targeted recruitment exercise is being undertaken to ensure that the diversity of local populations is represented within the body of volunteer Panel Members.



Disengagement from education, training or employment has been shown to be a significant risk factor for offending behaviour. There has been steady progress in improving performance in this area since the second quarter 2006/7. In 2006/07 the YOS performance against the ETE performance indicator was 66.4%. In 2007/08 the performance increased to 78.7%. The YOS is performing significantly more effectively with those of statutory school age (89.9%) than those over (71.4%). Access to employment, training or learning placements services for those over statutory school age remains one of the most significant barriers to achievement of the previous national target of 90%. A YOS multi-agency steering group oversees education provision, developing action plans for individual cases. Research into the barriers for young people in accessing and engaging in ETE for those aged 16 plus was undertaken in 2007. The research found that the NEET group of offenders had low educational attainment, disrupted family backgrounds, substance misuse or behavioural issues. In response, during 2007/8 the Ngage project was implemented to support young offenders aged 16+ in finding and sustaining ETE placements. Since the implementation of this project, the performance for those aged 16+ has risen from 65% in quarter 2 to 71.4% quarter 3 and 79.4% in quarter 4.

The YOS has consistently performed well against Mental Health KPIs, maintaining this performance in 2007/8. All young people with acute mental health problems had an assessment that commenced within 5 working days. Verified figures so far show that 100% of young people with non-acute mental health had an assessment, which commenced within 15 working days of referral. Maintaining a high standard of service in this area has been achieved by ensuring good linkages with the CAMHS and Early Interventions psychosis teams, enabling prompt assessment, referral and intervention. New joint protocols regarding access to mental health services between the YOS and PCTs in Herefordshire and Worcestershire were put in place in April 2008.

The YOS employs four substance misuse workers, three working across Worcestershire and one in Herefordshire. The workers additionally work as part of the overall young people's substance misuse services, SPACE in Worcestershire and Zig Zag in Herefordshire, ensuring access to community based treatment services. During 2007/08 100% of cases requiring a specialist SM assessment received that assessment within five days of referral, and 98.2% cases assessed as requiring a Tier 3 intervention had that intervention commenced within 10 days of assessment. In 2007 a SM training needs audit was conducted within the YOS. It is the intention to commission training, via Mercia Net to meet the training needs identified.

In 2008 the YOS has convened an Interventions Working group to evaluate the interventions currently used in the YOS, develop a quality assurance framework for community intervention work and develop the "Pathways" implementation plans for each team. Pathways is a modular cognitive-behavioural programme which has been evaluated as effective by other youth offending service and in which the majority of practitioners in the YOS have been trained to deliver.

| <b>C2.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks</b>                 |  |  |                     |                 |
|---|--|--|---------------------|-----------------|
| <b>Risk</b>   | <b>Action</b>  | <b>Success Criteria</b>  | <b>Owner</b>        | <b>Deadline</b> |
| Young people in ETE figures don't increase  | Maintain emphasis on NGAGE work  | Maintaining or increasing performance quarter by quarter until target of 90% achieved. Increased numbers of yp engaged in ETE.                 | HOS                 | 31/3/09         |
| Numbers in education fall against previous high rates   | Ensure that mainstream services focus on maintaining progress with this age group<br>Bench mark good practice of higher performing YOS | School age group maintain levels of ETE above target %   | Lead on ETE         | 31/3/09         |
| Re-offending analysis remains inconclusive, meaning YOS can't identify key intervention opportunities                               |  | Implementation of best practice and standards.<br>Increase in proportion of young offenders not re-offending following community interventions | Information manager | 31/12/08        |
| Community sentences continue to deliver high rates of re-offending  | Implement use of pathways programme more robustly  | Increase in proportion of young offenders not re-offending following community interventions   | ATM's               | 31/10/08        |
| Quality of interventions deteriorates   | Quality assurance framework for community interventions  | Consistent delivery of high quality interventions. Ensure equality of service delivery across all area teams                                   | DHOS                | 31/12/09        |
| Current risk led approach in YOS and Scaled Approach (April 09) may impact negatively on recidivism rates of medium risk offenders. | Continue with the implementation of joint offender management initiative with West Mercia Constabulary                                 | Rate of re-offending of medium risk offenders maintained or improved – less medium risk offenders re-offending after intervention.             | HOS                 | 31/3/09         |

| <b>C2.3 Identify workforce development plans to overcome the risks to continuous improvement</b> |  |  |                 |                 |
|--|--|--|-----------------|-----------------|
| <b>Skills to Develop</b>   | <b>Target Group</b>                        | <b>Action</b>  | <b>Owner</b>    | <b>Deadline</b> |
| Group work skills  | YOS staff delivering community supervision | Skills analysis during supervision and any deficit addressed through SRD process | ATM's           | Ongoing         |
| Referral Order Panel chairing –planning interventions  | New Community Panel Members                | Initial RO Panel Member Training   | Lead for ROs    | by 31/3/09      |
| Mainstreaming SM Tiers 1 and 2 Interventions   | YOS Practitioners                          | Commissioning of training to meet need identified in SM audit                    | DHOS            | by 31/3/09      |
| Identification of Mental Health issue/mental health screening                                    | YOS Practitioners                          | Delivery of Mental Health Inset Training   | Lead Manager MH | by 31/3/09      |
| <b>C2.4 YJB risk to future delivery assessment comments</b>                                      |  |  |                 |                 |

## **SECTION C3 - CUSTODY**

### **C3.1 Assess the extent to which the YOT partnership has contributed to reducing the use of youth custodial remands and sentences and reducing any disproportionality including children and young people from Black Minority Ethnic (BME) backgrounds**

The previous performance measures relating to this area of work are to reduce the use of the secure estate for remands to 9% of the total number of remands excluding unconditional bail, and for custodial sentences to no more than 5% of all sentences imposed. In 2007/08 the performance in relation to secure remands was 10.7%, 1.7 percentage points off of the target and custodial sentences accounted for 3.4% of all sentences.

There is a higher proportionate use of custody in relation to young people from a BME background. This, however, is primarily in the North Worcestershire area where there is a higher proportion of BME groups in the general population than the average for the whole YOS area. More analysis needs to be undertaken to determine the issues behind this disproportionality.

The Effective Practice and Quality Assurance (EPQA) review, where the YOS is audited against 16 key indicators of quality, the YOS, scored 2 for resettlement and 3 for remand management (on a scale of 0 to 3).

In the April 2008 case audit for EPQA 84% of cases assessed as at risk of a remand to the secure estate had bail support and supervision offered at first appearance, 64% of cases where a remand to custody was made had subsequent bail applications made.

There is an inter-agency remand management strategy in place monitored and regularly reviewed by the Worcestershire and Herefordshire Youth Justice Forum (YJF).

Under the YOS remand management guidance the bail support officers check with the Police custody suites each morning to ascertain whether there are any unexpected young people due to be placed before the court and to commence a bail supervision assessment. Bail Support programmes continue to deliver programmes that meet required National Standards (100% in both the 2006 and 2007 NS audits). The EPQA audit revealed the bail support programmes were tailored to assessed needs in 100% of cases, and provided to support to attend Court in 100% of cases where there a risk of failure to attend court had been assessed.

As part of the West Mercia Intensive Supervision and Surveillance Project (ISSP) Worcestershire and Herefordshire YOS had 40 ISSP starts during 2007/08. ISSP remains a credible alternative to custody and positive feedback regarding ISSP programmes has been given by Youth Panel Chairmen who attend the Worcestershire and Herefordshire Youth Justice Forum. The service delivery model for ISSP was revised in June 2008 following a review in April 2008.

The confidence of Magistrates is generally high. In a recent consultation survey the four benches scored the overall performance of the YOS as good, with particular confidence in the efficiency & professionalism of YOS Court Staff & the quality of PSR's. This is reflected in the high concordance between proposals in PSRs and final sentence, which is 80%.

All PSRs for "so serious" and "all option" PSRs are monitored and counter signed by an Area Team Manager.

The YOS is represented at Court User Group meetings, Youth Panel Meetings and the West Mercia Youth Panel Chairs Meeting.

There is no specific access to alternative accommodation for young people remanded in either county. In practice young people remanded to Local Authority Accommodation in Worcestershire are accommodated at a LA Children's Unit.

In Herefordshire there has been two occasions in the last year when supervision orders have been accompanied by residence requirements using civil secure orders to meet the long term needs of young people with disturbed behaviour, with a need for stability and protection. Herefordshire are also considering developing specific foster carers to act as alternatives to the use of the secure estate for remands.

The YOS Accommodation Post is currently vacant following unsuccessful recruitment processes. The YOS is planning to investigate the possibility of filling this post via a secondment from a Housing Authority or RSL. In the interim temporary arrangements have been put in place using existing staff and a Team Manager has taken on lead responsibility for accommodation issues.

The recent independent safeguarding audit identified an extremely high quality and well run appropriate adult scheme (YSS).

National standards are well met with a clear use of enforcement. This has led to several custodial sentences where repeated breach of orders has occurred.

The case planning forums, which apply to medium and high risk cases under the YOS Management of Risk Policy provide a positive forum for increasing consistency of both service delivery and breach & enforcement. All custodial sentences and remands are reviewed through the Case Planning Forums with six monthly whole service meetings to assess any learning resulting from the reviews and, where necessary, revise processes and practice.

Specialist staff are regularly in contact with their colleagues in the YOI's most in use for young people from Worcestershire & Herefordshire.

| <b>C3.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks</b>                                 |   |  |  |                 |
|---|---|--|--|-----------------|
| <b>Risk</b>   | <b>Action</b>   | <b>Success Criteria</b>  | <b>Owner</b>                                   | <b>Deadline</b> |
| The higher proportionate use of custody in relation to young people from a BME background continues and is the result of structural discrimination. | Undertake analysis into BME custody cases to identify any underlying issues.      | Analysis complete, action plans in place.<br>Reduction in the proportion of young people from BME groups entering custody  | Chair YOS Diversity Group                      | 31/12/08        |
|   | Ensure that robust alternative to custody measures are made available             | Reduction in the proportion of young people from a BME receiving custodial remands and sentences.                          | Lead Manager for reducing use of secure estate | 31/31/09        |
| New ISSP Delivery model does not result in improved effectiveness and efficiencies.   | Undertake full review of the delivery model after 10 months operation             | Review completed, action plan in place if required.  | ISSP lead manager                              | 30/4/09         |
| Accommodation Officer vacancy continues.  | Undertake Liaison with RSLs/Housing Authorities regarding secondment              | Agreement secured – accommodation officer in place. Improved accommodation for young people leaving custody and on remand. | Lead Manager - Accommm                         | 31/10/09        |
| Continued absence of accommodation resource for RLAA in Herefordshire.  | Ensure this is identified in the new service partnership agreement being drawn up | Carers in place & available.<br>Improved accommodation for young people on remand.   | HOS  | 31/3/09         |

| <b>C3.3 Identify workforce development plans to overcome the risks to continuous improvement</b> |                       |   |              |                 |
|--|-----------------------|---|--------------|-----------------|
| <b>Skills to Develop</b>   | <b>Target Group</b>   | <b>Action</b>   | <b>Owner</b> | <b>Deadline</b> |
| Consistent assessment skills   | YOS officers          | Implement the “model assessment” training using in-house produced DVD | DHoS         | 28/2/09         |
| Report Writing and Report Quality Assurance.   | YOS Officers Managers | Training on Report Writing and Quality                                | DHoS         | 31/3/09         |
| <b>C3.4 YJB risk to future delivery assessment comments</b>                                      |                       |   |              |                 |
|  |                       |   |              |                 |



## **SECTION C4 - RISK OF SERIOUS HARM**

### **C4.1 Assess the extent to which the YOT partnership has contributed to addressing risk of serious harm to the public through local application of YJB risk of serious harm procedures**

In 2007/08, 1% of cases were assessed as being very high risk of serious harm, 28% of cases as high risk of serious harm, and 41% of cases as medium risk of serious harm. During the same period 16% of all Asset assessments had indicators of serious harm, which would require a full risk of serious harm (ROSH) assessment to be completed. Of those that required a ROSH, there is only evidence that these were completed in 60% of cases, a ROSH was completed in 7% of cases where there were no indicators of serious harm identified in the Asset.

An internal audit of Assets undertaken in early 2008 revealed that there were inconsistencies in Asset completion and quality across the service. This was further confirmed by the regional Asset audit carried out as part of Electronic Yellow Envelope project implementation (electronic transfer of assessment data to the secure estate). The regional audit identified that of the 10 Assets sampled only 30% fell into the category of satisfactory or above compared to 24.2% for the West Midlands and 18% for the national baseline. An Asset Quality Improvement Plan has been put in place, which includes a more robust quality assurance process for assessments than was in place previously.

The YOS implemented a revised Management of Risk Policy (MOR) in mid 2007. The MOR includes the risk led case planning framework used by the YOS, which requires all high and very high risk of serious harm cases to be referred to the Case Planning Forum. The Case Planning Forum (CPF) comprises the Area Team Manager, the Case Manager for the case, the YOS specialist workers (e.g. CAMHS CPN, Substance Misuse Worker etc) and potentially relevant external agencies who may be involved. In practice the CPF tends to comprise most of the area team. The CPF will confirm the level of risk, inform and agree the intervention and risk management plans and make the decision whether the case should be referred under the Multi Agency Public Protection Arrangements (MAPPA) for a Multi Agency Public Protection Panel (MAPPP) Level 2 meeting. Cases are subject to quarterly reviews at the CPF.

Those cases being managed and reviewed through the CPF form the service's high risk case register and each case, will have a risk management plan in place. When the revised MOR policy was introduced risk management plans were completed in a risk management booklet, either in hard copy or electronic form. Some teams have moved to placing the risk management plan on YOIS, the YOS client and management information system.

The YOS is fully engaged in the MAPPA for West Mercia. The Deputy Head of Service is a member of the MAPPA Strategic Management Board and Area Team Managers attend the MAPPP Level 2 and MAPPP Level 3 meetings. In the first four months of 2008 ATMs attended 12 of the 13 (92%) MAPPP Level 3 Meetings held across Worcestershire and Herefordshire.



| <b>C4.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks</b> |  |   |                          |
|---|--|---|--------------------------|
| <b>Risk</b>   | <b>Action</b>  | <b>Success Criteria</b>   | <b>Owner</b>             |
| Inconsistent recording practices in relation to Risk Management Plans   | Agree and implement service recording practice.            | Risk Plans (Harm and Vulnerability) recorded consistently across service.   | DHOS                     |
| MOR Policy inconsistently applied.  | Quality Assurance Process to be put in place               | MOR consistently applied. Equality of service delivery across area teams.   | DHOS                     |
| ROSH not undertaken in all relevant cases   | Implementation of the Asset QIP – quarterly reviewing      | Actions completed. Risk identified in all applicable cases and action a in place to reduce risk of harm to others.        | Lead Manager – Assessm't |
| New assessment QA process does not lead to improved quality   | Asset audit to ascertain if QA process has raised quality. | Audit completed, revised action plan if needed. Increased quality of assessment, needs of young people identified and met | HOS                      |

| <b>C4.3 Identify workforce development plans to overcome the risks to continuous improvement</b> |                        |  |                        |
|--|------------------------|--|------------------------|
| <b>Skills to Develop</b>   | <b>Target Group</b>    | <b>Action</b>  | <b>Owner</b>           |
| Awareness of MAPPA   | New staff              | MAPPA Awareness briefing to be arranged with MAPPA Co-ordinator  | DHOS                   |
| Use of assessment to link intervention to risk   | Managers Practitioners | Using Assessment tools – YJB training commissioned from OU<br>Internal assessment training based on commissioned DVD | DHOS                   |
| Awareness of MOR and risk planning   | Practitioners          | Refresher briefings in teams   | Lead Manager Assessm't |

**C4.4 YJB risk to future delivery assessment comments**

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## SECTION C5 - SAFEGUARDING

### C5.1 Assess the extent to which the YOT partnership has contributed to keeping children and young people safe from harm

To ascertain YOS performance in safeguarding issues across Worcestershire and Herefordshire the YOS has recently commissioned an independent audit across the service (Safeguarding Audit: April 2008). References to this document have been made in appropriate places in this outline.

Research has shown that young people in the looked after system are disproportionately represented in the Criminal Justice System. In 2007/2008, there was an increase in the proportion of looked after children issued with final warnings, reprimands or convictions in Herefordshire over the previous year's outturn. The YOS and CYPD plan to work on a joint protocol to address the issues. In Worcestershire the proportion of looked after children issued with final warnings, reprimands or convictions decreased. In Worcestershire the YOS has initiated a project to introduce restorative processes into the Local Authority Childrens' Homes, supported by a joint Police, CPS, YOS and Children Services Protocol.

Over the past 2 years there has been a rise in the number of Young People assessed as vulnerable by the YOS from 187 in April 06 to 361 in April 08 a rise of 51%. This rise commenced sharply in November 06 across all teams. It is likely the rise is as a result of increased awareness arising out of a revised management of risk policy introduced by the service at that time.

During the past 12 months out of 2753 assessments carried out on Young People 21% (n=593) were assessed as being vulnerable at a level of medium or above (396 med, 173 high, 24 very high). The number of Young People assessed as being vulnerable to any degree is remarkably similar across the three area teams.

An audit of 34 cases across the 3 area teams has been undertaken to obtain some idea of Vulnerability Management Plan completion. Of the 34 cases, 11 were assessed as very high risk of vulnerability, 12 were High and 11 were Medium. Of all the cases Vulnerability Management Plans could only be traced in 29% cases. This may be the result of inconsistencies across the service of where risk plans are recorded (see section C4.1).

Currently BME groups represent 4.1% of the total youth offending population and 4.93% of the total identified as vulnerable Young People were BME (06-08 figures) this is against an estimated two county population of 4.5% and demonstrates on the whole, that there is a proportionate representation of BME generally across our client group.

There is a sizable traveller community in Worcestershire and Herefordshire, which is not accurately recorded but is thought to be in the region of 7000. The Youth Offending Service has experienced difficulty in keeping figures concerning the numbers of travellers in our client group but the indications are that during the past 12 months the Service knew some five individuals.

The recent Safeguarding audit acknowledged that there are very low percentages of both ethnic minority service users and service users with disability but said that Youth Offending Service protocols and LSCB procedures addressed their needs. The audit went on to say that although their file reading and interviews indicated a commitment to providing equality of opportunity to travellers, they

would question as to how much awareness and sensitivity has been promoted within the service as a whole.

The number of requests for the attendance of YOS staff at Child Protection Conferences remain low against the total number of Child Protection Conferences held. The Local Safeguarding Children boards do not routinely collect data concerning YOS attendance and neither is such data retrievable from the YOS data management system.

YOS attendance at Safeguarding network meetings in Worcestershire has run at 50% over the past 15 months. There is no equivalent meeting in Herefordshire. The YOS is represented on both Local Children Safeguarding Boards by the Head of Service, and the Deputy Head of Service represents the YOS on the two Safeguarding Board Executive Groups.

With regard to the extent to which the Youth Offending Service contributes to keeping Children and Young People safe in the secure estate, the recent Safeguarding audit confirmed that there was ‘...close liaison with the YJB and careful thought being given to the most appropriate placement, plus very prompt visits following the young person being placed and then throughout the placement. Similarly there is evidence of close working relationships with the custodial institution, vulnerability assessments and attendance at meetings.’

The file audit carried out as part of the Safeguarding audit identified several cases that raised safeguarding issues and in all of them the auditors were satisfied that the issues had been appropriately handled and addressed.

The Safeguarding audit confirmed a low level of recent Safeguarding training throughout the Youth Offending Service. This shortcoming has now been addressed with training provided for all staff in July 2008. Despite the previous low level of recent training the auditors were satisfied that there is a high level of awareness of safeguarding within the YOS.

A system of ‘e-learning’ is being utilised to deliver core basic safeguarding training to staff. The system, commissioned by the Worcestershire Safeguarding Children Board and run by the E-Academy enables staff members to learn via an internet connection at their own speed. Presently only basic training is being delivered and there are currently 74 YOS members of staff across Worcestershire and Herefordshire undertaking this training.

**C5.3 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks**

| Risk   | Action  | Success Criteria  | Owner | Deadline |
|--|---|---|-------|----------|
| Vulnerability issues not identified or assessments are not completed fully | Implementation of MOR monitoring and QA process | Comprehensive and accurate vulnerability assessments in all cases – needs of young people identified and met. | DHOS  | 31/12/08 |

|  |  |  |      |                      |
|--|--|--|------|----------------------|
| Vulnerability risk management plans not in place for all young people assessed as vulnerable | Process of checking put in place.                                  | Risk management plans in place for all vulnerable young people. Reduced risk to young people.                        | DHOS | 31/12/09             |
| The current PAF C18 performance in Herefordshire is sustained or deteriorates                | YOS and Children Services Protocol to be put in place and actioned | PAF C18 performance improves – narrowing the gap in outcomes between LAC and young people in the general population. | HOS  | 31/12/09             |
| Salaried staff, sessional staff and volunteers do not understand safeguarding procedures     | Ensure that all staff are aware of YOS safeguarding procedures.    | All staff aware of procedures – procedures consistently applied and risk of harm to young people reduced.            | DHOS | Ongoing              |
| Safeguarding action plan not fully implemented   | Quarterly review of action plan at Leadership Team Meeting         | All actions completed – consistent practice in safeguarding and risk of harm to young people reduced.                | DHOS | Throughout 2008/2010 |

**C5.3 Identify workforce development plans to overcome the risks to continuous improvement**

| Skills to Develop                                     | Target Group                    | Action   | Owner             | Deadline |
|---|---------------------------------|--|-------------------|----------|
| Awareness of Safeguarding and child protection issues | All staff                       | All staff to attend Group A or L1 (single agency) Safeguarding Training                            | DHOS              | 31/3/09  |
| Further safeguarding training for staff.              | Selected Practitioners/Managers | Further training needs to be identified in supervision and referrals made to relevant LSCB courses | All Line Managers | Ongoing  |

**C5.4 YJB risk to future delivery assessment comments**

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## SECTION C6 – PUBLIC CONFIDENCE

### C6.1 Assess the extent to which the YOT partnership has contributed to improving public confidence in the fairness and effectiveness of dealing with youth crime in the Criminal Justice System

The Worcestershire & Herefordshire YOS was subject of an inspection in 2005 with a follow up in 2008, which identified that it was on a trajectory of continual improvement. This is evidenced through improving performance returns and consistently high compliance with National Standard requirements leading to an improved national rating of 4 in 2007/08 compared to 3 in 2006/07.

The YOS has shown year on year improvements against the YJB key performance indicators and met 84% of its targets in 2006/7 rising to 91% in 2007/8. In both Performance against KPI's and National Standard compliance the YOS is performing higher than the family group, regional and national averages. During 07/08 the YOS progressed from level 3 to level 5 for KPI performance and level 4 to level 5 for National Standard compliance. YOS overall performance is in line with the family group average & above both regional (69.9%) and national average performance (68.2%).

In relation to diversity issues, YJB assessments of WHYOS are that there is improving confidence that BME communities are less likely to be over represented in the youth justice system locally, based on returns of an 82% confidence level which score a rating of 2 (3 being the highest)

Although not easily monitored there is recognition that there is a high proportion of Traveller families both settled and travelling, in both counties, with children and young people in the youth Justice system. Work has been undertaken to reduce future entry into the system through a parenting initiative run successfully on two occasions in the last 12 months.

The LCJB is currently reformulating its plans for improving confidence in the local criminal justice system. The confidence of Magistrates is generally high. The four benches score the overall performance of the YOS as good, with particular confidence in the efficiency and professionalism of YOS Court Staff, and the quality of PSR's.

WHYOS have purchased *Viewpoint* a web based participation and engagement tool which will be implemented in September 2008. This will enable the YOS to gain regular and sustained feedback from young people, parents and victims at all parts of the YOS work spectrum from those at risk of offending or anti-social behaviour to those leaving custody.

Feedback from children & young people on YISP has been very positive and is located in the independent evaluation undertaken in autumn 2007. This also gained the recognition of the Children's Commissioner who visited children, parents and YISP Staff in spring 2008 to discuss the positive performance and feedback of this project. A notable public success has been where a young person has gone on to deliver courses to other young offenders receiving public acclamation for his successful turn around.

Feedback from Parents is extremely positive. Group feedback reports 99% satisfaction with input & learning. This includes 78% satisfactory or positive with a further 21.5% very positive. Individual comments from parents demonstrate that engagement is good with Staff presenting as approachable. Parents' asking for contact to continue after orders have ended is particularly promising.

Victims of Youth Crime are reporting consistently high levels of satisfaction with the service they receive. However only around 30% of victims choose to be involved and of these 86% comment on their experience.

During 2007 the YOS established a time limited engagement with faith communities project. This project aimed to raise awareness of the youth justice system within the different faith communities in Worcestershire and Herefordshire. Some work resulting from this project is continuing in Kidderminster.

**C6.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks**

| Risk   | Action  | Success Criteria  | Owner              | Deadline |
|--|---|---|--------------------|----------|
| Unfamiliarity with Breach hearings by individual magistrates is leading to lack of knowledge & therefore confidence in the robustness of the process | Each Team to brief Youth Panels on number of breaches & outcomes twice a year | Magistrates report improved scores in annual feedback questionnaire. Improved confidence in work of the YOS, maintaining concordance rate, and ensuring meeting needs of young person is met. | Area Team Managers | 31/3/09  |
| Some Magistrates are reporting that they don't know the levels of success of YOS administered orders   | Each Team to brief Youth Panels on outcomes of YOS orders twice a year        | Magistrates report improved scores in annual feedback questionnaire.  | Area Team Managers | 31/3/09  |
| Lack of a communications strategy means that media coverage is low with most stories relating to young people being negative.                        | Develop & implement a communication strategy                                  | Increase positive YOS media coverage to 4 stories a year  | DHOS               | 31/10/08 |
| Limited victim involvement in RJ processes   | Increase level of victim involvement.   | 35% of victims involved, improved satisfaction of victims, improved awareness of young people of the consequences of their actions.   | RJ Lead            | 31/3/09  |

|  |  |   |              |                 |
|--|--|---|--------------|-----------------|
| Services not meeting users needs.<br>Service not responding to stakeholder requirements.         | Development of a service users and stakeholder engagement and participation strategy | Strategy and action plan in place and implemented.<br>Greater participation and engagement of service users and stakeholders in informing service delivery. | DHOS         | 31/3/09         |
| <b>C6.3 Identify workforce development plans to overcome the risks to continuous improvement</b> |  |   |              |                 |
| <b>Skills to Develop</b>   | <b>Target Group</b>  | <b>Action</b>   | <b>Owner</b> | <b>Deadline</b> |
| Communication & presentation skills  | Area Team Managers & Senior Managers   | Provision of Media/presentation training for all Managers   | DHOS         | 31/1/09         |
| <b>C6.4 YJB risk to future delivery assessment comments</b>                                      |  |   |              |                 |
|  |  |   |              |                 |

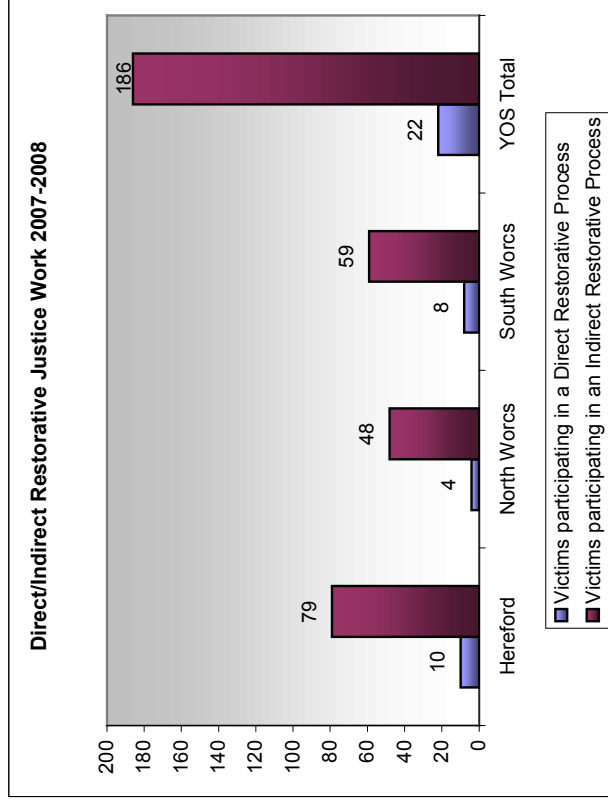
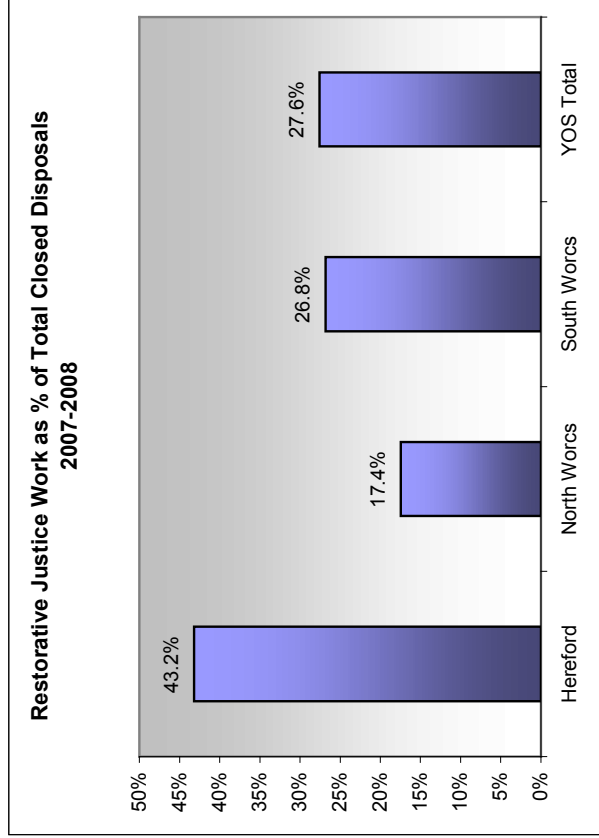


**SECTION C7 – IMPROVING VICTIM SATISFACTION**

**C7.1 Assess the extent to which the YOT partnership has contributed to improving satisfaction in the Criminal Justice System for those who have been victims of youth crime**

Over the past 12 months there has been an overall significant improvement in the number of victims being contacted and their levels of satisfaction have risen also. In 2006/07 16.2% of victims were involved in restorative processes compared to 27.6% in 2007/08. This is against a national target of 25%. Where victims have provided feedback 100% were satisfied with the service received.

Performance levels have consistently been met and overall are continuing to increase. Factors contributing to this are the employment of dedicated victim contact officers within area teams, improved recording and an improvement plan, which is monitored by the Internal RJ & Victim Work Service Improvement Group. This group consists of the Lead Manager for RJ & Victims, Victim Officers. RJ Officer, Reparation Officer, lead Manager for Referral Orders and representation from the 3 Area YOT's. As a service we are compliant with the Codes of Practice for Victims of Crime but again through this group we have continued to make improvements to our leaflets and our partnership working with other agencies including Victim Support.



Whilst currently our indirect RJ activity far outweighs our direct activity, some excellent direct processes have taken place within the secure estate, referral panels, corporate and retail and both local Authority and Private Children's Homes. Also the number of direct reparation placements is also steadily increasing as victims gain confidence in the service we can offer to them.

The YOS staff Conference last year was dedicated to RJ and Victims, which highlighted the work undertaken by the RJ Officer in relation to introducing RJ processes into LA Children's homes in Worcestershire and the ongoing work of the Victim Officers in addition to speakers with a national profile in RJ work. This raised awareness to all levels of staff and from that conference a number of initiatives have resulted e.g. an opt out victim leaflet which is sent to victims at the very start of the process and a video messaging facility which will be available for teams to use with victims.

Currently our RJ Strategy and Victim Policy is being reviewed in order to incorporate our preventative work around ABCs/ASBOs and the new developments in our victim service. In the Herefordshire LAA there is a target to reduce low levels of crime, disorder and anti social behaviour that the local YOT along with the police, local forums and other community agencies will work together to achieve. Similarly, in Worcestershire a Community Resolution Scheme is being looked into for dealing with low level crime and disorder.

The Local Criminal Justice Board is developing a Victim and Witness Sub Group to look at Victim satisfaction and the Lead Manager for RJ & Victims will represent YOS on this in future.

| <b>C7.2 Identify risks to future delivery and continuous improvement and plans to overcome the identified risks</b> |  |   |                          |                 |
|---|--|---|--------------------------|-----------------|
| <b>Risk</b>   | <b>Action</b>  | <b>Success Criteria</b>   | <b>Owner</b>             | <b>Deadline</b> |
| Capacity and Sustainability for more direct (& indirect) RJ processes in core YOS and prevention work               | RJ & Victim Training Pack  | 35% of victims involved, improved satisfaction of victims, improved awareness of young people of the consequences of their actions. | DHOS/<br>Lead<br>Manager | 31/3/09         |
| Compliance with YOS procedures/staff roles and responsibilities in relation with working with victims               | RJ and Victim Group to monitor.<br>Supervisors to monitor through supervision. | Satisfaction of Victims maintained at a high level.   | Improvement<br>Group     | 31/1/09         |

| <b>C7.3 Identify workforce development plans to overcome the risks to continuous improvement</b> |   |   |              |                 |
|--|---|---|--------------|-----------------|
| <b>Skills to Develop</b>   | <b>Target Group</b>                                   | <b>Action</b>   | <b>Owner</b> | <b>Deadline</b> |
| RJ and Victim awareness  | All YOS staff,<br>Selected Panel<br>members &<br>CSOs | Commission training on the delivery of RJ<br>Processes and victim awareness | DHOS         | by 31/3/09      |
| <b>C7.4 YJB risk to future delivery assessment comments</b>                                      |   |   |              |                 |
|  |   |   |              |                 |

## SECTION D – BUSINESS CHANGE AND INNOVATION

### D1 Describe the proposed business change or innovation – Criminal Justice: Simple, Speedy, Summary

From April 2008, youth courts across England and Wales will be adopting, through a phased implementation, a revised model of the established court process within the adult magistrates court. Simple Speedy Summary Justice (CJSSS) is based upon three principles:

- better proportionate preparation for first hearing in court
- ensuring that pleas are heard at first hearing and guilty pleas are dealt with on the day
- contested trials should proceed straight to trial within a reasonable timeframe.

**The Referral Order process remains unchanged as most young people are dealt with on their first appearance however the level of change in practice and procedures for each YOT will vary according to their individual agreements and relationship with their local youth court.**

Introduction of CJSSS in the youth Courts across this YOS area, commences in South Worcestershire Youth Court on 1 October 2008, followed by Hereford Youth Court on 15 October and Kidderminster and Bromsgrove and Redditch youth Courts on 29 and 30 October respectively. Regular Meetings have been set up at a strategic and local level involving all of the relevant agencies and implementation plans agreed, with minor variations between areas to address local issues.

West Mercia police already send information on young people charged (YOT 1) to the YOS via secure E-mail, thus giving optimum time for knowledge of the young person to be checked on YOS systems and with partner agencies. The YOS has access to YOIS and other computer systems at each of the courts through a secure network. This will enable speedy access to information and the ability to prepare Fast Delivery Reports for the court. Templates for Fast Delivery Reports are being created and will be available by mid August in order to enable staff to familiarise themselves with them.

Police will charge all young people to the morning hearings in order that pleas can be entered and matters stood down for assessment to be carried out and reports prepared for the afternoon hearings.

Crown Prosecution Service will make disclosure documents available to YOS and defence 24 hours before the hearing in order to assist the submission of pleas at the first hearing.

There is adequate accommodation available at all of the court buildings for young people to be interviewed and assessed.

Necessary YOS staffing resources have been assessed using data from a three month period. Staff will be briefed during August and September. It is estimated that 75% of cases currently requiring a Pre-Sentence Report will be able to be dealt with using Fast Delivery Reports on the day.

| <b>D2 Identify risks to implementing the business change or innovation and plans to overcome the identified risks</b>                        |  |  |   |
|--|--|--|---|
| <b>Risk</b>  | <b>Action</b>  | <b>Success Criteria</b>  | <b>Owner</b>  |
| Occurrences when there is a high number of young people requiring assessment and preparation of Fast delivery reports                        | Such occasions to be identified in advance from court listings and additional staff rostered to be available at court.       | All requests for Fast Delivery Reports being met., young people being dealt with as soon as possible following charge.     | Assessment, Bail and Court Services Area managers.  |
| Magistrates miss assessing the level of seriousness as “so serious” thus necessitating a PSR, where a community sentence is eventually made. | Joint training with court staff to magistrates in order to reduce this risk.<br><br>Review of any incidences after 6 months. | Number of such incidences reduced to a minimum. Maintaining/reducing the proportions of young people sentenced to custody. | Assessment, Bail and Court Services Area managers.  |
|  |  |  | February 2009                                       |
| <b>D3 Identify workforce development plans to overcome the risks to continuous improvement</b>   |  |  |   |
| <b>Skills to Develop</b>   | <b>Target Group</b>  | <b>Action</b>  | <b>Owner</b>  |
| Ensure awareness of CJSSS in the YOS and implications for the service  | ALL staff  | Briefing to all staff re CJSSS in Youth Court and changes required to YOS practice.  | Assessment , Bail and Court Services Area managers. |
| Familiarity with Fast delivery Report format.  | YOS staff who undertake court duty   | Introduction and briefing through team meetings.   | Assessment , Bail and Court Services Area managers. |
|  |  |  | 31 August 2008                                      |
|  |  |  | 30 September 2008                                   |

**D4 YJB risk to future delivery assessment comments**

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**SECTION D – BUSINESS CHANGE AND INNOVATION**

**D1 Describe the proposed business change or innovation – Youth Rehabilitation Order and Youth Justice: The Scaled Approach**

**Youth Justice: the Scaled Approach is designed to assist youth justice services to direct time and resources to young people appropriately, in accordance with their risk assessment, YOTs will be expected to implement the scaled approach model from April 2009, which will coincide with the introduction of the provisions arising from the Criminal Justice and Immigration Act. The most significant youth justice provision in the Act relates to the Youth Rehabilitation Order (YRO).**

The Criminal Justice and Immigration Act 2008 introduces the generic community sentence for young offender, the Youth Rehabilitation Order. This order replaces most of the current community based court orders with a generic order comprising up to 14 different requirements. The scaled approach, due to be implemented at the same time as the YRO, allows interventions and frequency of contact standards to be varied according to the assessed levels of risk on the basis of more intensive interventions and greater frequency of contact standards for high risk cases.

The scaled approach is similar to the risk led case planning framework currently implemented within Worcestershire and Herefordshire YOS. The current arrangements, however, do not allow the variation of National Standards according to assessed risk levels. The basic processes of assessment of risk and mapping content and intensity of intervention are, therefore, already in place.

The YRO will require a more targeted approach to proposals in pre-sentence reports and both the proposed requirements for the YRO and the scaled approach will have to be informed by a comprehensive and accurate assessment using the Asset assessment tool. An audit of Assets conducted in early 2008 revealed inconsistencies in assessment quality across the service. A priority for the service is, therefore, to ensure quality of assessment through training, implementation of effective quality assurance processes and the ongoing implementation of the asset quality assurance improvement plan.

The YOS has commissioned the development of a DVD based Asset training resource specifically designed to improve assessment skills.

**D2 Identify risks to implementing the business change or innovation and plans to overcome the identified risks**

| Risk  | Action   | Success Criteria                                 | Owner | Deadline |
|---|--|--|-------|----------|
| Current Management of Risk policy and risk led framework does not fit with scaled approach guidance | MOR policy reviewed and revised when final YJB scaled approach case management guidance and national standards published | Revised MOR and Case Planning Guidance in place. | HOS   | 31/3/09  |

| <b>D3 Identify workforce development plans to overcome the risks to continuous improvement</b> |                           |  |              |                 |
|--|---------------------------|--|--------------|-----------------|
| <b>Skills to Develop</b>   | <b>Target Group</b>       | <b>Action</b>  | <b>Owner</b> | <b>Deadline</b> |
| Understanding of Scaled Approach and YRO   | Managers<br>Practitioners | Youth Justice: A scaled approach and the YRO training commissioned by YJB from the OU                                    | DHOS         | 31/3/09         |
| Understanding of new National Standards  | Managers<br>Practitioners | Internal briefings on national standards and flow charts   | IPM          | 31/3/09         |
| Use of assessment to link intervention to risk   | Managers<br>Practitioners | Using Assessment tools – YJB training commissioned from OU<br><br>Internal assessment training based on commissioned DVD | DHOS         | 31/3/09         |
| <b>D4 YJB risk to future delivery assessment comments</b>                                      |                           |  |              |                 |



## SECTION D – BUSINESS CHANGE AND INNOVATION

### D1 Describe the proposed business change or innovation – Workforce Development

**Due to the new local focus and improved workforce development infrastructure in youth justice services, YOTs will be expected to commission directly from the Open University (OU) using local budgets in 2009–11, maintaining an equivalent level of workforce development opportunities as provided by the YJB during 2008/09.**

In 2009/10 and 10/11 the YOS will be required to maintain the same level of investment in commissioning NQF courses as the YJB makes in 2008/09. In order to prepare for this change the YOS will need to have a clear picture of those staff who have already undertaken NQF qualifications.

There are financial implications for the YOS from the need of direct commissioning of the NQF courses from 2009/10. The YOS already has a number of staff undertaking the OU Foundation Degree in Youth Justice and the final level 2 module will need to be met by the service, as will anyone commencing the NQF courses during 2009/11. In addition to this four staff are completing the NTU Foundation Degree in Youth Justice and are being offered the opportunity to undertake a further module to acquire a BA (Hons) degree in Youth Justice. It is unlikely that there will be an increase in partner funding to allow the training budget to increase and the result will be less budget available to commission internal training. In this context the in kind contribution of access to partner agency training programmes will become increasingly important.

The YOS has a strong presence at the Regional YJB HR and Learning Forum and maintains good links with the YJB Regional Workforce Advisor, allowing the YOS to be fully informed of the development of the YJB's Workforce Development Strategy. In preparation for direct commissioning the service has developed links with the OU at a regional level via the regional HR and Learning Forum.

The YOS welcomes the development of the Youth Justice Learning Environment by the OU, which will expand the e-learning opportunities of staff. This has the potential of reducing the cost to the YOS of the delivery of INSET training modules, which have previously been delivered through the commissioning of external trainers.

### D2 Identify risks to implementing the business change or innovation and plans to overcome the identified risks

| Risk   | Action   | Success Criteria   | Owner | Deadline |
|--|--|--|-------|----------|
| Training budget not being sufficient to support ongoing development of staff | Audit to determine the number of staff undertaking NQF courses which will require YOS investment and the projected course place requirements | Identification of budget requirements for 09/10 and 10/11 of meeting requirements of the YJB Workforce Development Strategy. | DHOS  | 30/09/08 |

|  |  |   |                   |              |
|--|--|---|-------------------|--------------|
| YOS training plans for 2009/11 not meeting developmental needs of service and staff            | Audit of training of staff to ensure up to date training records.<br>Ensure that individual learning need identified through appraisal process | Outline workforce development plan in place for 2009 - 2011 | DHOS              | 31/12/08     |
| <b>D3 Identify workforce development plans to overcome the risks to continuous improvement</b> |  |   |                   |              |
| <b>Skills to Develop</b>   |  | <b>Target Group</b>   | <b>Action</b>     | <b>Owner</b> |
| Full range of skills needed to deliver effective services                                      | All staff  | All staff learning and development needs to be identified.  | All line Managers | 30/09/08     |
| <b>D4 YJB risk to future delivery assessment comments</b>                                      |  |   |                   |              |
|  |  |   |                   |              |

## SECTION E1 – WORKFORCE DEVELOPMENT

### E1.1 Assess the extent to which the YOT Workforce Development Strategy has helped the YOT partnership to effectively manage risks to future delivery

Worcestershire & Herefordshire YOS is working to respond to the different needs of two local authority areas. Each area has different structures & priorities for their local communities. YOS Management are engaged with both authorities in integrated workforce development and seeking to ensure that YOS Staff whether core or seconded are able to access relevant joint skills training envisaged by both the DCSF & the YJB.

Over the last year YOS job descriptions have been reviewed to ensure that there is a career path that can be followed from sessional work through to qualified YOS officer. This has also allowed for clearer access paths to particular roles, linking internal training, levels of external qualification & professional qualifications to ensure the widest consideration of skills & knowledge can be considered for each role within a consistent framework.

During 2008/9 each Local Authority area is refining their integrated workforce developments, however these develop, it is clear that YOS Staff will need to be involved in the following:

- Safeguarding
- Common Assessment
- Targeted Youth Support
- Diversity
- The scaled approach
- The Youth Rehabilitation Order

In addition, these learning needs have been identified within YOS:

- Induction
- Assessment
- Engagement
- Intervention
- Communication skills

## **Safeguarding**

Both counties have the same basic safeguarding procedures, which is helpful to a cross authority service. The YOS has undertaken an audit of safeguarding practice, which has led to new single agency procedures and identified the need for refresher training for many staff, and this has been partly met through training provided as part of the launch of the new YOS procedures.

## **Common Assessment Framework**

Each county has slightly different approaches to delivering CAF. YOS has identified where CAF is likely to fit alongside both YOS & YISP work. Staff are due to receive multi agency CAF training in both counties throughout the autumn of 2008.

## **Targeted Youth Support**

As the development of TYS occurs YOS Staff will need briefings to ensure they are clear about their part in the differing strategies in each county.

## **Diversity**

Previous diversity training has been poorly delivered and lacking relevance to the needs of the area. YOS are planning to commission further more appropriate training including sessions in relation to Travellers.

## **The Scaled Approach and Youth Rehabilitation Order**

The YOS will be utilising the courses commissioned from the OU by the YJB. There are two courses, both covering the core elements of assessment, the scaled approach and the YRO. The first course, academically accredited, is aimed at experienced and senior staff. The second course, which is completely web based, is aimed at all practitioners

In addition to the OU learning routes it is planned to develop a joint training programme with the courts is for the later part of 2008/9

## **Induction**

The YOS reviewed and revised its Induction Policy during 2007. In 2008/09 it is proposed to implement central monitoring of induction (previously monitored at a local team level).

## **Assessment**

Although Asset INSET training has been regularly provided the recent Asset audits identified the need for ongoing assessment training in order to ensure consistency. The YOS is developing its own interactive DVD assessment training package. This will be available and training rolled out in the last six months of the year. This will be complimented by the OU course to prepare staff for the implementation of the YRO and the scaled approach.

## **Engagement**

The implementation of the Viewpoint system requires the identification & training of champions for each Team, trained in depth in relation to Viewpoint and that all YOS Officers and specialists receive basic information to enable them to support young people & Parents in accessing & using Viewpoint.

**Intervention**

The YOS has commissioned a range of training on interventions including training most practitioners in the delivery of “Pathways Plus” a cognitive-behavioural offending programme which has been evaluated as effective in reducing risk. In 2008/09 it is planned to provide refresher training in mental health issues, group work skills, the delivery of Tier 2 substance misuse interventions and RJ processes and victim awareness.

**Communication**

Training in communication and presentation skills has been identified for staff to enable them to contribute to increasing the level of internal confidence and external knowledge of YOS services & performance. Training in negotiation & brokerage skills has been identified for education and Ngage staff to access maximum opportunities to engage young people in ETE.

**Community Panel Member Training**

The YOS annually run training for Community Panel members. In 2008/09 this is particularly important because a number of existing Panel Members will be lost due their having served the maximum period of two three year terms.

**E1.2 Identify risks to workforce development and plans to overcome the identified risks**

| Risk   | Action   | Success Criteria   | Owner | Deadline |
|--|--|--|-------|----------|
| No change in levels of diversity training for front line staff               | Some robust and relevant diversity training  | All staff undertake training which feedback should have been relevant to their day to day work. Ensure needs of young people from BME groups are met, reducing any disproportionality. | DHOS  | 31/3/09  |
| Training budget not being sufficient to support ongoing development of staff | Audit to determine the number of staff undertaking NQF courses which will require YOS investment and the projected course place requirements | Identification of budget requirements for 09/10 and 10/11 of meeting requirements of the YJB Workforce Development Strategy.   | DHOS  | 30/09/08 |

**E1.3 YJB risk to future delivery assessment comments**

Occurrences when there is a high number of young people requiring assessment and preparation of Fast delivery reports

## **SECTION E2 - RISK TO FUTURE DELIVERY ASSESSMENT SUMMARY**

### **E2.1 Comments from risk to future delivery assessment from YOT management board chair**

The Youth Offending Service has had a successful year, improving its overall performance from Level 3 to Level 4 and achieving Level 5 for both KPI performance and National Standards compliance. Our principal aim is to prevent offending and an impressive reduction in the numbers of first time has been achieved during the last year. The improved performance against the engagement in education, training or employment performance measure is also worthy of note rising from 66.4% in 2006/07 to 78.7% in 2008/09. These improvements are a credit to both the managers and staff within the service.

The YOS continues to be well supported by partner agencies through staff, cash and in-kind contributions despite the challenging funding environment locally. As a public service we recognise the need to achieve value for money in the services we deliver and financial scrutiny remains a priority for the Board.

As ever much remains to be achieved in the coming year. Our performance priorities are the prevention of offending, the prevention of re-offending and engaging young offenders in ETE provision. We expect the service to be fully engaged in the development of Integrated and Targeted Youth Support and as a Management Board we will be reviewing the governance arrangements and defining our relationship with the two Children's Trusts.

The overall direction of travel for the YOS has been very encouraging and we are confident that our improvement actions as set out in this Youth Justice Plan will ensure continuous improvement throughout 2008/09 and that the YOS will deliver on performance outcomes for children and young people.

### **E2.2 YJB risk to future delivery summary comments**

| <b>E2.3 Review and sign-off</b> |  |  |  |             |  |
|---------------------------------|--|--|--|-------------|--|
| <b>Name:</b>                    |  | <b>Job Title</b>   |  | <b>Date</b> |  |
| Richard Hubbard                 |  | Director of Children Services,<br>Worcestershire County Council.   |  | <b>Date</b> |  |
| Sharon Menghini                 |  | Director of Children Services,<br>Herefordshire Council            |  | <b>Date</b> |  |
| David Chantler                  |  | Chief Executive, West Mercia<br>Probation Trust.                   |  | <b>Date</b> |  |
| Sharon Gibbons                  |  | Chief Inspector, West Mercia<br>Constabulary.                      |  | <b>Date</b> |  |
| Yvonne Clowsley                 |  | Deputy Director of Commissioning &<br>Strategy, Herefordshire PCT. |  | <b>Date</b> |  |
| Sandra Rote                     |  | Director of Clinical Development,<br>Worcestershire PCT.           |  | <b>Date</b> |  |

**SECTION F – LESSONS LEARNT FROM COMPLETING THE YOUTH JUSTICE PLANNING TOOL**



|   |  |
|---|--|
| <p><b>F1 What were the most valuable features of the youth justice planning framework and tool?</b></p>   | <p>The self assessment and analysis of “where we are” approach was felt to be useful, but needs to be built upon to become a more effective planning tool, see F2.</p>   |
| <p><b>F2 What could have been developed further?</b></p>  | <p>This process has concentrated, in detail, of where we are now and where we have come from but does not detail where we want to be. Greater emphasis on the improvements the service needs to make and where the service wants to be in terms of performance and in achieving outcomes for young people would enhance the process. Action planning in terms of mitigating risks lends itself to process actions and process measures of success and not measure of success in terms of outcomes for young people.</p>  |
| <p><b>F3 What else would you like to be included in next year’s youth justice planning framework?</b></p> | <p>The process needs a focus on the improvements to be made – where the service wants to be.<br/>The process of action planning needs to more focused on outcome success measures for young people, their families and victims.</p>  |
| <p><b>F4 Do you have any other comments?</b></p>  | <p>The timing of the process did not fit with other planning processes locally. The guidance lacked clarity of what was required. The late release of the planning tool means that this plan will not be agreed until six months into the year it relates to. Ideally new guidance and plan format needs to be released in Autumn, so services can start the planning process early with enough time for meaningful engagement, participation and consultation with stakeholders and service users. This has been significant piece of work, and in terms of planning a more medium term approach would be more effective and we would, therefore, support an approach of a three year plan with annual updates.</p> |



## SERVICE DELIVERY REVIEW

### PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

11 SEPTEMBER 2008

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#### Wards Affected

County-wide

#### Purpose

To consider the recommendations of the Service Delivery Review of the Council's Service Delivery Partnership with Amey and seek approval to commence formal negotiations regarding a preferred model of future service delivery.

#### Key Decision

This is not a Key Decision.

#### Recommendation(s)

- THAT (a) the final report of the Service Delivery Review be noted;**
- (b) Officers be authorised to commence formal negotiations with Amey to secure changes to the partnership to reflect a preferred model of service delivery whilst also addressing where possible anomalies and weaknesses in the current contractual arrangements;**
- (c) The Herefordshire Model of service delivery, as outlined in this report, be pursued as the preferred model and used as the basis for negotiations. Under this model, subject to successful negotiations, Amey would take on the relevant Council staff responsible for these areas under TUPE arrangements;**
- (d) Asset Management and Property Services be excluded from the negotiation whilst a wider review of the property estate and its management is carried out and that this is completed by the end of March 2009;**
- (e) A report be submitted to Cabinet on conclusion of the negotiations and the negotiation of the preferred model in (c) above does not restrict the recommendation of a different model if it is clear that this would be in the Council's best interests.**

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Further information on the subject of this report is available from  
Richard Ball, Interim Head of Highways on 01432 260965

## Reasons

The Service Delivery Review has sought to review alternative forms of delivery with a view to identifying ways of securing annual savings of £1million and improving the quality and level of service. The approach outlined in this report is considered to offer the potential to achieve these objectives and approval is sought to enter into formal negotiations with Amey.

## Considerations

### Background

1. In November 2007 a review was commenced to examine ways of improving the Council's Service Delivery Partnership arrangements with AMEY (incorporating Amey Wye Valley and Amey Consulting, formerly Owen Williams). The review was carried out jointly with AMEY with the overall aim, of reviewing the Council's approach to delivering services through the existing Service Delivery Partnership and identify opportunities to enable the Council to deliver a better service for less cost.
2. Two key objectives were set for the review. These were:
  1. To review alternative forms of delivery with a view to securing annual savings to the Council of a minimum of £1 million.
  2. To improve current quality and level of service.
3. The scope of the review has encompassed all elements of the scope of the existing Service Delivery Partnership and the results of the review presented in full in the report entitled "Phase 2 Report, Service Delivery Review – Review of Herefordshire Council's Strategic Partnership Agreement with Amey". A copy of this report is attached at Appendix 3.
4. Any changes to the current arrangements arising from the review would be by agreement between Amey and the Council and would not require a re-procurement process.
5. A Project Board has been chaired by the Director of Environment and Culture and Project Team was led by the Interim Head of Highways. This drew together the necessary expertise and knowledge from across the existing partnership and included representation from all the main service areas within the Council that could potentially be affected by the outcome of the review. Membership of the Board included the Director of Environment and Culture, Director of Resources and Director of Regeneration.
6. Cabinet is invited to consider the recommendations of the review and authorise officers to commence formal negotiations with Amey to secure improvements to the partnership and make appropriate consequential revisions and improvements to the current contractual arrangements.

## **Involving Staff and Stakeholders**

7. The review has sought to involve staff and stakeholders within the council to provide appropriate opportunities for all views to be considered. The Board and the Project Team included representation from all relevant directorates and services. In addition, considerable efforts have been made to ensure all staff that could potentially be affected by the adoption of any new arrangements have been kept informed of progress with the review and had opportunity to express their views.
8. A communications strategy and plan was developed with the Communications Team to coordinate and ensure information was made available to staff at the appropriate times during the review in a form that was understandable and accessible. Activities in this regard have included regular newsletters, Service Delivery Review Online publication on the council's Intranet and face-to-face briefings.
9. A Staff Focus Group was also established to provide a further opportunity for staff to be involved in the review. Representatives from this group and unions were invited to attend Project Board and Project Team meetings and to provide challenge at key stages in the review process.
10. In addition to these opportunities to contribute to the review, a series of independently facilitated sessions were held with staff within Highways & Transportation, Parks and Countryside and Asset Management and Property Services. These sessions sought views and ideas regarding what is going well, what is not going so well and what could be improved and how. The output from these sessions was very useful in highlighting the issues that need to be addressed and informed the review.

## **Member Involvement**

11. The draft final report of the review was reported to Strategic Monitoring Committee on the 13<sup>th</sup> June 2008 seeking their views to help inform the completion of the review and the preparation of a report to Cabinet. The minutes of the meeting are attached at Appendix 1.
12. The Committee asked that all Members of the Council be given the opportunity to comment on the draft report and that the Committee be given the opportunity to consider the report that would be presented to Cabinet in advance of a decision being taken. The Interim Head of Highways wrote to all Members on 24<sup>th</sup> June 2008 enclosing and inviting comment on the report considered by Strategic Monitoring Committee. The comments received are attached at Appendix 2.
13. The comments focus mainly around concerns regarding current quality of service delivery, value for money and a wish to see improvement. These comments have been considered in completing the final report.

## The review process

14. The review was undertaken in two phases. These were as follows:

Phase 1: review of a wide range of options against key criteria.

Phase 2: detailed review of remaining options selected from Phase 1.

### Phase 1

15. During phase 1 a long list of delivery options was developed which identified 18 possible alternatives. These options were defined and described by the project team to enable an assessment to be made of whether the options were likely to deliver the objectives set for the review.

16. In order to assess the long list of options to go forward to more detailed review in phase 2, scoring criteria were developed to filter out options that were unlikely to meet the objectives of the review or those options that would not be deliverable.

17. The assessment was carried out in three stages and subjected to challenge by the Staff Focus Group. All options were initially scored by a sub-group of the project team and a detailed rationale presented to explain their approach to scoring each individual criterion. The project team reviewed this draft assessment and recommended revisions for consideration by the Board.

18. The Staff Focus Group were then given the opportunity to review the provisional shortlist. Whilst the group did not propose any further changes to the scoring of the options, they did ask that an alternative approach to delivery be included, based on the approach adopted by Gloucestershire County Council. Gloucestershire adopted a strategic approach and established a single delivery organisation without staff transfer taking place and staff remaining employees of their original employer.

19. The shortlist taken forward for more detailed analysis in phase 2 of the review was:

**Improved Business as Usual** which would look to improve the current agreement with extra bonus and penalty payments;

**Managing Agent Model** that would shift the partnership interface to give greater responsibility for planning to Amey;

**Integrated Services Model** with services delivered by an integrated organisation staffed by employees of both Amey and Herefordshire Council and managed by a single manager reporting to both organisations.

### Phase 2

20. Phase 2 of the review has considered the shortlisted options in more detail to identify a potential model for future implementation in Herefordshire.

21. In January 2008 the Audit Commission published the report "For better or worse: Value for money in strategic service-delivery partnerships." This was a timely publication for the review and provides a framework to help councils manage and

assess the performance of Strategic Service Partnerships. It divides the benefits that can be derived from strategic partnerships into 'core' and 'additional' benefits and identifies the factors that are important in delivering each. The Phase 2 assessment has drawn heavily on the direction provided by the Audit Commission report. The report has therefore been structured into sections that examine the extent to which the different model options could contribute to achieving the benefits that the Audit Commission identified can be derived from strategic partnerships.

22. Analysis of the managing agent and integrated service models has been based on analysis of reference sites: Bedfordshire for the managing agent model and Gloucestershire for the integrated services model.
23. The Phase 2 document presents the results of the detailed assessment of the shortlisted model options. It identifies the significant differences between the three main models in terms of the extent to which they would meet the objectives of the review. In drawing together this analysis the report describes the principles that it is recommended should underpin a Herefordshire model of service delivery drawing together the best aspects of the shortlisted options. It is not intended to be the mandate for negotiations and does not disclose anything regarding the Council's point of view that would hamper or restrict the ability of future negotiations to deliver the best possible deal for Herefordshire.
24. The overall conclusions are summarised within the Executive Summary of the report highlighting the elements that should form part of a Herefordshire model of service delivery that would be most likely to achieve the aims of the review.

### **Recommendations of the Service Delivery Review**

25. The final report recommends that a Herefordshire model of service delivery comprising the following key elements would be most likely to achieve the aims of the review.

#### **Recommendations for the Herefordshire Model**

- An integrated service delivery organisation that allows efficient service delivery
- A strategic interface between the two organisations that encourages performance measures based on outcomes for the citizens of Herefordshire
- A rigorous performance management scheme to ensure that the partnership can demonstrate the extent to which it is driving improved outcomes for the people of Herefordshire. This performance management scheme will be capable of demonstrating both quality of service and value for money. It will:
  - Define performance measures linked to the service delivery plan
  - Drive outcomes that help deliver the Community Strategy for Herefordshire
  - Recognise the need to drive key outcomes that cut across Directorates
  - Ensure that the partnership can demonstrate value for money
- A link between the level of performance attained and both profitability and contract extensions; ensuring that there are consequences for both good and poor performance
- A performance management regime that drives continuous improvement and learning from experience; both successes and mistakes
- Encouragement of a strong local influence on service delivery by including, for example, the watchman scheme and locally allocated budgets for delivery of locally important schemes

26. The review identified two alternative staffing options for delivering an integrated organisation for service delivery. These are:

- a. The service delivery organisation is staffed by Amey employees.
- b. The service delivery organisation is staffed by both Amey and Herefordshire Council employees working in mixed teams.

27. The Project Board considered the relative merits of the alternative staffing arrangements. The key pros and cons as considered by the Board have been summarised below:

**Summary of Key Pros and Cons of the model options considered by the Project Board**

| <b>Model</b>   | <b>Pros</b>   | <b>Cons</b>  |
|--|---|--|
| Improved Business as Usual   | <p>Only requires limited renegotiation and change to the Council's organisation.</p> <p>Strengthened client team could help overcome areas of disagreement in current arrangements.</p> <p>Little disruption for staff</p>  | <p>Estimated savings do not meet review objectives</p> <p>Unlikely to deliver significant improvements in service</p> <p>Complex accountability for service delivery remains</p> <p>Unlikely to secure cultural change that is required</p>  |
| Managing Agent (staff transfer to Amey)  | <p>A straightforward contractual relationship</p> <p>Clear accountability for service delivery</p> <p>Single, integrated service delivery team</p> <p>Amey have good experience of implementing MAC contracts for highways</p> <p>Amey has significant experience of successful TUPE transfers, over 6000 of their 9000 staff having transferred from the public sector</p> <p>Cultural change may be easier and quicker within a single employer</p> | <p>The process of tupe-ing staff could be disruptive</p> <p>Transferring some staff from the council would lead to a loss of knowledge that could limit options for delivery in the future</p> <p>Some key staff may not wish to transfer to Amey and may choose to seek alternative employment</p> <p>Council has no direct control over performance of staff</p> <p>Council reliant on Amey for management of reputational risk</p> <p>Parts of the model will be new for both Amey and the Council and there is a risk that a suitable agreement cannot be defined and agreed</p> |
| Integrated Services (Staff continue to be employed by current employer with integrated management) | <p>Clear accountability for service delivery</p> <p>Single, integrated service delivery team</p> <p>Reflects the approach adopted by the Council and PCT</p> <p>Retains flexibility in the future – potentially more readily adaptable to changes, both external and within the Council/PCT</p> <p>Has potential to apply different approaches for different service streams</p>  | <p>A cooperative approach to HR support would be required, which might require more resource</p> <p>Integration could be slower than in the Managing Agent model</p> <p>Management of mixed teams of Amey and council staff will be more complex</p> <p>Achieving cultural change could take longer and be more complex</p> <p>The model will be new for both Amey and the Council and there is a risk that it will be difficult to</p>  |

|  |  |                                    |
|--|--|------------------------------------|
|  | <p>Implementation could be phased and is likely to be achievable earlier than the managing agent approach</p> <p>No tupe would mean less disruption for staff</p> <p>Council retains more control over performance of some service delivery staff through its performance management procedures</p> <p>Potential benefits from shared organisational learning (Amey and Council/PCT)</p> | <p>define a suitable agreement</p> |
|--|--|------------------------------------|

28. Given the pros and cons of each approach, the Project Board considered that the only model that could potentially be applied to all service areas at that time was the integrated services model. Therefore, with a view to taking a consistent approach across all service areas and considering the relative merits of the different options, the Board considered that the approach for recommendation to Cabinet would be:

- a. A Herefordshire Model as outlined in the report with integrated staffing arrangements established through integrated teams and management rather than through staff transfer, along the lines of the Integrated Services model
- b. That this approach be subject to a review of performance after 18 months of operation to establish whether any further change should be made.

29. Such an approach was considered to be consistent with that being taken by the Council in relation to establishing integrated working arrangements with other partners such as the PCT.

30. However, consultation on the draft of this report highlighted a number of concerns about the practicality of the integrated services model, its ability to deliver the cultural change required across all partners and concerns about including Asset Management and Property Services at this point. At the time the Board made its recommendations Amey had indicated that they would require a single approach applied across all service areas. Since then Amey has submitted a proposal suggesting the establishment of a managing agent arrangement without the Asset Management and Property Services elements pending a further review of this service alone. The potential savings that have been identified during the review do not relate to Asset Management and Property Services. Following consideration of these factors, it is recommended that:

- a. A Managing Agent model is used as the basis for negotiations covering highways and related work (i.e. grounds maintenance, street and toilet cleansing and public rights of way). Amey would take on the Council staff responsible for these areas under TUPE arrangements, the details of which would be determined through the proposed negotiations. It is important to note, however, that the negotiation proposed above does not in any way restrict the negotiating team in recommending a different model if, during the course of the negotiations, it is clear that this would

be in the Council's best interests.

- b. Asset Management and Property Services would be excluded from the negotiation whilst a wider review of the property estate and its management is undertaken by the end of March 2009
- c. Work presently carried out for Asset Management and Property Services would be for the present time be excluded from the establishment of Managing Agent arrangements and would be carried on in the present form, pending the recommendations of the wider review

### **Next Steps**

- 31. Subject to Cabinet endorsing the recommendation of this report, formal negotiations would be undertaken with Amey to secure improvements to the partnership. These would seek to agree appropriate revisions and improvements to the current contractual arrangements that would be needed to enable the implementation of the preferred model. In anticipation of the need to undertake formal negotiations, initial preparations have begun to ensure the Council is in a position to undertake successful negotiations. This has included the establishment of a project board drawing membership from the relevant directors.
- 32. It is anticipated that preparations for the negotiations, the establishment and training of the council's negotiation team will take place during September and early October with formal negotiations following in October / November. Subject to the satisfactory completion of these negotiations, a report will be prepared for consideration by Cabinet reporting the outcome of the negotiations and seeking approval to proceed. Subject to the above, it is anticipated that the new arrangements could be put in place for the start of the next financial year in April 2009.
- 33. In order to ensure the Council takes a sound approach to the negotiations with Amey, external procurement expertise has been appointed to assist with the preparations for the negotiations, train and, if necessary, support the negotiation team during negotiations. The negotiation team may also need to draw on internal and external technical, financial and legal advice during the negotiations. The cost of renegotiating the contract is estimated to be £200,000 including consultancy fees for external legal and contract renegotiation advice.

### **Conclusion**

- 34. This report is due to be considered by Strategic Monitoring Committee at the meeting of that Committee on 10<sup>th</sup> September 2008. The views expressed by the committee on this report will be reported verbally to Cabinet.
- 35. The Service Delivery Review has taken a comprehensive approach to considering the different approaches that could be taken to future service delivery within the context of seeking to identify the potential for achieving savings and improving services. Cabinet is invited to consider the recommendations of the review, authorise officers to enter formal negotiations with Amey and confirm their preferred approach for future service delivery as a basis for those negotiations.



## **Financial Implications**

The Herefordshire model of service delivery (based around the Managing Agent contract model as outlined in this report) is recommended as the basis for negotiation with Amey. It is expected to deliver annual savings ranging from £800,000 to £1,018,000 a year. The same range of savings is predicted with the integrated services model, whilst the improved business as usual model is expected to deliver £568,000 of savings a year.

Securing the savings identified under each model is not guaranteed. Whilst care has been taken in preparing these estimates, delivering these savings would be subject to successful negotiation and implementation of the model of service delivery chosen in partnership with Amey. Once the one-off costs of renegotiating the contract have been recovered, the council would have the opportunity to decide how to reinvest the cash savings released by the new model of service delivery.

The cost of renegotiating the contract – whichever model of service delivery is chosen – is estimated to be £200,000 including consultancy fees for external legal and contract renegotiation advice. This cost pressure was not identified and included in the Medium Term Financial Management Strategy 2008 – 2011 (MTFMS) approved by full Council in March 2008. It can however be met from additional treasury management gains in the current financial year that the Financial Services team expects to deliver over and above the increased target already set for it in the MTFMS.

The one-off costs of implementing the chosen model of service delivery will vary with the model chosen. The improved business as usual model is likely to be least costly as the staffing implications will be more limited. The Herefordshire model of service delivery is likely to be the most costly as it involves the most significant amount of change for existing employees. Neither the one-off costs of implementing the chosen model of service delivery or the allocation of potential savings to council priorities is currently included in the MTFMS.

Phase 3 of the Service Delivery Review project deals with the contract re-negotiation issues. The estimates for potential savings and the one-off costs of implementing the chosen model of service delivery will be further refined as part of this process. As outlined elsewhere in this report, officers will report on the outcome of the renegotiations and the financial business case in order to seek formal approval for moving into the implementation phase of the project and inclusion of the estimates in the MTFMS.

## **Legal Implications**

None as a result of this report.

Legal advice has indicated that, subject to the scope of the current contractual arrangements not being extended it is acceptable to renegotiate the terms of the current arrangements with Amey without the need for re-procurement. Legal advice will be available throughout the proposed negotiations to ensure the approach being taken is acceptable from a legal perspective.

## **Risk Management**

The Service Delivery Review has taken a comprehensive approach to reviewing the

alternative options for future service delivery to help identify the appropriate way forward. In order to ensure effective negotiations and minimise risk, external procurement advice has been identified and appropriate legal, financial and technical advice will be drawn upon as required in preparation for and during negotiations.

## **Alternative Options**

Alternative options and their implications are presented within Appendix 3 of this report.

## **Consultees**

The approach taken to involving stakeholders is outlined above. Consultations have taken place during the review with all members of the Council, staff within potentially affected services and Amey.

## **Appendices**

Appendix 1 – Extract from Minutes of Strategic Monitoring Committee 16<sup>th</sup> June 2008

Appendix 2 – Further comments on draft Phase 2 Report received from Members

Appendix 3 - “Phase 2 Report, Service Delivery Review – Review of Herefordshire Council’s Strategic Partnership Agreement with Amey”

## **Background Papers**

None identified.

## **Appendix 1 – Extract from Minutes of Strategic Monitoring Committee 16<sup>th</sup> June 2008**

The Committee's views were invited on the draft recommendations from the Service Delivery Review of the Council's Service Delivery Partnership with Amey Wye Valley Ltd. A draft report on Phase 2 of the review had been circulated separately to the Committee.

The Director of Environment and Culture introduced the report. He said that a great deal of work had gone into the review, reflecting the importance attached to addressing the Partnership's shortcomings in delivering services that were highly visible to the public. The future emphasis needed to be on addressing issues as they arose, quickly and efficiently.

The Acting Head of Highways and Transportation presented the detail of the report. The two stated objectives of the review were to review alternative forms of delivery with a view to securing annual savings to the Council of £1 million and to improve the current level and quality of service. He explained how the review had been conducted and how 18 possible delivery options had been reduced to 3: the improved business as usual model; the managing agent model, which would give greater responsibility for planning to Amey; and the integrated services model, with services delivered by an integrated organisation staffed by employees of both Amey and Herefordshire Council and managed by a single manager reporting to both organisations.

The aim was to develop a model tailored to meeting the needs of Herefordshire. It had been concluded that the improved business as usual model would not achieve the degree of improvement or level of savings required. The other two models offered a potential basis for negotiation.

He emphasised the extent to which the financial savings were estimates and dependent on successful implementation of the model and could not be guaranteed.

He also drew attention to the appendices to the report setting out the scope of the contract, a description of the 3 shortlisted service models, a summary of the methods used in estimating potential staff savings and the Amey capability statement.

In the course of discussion the following principal points were made:

- In response to a question, the principle of the "watchman" scheme it was proposed to include in the Herefordshire service model was explained. The scheme was in place in Bedfordshire and had improved links with local communities, providing a single local contact with a delegated budget and a remit to target resources.
- A number of examples were given of where service was not currently being delivered to the required standard by Amey.
- There was discussion of how savings could be achieved without an adverse effect on service delivery. The Director said that the savings were to be achieved without reducing service. There was considerable duplication of effort at the moment with an unnecessary degree of checking. Where there was a clear outcome to be achieved, as in the emergency response to the 2007 summer flooding, the partnership worked well. That was the approach that needed to be fostered.
- It was noted that Bedfordshire, where the managing agent model, involving Amey, was used, had invested £4 million to generate improvement in its services. This

approach seemed to contrast with the reduction in costs envisaged by the Council in Herefordshire in circumstances where services were not being provided to an appropriate standard with the existing level of resources. The Director replied that the relevant Council Services had a higher Comprehensive Performance Assessment rating than Bedfordshire's had had at the time. He reiterated that the aim of the review was to deliver better value for money, both reducing cost and increasing quality. It was highlighted that if the potential savings could be realised this would provide the Council with an opportunity to consider reinvesting in additional service provision.

- It was stated that Members had evidence of schemes carried out by Amey costing far in excess of what they would cost in the market place. In this context the apparent intention to achieve savings by reducing the level of challenge of contract costs was questioned.
- The Director said that challenge by the client side was critical to the delivery of any future service model. A key part of the negotiations would centre on market rates. He considered that comparative information on schemes could be obtained to ensure that there could be appropriate challenge of costs.
- A Member observed that the fundamental problem with the Partnership's operation appeared to be the interface between the Council and Amey. This suggested that the managing agent model might offer the best way forward.
- It was noted that the report referred to the need to correct examples of poor relationships between Council staff and Amey staff. This had been commented on in the Committee's scrutiny review of the Partnership completed in 2006. It was disappointing to see that this issue remained unresolved. The Director said that the review acknowledged the need to effect change in working relationships to deliver service improvement in the next five years of the contract's life.

It was suggested that it was important that action was taken now to seek to improve relationships and not just await the outcome of the review. In reply it was said that the review had provided an opportunity to explain the type of behaviours that were expected and a number of quick wins had been identified and acted upon. Anomalies in the current contract would be removed and robust action taken to counter inappropriate behaviour.

- Members highlighted that the need for senior management commitment to partnership working should not be singled out as a requirement because it was clear that commitment by all was required.
- Reference was made to the comment in the Audit Commission's report on value for money in strategic partnerships that, "very few strategic partnerships have achieved financial benefits."
- Concern was expressed at the late delivery of invoices in relation to the street lighting service and the impact on the Council's final accounts.
- That the views of Councillors should have been sought as part of the process. Attention was drawn to the examples of poor service by Amey that Members found in their wards. The Director said that he would welcome Member input into the review. Members proposed that the views of all Members should be invited.

- It was suggested that the Committee should have been provided with more detail on how the estimated savings were to be achieved. The Director said that a large part of any savings would be a result of reductions in staff costs because this currently accounted for a large proportion of expenditure. It was premature at this stage to speculate on the detail. This would emerge during the negotiations.
- That whilst the phase 2 review report was good it did not address sufficiently the commercial environment and the fact that in entering negotiations Amey would not accept a reduction in their profit.
- A further question was asked about Bedfordshire's contract with Amey. The Director said that the contract was not seen as a blueprint but suggested some possible approaches. He acknowledged Amey's motive was to make profit. The key was to ensure that profit was dependent on delivery. The Bedfordshire contract focused on outcomes. There was provision in their agreement for a series of one-year extensions to be added the original 10-year contract as an incentive for Amey to deliver on target. Any such extension awarded by Bedfordshire was dependent on satisfactory yearly performance outturns. The Director indicated that such a framework could encourage capital investment by Amey as they would then be able to plan for recouping their outlay in the medium and long term.
- An interpolation of the information on the projected savings suggested a 50% chance of £800k being achieved and a 10% chance of £1million.
- The Cabinet Member (Corporate and Customer Services and Human Resources) commented that the eventual solution needed to be robust to meet the challenges that lay ahead. She emphasised the need to insist on staff complying with the Council's requirements in seeking to develop partnership working.

The Chief Executive summed up the position, emphasising the need for an effective partnership relationship in which there could be confidence in service delivery. This would involve the Council as client undertaking some benchmarking against market rates. However, excessive supervision would not work. The contractor should be judged on outcome and price.

The Committee considered its further involvement in consideration of this issue, agreeing that it would wish to have a further opportunity to comment prior to a decision being made by Cabinet.

**RESOLVED:**

- That (a) the depth and breadth of the preliminary stage of the review and the involvement of the Committee be welcomed;**
- (b) reassurance be provided that any watchman scheme will include Local Member views as a matter of course;**
  - (c) it be recognised that relationships between the two organisations and unity of culture are key and that where bad practice is identified this should be remedied on an ongoing basis;**
  - (d) all Members be invited to comment on the review; and**

- (e) that the Committee should be provided with a further opportunity to comment on the review prior to recommendations being considered by Cabinet.

## Appendix 2 – Further comments on draft Phase 2 Report received from Members

|  |
|--|
| <b>Cllr Chris Chappell</b>   |
| I am not certain of your timetable but I would like the Audit & Corporate Governance Committee to have sight of report before being finalised! The scheduled next meeting of the A&CG Committee is 25/0908. If this is a difficulty for you please discuss with me.  |
| <b>Cllr Phil Edwards</b>   |
| <b><u>Comments circulated at SMC 13<sup>th</sup> June 2008</u></b><br><b><u>Main Report paras:</u></b><br>3. SMC found difficulty in commenting on this review without being provided relevant information regarding the Scope for the existing Service Delivery Partnership and the scope for this particular exercise albeit some detail was eventually found at the end of the 46-page report.<br>i.e. Aiming to secure annual savings to the Council of a minimum of £1 million is difficult to place into context without approximate overall annual values of the contract being declared. If this not be possible, why not use percentage savings criteria.<br>No annual ‘uplifts’ or contract inflation percentages are declared within the Report.<br>Objectives to improve on current quality and level of service should be treated as ‘the norm’ for partners working within a standard Performance Management Framework!<br>5. This Review could have benefited from Elected Members input during the process, if they had been approached.<br>11. It would have been helpful for SMC to have been provided with general outputs derived from the independently facilitated sessions held for Staff who directly inputted into the process.<br>12. SMC cannot comment on 16 of the 18 initial service delivery options forwarded as no details have been provided to the Committee.<br>16. It is noted that the Staff Focus Group requested that the Integrated Service Model i.e. Gloucestershire, be considered.<br>18. SMC endorses full use be made of the Audit Commission Report titled “for better or worse, Value for Money in Strategic Service Partnerships” in striving to find model options which could contribute greater benefits for Herefordshire. Their findings (page 46) listing that “very few strategic partnerships have achieved financial benefits” is seen as disappointing.<br>21. The Executive Summary which highlights elements recommended to form part of a Herefordshire Model of Service Delivery should ensure the Watchman scheme allows for Local Member inputting.<br><b><u>Executive Summary</u></b><br>Para 7. Whilst it is noted that both the Bedfordshire (managing agent) and the Gloucestershire (integrated services model) appear to fit the ‘savings’ objective there is no evidenced based detail to support this theory.<br><b><u>Conclusions – The Herefordshire Model</u></b><br>Para 10. The Fundamentals listed as essential toward good partnership working are agreed but ‘senior management commitment’ should not necessarily be singled out for mention, better to simply stress ‘total commitment by all’ to partnership working.<br><b><u>Overview of the Project</u></b><br>Para 27. Whilst this Draft Review indicates the Bedfordshire model offers a lesser service range of business areas no mention is made of Herefordshire having an option to re-look at the current range of services provided. The Herefordshire model needs to establish the range of services to be provided, staff levels and relevant accommodation. |

### **Performance Management**

The Committee agrees with the comment (Fundamentals on page 43) that “the vision of The Herefordshire Service Delivery Partnership developed in 2003 has not been realised” and further agrees the listed framework of good foundations be negotiated.

### **Appendix D**

It is noted that the listed improvements taking place throughout Bedfordshire (CPA rating 0 to 3) benefited by kick starting of additional £4 million.

Herefordshire’s current on the ground reality is (in some areas) that;

- Smashed glass remains on urban street kerbs & footway, sometimes for months.
- Grass areas heavily weed infested and left to reseed.
- Weeds now excel on kerbs & pavements partially due to seed from non-mown areas.
- Council HQ at Brockington display bed of weeds at main entrance now seen as norm!
- Verbal advice of urban fortnightly grass cutting yet June 2008 some just received first cut.
- Children play in the streets as play areas not mown.
- Examples of damaged street signs, litter bins, loose kerbs many months overdue repairs.
- Street surface dressing around parked vehicles & into kerb drains.
- Public & Member quotes of repaired potholes failing within hours of repair.
- Graffiti accelerating whilst Streetscene await graffiti buster service, etc.

SMC 130608 PJE

### **Cllr Mrs P Andrews**

Richard - regarding the Amey contract - from the point of view of councillors it is simply not delivering. Just who monitors job quality? And I understand that their charges are well above what local firms would charge for the same work. I do not have enough technical knowledge to decide which proposal would offer the best way forward - all that I ask is that whatever solution is chosen by the current administration it offers both a better quality of service and better value for money.

### **Cllr Mark Hubbard**

As Ward Cllr for central ward I welcome the Service Delivery Review of the Councils Service Delivery Partnership with Amey.

The partnership contracts are described as services provided by Amey Wye Valley and Amey Consulting formerly Owen Williams.

I note and welcome the objectives to improve and find costs savings and also to improve and ensure better quality of projects and project service delivery.

As the report appendices have no reference numbers, cross referencing my comments to these reports is likely to be confusing to the reader, therefore I have set out below general points that apply to the entire set of documents and do make reference where possible to the appendix and page number. Also I include a conclusion at the end and recommendations throughout my summary report.

Feedback

General Points

1/The review of the service seeks to identify costs savings and improvement in quality. Yet cost and quality are of course linked. In my view the report does not investigate fully quality control mechanisms and the affect of reduced costs on such quality. Cost, Quality and Project Time are linked; generally it is possible to deliver two out of the three. The



SDR does not in my opinion explore exactly where and how quality and project time will be measured against cost saving.

2/The alternative Service Delivery Models considered refer in most part to highway matters. The Bedford Model is to be welcomed, however it only investigates improvements to transport and highway service delivery. What about the other aspects of the partnered services, it is a mistake to assume that the Bedford model will also work in other areas of delivery in partnered services. For example architectural services, building maintenance, grounds maintenance and the design quality of the street scene and built environment.

3/The review of the Councils Service Delivery Partnership with Amey does not go far enough to review past projects. Hightown and Eign Gate Street scene are projects where considerable public disquiet and mis-trust of the partnered service was promoted. In the eyes of the public these projects were poorly designed and executed and thus strike right at the heart of the service partnership. These projects need to be reviewed and the problems identified and fixed.

4/ The review of the Councils Service Delivery Partnership with Amey Wye Valley does not focus sufficiently on the Amey Consulting partnership. Quality of public realm and architectural services is omitted from the review completely. Cost savings are instead centred on staffing issues, management issues and other models for partnership. They do not centre on specification standards and quality. For example the council needs to recognise that when it is paying for gold it is getting gold not iron. This can only be measured when mechanisms bring to light the specification and quality of projects. High Town is a good example – Brass letters falling out of paving demonstrates this project lacks best value. This stems from a lack in specification quality being held in view during the beginning of the procurement and partnership on that particular project. Traditional tendering procedures whereby the design of a project is fully costed and specified prior to going out to tender leading to selection of a contractor, would have produced a better result. In my view the service partnership fails this authority when it comes to architectural services and quality.

5/The slow creep of additional services added to the Amey a service contract is more a business model promoted by Amey to secure ever-greater services from Local Authorities. This is not necessarily the best route to deliver cost savings and quality. Architectural Services, Street Scene Projects and Maintenance of Heritage Buildings are in my view areas that should be omitted from the Amey service contracts. Other more suitable tendering procedures exist in the private sector and this will give the Authority better delivery of quality and accountability. The absence of architectural competition, the endless creep of road signage and the lack of care and maintenance of the county's heritage assets are all areas where public mistrust of the authority can be improved considerably in terms of improvements to quality and ultimately cost saving. In my view this aspect of service should be passed to outside service providers and tendered on a project-by-project basis.

6/ I would recommend that the architectural services element of service delivery be omitted from the Amey Consulting contract. This is better procured through other methods as laid down by government and promoted by the Royal Institute of British Architects RIBA, and the Architects Registration Board ARB, which is governed by and regulated by an act of parliament. Amey Consulting formerly Owen Williams in my view does not retain good quality architectural services and broadly originates from road engineering. This is where the authority fails to deliver better quality buildings, and public realm in the eyes of the public.

Appendix A

Page 1

The scope of the contract covers areas, which are practical and sensible for partnered delivery for example, materials testing, traffic engineering and technical services.

However some areas of the service contract require ideological input from the public authority and these are areas where the Amey service contract fails the authority. For example highway design and the promotion of shared space, infrastructure development and modal shift scenario planning, architectural quality of public buildings including schools i.e. Riverside primary school is a good example of lack of design quality right at the heart of the education of young people.

I question how are Design Briefs written?

I question how are Service Orders made?

Page 5

Specialist Works

This paragraph in my view sums up where the service partnership fails the authority. This promotes a catchall cover-all eventuality arrangement. There are no clear mechanisms of writing a brief or managing cost and quality. Sustainability is mentioned and of course misused.

Page 6

The Highway Service

The authority through this service contract does not appear to be able to promote better highway design quality or any particular project aspiration or ideology. For example the highway statement of works centre around the everyday issues, yet they do not appear to be able to promote or list services that work towards shared spaces and better street scene environments, this is where the authority will find and identify better quality in the eyes of the public.

Page 8

The Facilities Management Service

This promotes in my view a totally unacceptable form of care for our heritage assets. The conservation and care of heritage is a specialist area. The service contract either totally ignores these repairs stacking up a greater maintenance liability or it conducts such repairs and fails to deliver on quality given that Amey services do not have the skills sets required.

In my view this aspect of facilities management should be passed to outside service providers and tendered on a project by project basis.

Page 10

The Facilities Management Service Para 3.1.1.a

The Civic Estate highlighted under The Schedule 10 is omitted from circulation therefore I cannot comment.

Page 11

3.1.2.a Preamble 2<sup>nd</sup> para.

In developing a plan for the “Contractor to extend its role in delivering a wider range of new build and asset replacement works” how does the authority ensure quality delivery mechanisms are applied?

Appendix B

Page 3

Improved Business as Usual

The models will need to also examine the mechanisms for the delivery of quality. The adjustments promoted by the alternative models do not go far enough to examine the need for better quality of delivery in public buildings and care for our heritage assets.

The model highlights a large number of client officers are involved in ordering. This implies a greater need for staff training and management to ensure consistent quality and cost control.

I would recommend that the architectural services element of service delivery be omitted from the Amey Consulting contract, particularly with regard to the design of public realm and heritage building projects. This is better procured through other methods as laid

down by government and promoted by the Royal Institute of British Architects RIBA, and the Architects Registration Board ARB, which is governed by and regulated by an act of parliament. Amey Consulting formerly Owen Williams, in my view, does not retain good quality architectural services and broadly stem from road engineering. This is where the authority fails to deliver better quality in the eyes of the public.

Page 4

Control of cost and quality on service projects cannot come from incentive payments.

How are costs tested in the market place to promote real rather than artificial value?

How are better labour rates measured, this implies that sampling of the market place takes place. How does this occur? Are some external contracts let, or let on a dummy false basis to sample the market place?

How is specification and quality audited and controlled by the service partnership?

These are all important questions that remain unanswered in the paperwork I have received.

Page 5

I welcome the management structure that introduces a Cabinet Member, the director of environment, the Watchman and management representatives. I also recommend that a scrutiny committee perhaps with external professional involvement be assigned with the role of scrutinising measurement and performance indicators annually.

I welcome all service staff employed by Amey.

I welcome all foundation roles employed by Herefordshire Council.

I welcome the service delivery and foundation organisation being set at a strategic and high level in the authority. Clear accountability must also come with this.

Page 6

I am concerned that extensions to the contract will be used as an incentive for successful delivery of performance indicators. This will promote the setting of low standards in order to further extend the contract and will not necessarily promote best value or quality service delivery. I agree that this is an incredibly blunt tool for offering reward to the contractor.

Page 8

Performance targets that are changed mid way through will lead to lack of clarity and responsibility. This is where accountability within management, project quality and cost suffers. Who will scrutinise or authorise a shift in performance quality. If the authority is paying for gold it should expect gold not iron.

Page 9

Much of this management structure appears unclear and therefore unworkable. No one can work for two bosses clear management structure, responsibility and accountability must be promoted.

Reward payments through contract extension imply a mechanism to promote a fiddle and fudge in the performance indicators. This should be avoided.

Amey performance based upon mixed teams of Amey and Council staff implies no improvement in service from what is currently a confused muddle.

Appendix D

Page 1

Amey appear to gloss over their obligations to other service areas out side of road engineering and highway matters.

Greater scrutiny of service needs to centre on for example, Grounds Maintenance, Architectural Services, Street Scene and Building Maintenance.

Amey state the Bedford model as good example for improvement to service. Yet the service improvement is narrow and limited only to one aspect that of Highway services.

### **Conclusion**

The Partnership Service contract with Amey is not popular within the county. Local businesses and local service providers feel excluded and locked out. This lock out is for

what is in effect decades.

The fact that the Local Authority is a major employer and lets contracts of considerable value it could engage the community more if it were to let more of its contracts to local businesses.

A bottom up approach to service delivery will ensure that the Authority works with its community to raise, standards, technologies, training and knowledge. The service partnership with Amey transfers considerable funds to outside the county and the public are left wanting more in terms of value for money and quality. This vicious cycle promotes local contempt for the authority.

The Authority should re consider the whole partnership experiment and re consider fundamental changes to it. The partnership contract does not promote best value, quality or local community engagement; these are areas where changes must be made.

The partnership contract promotes a distant authority that appears to have no regard for local community or local businesses.

Should the authority wish to seek greater quality in project delivery it should seek the re engagement of its community and local business.

**Cllr Mrs Sylvia Daniels**

I am sorry to be negative however the service that we get is appalling, one of my reasons is relating to the service we are not getting is that on a regular occasions in the play areas there is a great deal of broken glass and other discarded rubbish where small children and their parents/carers are picnicking with their youngsters.

ALL play areas should be monitored and dealt with early in the mornings, I have been approached by many mums and dads informing me that they no longer have any faith in the Council as they have no duty of care for the people using their facilities, also the toilets in the car park next to the swimming baths is appalling and is known for Drug dealers using the facility.

Also In my opinion the gates should be monitored to make sure that the springs are tight and easily opened by little ones.

Sorry to be negative but we get the angry people before us.

**Cllr Mrs Anne Gray**

Good Morning, Re the above. Have Impact Risk Assessments been done regarding the above, are they available for the following. Equality and Diversity. I note the policy but --- The concerns of the workforce at present working for Herefordshire Council and the impact of being TUPED over. Also the concerns of many that this workforce would be working for a 'for profit' regime and not for the people who pay their council tax to HC for a service delivered by a work force who are accountable to them, not a private company. This service is one of the measuring sticks that the general public use when gauging how well a council is performing. At present there are some of the services performed by Amey that have deteriorated considerable in the last quarter, is this because of cost cutting or staff moral.

**Cllr WJ Walling**

First of all I have to apologise for not meeting your deadline of 7<sup>th</sup> July in making my response to your memorandum dated 24<sup>th</sup> June. Frankly, I find it very difficult to respond constructively. I don't feel, even after reading your paper that I have sufficient information to comment constructively. All I can say is what Amey undertakes that is readily observable, for example, street cleaning, grass cutting, tending of flower beds is

not done at all well and the inadequacy of what they are doing is frequently commented upon by members of the public.

There needs to be a re-appraisal of their operations, of that there can be no doubt at all. Of the two examples quoted in your memorandum in Bedfordshire and Gloucestershire I tend to favour Bedfordshire option but very tentatively because, as I have said earlier, I don't feel I have sufficient information.

**Appendix 3:**

**“Phase 2 Report, Service Delivery Review – Review of Herefordshire Council’s Strategic Partnership Agreement with Amey”**

## **Phase 2 Report**

### **Service Delivery Review**

#### **Review of Herefordshire Council's Strategic Partnership Agreement with Amey**

#### **Definition of the Desired Herefordshire Model**

#### **Final Report For Cabinet 11<sup>th</sup> September 2008**

# Table of Contents

|   |           |
|---|-----------|
| EXECUTIVE SUMMARY .....                     | 3         |
| OVERVIEW .....                              | 10        |
| CONCLUSIONS – THE HEREFORDSHIRE MODEL ..... | 23        |
| FINDINGS.....                               | 31        |
| POTENTIAL STAFF IMPLICATIONS.....           | 35        |
| FINANCIAL SAVINGS .....                     | 39        |
| SERVICE IMPROVEMENTS .....                  | 43        |
| INVESTMENT IN INFRASTRUCTURE.....           | 46        |
| TRANSFER OF LEARNING .....                  | 47        |
| RESPONSIVENESS.....                         | 48        |
| PERFORMANCE MANAGEMENT .....                | 50        |
| SHARING FINANCIAL BENEFITS.....             | 54        |
| <b>APPENDICES.....</b>                      | <b>55</b> |



# Executive Summary

## Project Aims and Objectives

- 1 The aim of the project is to review the Council's approach to delivering services through the existing Service Delivery Partnership and to identify a preferred option to ensure that the Council can deliver a better service for less cost.
- 2 The review considered all areas of service delivery with the aim of defining a solution "the Herefordshire model" that brings together the best features of all the models studied. The Herefordshire model is intended to provide a solution that is suitable for all service areas currently in the scope of the agreement. All service areas in the scope of the contract could, therefore, be included in the subsequent negotiation.
- 3 The review was commissioned to examine alternative forms of service delivery with a view to identifying an approach for the future that would meet the objectives of:
  - 84.a securing annual savings to the Council of a minimum of £1 million; and,
  - 84.b improving current quality and level of service
- 4 The review has been carried out in two phases. The first phase aimed to look at as wide a range of options as possible. It identified a long list of possible approaches to service delivery and a set of criteria which were used to shortlist a number of options. The shortlist contained those options that the project team, the project board and the staff focus group considered had the potential to meet the overall objectives of the review. Phase 2 of the review has considered the shortlisted options in more detail to identify a potential model for future implementation in Herefordshire.
- 5 It was recognised by the project board that the renegotiation would need to cover the whole contract because of anomalies that exist in the current arrangements.

## Models Included in the Analysis

- 6 Eighteen options were identified in a long list of options. These were then tested against a set of key criteria that reduced the shortlist to, essentially, two options. A third alternative has been identified by the staff focus group tasked with challenging the shortlisting process. This third option operates in a similar way to the managing agent model but involves Council, Amey Wye Valley and Amey Consulting staff being managed as a single organisation. This Phase 2 report, therefore, examines the potential future partnership between Herefordshire Council and Amey Wye Valley and Amey Consulting through the analysis of the following models (which are described in more detail in Appendix B):
  - 84.a Improved business as usual (improved BAU) which would look to improving the current agreement with extra bonus and

penalty payments

84.b Implementing a managing agent contract (managing agent) that would shift the partnership interface to give a greater responsibility for planning to Amey Wye Valley and Amey Consulting.

84.c Implementing a managing agent type model but with services delivered by an organisation staffed by employees of both Amey Wye Valley, Amey Consulting and Herefordshire Council and managed by a single manager reporting to both organisations (integrated services)

7 Analysis of the managing agent and integrated service models has been based on analysis of reference sites: Bedfordshire for the managing agent model and Gloucestershire for the integrated services model.

### **Financial Savings**

8 The analysis included broad estimation of possible savings that could arise in relation to the different models being applied. The potential savings estimated for each model is shown in the following table.

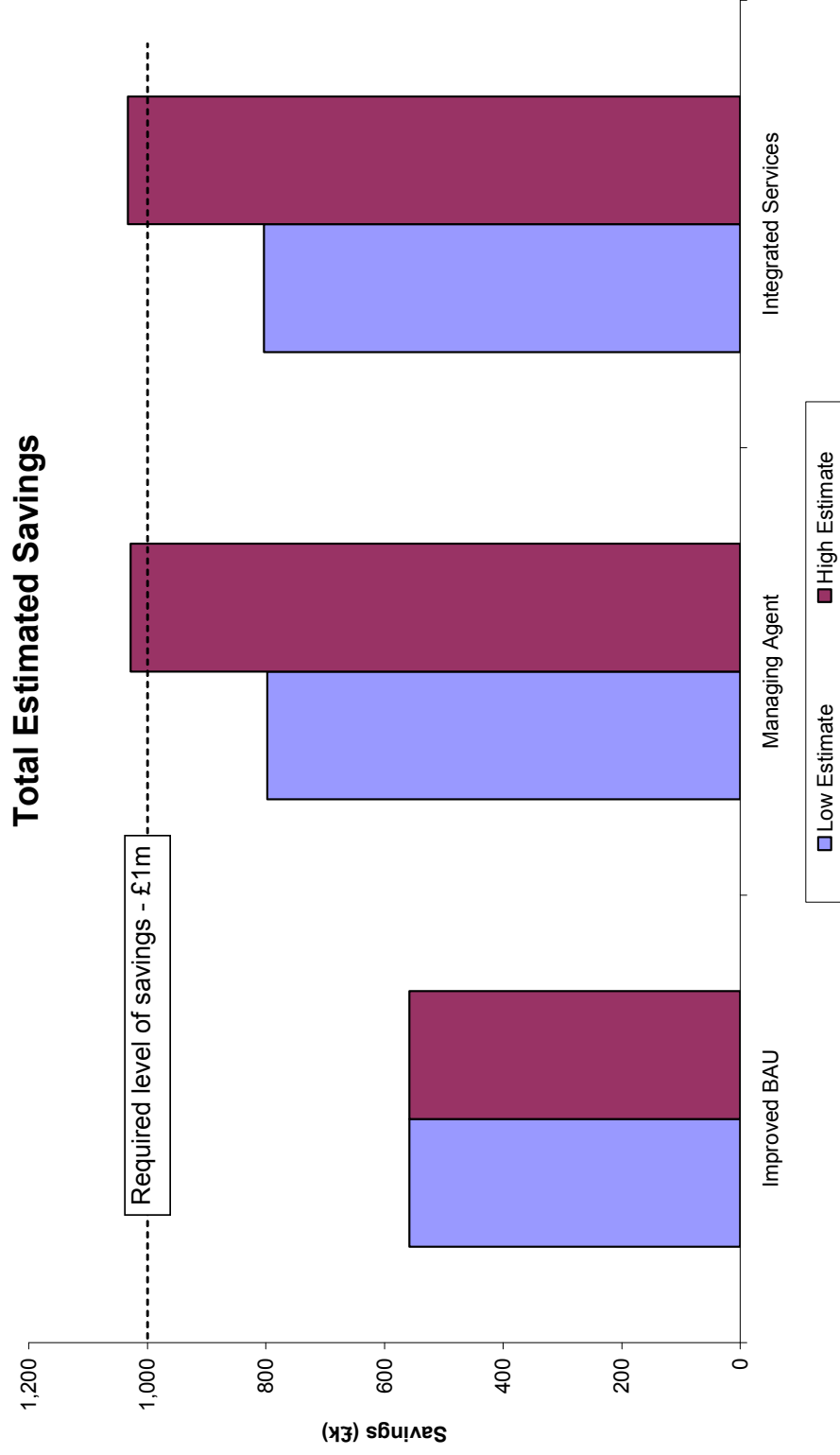


Figure 1 Estimated Savings For Each Model

## Conclusions

### Introduction

- 9 This section describes the principles that it is recommended should underpin the Herefordshire model that could be put in place through negotiation with Amey. It is not intended to be the mandate for negotiations and does not disclose anything about the council's point of view that would hamper or restrict the negotiating team's ability to deliver the best possible deal for Herefordshire.
- 10 The features that we would like to see in Herefordshire model are described below. These features have been identified by analysing three alternative partnership models: improved business as usual, the managing agent model used by Bedfordshire County Council and Amey and the integrated service model used by Gloucestershire County Council and WS Atkins.

### Fundamentals

- 11 We need to be certain that key people in both organisations will support the model sufficiently to make it work. The partnership model, therefore, needs to satisfy a number of sometimes conflicting requirements. These are:
  - 84.a Senior management's appetite for partnership working within each service area
  - 84.b The contractor's desire to have a broad partnership delivering a wide range of services to the council
  - 84.c The most efficient way to deliver services
- 12 The contract underlying the partnership needs to be well constructed and complete.

### Organisational interface

- 13 Our analysis suggests that having a strategic interface between organisations offers the greatest opportunity for savings. An integrated service delivery organisation implemented in either the managing agent or integrated services model appears to be the most efficient allowing better planning and a greater opportunity to identify synergies between services.

### Staffing model

- 14 There are two alternative models for delivering the integrated service organisation that should form a suitable basis for negotiation:
  - 84.a The service delivery organisation is staffed by Amey employees. This is the least risk approach. It is a proven model that will minimise the risk that the cultural problems (identified by the Audit Commission) will prevent the partnership delivering additional benefits.
  - 84.b The service delivery organisation is staffed by both Amey and Herefordshire Council employees working in mixed teams. There is a risk that mixed teams work less effectively if a common culture cannot be developed. This risk is, perhaps, greatest in services where the current relationship between the two organisations is poor. However, the approach would reduce the disruption to staff,

could provide some small additional savings and could allow the new service delivery model to be put in place more quickly.

- 15 The partnership will need to build a culture based on trusting relationships between individuals. On the one hand, the single employer model simplifies the organisational development that will be required. On the other hand, mixed teams could bring different strengths and perspectives that could enhance service delivery.
- 16 The choice of staffing model, therefore, comes down to weighing up the advantages of each approach together with a realistic assessment of whether mixed teams can be made to work in Herefordshire. Following analysis of the pros and cons of these alternative approaches and responses made during consultation on the draft of this report, the approach outlined in the table below is recommended.

### **Performance management**

- 17 Ideally the performance management system should
  - 84.a Link into the council's performance management framework
  - 84.b Have a range of performance measures designed to demonstrate the impact of service delivery on outcomes
  - 84.c Link both contract profitability and contract extension to performance
  - 84.d Include an effective client side organisation to ensure efficiency and value for money
- 18 Partnerships rely on appropriate behaviours on both sides. In addition to a strong client team to manage the contractor we need a method of identifying and correcting poor partnership behaviours both by the contractor and the council.
- 19 The contract must allow the service delivery organisation to be flexible in its approach to new or extraordinary circumstances such as varied as, for example, changing central government policy or unexpected flooding.

### **Service user input and best practice**

- 20 Council staff already encourage local involvement in service delivery through Parish Initiatives, Parish Lengthman's scheme, Speed Indication Device, attendance at PACTs, regular meeting with PCs, Parish walkabout, Members briefings, working with charities and communities etc. across whole range of council services.
- 21 Any new agreement should improve local Member, parish council, service user and other stakeholder influence on service delivery. Amey operate a scheme, the watchman scheme, in Bedfordshire that offers local stakeholders an effective way to influence service delivery. The watchman scheme improves links with local communities and offers a way for service users to influence delivery. Although it is found in the managing agent model, this scheme could be incorporated into any of the proposed models and, therefore, should form part of the Herefordshire approach in order to continue and strengthen links with stakeholders.
- 22 Engagement processes are both informal: with the emphasis on Amey being proactive in seeking views and responses through one-to-one conversations and surveys; and formal, with locally targeted budgets to ensure that schemes exist to tackle local priorities.

## Recommended Herefordshire Model

| Recommendations for the Herefordshire Model |  |
|---|--|
| The recommended approach                    | <p>The Service Delivery Review recommends that a tailored approach be taken to each area. These are:</p> <ul style="list-style-type: none"> <li>• A Managing Agent model is used as the basis for negotiations covering highways and related work (i.e. grounds maintenance, street and toilet cleansing and public rights of way). Amey would take on the Council staff responsible for these areas under TUPE arrangements</li> <li>• Asset Management and Property Services would be excluded from the negotiation whilst a wider review of the property estate and its management is undertaken by the end of March 2009</li> <li>• Work presently carried out for Asset Management and Property Services would be excluded for the present time from the establishment of the Managing Agent arrangements and would be carried on in the present form, pending the recommendations of the wider review</li> </ul>   |
| The recommended Herefordshire model         | <p>For all service areas the negotiations should seek to ensure that the Herefordshire model includes:</p> <ul style="list-style-type: none"> <li>• An integrated service delivery organisation that allows efficient service delivery</li> <li>• A strategic interface between the two organisations that encourages performance measures based on outcomes for the citizens of Herefordshire</li> <li>• A rigorous performance management scheme to ensure that the partnership can demonstrate the extent to which it is driving improved outcomes for the people of Herefordshire. This performance management scheme will be capable of demonstrating both quality of service and value for money. It will: <ul style="list-style-type: none"> <li>- Define performance measures linked to the service delivery plan</li> <li>- Drive outcomes that help deliver the Community Strategy for Herefordshire</li> <li>- Recognise the need to drive key outcomes that cut across Directorates</li> <li>- Ensure that the partnership can demonstrate value for money</li> </ul> </li> <li>• A link between the level of performance attained and both profitability and contract extensions; ensuring that there are consequences for both good and poor performance</li> <li>• A performance management regime that drives continuous improvement and learning from experience; both</li> </ul> |

|  |  |
|--|--|
|  | <p>successes and mistakes</p> <ul style="list-style-type: none"><li>• Encouragement of a strong local influence on service delivery by including, for example, the watchman scheme and locally allocated budgets for delivery of locally important schemes</li></ul> |
|--|--|



# Overview

## Project Aims and Objectives

- 23 The aim of the project is to review the Council's approach to delivering services through the existing Service Delivery Partnership and to identify a preferred option to ensure that the Council can deliver a better service for less cost.
- 24 The review was commissioned to examine alternative forms of service delivery with a view to identifying an approach for the future that would meet the objectives of:
  - 84.a securing annual savings to the Council of a minimum of £1 million; and,
  - 84.b improving current quality and level of service
- 25 The review has been carried out in two phases. The first phase identified a long list of possible approaches to service delivery that were examined at a strategic level to produce a shortlist of options that if was considered to have the potential to meet the overall objectives of the review. Phase 2 of the review has considered the shortlisted options in more detail to identify a potential model for future implementation in Herefordshire.
- 26 It was recognised by the project board that the renegotiation would need to cover the whole contract because of anomalies that exist in the current arrangements. There is, however, no assumption that the partnership model will work in the same way across all service areas.

## Purpose of this Document

- 27 This document presents the results of the Phase 2 detailed assessment of the shortlisted model options. It identifies the significant differences between the three main models in terms of the extent to which they would meet the objectives of the review. In drawing together this analysis the report identifies key recommendations regarding the development of a Herefordshire model of service delivery drawing together the best aspects of the model options. It is intended that the report will be used to develop recommendations to Cabinet on the future approach to service delivery in Herefordshire.
- 28 This is a technical report exploring the potential future direction for Herefordshire Council's strategic partnership with Amey Wye Valley and Amey Consulting. It has been prepared with input from Amey as part of a joint review. The joint review also included extensive consultation with stakeholders within the Council.

## Member Involvement

- 29 The draft final report of the review was reported to Strategic Monitoring Committee on the 13th June 2008 seeking their views to help inform the completion of the review and the preparation of a report to Cabinet.



- 30 The Committee asked that all Members be given the opportunity to comment on the draft report and that the Committee be given the opportunity to consider the report that would be presented to Cabinet in advance of a decision being taken. The Interim Head of Highways wrote to all Members on 24th June 2008 enclosing and inviting comment on the report considered by Strategic Monitoring Committee.
- 31 The comments received focussed mainly around concerns regarding current quality of service delivery, value for money and a wish to see improvement. These comments have been considered in finalising this report.

### Overview of the Project

- 32 This project is a review of Herefordshire Council's strategic partnership with Amey Wye Valley and Amey Consulting. All services currently delivered by the partnership were included in the review, these are:

- Reactive and routine highways maintenance
- Programmed highways works
- Winter maintenance
- Grounds maintenance
- Street cleansing
- Toilet cleansing
- Recycling
- Street lighting
- Courier
- Printing
- Vehicle maintenance
- Sign manufacture
- Building maintenance
- Building cleaning
- Event catering
- Emergency response activities
- Engineering services for policy development, design and development
- Public Rights of Way

- 33 Further details of services included in the current contract are listed in Appendix A.

- 34 The review is being conducted in three phases:

- 84.a Phase 1 sought to identify a wide range of potential alternative approaches<sup>1</sup> and a set of criteria<sup>2</sup> against which they could be

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<sup>1</sup> Project file: SDR Phase 1 Option List v2 0

judged. If it was considered that the option could not meet any one of the criterion then it was not shortlisted.

84.b Phase 2 (the current phase) has taken these shortlisted options and defined the model that, it is considered, is best suited to Herefordshire: the recommended Herefordshire Model. This recommended model is described in the conclusions of this report.

84.c Phase 3 will provide support to the negotiations aimed at securing agreement with Amey to implement the recommended model.

35 Eighteen options were identified in a long list of options. These were then tested against a set of criteria which reduced the shortlist of, essentially, two options. A third alternative has been identified by the staff focus group tasked with challenging the shortlisting process. This third option operates in a similar way to the managing agent model but involves the secondment of Council, Amey Wye Valley and Amey Consulting staff into a new organisation. This report, therefore, examines the potential future partnership through the analysis of the following models (which are described in more detail in Appendix B):

84.a Improved business as usual (improved BAU) which would look to improving the current agreement with extra bonus and penalty payments

84.b Implementing a managing agent contract (managing agent) that would shift the partnership interface to give a greater responsibility for planning to Amey Wye Valley and Amey Consulting.

84.c Implementing a managing agent type model but with services delivered by an organisation staffed by employees of both Amey and Herefordshire Council and managed by a single manager reporting to both organisations (integrated services)

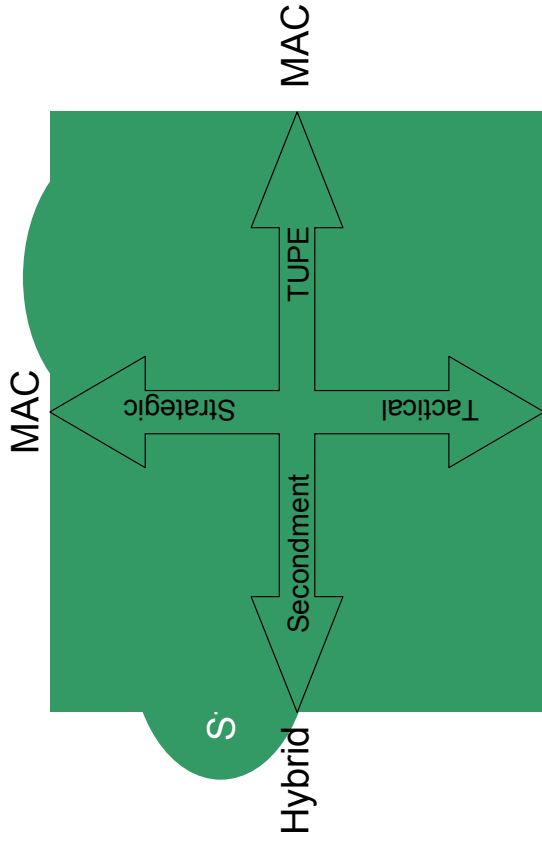
36 The original intention was to select a shortlist, examine the options and choose between them. However, in examining the long list of options it became clear that there were certain aspects of a number of options that were attractive even in those that would not on their own meet the overall objectives of the review and were, therefore, rejected. These elements have therefore been taken into account in developing the Herefordshire model.

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<sup>2</sup> Project file: Service Delivery Review Phase 1 Options Criteria version 1.2 29-11-07

37 The most significant decisions to be made in defining the future Herefordshire partnership model are represented by the three models: improved BAU, managing agent and integrated services. The diagram opposite shows the two main axes of decision:

- 84.a Whether to set the partnership interface at a strategic or tactical level
- 84.b Whether to have an organisation of mixed Herefordshire Council and Amey staff or transfer the relevant service delivery staff to Amey



### Improved BAU

Figure 1 Axes of decision

- 38 The attractive features identified in other models could be incorporated into any of the three main models.
- 39 The best model for Herefordshire may also include features from across all the options identified in phase 1 such as:
  - 84.a From Bedfordshire - the managing agent element, the watchman-in-chief role, the thin client performance managing the contractor, stakeholder engagement by the contractor (not a function of the contract but of approach), the focus on outcomes, the network board
  - 84.b From North Lanarkshire - the Council focus on the joint venture's profitability (and its contribution to resources) and as a tool for retaining/increasing local employment opportunities
  - 84.c From Cumbria - local area partnerships informing operational decisions

- 40 Crucially, the model and features chosen as the preferred model must still deliver the original aim of the project.
- 41 This diagram below shows another view of the difference between the three models schematically. Generally in the improved BAU model the Council takes responsibility for converting its strategic aims into plans, programmes of work and tracking progress of jobs. One area where the current agreement could be improved is in agreeing a better set of performance indicators to be agreed with Amey.
- 42 The managing agent model brings the interface up a level and allows the Council to concentrate on describing its aims in terms of outcomes. Performance management of the partnership will be based on improving outcomes indicated by a range of strategic and operational performance measures.
- 43 The integrated services model in essence operates at the same strategic interface level as the managing agent model but establishes a service delivery organisation staffed by a mixture of Amey Wye Valley, Amey Consulting and Herefordshire Council staff. The management of the service would also be integrated with the Council's service manager role being combined with the Amey general manager role. In this model the single manager would be responsible to Amey for the profitability of the contract and to the council for operational performance and value for money.

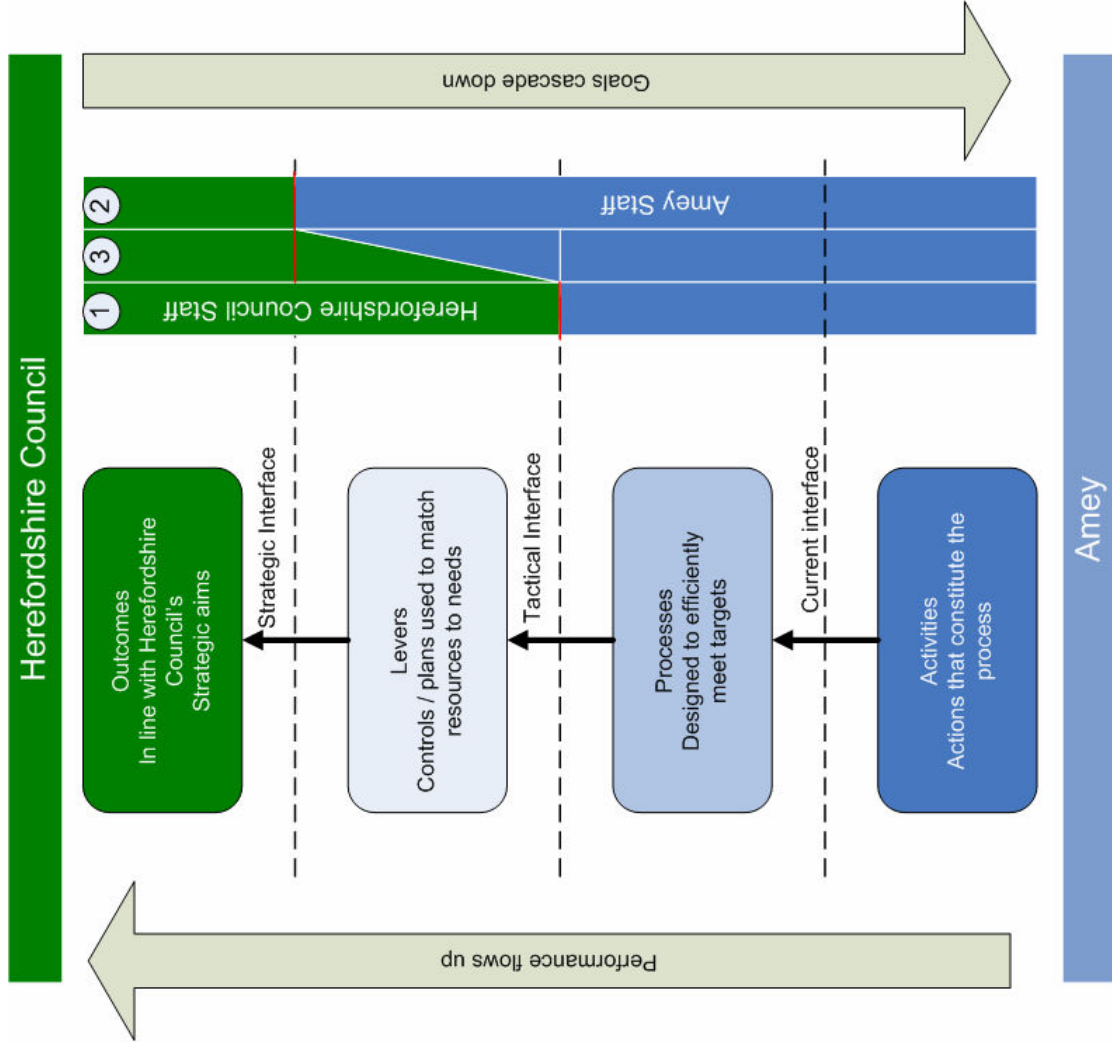
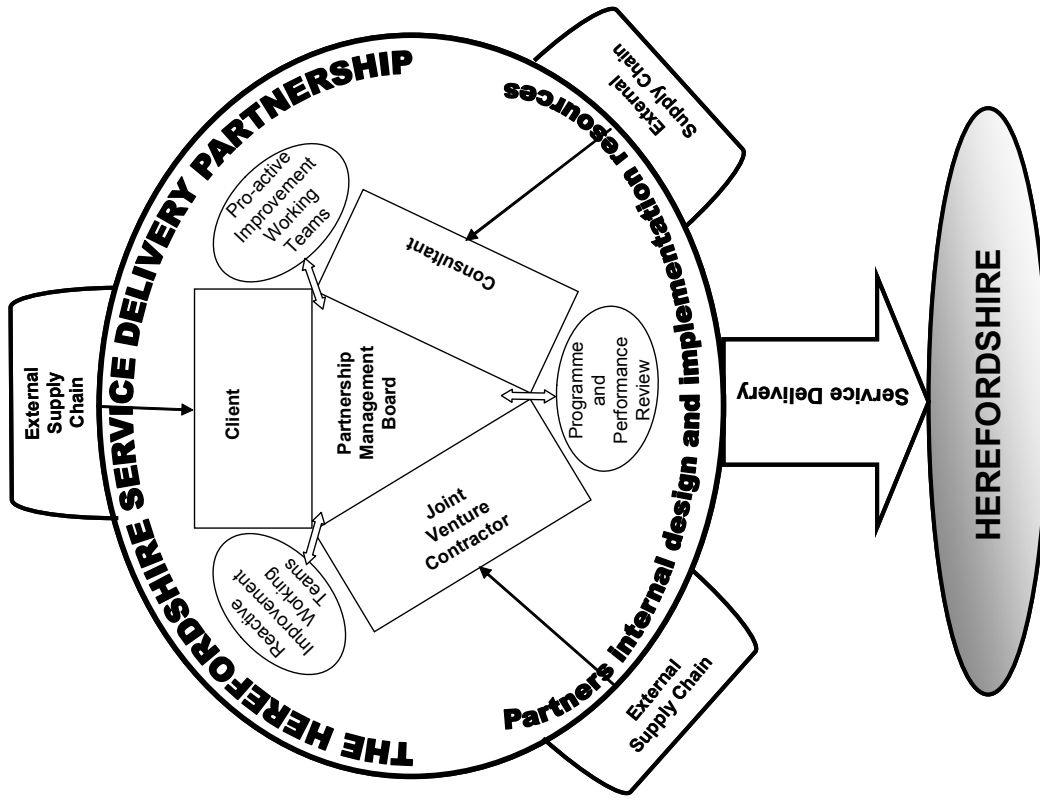


Figure 2 Organisational Interfaces

## Current Situation

- 44 The current contract between Herefordshire Council and Herefordshire Jarvis Services came into effect on 1<sup>st</sup> September 2003. The contract was let for an initial 10 year period with the option to extend the contract for a further 10 years. The agreement set up a joint venture to deliver a range of services for the Council which are described in Appendix A.
- 45 Before the joint venture was put in place these services had been delivered by a direct works organisation, HCS. The relationship between Herefordshire Council and HCS was poor and there were doubts about the efficiency of HCS's operations.
- 46 Since 1<sup>st</sup> September 2003 the situation has improved and the joint venture has performed satisfactorily in terms of day to day delivery in most areas.
- 47 The Service Delivery Agreement with Owen Williams came into being at the same time as the joint venture. Its aim was to create the Herefordshire Service Delivery Partnership. It identified partnership working as: "Partnering involves two or more organisations working together to improve performance through agreeing mutual objectives, devising ways for resolving any disputes, committing themselves to continuous improvement, measuring progress and sharing the gains."
- 48 The vision of three organisations working in partnership is described in the diagram below. The lack of trust between people working in the partnership, or lack of willingness to work in partnership, has meant that the hoped for benefits of partnership working have not materialised. The Herefordshire Council staff focus group commented that the performance of Owen Williams has generally not been up to standard.
- 49 Not surprisingly, given the lack of the underpinning partnership working, the agreement has not led to the level of continuous improvement anticipated. There are also a range of issues that are barriers to further improvement, for example: performance management is not effectively linked to the contracts, there is a lack of trust between partners, the payment and contract management arrangements are overly complex, there is no comprehensive programme of works and IT is not integrated.
- 50 Furthermore, the contract created in the latter part of 2003 had some flaws that were known about but not removed. These included rates that did not reflect the cost of providing the service (some benefiting the Council; some benefiting the contractor) and services for which rates had not been agreed. It was assumed (or hoped) that these anomalies would be isolated and fixed as the partnership developed. In fact there have been few changes to the contract since its signing and these flaws and anomalies are used to this day to demonstrate the unfair nature of the agreement (alongside real examples no doubt).
- 51 The partnership was not helped by the goings on at the parent company of Herefordshire Jarvis Services. These are documented elsewhere but may have led to a focus on cash generation rather than partnership development.
- 52 In 2006 the joint venture was sold by Jarvis to Amey Local Government. The new owners, who have also taken over Owen Williams (now Amey Consulting), have taken part in this review. They are keen to renegotiate the contract into a form that better suits themselves and the Council, removing the anomalies and flaws from the current agreement and looking to build the partnership that was intended but never achieved. The Council is, therefore, in the position of having a second opportunity to create the Herefordshire Service Delivery Partnership, albeit with some constraints imposed by the previous negotiation.



CH.082.16.6.03 R2

Figure 3 Herefordshire Service Delivery Partnership



## Criteria for partnership

53 In January 2008 the Audit Commission published the report “For better or worse: Value for money in strategic service-delivery partnerships.” This provides a framework to help councils manage and assess the performance of Strategic Service Partnerships. It divides the benefits that can be derived from strategic partnerships into ‘core’ and ‘additional’ benefits and identifies the factors that are important in delivering each. The report was based on an analysis of partnerships worth more than £2.6 billion, with individual contract values ranging from £50 million to £425 million. This report draws heavily on the direction provided by the Audit Commission report; many of the diagrams and arguments below are drawn directly from it.

54 According to the Audit Commission, partnerships have delivered the following benefits.

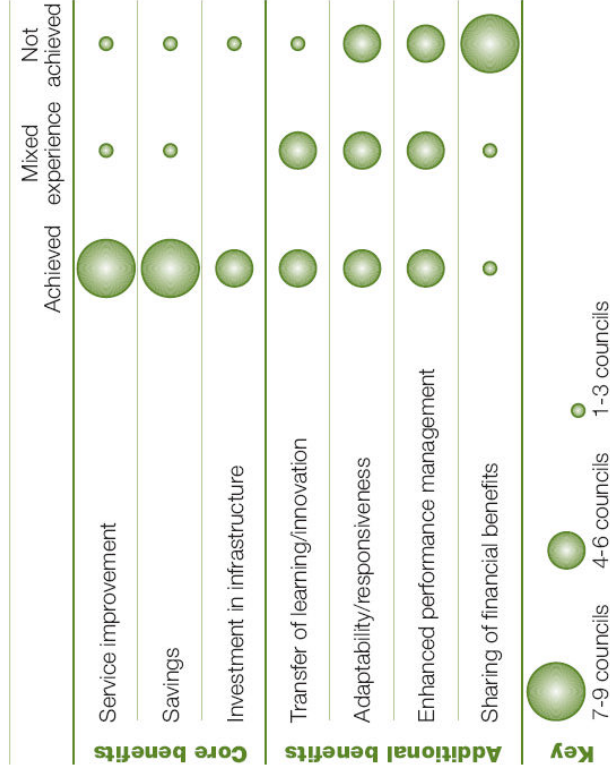


Figure 4 Partnership Benefits

55 Not all partnerships have delivered these benefits. The graph below shows how the partnerships in the study fared.



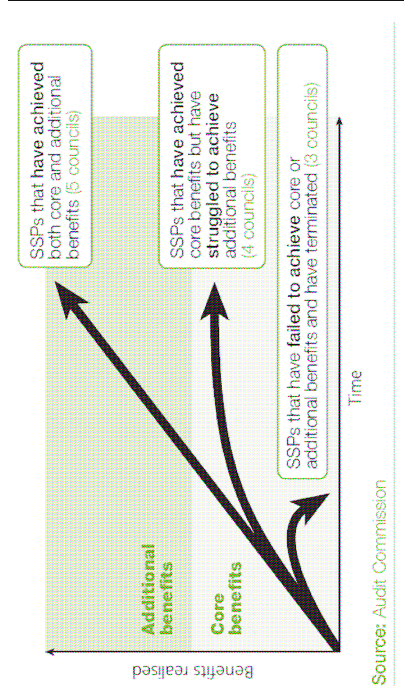


Figure 5 Partnership outcomes in the Audit Commission study

- 56 The factors that are common to partnerships that achieve core benefits are: effective risk management, robust performance management, client side capacity, enabling flexibility. It is important that any changes to the current arrangements for Herefordshire takes account of these lessons learnt and that appropriate measures are put in place to achieve both these core and the additional benefits of working in partnership.
- 57 Additional benefits are delivered by partnerships with: flexibility, trust, and effective governance and partnership incentives.

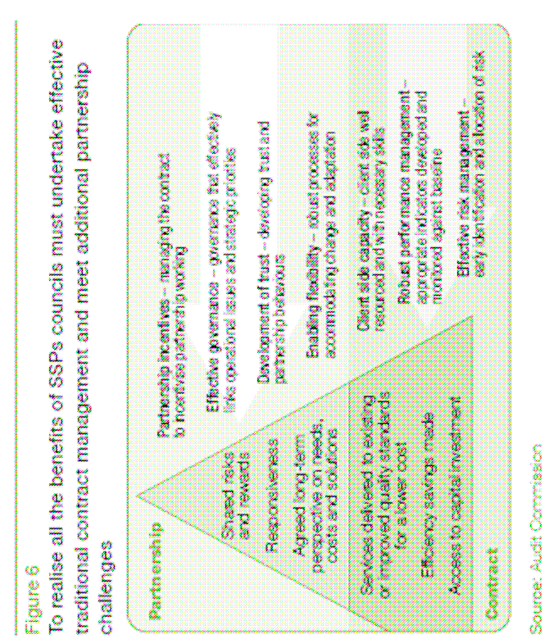
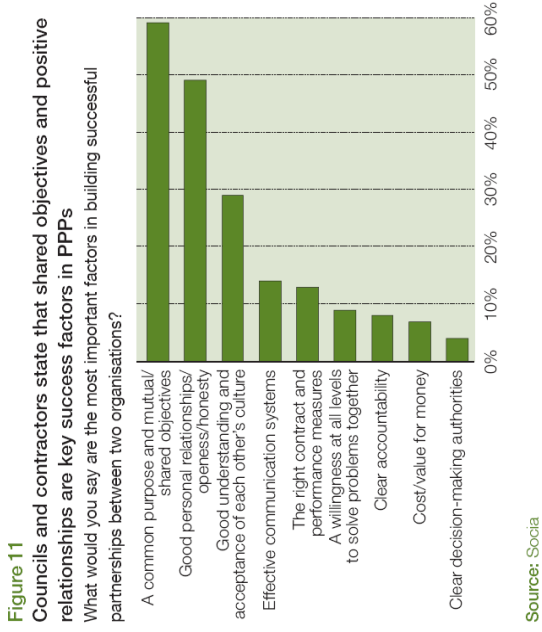


Figure 6 Realising the benefits of SSPs

58 An improved way of working will also be crucial. When looking at Public Private Partnerships the Audit Commission found that shared objectives and positive relationships were key to success.



*Figure 7 Factors in successful partnerships*

- 59 This report has been developed to take into account the findings of the Audit Commission. It is divided into sections that investigate the ability of each model to deliver the partnership benefits through the identified enablers and improved partnership culture.
- 60 The Audit Commission report, the experience of working with a strategic supplier and feedback from the staff all point to the need for three areas that need to be developed with equal vigour as a result of this review:
- 84.a **Contract** – the partnership agreement and governance need to be structured to ensure that both parties have shared goals, to allow the Council to focus on improving outcomes and to have the flexibility to be responsive to changing policy goals
  - 84.b **Client Interface** – the Audit Commission identified good contract management as being key to delivering the core benefits of the partnership<sup>3</sup>. The people in the interface will also help deliver better partnership working
  - 84.c **Culture** – the spirit of the partnership is crucial to achieving the additional benefits. The organisational development that is needed to develop this spirit will be based on encouraging behaviours based on team values and effective performance management

<sup>3</sup> The OGC benchmark cost for effective client interface is 2% of the contract value

## Structure of the Report

- 61 The sections in this report are largely based on the benefits that can be derived from strategic partnerships (as identified in the Audit Commission report).
- 62 The report starts by summarising the conclusions that have been drawn by considering how each model would drive the benefits.
- 63 The 'Potential Staff Implications' section does not relate to one of the benefits identified by the Audit Commission but explores the implications of each of the models.
- Conclusions
  - Findings
  - Potential Staff Implications
  - Financial Savings
  - Service Improvements
  - Investment in Infrastructure
  - Transfer of Learning
  - Better Performance Management
  - Sharing Financial Benefits
- 64 Each of these sections contains an introduction, a table containing a summary of the impact expected, a commentary drawing together the implications of implementing each model and conclusions. The conclusions reflect the broad recommendations that will be made for the creation of the negotiation mandate.

# Conclusions – The Herefordshire Model

## Introduction

- 65 This section describes the principles that it is recommended should underpin the Herefordshire model that could be put in place through negotiation with Amey. It is not intended to be the mandate for negotiations and does not disclose anything about the council's point of view that would hamper or restrict the negotiating team's ability to deliver the best possible deal for Herefordshire.
- 66 The features that we would like to see in Herefordshire model are described below. These features have been identified by analysing three alternative partnership models: improved business as usual, the managing agent model used by in Bedfordshire Council and Amey and the integrated service model used by Gloucestershire County Council and WS Atkins.

## Fundamentals

- 67 We need to be certain that key people in both organisations will support the model sufficiently to make it work. The partnership model, therefore, needs to satisfy a number of sometimes conflicting requirements. These are:
- 84.a Senior management's appetite for partnership working within each service area
  - 84.b The contractor's desire to have a broad partnership delivering a wide range of services to the council
  - 84.c The most efficient way to deliver services
- 68 The contract underlying the partnership needs to be well constructed and complete.

## Organisational interface

- 69 Our analysis suggests that having a strategic interface between organisations offers the greatest opportunity for savings. An integrated service delivery organisation implemented using either the managing agent or integrated services model is the most efficient allowing better planning and a greater opportunity to identify synergies between services.

## Staffing model

- 70 There are two alternative models for delivering the integrated service organisation that should form a suitable basis for negotiation:
- 84.a The service delivery organisation is staffed by Amey employees. For Highways this is a proven model that will minimise the risk that the cultural problems (identified by the Audit Commission) will prevent the partnership delivering additional benefits.
  - 84.b The service delivery organisation is staffed by both Amey and Herefordshire Council employees working in mixed teams. There

is a risk that mixed teams work less effectively if a common culture cannot be developed. This risk is, perhaps, greatest in services where the current relationship between the two organisations is poor. However, the approach would reduce the disruption to staff, could provide some small additional savings and allows the new service delivery model to be put in place more quickly.

- 71 The partnership will need to build a culture based on trusting relationships between individuals. On the one hand, the single employer model simplifies the organisational development that will be required. On the other hand, mixed teams could bring different strengths and perspectives that could enhance service delivery.
- 72 The choice of staffing model, therefore, comes down to weighing up the advantages of each approach together with a realistic assessment of whether mixed teams can be made to work in Herefordshire. The pros and cons of the approach are reviewed below.

### **Performance management**

- 73 Ideally the performance management system should
  - 84.a Link into the council's performance management framework
  - 84.b Have a range of performance measures designed to demonstrate the impact of service delivery on outcomes
  - 84.c Link both contract profitability and contract extension to performance
  - 84.d Include an effective client side organisation to ensure efficiency and value for money
- 74 Partnerships rely on appropriate behaviours on both sides. In addition to a strong client team to manage the contractor we need a method of identifying and correcting poor partnership behaviours both by the contractor and the council.
- 75 The contract must allow the service delivery organisation to be flexible in its approach to new or extraordinary circumstances as varied as changing central government policy or unexpected flooding.

### **Service user input and best practice**

- 76 Council staff already encourage local involvement in service delivery through Parish Initiatives, Parish Lengthman's scheme, Speed Indication Device, attendance at PACTs, regular meeting with PCs, Parish walkabout, Members briefings, working with charities and communities etc. across whole range of council services.
- 77 Any new agreement should improve local Member, parish council, service user and other stakeholder influence on service delivery. Amey operate a scheme, the watchman scheme, in Bedfordshire that offers local stakeholders an effective way to influence service delivery. The watchman scheme improves links with local communities and offers a way for service users to influence delivery. Although it is found in the managing agent model, this scheme could be incorporated into any of the proposed models and, therefore, should form part of the Herefordshire approach in order to continue and strengthen links with stakeholders.
- 78 The Watchman engages with local Members, businesses, service users, parish councils, the Highways Agency, MPs and key local



stakeholders. This enables Amey to align long-term strategic delivery programmes and strategic priorities with the plans of the local authorities and with user needs.

- 79 Engagement processes are both informal: with the emphasis on Amey being proactive in seeking views and responses through one-to-one conversations and surveys; and formal, with locally targeted budgets to ensure that schemes exist to tackle local priorities.
- 80 Why it works: The Watchman role provides a non-bureaucratic, informal method through which Amey keeps in touch with a range of stakeholders, when appropriate, enabling a fair approach that can take on board a range of views without long drawn-out processes. The Watchman has sufficient authority to ensure that the results of consultation are actually integrated with the delivery programme.
- 81 Amey's watchman scheme also offers a good model for transferring learning between authorities with Amey contracts. This could be combined with benchmarking and other information sharing by the client team with authorities outside this group.

### Model Pros and Cons

| Model                                   | Pros   | Cons  |
|---|--|---|
| Improved Business Usual as              | <p>Only requires limited renegotiation and change to the Council's organisation.</p> <p>Strengthened client team could help overcome areas of disagreement in current arrangements.</p> <p>Little disruption for staff</p> | <p>Estimated savings do not meet review objectives</p> <p>Unlikely to deliver significant improvements in service</p> <p>Complex accountability for service delivery remains</p> <p>Unlikely to secure cultural change that is required</p>   |
| Managing Agent (staff transfer to Amey) | <p>A straightforward contractual relationship</p> <p>Clear accountability for service delivery</p> <p>Single, integrated service delivery team</p> <p>Amey have good experience of implementing MAC</p>                    | <p>The process of tupe-ing staff could be disruptive</p> <p>Transferring some staff from the council would lead to a loss of knowledge that could limit options for delivery in the future</p> <p>Some key staff may not wish to transfer to Amey and may choose to seek alternative employment</p> |

|   |  |  |
|---|--|--|
|   | <p>contracts for highways</p> <p>Amey has significant experience of successful TUPE transfers, over 6000 of their 9000 staff having transferred from the public sector</p> <p>Cultural change may be easier and quicker within a single employer</p> <p>Clear accountability for service delivery</p> <p>Single, integrated service delivery team</p> <p>Reflects the approach adopted by the Council and PCT</p> <p>Retains flexibility in the future – potentially more readily adaptable to changes, both external and within the Council/PCT</p> <p>Has potential to apply different approaches for different service streams</p> <p>Implementation could be phased and is likely to be achievable earlier than the managing agent approach</p> <p>No tupe would mean less disruption for staff</p> <p>Council retains more control over performance of some</p> | <p>Council has no direct control over performance of staff</p> <p>Council reliant on Amey for management of reputational risk</p> <p>Parts of the model will be new for both Amey and the Council and there is a risk that a suitable agreement cannot be defined and agreed</p> <p>A cooperative approach to HR support would be required, which might require more resource</p> <p>Integration could be slower than in the Managing Agent model</p> <p>Management of mixed teams of Amey and council staff will be more complex</p> <p>Achieving cultural change could take longer and be more complex</p> <p>The model will be new for both Amey and the Council and there is a risk that it will be difficult to define a suitable agreement</p> |
| <p>Integrated Services (Staff continue to be employed by current employer with integrated management)</p> |  |  |



|  |  |  |
|--|--|--|
|  | <p>service delivery staff through its performance management procedures</p> <p>Potential benefits from shared organisational learning (Amey and Council/PCT)</p> |  |
|--|--|--|

### Recommendations

82. Given the pros and cons of each approach, the Project Board considered that the only model that could potentially be applied to all service areas at that time was the integrated services model. Therefore, with a view to taking a consistent approach across all service areas and considering the relative merits of the different options, the Board considered that the approach for recommendation to Cabinet would be:

- a. A Herefordshire Model as outlined in the report with integrated staffing arrangements established through integrated teams and management rather than through staff transfer, along the lines of the Integrated Services model
- b. That this approach be subject to a review of performance after 18 months of operation to establish whether any further change should be made.

83. Such an approach was considered to be consistent with that being taken by the Council in relation to establishing integrated working arrangements with other partners such as the PCT.

84. However, consultation on the draft of this report highlighted a number of concerns about the practicality of the integrated services model, its ability to deliver the cultural change required across all partners and concerns about including Asset Management and Property Services at this point. At the time the Board made its recommendations Amey had indicated that they would require a single approach applied across all service areas. Since then Amey has submitted a proposal suggesting the establishment of a managing agent arrangement without the Asset Management and Property Services elements pending a further review of this service alone. The potential savings that have been identified during the review do not relate to Asset Management and Property Services. Following consideration of these factors, it is recommended that:

84.a A Managing Agent model is used as the basis for negotiations covering highways and related work (i.e. grounds maintenance, street and toilet cleansing and public rights of way). Amey would take on the Council staff responsible for these areas under TUPE arrangements

84.b Asset Management and Property Services would be excluded from the negotiation whilst a wider review of the property estate and its management is undertaken by the end of March 2009

84.c Work presently carried out for Asset Management and Property Services would be for the present time be excluded from the establishment of Managing Agent arrangements and would be carried on in the present form, pending the recommendations of the wider review

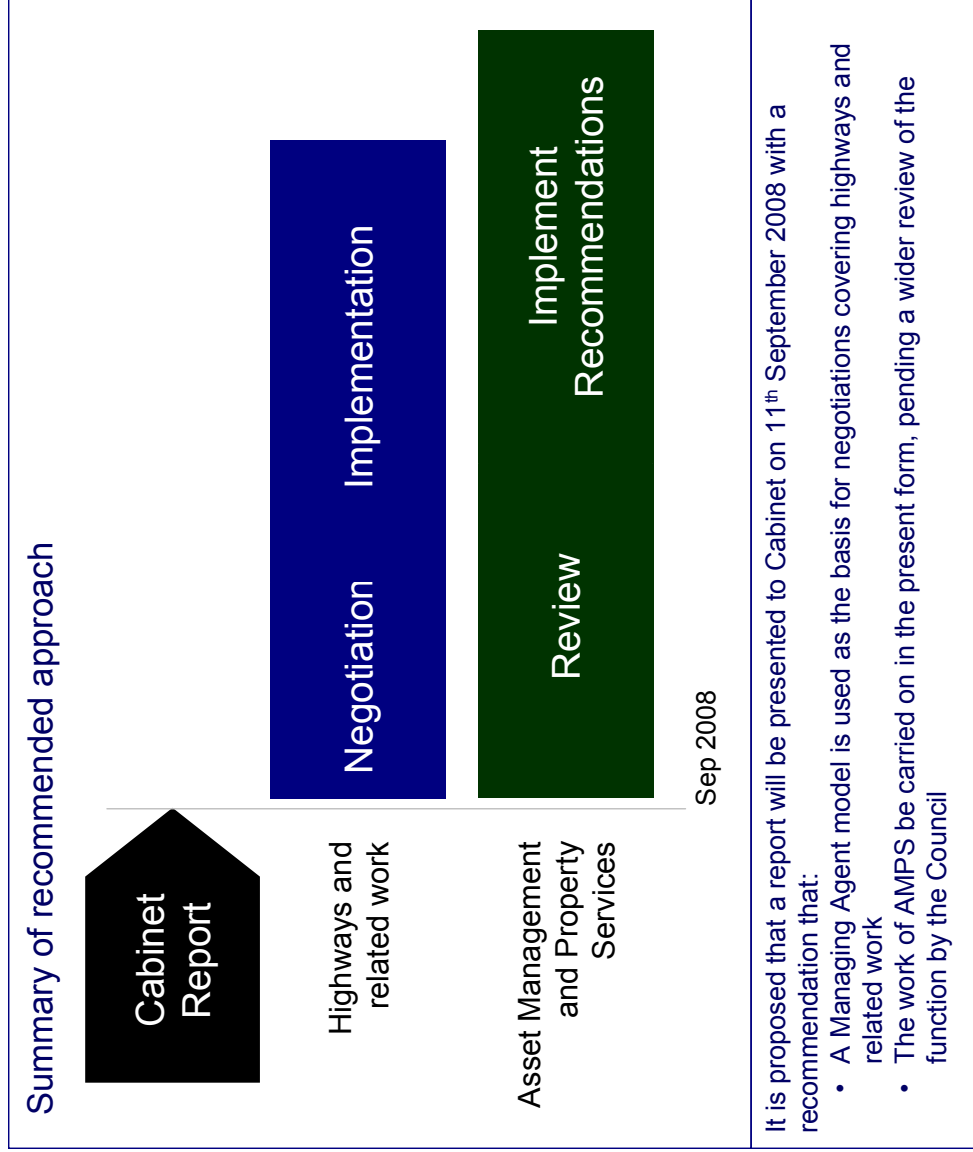


Figure 8 Summary of recommended approach

## Recommended Herefordshire Model

| Recommendations for the Herefordshire Model |   |
|---|---|
| The recommended approach                    | <p>The Service Delivery Review recommends that a tailored approach be taken to each area. These are:</p> <ul style="list-style-type: none"> <li>• A Managing Agent model is used as the basis for negotiations covering highways and related work (i.e. grounds maintenance, street and toilet cleansing and public rights of way). Amey would take on the Council staff responsible for these areas under TUPE arrangements</li> <li>• Asset Management and Property Services would be excluded from the negotiation whilst a wider review of the property estate and its management is undertaken by the end of March 2009</li> <li>• Work presently carried out for Asset Management and Property Services would be excluded for the present time from the establishment of Managing Agent arrangements and would be carried on in the present form, pending the recommendations of the wider review</li> </ul>  |
| The recommended Herefordshire model         | <p>For all service areas the negotiations should seek to ensure that the Herefordshire model includes:</p> <ul style="list-style-type: none"> <li>• An integrated service delivery organisation that allows efficient service delivery</li> <li>• A strategic interface between the two organisations that encourages performance measures based on outcomes for the citizens of Herefordshire</li> <li>• A rigorous performance management scheme to ensure that the partnership can demonstrate the extent to which it is driving improved outcomes for the people of Herefordshire. This performance management scheme will be capable of demonstrating both quality of service and value for money. It will: <ul style="list-style-type: none"> <li>- Define performance measures linked to the service delivery plan</li> <li>- Drive outcomes that help deliver the Community Strategy for Herefordshire</li> <li>- Recognise the need to drive key outcomes that cut across Directorates</li> <li>- Ensure that the partnership can demonstrate value for money</li> </ul> </li> <li>• A link between the level of performance attained and both profitability and contract extensions; ensuring that</li> </ul> |

|  |   |
|--|---|
|  | <p>there are consequences for both good and poor performance</p> <ul style="list-style-type: none"> <li>• A performance management regime that drives continuous improvement and learning from experience; both successes and mistakes</li> <li>• Encouragement of a strong local influence on service delivery by including, for example, the watchman scheme and locally allocated budgets for delivery of locally important schemes</li> </ul> |
|--|---|

## Findings

### Categories

- 82 The findings from each section in this report explore how the models studied operate. The findings have been analysed in the following categories:
- 84.a Fundamentals – organisational support for partnership working
  - 84.b Organisational interface – tactical or strategic level
  - 84.c Staffing model – who employs staff in the service delivery organisation
  - 84.d Performance management – encouraging and rewarding good performance
  - 84.e Service user input and best practice – opportunities for local influence
  - 84.f Management structure – managing the partnership

### Fundamentals

- 83 The current situation suggests that, whatever model of partnership is put in place, there are a number of fundamental building blocks required for success. We need to have a realistic appreciation of these things in order to define the best possible model for each service area. The fundamentals are:
- 84.a An understanding, shared by all involved, of how the partnership is meant to work
  - 84.b Commitment to the partnership at senior levels in both organisations
- 84 The choice of model will need the support of the local senior management; the implementation will require their active encouragement.

### Organisational Interface

- 85 The analysis suggests that the Herefordshire model should set the organisational interface between the council and the service delivery organisation at the strategic level. This puts in place an efficient delivery organisation and offers the best chance of improving the culture in the partnership.
- 86 The improved business as usual model does not meet the service delivery review savings criterion. It is, therefore not a suitable basis for renegotiation. An integrated service delivery organisation is an important driver of savings in those models that meet the savings criterion.
- 87 The managing agent or integrated service models will make it easier to implement any improvements identified by Arney's watchman

scheme as the contractor is responsible for planning service delivery.

- 88 Creating an integrated service delivery organisation reduces the issues caused by poor cross organisational working.

### Staffing Model

89 There are two alternative models for delivering the integrated service organisation:

84.a The **managing agent model** in which the service delivery organisation staff is employed by Amey. For Highways this is a proven model that will minimise the risk that the cultural problems (identified by the Audit Commission) will prevent the partnership delivering additional benefits.

84.b The **integrated services model** is staffed by Amey Wye Valley, Amey Consulting and Herefordshire Council employees. There is a risk that mixed teams work less effectively if a common culture cannot be developed. This risk is, perhaps, greatest in services where the current relationship between the two organisations is poor. However, the approach would reduce the disruption to staff, could provide some small additional savings and allows the new service delivery model to be put in place more quickly.

90 The current partnership structure has not led to good partnership working. It is likely that the improved business as usual model will continue to suffer from lack of trust between the employees in each organisation.

91 The managing agent model provides the simplest approach to organisational development as the service delivery staff will be employed by a single organisation.

92 The integrated services model is successful in Gloucestershire but relies on developing a single organisational culture with a mixed staff.

### Performance Management

93 Both the managing agent and integrated service models feature strong performance management schemes. These could be linked to the council's performance management framework which will align service improvements to the council's priorities.

94 Measuring the contractor's performance against agreed indicators included in the council's service delivery plans would help the council prioritise spend and ensure key outcomes are achieved.

95 A strong and effective performance management system is more likely to encourage appropriate investment in infrastructure to improve outcomes. The improved business as usual performance management model offers little incentive for the contractor to invest.

96 The contract must allow the service delivery organisation to be flexible in its approach to new or extraordinary circumstances which could be as varied as changing central government policy or unexpected flooding.

97 In order to provide better performance management we need to:

84.a Have a partnership built on a well constructed and complete contract

84.b Have a performance management scheme that rewards good performance and penalises poor performance



- 84.c Ensure that there are consistent measures of performance to provide a baseline against which to monitor any changes in performance that result from any agreed changes
  - 84.d Develop a set of desired outcomes and a set of indicators to measure the performance of the partnership across all relevant service areas that reflect the customer experience
  - 84.e Use contract extensions to reward good performance to avoid “asset sweating” towards the end of the contract period
  - 84.f Remove the anomalies in the current contracting arrangement
  - 84.g Include an effective client side organisation to ensure efficiency and value for money
- 98 It would be more effective to link successful delivery to both contract extension and profit (as in the integrated service model) rather than just contract extensions (as in the managing agent model).
- 99 One of the lessons of the last five years is that partnerships rely on appropriate behaviours on both sides. In addition to a strong performance management system for the contractor we need a method of identifying and correcting poor partnership behaviours both by the contractor and the council. We need good contractor performance and good client behaviour.

#### **Service User Input and Best Practice**

- 100 Improved local Member, parish council, service user and other stakeholder influence on service delivery is an important area for development. Amey operate a scheme, the watchman scheme, in Bedfordshire that offers local stakeholders an effective way to influence service delivery. The watchman scheme improves links with local communities and offers a way for service users to influence delivery. Although it is found in the managing agent model, this scheme could be incorporated into any of the proposed models and, therefore, should form part of the Herefordshire approach.
- 101 The Watchman engages with local Members, businesses, service users, parish councils, the Highways Agency, MPs and key local stakeholders. This enables Amey to align long-term strategic delivery programmes and strategic priorities with the plans of the local authorities and with user needs.
- 102 Engagement processes are both informal: with the emphasis on Amey being proactive in seeking views and responses through one-to-one conversations and surveys; and formal, with locally targeted budgets to ensure that schemes exist to tackle local priorities.
- 103 Why it works: The Watchman role provides a non-bureaucratic, informal method through which Amey keeps in touch with a range of stakeholders, when appropriate, enabling a fair approach that can take on board a range of views without long drawn-out processes. The Watchman has sufficient authority to ensure that the results of consultation are actually integrated with the delivery programme.
- 104 Amey’s watchman scheme also offers a good model for transferring learning between authorities with Amey contracts. This could be combined with benchmarking and other information sharing by the client team with authorities outside this group.

#### **Management Structure**

- 105 The integrated services model combines the Contractor's general manager and Council's service manager role. It could be seen as the next step in developing a partnership approach bringing:
- 84.a Greater benefits: one person accountable for delivering both service and profitability
  - 84.b Greater risks: if the integrated teams cannot be made to work then it may be an undoable job
- 106 The integrated services approach ensures that the aims of the two organisations are aligned and with performance measured against the council's own service delivery plans.



# Potential Staff Implications

## Introduction

- 107 This section describes the impact on staff of each model. The impacts include potential staff transfers, reduction in posts required to deliver the service and the potential of each model to drive positive organisational development.
- 108 The approach taken to identifying the likely staff implications of the different models is outlined in Appendix C.

## Analysis of the Impacts

| Impact                     | Improved bau   | Managing agent  | Integrated services   |
|----------------------------|--|---|---|
| 1. Staff efficiencies      | As the way of working would remain broadly the same under this model, there are limited opportunities for staff related efficiency savings. As such, there would only be a marginal reduction in posts across the partnership. | Consolidating the service delivery organisation will lead to more efficient service delivery. Whilst maintaining current levels of service delivery, it is estimated that this would lead to an overall reduction in posts across the partnership in a range of activities.<br><br>However, a dedicated single contract management team would need to be established representing a clear shift from supervision to performance management.<br><br>Staff efficiencies would come from improved processes including reduced levels of supervision and in the requisitioning and payment mechanisms for work. | Overall impacts are anticipated to be similar to the managing agent model.<br><br>However, by consolidating the management structure, it may also lead to a reduction of management resource required across the partnership. |
| 2. Changing nature of work | This improved interface between the Council and Amey is intended to encourage improved behaviours on   | A greater emphasis on performance management rather than contract monitoring will increase the need for   | Impacts are similar to the managing agent model, and...   |

| Impact                               | Improved bau  | Managing agent  | Integrated services  |
|--------------------------------------|---|---|--|
| <p>3. Organisational Development</p> | <p>both sides. This will make the interactions between the two organisations more efficient and reduce the volume of routine administration tasks.</p> <p>A significant programme of cultural change is required</p> <p>The penalties and bonuses could encourage improved behaviours and, therefore, some improved partnership working</p> <p>It seems unlikely, however, that small improvements to contractual arrangements will lead to radically improved partnership working</p> <p>The current interface is set at various levels from the strategic to the tactical but works best at the strategic level<sup>4</sup></p> | <p>the measurement of outcomes and benchmarking of costs and rates.</p> <p>A more efficient delivery structure could allow a greater number of staff to be assigned to service delivery.</p> <p>Services would be delivered by Amey and performance monitored and measured by the council. This simplifies the process of organisational development. Service delivery would be done according to Amey's values while the client organisation will operate according to the council's values</p> <p>In Bedfordshire Amey have developed an effective service delivery culture from a previously underperforming organisation.</p> | <p>Integrated working with mixed Amey Wye Valley, Amey Consulting and council teams could enable Council and Amey employees to develop a wider skills base</p> <p>Single organisation provides simpler organisational development with the cooperation of the employing organisations</p> <p>There is the possibility that the services will benefit from a mix of cultures: dedication to public service and commercial focus.</p> <p>In Gloucestershire the experience of mixed teams has been good.</p> |

Table 1 Impact on staff

## Implications

109 The partnership is unlikely to deliver additional benefits without the development of trust between individuals. It is clear from the examination of the best performing partnerships, and the Audit Commission report, that getting the right culture is a key element for the success of partnerships. It is, therefore, important that the model proposed for Herefordshire can foster a positive culture.

110 The working relationships within the partnership have become strained over the last five years and it has become clear during this project that the required level of trust does not exist. There are probably many, many reasons for this but, undoubtedly, among them are a poorly

<sup>4</sup> In areas such as winter service and the emergency response, where all parties simply focus on getting the job done well, as opposed to debating the price in detail.

constructed contract and the experience with Jarvis of a partner that was distracted by financial and other organisational problems that had nothing to do with Herefordshire.

- 111 The level of distrust that has built up over the last five years in some areas suggests that business as usual model is unlikely to deliver the improved working relationships that are clearly required.
- 112 The managing agent model separates service delivery from a client function that would define policy, set targets and monitor performance. Organisational development is simplified through the clear separation of roles into the two organisations and Amey have demonstrated that they can make this model work for Highways in Bedfordshire. It would involve a number of staff transferring from the council to Amey and this will, inevitably, cause some disruption.
- 113 The Bedfordshire contract only delivers part of the range of services included in the Herefordshire agreement. However, assuming the competencies exist within Amey Local Government it seems reasonable to expect that they could also develop a culture of successful delivery within the full range of services.
- 114 The integrated services model could offer the advantages of the managing agent model but without the disruption of TUPE transfers. This would allow us to put in place an integrated service delivery organisation more quickly than the managing agent model. The example of Gloucestershire shows that this model can work and that, moreover, mixed teams can offer advantages over the managing agent model.
- 115 Combining the Contractor's general manager and Council's service manager roles is an integral part of the integrated services model and would require a high level of trust between the two organisations. It relies on there being in place a manager of the right quality who trusted by both organisations and capable of delivering the changes and services required.
- 116 The integrated services model could allow the council to maintain a wider range of skills within its staff while gaining the benefit of working along side a commercially successful organisation. It could also be put in place more quickly, as there would be less need for consultation, and at a lower cost, as the employer of TUPE transferred staff pay a premium on pension contributions.
- 117 There are a number of risks with the integrated service model: it will potentially be a bigger challenge to get mixed teams to deliver effectively due to the lack of a single culture; it will require a level of commitment to the partnership on both sides and at all levels.
- 118 The integrated services model should be considered as a potential alternative to the managing agent model which could offer additional benefits if:
  - 84.a It is considered that mixed teams can be made to deliver effectively.
  - 84.b There is believed to be the willingness on both sides and at all levels to make the mixed organisation work.

## Findings

### Organisational Interface

- 119 The analysis suggests that the Herefordshire model should set the organisational interface between the council and the service delivery

organisation at the strategic level. This puts in place an efficient delivery organisation and offers the best chance of improving the culture in the partnership.

### Staffing Model

120 There are two alternative models for delivering the integrated service organisation:

84.a The **managing agent model** in which the service delivery organisation staff is employed by Amey. This is a proven model for Highways that will minimise the risk that the cultural problems (identified by the Audit Commission) will prevent the partnership delivering additional benefits.

84.b The **integrated services model** is staffed by Amey Wye Valley, Amey Consulting and Herefordshire Council employees. There is a risk that mixed teams work less effectively if a common culture cannot be developed. This risk is, perhaps, greatest in services where the current relationship between the two organisations is poor. However, the approach would reduce the disruption to staff, could provide some small additional savings and allows the new service delivery model to be put in place more quickly.

121 The current partnership structure has not led to good partnership working. It is likely that the improved business as usual model will continue to suffer from lack of trust between the employees in each organisation.

122 The managing agent model provides the simplest approach to organisational development as the service delivery staff will be employed by a single organisation.

123 The integrated services model is successful in Gloucestershire. However, it relies on developing a single organisational culture with a mixed staff.

# Financial Savings

## Introduction

124 This section describes the way in which financial savings could be made by each model. Broad initial estimates of potential savings have been developed based on current costs. The potential savings that have been identified include savings that could arise from reductions in the number of posts required to deliver the service, reductions in costs that do not relate to reduced posts and extra revenue opportunities (which have been treated as though they are savings).

125 Securing the savings identified under each model is not guaranteed. Whilst care has been taken in developing these estimates, delivering these savings would be subject to the successful implementation of an appropriate model, the detail of negotiations with Amey regarding the changes to be implemented and good partnership working. If these savings can be achieved, this would also provide the Council with the opportunity to consider reinvesting savings that are released to further improve services.

## Source of Financial Savings

126 One of the aims of the review is to identify how to reduce the cost of delivering the various services included in the partnership. The criterion from phase 1 of the project was that for a model to be considered in phase 2 it ought to be capable of delivering at least £1m of real long term savings. Both models brought forward from phase 1 were scored amber on this criterion implying that the project team considered that both had the potential to deliver this level of savings. The integrated services model, having similar organisation structure to the managing agent model, also has the potential to provide savings.

127 The aim of this section is to examine the potential of each model to deliver savings. The areas included in the analysis are summarised in the table below.

| Source of savings                        | Improved bau   | Managing agent  | Integrated services   |
|--|--|---|---|
| 1. Reduction in staff costs <sup>5</sup> | As the way of working would remain the same under this model there are limited opportunities for savings in staff costs. However, it is estimated that potential | By consolidating the service delivery organisation the managing agent model offers the opportunity to remove some of the current inefficiencies and | The estimated potential savings are the same as for the Managing Agent model of between £400,000 and £650,000. In addition to the savings that can be |

<sup>5</sup> NOTE: All staff savings include on costs at 26.5%



| Source of savings                     | Improved bau   | Managing agent  | Integrated services  |
|---------------------------------------|--|---|--|
|                                       | savings of up to £200,000 could be achieved.   | duplication. The estimated potential savings are between £400,000 and £650,000. | gained from consolidating the service delivery organisation the integrated services model would have a small saving in pension premiums <sup>6</sup> . |
| 2. Gritter fleet                      | Analysis carried out by Amey winter maintenance vehicle expert: There are 17 gritters currently on lease purchase over 8 years. Initial replacement of 6 of the gritters with dual use vehicles as they come up for renewal would release a total of £60,000. There may be savings resulting from replacement of further vehicles but this would require substantial detailed work and is to be considered during the negotiations.<br>Estimated annual savings (not dependent on the model selected) is £60k. |   |  |
| 3. Damage to Immobile Property Claims | This is an opportunity to increase revenue through the recovery of costs for damage to highways, street lighting, signage etc from individuals and businesses <sup>7</sup> . Two full time posts would be required to manage this process and would be funded from the savings. Dedicated staff can develop working relationships with police and insurance companies and would make recovery more effective.<br>Estimated annual savings (not dependent on the model selected) is £308k.                      |   |  |

Table 2 Financial savings

## Implications

128 The reduction in roles required for the improved business as usual is marginal. The managing agent model, by consolidating the service delivery organisation, removes some of the inefficiencies from the system. Finally the integrated services model allows similar savings to the managing agent model but also has a simpler management structure. A summary of the analysis used in estimating the potential savings is included in Appendix C.

129 The overall potential savings estimated for each model is shown in the following table.

<sup>6</sup> Approximately 1% of salary costs of TUPEd staff

<sup>7</sup> The estimate has been produced by extrapolation of Amey's Hertfordshire claims experience to Herefordshire modified to reflect the situation in Herefordshire.

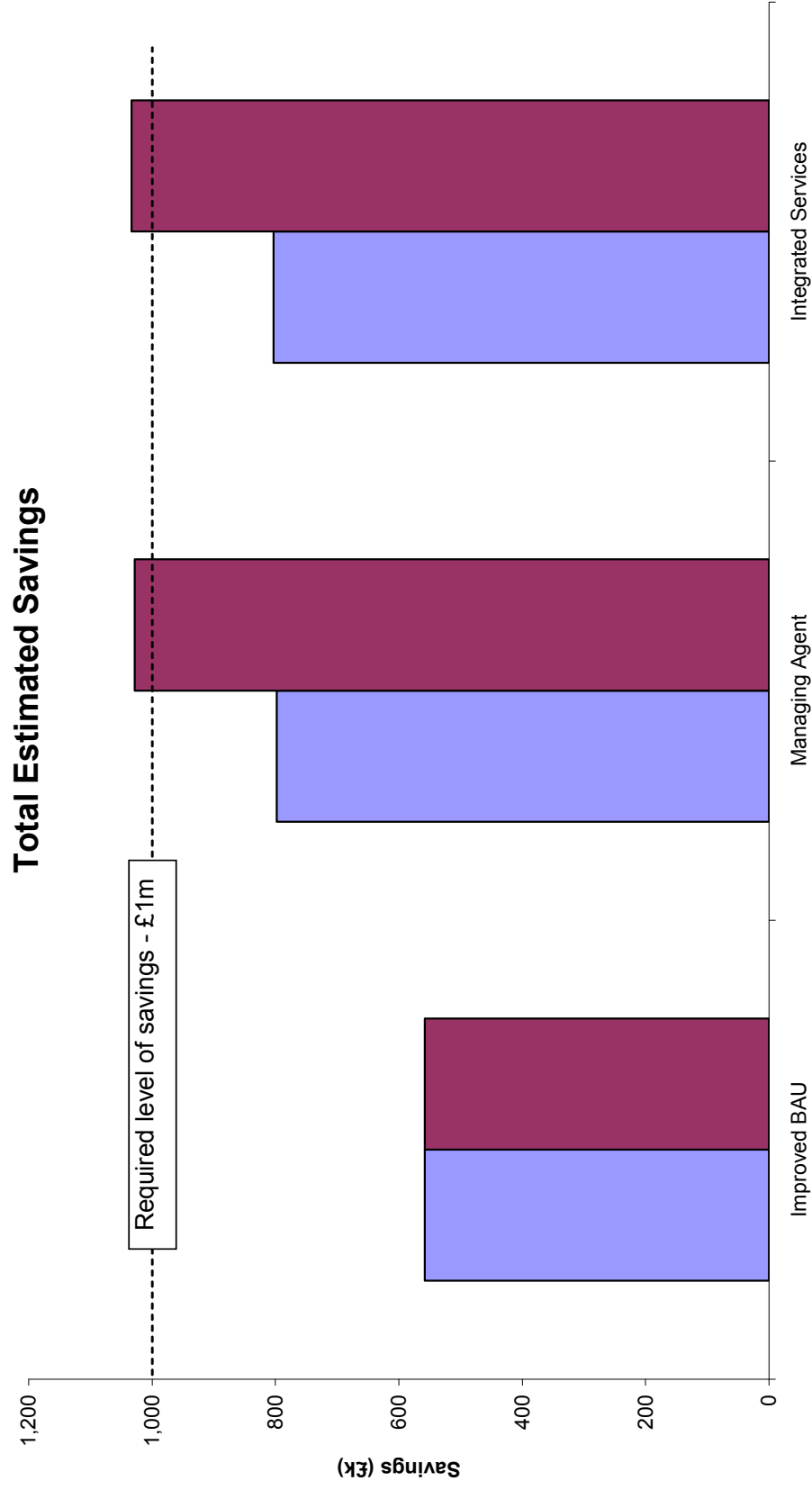


Figure 9 Estimated Savings For Each Model

130 The high estimates for the managing agent and integrated service models are the only ones that meet the original savings criterion.

## **Findings**

### **Organisational Interface**

131 The improved business as usual model does not meet the service delivery review savings criterion. It is, therefore not a suitable basis for renegotiation. An integrated service delivery organisation is an important driver of savings in those models that meet the savings criterion.



# Service Improvements

## Introduction

132 This section examines whether there are aspects of the models being considered that will drive service improvements. The potential drivers are identified and the ease with which they can deliver improvements is assessed for each model.

## Drivers of Service Improvements

| Drivers   | Improved bau   | Managing agent   | Integrated services   |
|---|--|--|---|
| 1. Improved forward planning  | Responsibility for forward planning would remain with Herefordshire Council.   | Amey Wye Valley and Amey Consulting would be involved in helping Herefordshire Council achieve its long term aims as the objectives for the partnership will be defined by the council's performance framework.  | As the managing agent model and...<br>The integration of the management team may further help to ensure that the aims of the service delivery organisation is aligned with Council aims.  |
| 2. Performance management and continuous improvement (see Performance Management section) | Continual improvement through the use of stretching targets could be built into the contract with the agreement of both parties. | Performance targets are set by a Partnership Board to match the Council's performance management framework targets (set for three years and reviewed annually in the light of performance). The targets will be linked to delivery of Herefordshire Council's desired outcomes and will support its business strategy. Achievement of performance targets is linked to contract extensions which, if performance targets are reached, will effectively provide a rolling contract.<br><br>Amey Wye Valley and Amey Consulting will contribute to the development of targets that drive outcomes. | As managing agent model and...<br>Achievement of performance targets would be linked to both profitability and contract extension. This performance management scheme is the most robust of all the models.<br><br>Working in joint teams may help Council and contractor employees involved develop a wider range of skills and knowledge which may benefit the organisation as a whole. |

| Drivers  | Improved bau   | Managing agent   | Integrated services |
|--|--|--|---------------------|
| 3. Improved forward programming of property related activities | Improved forward programming of property related activities could offer improved service delivery and has the potential to deliver cost savings to the partnership. Through better forward planning, increased certainty can be provided to the contractor regarding the value of work likely to be ordered. This would enable more efficient resource planning and could reduce the need to use sub-contractors.<br>Whilst these improvements could be taken forward in any of the models, it is considered most likely to be driven forward through the closer working and performance management arrangements that would be put in place through the integrated services model. | The targets can also be influenced at a local level by Members, partnerships and community groups through the watchman scheme resulting in improved customer delivery. |                     |

Table 3 Service improvements

## Implications

- 133 Rewarding the successful attainment of targets by offering contract extensions will improve Amey's ability to forward plan towards the end of the contract. This can be done in any of the models that have been analysed.
- 134 The current performance indicators do not ensure that achievement of targets is related to desired outcomes and should be replaced with outcome based targets. The Audit Commission suggest that "where possible they should develop indicators for core service benefits that focus on outcomes rather than processes"<sup>8</sup>. Outcome based performance targets are features of both the managing agent and integrated service models.
- 135 The watchman scheme improves links with local communities and offers a way for service users to influence delivery.
- 136 The integrated services model may help the council and contractor employees involved develop a wider range of skills which will benefit the organisation as a whole.
- 137 The agreement needs to support the delivery of key outcomes, for example when relating to health and well being, which often link across council departments with Directorates taking a joint, long term approach to meet targets.

<sup>8</sup> Audit Commission "For Better or Worse"

## Findings

### Organisational Interface

138 The managing agent and integrated service models will make it easier to implement any improvements identified by Amey's watchman scheme as the contractor is responsible for planning service delivery.

### Performance Management

139 Both the managing agent and integrated service models feature strong performance management schemes. These could be linked to the council's performance management framework which will align service improvements to the council's priorities.

140 Measuring the contractor's performance against agreed indicators included in the council's service delivery plans will align help the council prioritise spend.

### Service User Input and Best Practice

141 Amey's watchman will engage with local Members, businesses, service users, parish councils, the Highways Agency, MPs and key local stakeholders. This will enable Amey to align long-term strategic delivery programmes and strategic priorities with the plans of the local authorities and with user needs.

# Investment in Infrastructure

## Introduction

142 The Audit Commission found that Councils have also received the benefits from investment in infrastructure such as a new business centre; refurbished accommodation; or an upgraded IT infrastructure. Some strategic partnerships have also aimed to create new jobs in the local area.

| Drivers               | Improved bau  | Managing agent   | Integrated services  |
|-----------------------|---|--|--|
| Additional investment | No specific investment in infrastructure is anticipated | This model provides the incentive to invest in appropriate infrastructure improvements to meet performance targets | Linking performance to both profit and contract extensions will facilitate the development of business cases for investment that helps improve performance |

## Implications

143 The lack of a link between performance and benefit reduces the incentive to invest in infrastructure to help improve service delivery.

144 Linking performance to contract extensions provides an incentive to invest to improve outcomes.

145 Linking performance to both contract extension and profitability provides the best incentive to invest to improve outcomes.

## Findings

### Performance Management

146 A strong and effective performance management system is more likely to encourage appropriate investment in infrastructure to improve outcomes. The improved business as usual performance management model offers little incentive for the contractor to invest.

# Transfer of Learning

## Introduction

147 The ability of the models to ease the implementation of lessons learned elsewhere is examined in this section.

## Drivers of transfer of learning

| Drivers   | Improved bau  | Managing agent   | Integrated services  |
|---|---|--|--|
| 1. Learning lessons and spreading best practice | Amey operates a watchman scheme. This aims to both develop relationships with local communities and to spread best practice both within the contract and across contracts managed by Amey. This can be implemented in any model | The ease with which the watchman scheme can make changes will be eased by having a consolidated service delivery model<br><br>There will be more reason for Amey to put in place an effective watchman scheme if they are solely responsible for service performance | As Managing Agent model but could retain greater public service ethos through mixed teams.<br><br>There would also be greater opportunity for the transfer of learning to/from other parts of the Council and the PCT. |

Table 4 Transfer of learning

## Implications

148 Amey use the watchman scheme to improve local relationships and ensure the spread of best practice. This scheme can be effective in any of the models under investigation but would be eased where there is a consolidated service delivery organisation i.e. a strategic interface.

## Findings

### Service user input

149 Amey's watchman scheme offers a good model for transferring learning between authorities with Amey contracts. This could be combined with benchmarking and other information sharing by the client team with authorities outside this group.

# Responsiveness

## Introduction

150 The Audit Commission found that strategic partnerships can offer flexibility in adapting and responding to new circumstances more effectively than under traditional contracting arrangements.

151 Responsive partnerships tackle new problems by setting up joint initiatives with people from both organisations. Each side brings their own experience and expertise to the team which has a shared purpose. This joint approach to solving the problem contrasts with viewing any changes as variations in the contract, for which there should be a price increase.

## Drivers of Responsiveness

| Drivers                                     | Improved bau  | Managing agent  | Integrated services   |
|---|---|---|---|
| 1. Improved cross organisation team working | Cross organisational working can and should be improved however this has not been done well in all areas under the current arrangements | The managing agent model reduces the problems caused by poor cross organisational working by clearly separating the client and service delivery teams into two organisations<br><br>The required trust in the partnership is then built by having strong client side management | This model relies on cross organisation teams. Engendering this way of working would be central to implementation<br><br>Working in a joint team under a single management should improve cross-organisation team working                                     |
| 2. Contract flexibility                     | There is no reason why the contract cannot be changed to reflect changing circumstance but until now this has not been done             | The approach is based on achieving agreed outcomes which can change over time based on agreement at partnership board – experience of Bedfordshire suggests that this way of working can also provide flexibility at an operational level                                       | The agreement between client and contractor incorporates the service delivery plan which is used to set targets and assess performance – experience of Gloucestershire suggests that this way of working can also provide flexibility at an operational level |

Table 5 Drivers of responsiveness

## Implications

- 152 Both the managing agent and integrated service models focus on outcomes driven by the strategic aims of the Council helping to create a strategic partnership that will be more responsive to changing circumstances.
- 153 If integrated teams can be shown to work, the integrated service model, by using secondments rather than TUPE, could improve the partnership's cross-organisation working.

## **Findings**

### **Organisational Interface**

- 154 Creating an integrated service delivery organisation reduces the issues caused by poor cross organisational working.

### **Performance Management**

- 155 The contract must allow the service delivery organisation to be flexible in its approach to new or extraordinary circumstances which could be as varied as changing central government policy or unexpected flooding.



# Performance Management

## Introduction

156 The Audit Commission state that strategic partnerships were originally expected to bring improved approaches to performance management. They would move beyond the traditional contractual approach of close monitoring against tight criteria to focus on measuring outputs and outcomes.

157 They state that variables like service quality have, however, proved to be hard to measure and there have been occasions when performance targets have been met on paper, but the council has had concerns about the quality of service delivery that cannot be evidenced through their performance management processes.

## Achieving Improved Performance Management

| Drivers           | Improved bau   | Managing agent  | Integrated services   |
|-------------------|--|---|---|
| 1. Model approach | <p>The partnership currently has a set of performance targets including BVPIs predictability of time and cost, safety, sickness absence and limited customer satisfaction measures.</p> <p>The partnership currently meets most of its performance targets (but these are different from the targets the contractor is currently required to meet)</p> | <p>Outcome based management</p> <p>This does, however, rely on a strong client interface and effective supplier performance management since the identification of suitable outcome measures can be difficult</p>   | <p>As managing agent model and...</p> <p>Performance is measured against a set of strategic and operational measures defined in the service delivery plan</p> <p>The annual service delivery plan is part of the contract. The contractor is rewarded in line with their ability to meet targets based on the plan</p> <p>Cross organisation teams may make performance management of individual staff members more complex</p> |
| 2. Opportunities  | <p>Improved performance management including the use of stretching targets could be built into the contract with the agreement of both parties</p>   | <p>Performance targets are set by a Partnership Board to match the Council's performance management framework targets (set for three years and reviewed annually in the light of performance). The targets would be linked to delivery of the Council's</p> | <p>The performance measures and targets are defined in the service plan and will therefore be part of the council's performance management framework</p> <p>Through the integrated management, Agency, M&amp;A, V&amp;L, and Agency</p>   |



|                 |   |   |
|-----------------|---|---|
|                 | <p>desired outcomes and will support its business strategy</p> <p>Achievement of performance targets is linked to contract extensions which, if performance targets are reached, will effectively provide a rolling contract. It would be possible to also include financial reward and / or penalty.</p> <p>Amey Wye Valley and Amey Consulting will contribute to the development of targets that drive outcomes</p> <p>The targets can also be influenced at a local level by Members, partnerships and community groups resulting in improved customer delivery</p>   | <p>Amey Wye Valley and Amey Consulting will be involved in the development of the plan. The manager(s) of the service delivery organisation will also be answerable to the members via appropriate scrutiny committees</p> <p>Achievement of performance targets will be linked to both profitability and contract extension. This performance management scheme is the most robust of all the models</p> |
| 3. Fundamentals | <p>The vision of the Herefordshire Service Delivery Partnership developed in 2003 has not been realised. To stand a chance of success we need to understand why and make sure that any new agreement is built on good foundations. These foundations are things that, if they are not in place, will put the success of the partnership at risk. They are:</p> <ul style="list-style-type: none"> <li>- A well constructed and complete contract</li> <li>- Good performance information showing where we start from and how we are doing</li> <li>- An understanding, shared by all involved, of how the partnership is meant to work</li> <li>- Commitment to the partnership at senior levels in both organisations</li> </ul> <p>None of these foundations was in place for the first half of the contract.</p> |   |

*Figure 10 Performance Management*

## Implications

158 The performance management arrangements within the current contractual framework have not effectively driven service improvement. It is important to move from the current position of monitoring performance to a more proactive approach of managing performance to drive service improvement.

- 159 The focus of contract monitoring should move towards measurement of outcomes and benchmarking of costs and rates in order to better align the efforts of the partnership with the council's long term aims and ensure better value for money.
- 160 It is crucial that the performance management regime drives continuous improvement and learning from past mistakes.
- 161 The new performance regime must ensure that the interests of all service areas are adequately reflected. A concern has been expressed that the interests of 'smaller' services with an interest in the contract will come second to Highways as it has the largest spend.
- 162 The renegotiation offers the opportunity to not only improve how partnership performance is measured but also build in the flexibility that will be required to keep the partnership in line with the council's corporate objectives.
- 163 Building a partnership, as opposed to devising a contract, will require a high level of commitment from senior staff in both organisations.

## Findings

### Fundamentals

- 164 The current situation suggests that, whatever model of partnership is put in place, there are a number of fundamental building blocks required for success. We need to have a realistic appreciation of these things in order to define the best possible model for each service area. The fundamentals are:
- 84.a An understanding, shared by all involved, of how the partnership is meant to work
  - 84.b Commitment to the partnership at senior levels in both organisations
- 165 Pragmatically, the choice of model in each service area will depend on the commitment to the partnership of the senior management in that area. If there is no appetite for partnership working at the most senior levels, then the partnership is unlikely to work. On the one hand, if that appetite does exist then that commitment needs to be communicated to all staff involved in the partnership. On the other hand, if it does not, then the contract needs to reflect the desire to work more as contractor and client.

### Performance Management

- 166 In order to provide better performance management we need to:
- 84.a Have a partnership built on a well constructed and complete contract
  - 84.b Have a performance management scheme that rewards good performance and penalises poor performance
  - 84.c Ensure that there are consistent measures of performance to provide a baseline against which to monitor any changes in performance that result from any agreed changes
  - 84.d Develop a set of desired outcomes and a set of indicators to measure the performance of the partnership across all relevant service areas that reflect the customer experience

- 84.e Use contract extensions to reward good performance to avoid “asset sweating” towards the end of the contract period
  - 84.f Remove the anomalies in the current contracting arrangement
  - 84.g Include an effective client side organisation to ensure efficiency and value for money
- 167 It would be more effective to link successful delivery to both contract extension and profit (as in the integrated service model) rather than just contract extensions (as in the managing agent model).
- 168 One of the lessons of the last five years is that partnerships rely on appropriate behaviours on both sides. In addition to a strong performance management system for the contractor we need a method of identifying and correcting poor partnership behaviours both by the contractor and the council. We need good contractor performance and good client behaviour.

### **Management Structure**

- 169 The integrated services model combines the Contractor’s general manager and Council’s service manager role. It could be seen as the next step in developing a partnership approach bringing:
- 84.a Greater benefits: one person accountable for delivering both service and profitability
  - 84.b Greater risks: if integrated teams cannot be made to work then it may be an undoable job
- 170 This approach ensures that the aims of the two organisations are aligned and with performance measured against the council’s own service delivery plans.

## Sharing Financial Benefits

The Audit Commission report found that very few strategic partnerships have achieved shared financial benefits. Attempts at sharing financial reward include revenue sharing, profit sharing, or the on-selling of services developed within the partnership to other public bodies.

Sharing financial benefits, whether through the joint venture or some other arrangement, should be considered in the negotiation phase of the process.

# Appendices

**Appendix A – Scope of review: Amey Wye Valley contract extract - SDA Schedule 3 - Works (Programmed Works Specialist Works); Amey Consulting (Owen Williams) contract extract - section on scope**

**Appendix B - Description of the models studied in the report**

**Appendix C – Summary of method used in the estimation of potential of staff related savings**

**Appendix D - Amey capability statement**



**APPENDIX A:**

**SCOPE OF CONTRACT FOR PROVISION OF TECHNICAL SERVICES**

**The Scope of this Contract is:**

- **The provision of engineering services for policy development, design and implementation, including transportation and traffic engineering, management and control; highway design and management; materials testing; general infrastructure development; property/architectural services and other associated technical services.**

**These services being:**

- **for the *Employer* and usually within the Site as described.**
- **as commissioned by the *Employer* in accordance with this contract using the model 'Service Orders' and 'Design Briefs' detailed herein.**
- **provided in accordance with the Outcome Specifications.**

**AMEY WYE VALLEY CONTRACT EXTRACT**

**Schedule 3**

**Works (Programmed Works, Specialist Works)**



## **WORKS INFORMATION**

### **CONTENTS**

- 1.0            PREAMBLE TO THE WORKS INFORMATION  
(PROGRAMMED WORKS, SPECIALIST WORKS)
- 2.0            THE HIGHWAY SERVICE
- 3.0            THE FACILITIES MANAGEMENT SERVICE
- 4.0            THE FLEET MANAGEMENT SERVICE
- 5.0            THE EMERGENCY PLANNING SERVICE

**1.0 PREAMBLE TO THE WORKS INFORMATION (PROGRAMMED WORK, SPECIALIST WORKS)**

For each of the Works 'streams' included for in this agreement, this section the Works Information, gives details of the following:

**a) Synopsis**

A synopsis of the Works.

**b) Content**

A summary of the types of activity that the *Contractor* will be required to deliver as part of the Works as described in this Schedule.

**c) Baseline Specifications**

The Baseline Specifications for each type of activity are identified here. It is intended that these specifications will be the starting point, they're content being developed through the Partnership to meet the Outcome Specification.

## **Definition of Work types**

### **Programmed Works**

Programmed Works are those activities, which may be of the type carried out day in, day out by the *Contractor*, but are targeted to deliver solutions that are beyond the capabilities of routine means. Such Activities are 'discrete Schemes' which are identified in a needs based programme of works, thereby promoting the serviceability and sustainability of the *Site*.

### **Specialist Works**

Specialist Works are those activities, which are not of the type carried out day in, day out by the *Contractor*, but are targeted to deliver solutions that are beyond the capabilities of routine means. Such Activities are 'discrete Schemes' or elements of 'discrete Schemes' which are identified in a needs based programme of works, thereby promoting the serviceability and sustainability of the *Site*.

## 2.0 THE HIGHWAY SERVICE

### a) Synopsis

The Highway Service encompasses:-

Highway Maintenance, Bridge Maintenance, Street Cleansing and Street Scene functions, Minor Improvement works, Street Lighting (set to commence during 2004) upon all Highways maintainable at the Public expense (excluding Motorways and Trunk Roads), for which The County of Herefordshire District Council is The Highway Authority, along with works to the Public Rights of Way network as directed by the Council and associated works in the County of Herefordshire.

### b) Baseline Content

The activities that may be undertaken as part of the Highway Service are as follows:

Maintenance including:

- (a) Patching and repair and maintenance of carriageways, footways cycleways and verges as a constituent part of (b).
- (b) All types of carriageway, footway and cycleway Reconstruction, Resurfacing and Surface Treatment.
- (c) Laying or renewing all types of kerbs, edgings, setts, blocks and channels as a constituent part of (b).
- (d) Laying, repairing and renewing of drainage systems.
- (e) Provision or renewal of all types of safety barrier, guard rails and boundary fencing.
- (f) Supply and erection of all types of road signs.
- (g) The repair and minor reconstruction of all types and sizes of highway structures.
- (h) The provision and renewal of all types of road markings and road studs.
- (i) Works upon Public Rights of Way.
- (j) Other Highway works.

Improvement Schemes including:

- (l) Roadmarking and signing schemes.
- (m) Cycle Network schemes
- (n) Bus Priority schemes

- (o) Footway schemes
- (p) Traffic Calming schemes (including 20mph school zones)
- (q) Public Transport Interchange Improvement schemes
- (r) Bus Shelter, Motorcycle & Cycle Parking Provision
- (s) Safer Routes to School Schemes
- (t) Pedestrian Crossing Schemes
- (u) Pedestrian Route & Disabled Access Improvement Schemes
- (v) Safety Improvement Schemes
- (w) New Road Schemes

Street Cleansing including:

- (x) Special Events.

**c) Baseline Specifications**

The baseline Specifications for the Highway Service are contained in Schedule 03a.

### 3.0 THE FACILITIES MANAGEMENT SERVICE

#### a) Synopsis

The Facilities Management Service encompasses:-

Building and Property Maintenance works, Building Cleaning, Grounds Maintenance, Public Convenience Cleansing, Recycling Services, Catering, Printing, Courier and Cemeteries Maintenance Services for which The County of Herefordshire District Council is the 'Client', along with similar works to the corporate estate as directed by the Council and associated works within and around the County of Herefordshire.

#### b) Content

The activities that may be undertaken as part of the Facilities Management Service are as follows:

Maintenance including:

- (a) Repair to the building fabric, electrics and mechanical installations.
- (b) Planned maintenance work including decoration, roofing, flooring, plastering, re wiring and new heating installations.
- (c) Minor improvements to the building such as shelving, new door openings, etc..
- (d) The planting, establishment of seasonal bedding schemes including carpet-bedding designs.
- (e) Reinstatement of grassed areas, shrubberies, rose beds, flower beds/carpet beds in special circumstances.

Catering including:

- (l) Events Catering

Printing including:

- (aa) Brochures, Maps, Business reports and General print.
- (bb) Loose copies and bound documents in Black and White and/or Colour.

Cemeteries Maintenance:

- (ff) Grave digging, and back-filling to a specified quality standard.
- (gg) Exhumations when required to a specified quality standard.

#### c) Baseline Specifications

The baseline Specifications for the Facilities Management Service are contained in Schedule 03a.

## **Schedule 3**

### **Works (Programmed Works, Specialist Works)**

#### **Section 3.0 Facilities Management**

##### **3.1 Building Services**

###### **3.1.1 Transitional**

###### **3.1.1.a Preamble**

During the Transitional Period the Contractor will provide the activities set out in the following Description of Activities to the Civic Estate as detailed in Schedule 10 and that they can be fulfilled within the capability of the Workforce as set out in Appendix 1 of Schedule 2 in accordance with a monthly workload programme agreed with the Employer.

The Employer has agreed to underwrite the full cost of the Building Service during the Transitional Period, but to the extent that other clients engage the Workforce in this period the staff cost component of the external income will be used to offset the cost to the Employer of underwriting the Building Service.

During the Transitional Period the Employer and the Contractor will agree the specification and price for the Contractor to deliver a comprehensive maintenance service to the Civic Estate to commence on the 1<sup>st</sup> April 2004.

###### **3.1.1.b Description of Services**

###### **(i) Works**

- Redecoration
- Minor improvements e.g. shelving, doorways, electrical adaptations or additions, heating extensions.
- Minor tasks of asset replacement e.g. luminaire renewal, boiler replacement

##### **3.1.2 Steady State**



### **3.1.2.a Preamble**

During Steady State, which will commence on the 1<sup>st</sup> April 2004, THE CONTRACTOR will provide a comprehensive\* building management and day to day maintenance service as set out in the following Description of Activities in accordance with a monthly workload programme agreed with the The Employer.

During Steady State Phase 1 the The Employer and THE CONTRACTOR will develop a plan for THE CONTRACTOR to extend its role in delivering a wider range of new build and asset replacement works.

### **3.1.2.b Description of Services**

#### **(i) Works**

- Redecoration
- Minor improvements e.g. shelving, doorways, electrical adaptations or additions, fabric and M&E extensions
- Minor tasks of asset replacement e.g. luminaire renewal, boiler replacement

### **Building Cleansing**

### **3.2.1 Transitional**

#### **3.2.1.a Preamble**

During the Transitional Period the Contractor will provide the activities set out in the following Description of Activities to the Civic Estate.

During the Transitional Period the Employer and the Contractor will agree a revised specification and price to provide a comprehensive Building Cleaning Service to commence on the 1<sup>st</sup> April 2004.

**3.2.1.b Description of Services**

Planned Reactive and emergency building cleaning activities to the internal building fabric within the Civic Estate

**3.2.1. c Specification**

Works Non-Routine

- Planned building cleaning activities to the internal building fabric i.e. Deep Cleaning activities based on frequencies currently provided under existing contractual arrangements with the Courier

**3.2.1 Transitional - *Not Used***

**3.2.1 Steady State**

**3.2.2.a Preamble**

The Contractor will provide a Courier Service as set out in the following Description of Activities in accordance with a monthly workload programme agreed with the Employer within Hereford City and Herefordshire County.

**Description of Services**

To provide a routine and adhoc business day courier service between the Employer's premises based on two drivers and two 3 cwt size vans according to an agreed programme of deliveries.

**3.2 Catering**

**3.2.1 Transitional – *Not Used***

**3.2.3 Preamble**

**3.2.4 Steady State**

The Contractor will provide the Programmed Works set out in the following Description of Activities to the Civic Estate in accordance with a programme agreed with the Employer.

## **Description of Services**

### **(i) Works**

- Planned and Reactive Catering Service providing selections of nutritious and varied meals and snacks taking into account the cultural, ethnic and specific medical dietary requirements of all customers within the Civic Estate

## **Description of Services**

### **(i) Works**

- Provide a selection of nutritious and varied meals and snacks taking into account the cultural, ethnic and specific medical dietary requirements of all customers building cleaning service including:
  - Finger Buffets
  - Fork Buffets
  - Sandwiches, crisps etc.
  - Sandwiches
  - Sweets
  - Drinks

## **3.2 Print**

### **3.2.1 Transitional – *Not Used***

### **3.2.2 Steady State**

### 3.2.3 Preamble

The Contractor will provide the Programmed Works set out in the following Description of Activities to the Civic Estate in accordance with a programme agreed with the Employer.

#### Works

- Produce all Employer minutes and agendas
- Provide Printing, folding and enveloping of the Employer wage slips
- Produce Loose Copies or reports and publicity material for the Employer.
- Provide a "Drilling and binding of booklets and reports service to the Employer."
- Produce a range of Brochures, Maps and reports in Colour and or Black & White
- Size & Number of Documents
- Confidential shredding facility

## **4.0 FLEET MANAGEMENT SERVICE**

### **a) Synopsis**

The Fleet Management Service encompasses:-

Vehicle provision, maintenance and support to the fleet for which The County of Herefordshire District Council is the 'Client' and associated works.

### **b) Content**

The activities that may be undertaken as part of the Fleet Management Service are as follows:

- (a) A services
- (b) B services
- (c) MOT
- (d) Vehicle inspections
- (e) General repairs

### **c) Baseline Specifications**

The baseline Specifications for the Fleet Management Service are contained in Schedule 03a.



## **Appendix B**

### **Service Delivery Review Phase 2 Model Descriptions**

# Contents

|   |    |
|---|----|
| Contents.....                                       | 1  |
| Model Description .....                             | 3  |
| Improved business as Usual.....                     | 3  |
| The model in action – Herefordshire.....            | 3  |
| Principles underlying the analysis .....            | 3  |
| Strengths and weaknesses .....                      | 4  |
| ‘Managing agent contract’ (MAC) model.....          | 4  |
| The model in action – Bedfordshire Highways.....    | 4  |
| Principles underlying the analysis .....            | 5  |
| Strengths and weaknesses .....                      | 6  |
| Integrated services model.....                      | 6  |
| The model in action – Gloucestershire Highways..... | 6  |
| Principles underlying the analysis .....            | 8  |
| Strengths and weaknesses .....                      | 9  |
| Method.....   | 10 |
| Improved business as usual .....                    | 10 |
| MAC .....   | 10 |
| Integrated Services.....                            | 10 |



## **Model Description**

### ***Improved business as Usual***

#### **The model in action – Herefordshire**

The improved business as usual (IBAU) option is based on the current service delivery arrangements without modification.

A range of services including highways routine maintenance, programmed highways works, grounds maintenance, street cleansing, toilet cleansing, recycling, street lighting, courier, printing, vehicle maintenance, sign manufacture, building maintenance, building cleaning and event catering are delivered by Amey Wye Valley Limited, a joint venture company owned by Amey Infrastructure Services Limited (80%) and Herefordshire Council (20%).

Consultancy services are delivered under a separate contractual arrangement with the Owen Williams division of Amey. The range of services include policy development, design and implementation, including transportation and traffic engineering, management and control; highway design and management; materials testing; general infrastructure development; property/architectural services and other associated technical services.

The contractual arrangements are based on the New Engineering Contract (NEC) Engineering and Construction Contract; Option A, Priced Contract with Activity Schedule, for the Service Delivery Agreement with Amey Wye Valley Limited and the NEC Professional Services Contract for the delivery of consultancy services by Owen Williams Limited. Both contracts include the partnering provision (Option X). These arrangements provide no significant incentives to drive productivity improvements, nor do they allow any significant sanctions to be taken for non-delivery.

Both contracts are for an initial ten-year term with an option to extend for a further ten years. Overall contract management for both rests formally with a single individual on the client side but in practice a large number of client officers are involved in ordering work and monitoring activities conducted under the contract and agreeing the amounts to be paid for specific work items.

Until the commencement of the current review a board, which comprised directors from the parent organisations, gave strategic direction to this partnership. The board was supported by a partnership project management team, which comprised senior managers from each of the partners.

This model is intended to overcome some of the disadvantages of the existing arrangements.

#### **Principles underlying the analysis**

This section describes the principles underlying the IBAU model. These have been used to develop the analysis of the model's potential to meet the Herefordshire service delivery review objectives.

The features of the model that have been used as assumptions in analysing how it meets our objectives are:

- Modifications to the contract would be negotiated to allow for a number of incentive-based adjustments to the payment mechanism as well as re-aligning the rates with the actual costs of service provision

- The current schedule of rates' deficiencies would be addressed to ensure that overall operating margins are maintained but individual rates are adjusted such that each business area achieved broadly the same percentage margin and prices better reflected the costs of delivering the service
- A requirement on the contractor to finalise the account on any particular work item within any particular timescale
- Market testing for value-for-money
- Incentivising lump sum payments to the contractor to improve performance
- Alignment of cost efficiency rebates with Gershon efficiency increases required of the Council
- Provide specific links between performance and payment
- Completing the schedule of rates
- Clarity over precisely what constitutes routine and reactive works, and what constitutes programmed work
- The contractor's fee percentage arrangement to be modified to provide an incentive to drive down the costs of externally sourced work
- A strengthened and less diffuse client role
- A commitment to, and investment in, closer partnership working

## **Strengths and weaknesses**

### **Strengths**

- Known model requiring limited renegotiation and only modest change to the Council's organisation
- A strengthened and focused client team should overcome most of the areas of disagreement inherent in the current arrangements
- No TUPE

### **Weaknesses**

- Although improved, still complex accountability for service delivery

## ***'Managing agent contract' (MAC) model***

### **The model in action – Bedfordshire Highways**

The MAC model is based on Amey's partnership with Bedfordshire. This has been running since October 2005 and is considered by both Amey and the Council to be a success. The partnership combines the roles previously undertaken by the council's highway asset and network management teams with term maintenance service delivery.

Before 2005 the council's highways had become an important concern for its citizens. The quality of the roads was perceived to be poor and the council decided that it needed to take action. The action consisted of letting the contract for highways services to Amey and a substantial increase in funding (approximately £4m).

A previously underachieving operation has been transformed into one that is excelling. The council has gone from one to three stars and Bedfordshire Highways has been an important part of this transformation. Although the improvement has been achieved with the injection of extra cash, the investment has been well spent, the performance has improved, relationships with local communities are good and the partnership is clearly working.

This model delivers more efficient services – better services for less – by putting the service delivery into a single organisation. Amey will own the service delivery end to end and will take ownership of meeting the performance targets.

The benefit to Amey of meeting the performance targets is an extension of the contract. In Bedfordshire the contract was originally let for five and a half years. The first extension of 12 months was awarded in July 2007 reflecting the successful start to the partnership.

An important part of Amey's service contracts is the Watchman scheme. This scheme identifies an individual whose role is to ensure that best practice is spread within the service delivery organisation and across Amey. The role is also responsible for developing and improving relationships with community groups.

The partnership is controlled by the Partnership Network Board. This includes the cabinet member, the Director of Environment, the Watchman and other representatives from Amey and the council. The board is responsible for setting and assessing priorities and performance targets.

The service advisory group produces monthly performance reports showing progress towards targets.

## **Principles underlying the analysis**

This section describes the principles underlying the MAC model. These have been used to develop the analysis of the model's potential to meet the Herefordshire service delivery review objectives.

The features of the model that have been used as assumptions in analysing how it meets our objectives are:

- The organisation has been divided into two groups: **service delivery** roles and **foundation roles** - policy development, strategy, contract management and those roles that the council wants or needs to perform itself
- This structure has been assumed for each of the services included in the contract (Highways, Parks and Countryside and Property Services). In Bedfordshire Amey only deliver Highways and, as Bedfordshire is not currently a unitary authority, the range of services within Highways is not as wide as in Herefordshire. The risk that the model is not suitable for all service delivery areas has been mitigated by involving both experts from Amey and relevant Herefordshire Council staff
- All service delivery staff will be employed by Amey
- All foundation roles will be employed by Herefordshire Council
- Service delivery staff currently employed by the council will be moved to the new service delivery organisation
- The interface between the service delivery and foundation organisation will be set at the strategic level i.e. the council will be responsible for objectives and strategic plans and Amey will be responsible for planning delivery.

- A contract management team will be created to ensure quality and value for money and police the terms of the contract
- Service performance success will be measured by a set of performance indicators agreed between the Council and Amey – these may change over time by agreement of the controlling board. **FURTHER DETAILS OF PERFORMANCE INDICATORS USED TO BE INCLUDED IN FINAL REPORT**
- The council will be responsible for defining and prioritising the performance indicators and ensuring that they are in line with its priorities
- Successful delivery will be rewarded by 12 month extensions to the contract – the current contract will have 5 years to run in September 2008
- The foundation staff remaining within the council will define strategy and manage the contract

## **Strengths and weaknesses**

### **Strengths**

- Clear accountability for service delivery
- Single, integrated service delivery team
- Governance structure that encourages member involvement
- Strong relationships with local communities via watchman and area teams and dedicated budgets for parish councils

### **Weaknesses**

- Limited incentives for good performance – the contact extension is either granted or not, there is no way of giving a reward that is in proportion to the level of achievement
- The process of tupe-ing staff could be disruptive although Amey has significant experience of successful TUPE transfers, over 6000 of their 9000 staff having transferred from the public sector
- Transferring some staff from the council could lead to a loss of knowledge that would limit options for delivery in the future
- Some staff may not wish to transfer to Amey and may choose to seek alternative employment outside of the partnership

## ***Integrated services model***

### **The model in action – Gloucestershire Highways**

The integrated services model is based on Gloucestershire County Council's partnership with Atkins. This is in its second year and is considered by both partners to be a success.

A number of highways-related contracts were due for renewal and the county council wanted to respond more effectively to changing national and local drivers by developing the highways service. The council used a negotiated tender process and were looking for a single provider of services, flexibility in contract arrangements and an opportunity to have a fresh look at service provision. Its objectives were:

- To put GCC as a top 5 transport authority in England

- ❑ Safer Roads, Better Journeys
- ❑ Serve the people that live and travel in Gloucestershire
- ❑ To provide:
  - Customer focussed service delivery
  - Service excellence at an affordable price
  - Continuous improvement
  - Innovation
  - Safety for all

The integrated service brought together people from Halcrow, Ringway, Gloucestershire County Council, Gloucester City Council, Atkins and Cheltenham Borough Council who are either employed by Atkins or the County Council.

There are two intriguing aspects to the partnership: an integrated service delivery team and an integrated management structure.

Gloucester Highways has a mixed staff of Atkins and Gloucestershire County Council employees. Some jobs are specifically identified as council jobs but, in the main, joint teams are encouraged and valued.

The manager of Gloucestershire Highways manages this joint team and is responsible to GCC for performance and to Atkins for profitability.

The council has recently achieved a 4 star CPA rating and its Environment service score has improved from 2 star in 2005 to 4 star and Gloucestershire Highways has been an important part of this improvement.

**Key features of the contract are:**

The contract is based on an NEC contract initially let for 5 years with extensions to 7 and 10, performance a key determinant. The deal features term maintenance work and schemes up to value of £500k services delivered at cost. Delivery at cost is demonstrated by open book accounting. Profit is only earned through the achievement of targets. These are agreed annually and included in the service delivery plan. Profit is earned by meeting strategic goals and operational performance measures:

- ❑ strategic performance measures include:
  - User satisfaction with the network
  - User satisfaction with the service
  - Reduction in KSIs – people and children
  - Hit LTP targets and APR target score
  - BVPI scores for road and footway condition
  - Deliver Gershon efficiency savings
- ❑ 26 operational performance measures cover:
  - Predictability

- Serviceability
- Safety
- Sustainability
- Customer Satisfaction
- Culture

Each performance measure has a payoff curve, which is designed so that achieving the required level of performance is stretching.

There is no penalty for failure except loss of profit.

Targets can be reviewed and changed to reflect changes in circumstance (e.g. responding to major emergencies such as the flooding in 2007).

There is a pain/gain mechanism with target prices which are updated to reflect any proven efficiencies.

**Management arrangements are:**

Single manager for integrated service – three-way contract (council and contractor both parties), seconded to council

- responsible to the contractor for profitability and to the client for performance - if the service plan is constructed correctly these objectives should be aligned
- council head of service
- member of directorate management team
- subject to all the requirements of council (e.g. reporting to cabinet/scrutiny)
- line manages both council and contractor staff (circa 400)

Service plan the key delivery mechanism for the integrated service and reward mechanism for the contractor

- objectives and targets set by a supervisory board (council cabinet members, council director, contractor director), but included in contract for year 1
- uses council performance management system
- the construction of the service plan is crucial

Contract management resource is small - ensuring that the contract terms are being followed, that the mechanisms are working and monitoring performance

This model delivers more efficient services – better services for less – by establishing improvement targets for service outcomes and cost.

**Principles underlying the analysis**

This section describes the principles underlying the integrated services model. These have been used to develop the analysis of the model's potential to meet the Herefordshire service delivery review objectives.

The features of the model that have been used as assumptions in analysing how it meets our objectives are:

- There will be a management structure that integrates the Contractor's general manager and Council's service manager roles with all staff reporting to this role. Staff would be contracted to both Amey and the council by virtue of their original employer or personal choice.
- The rest of the organisation has been divided into two groups: service delivery roles and foundation roles - policy development, strategy, contract management and those roles that the council wants or needs to perform itself
- In Gloucestershire the service only delivers highways and, as Gloucestershire is a county council, the range of services within highways is not as wide as in Herefordshire.
- All staff will retain their current employer
- The interface between the service delivery and foundation organisation will be set at the strategic level
- A small contract management team will be created to ensure quality and value for money and police the terms of the contract
- Services will be delivered at cost
- Service performance success will be measured by a set of performance indicators agreed between the Council and Amey – these may change over time by agreement of the controlling board
- The council will be responsible for defining and prioritising the performance indicators and ensuring that they are in line with its priorities; performance indicators would have thresholds identifying unacceptable levels of performance and exceptional levels of performance
- Achievement of levels of performance will be rewarded by payment of profit and exceptional performance by 12 month extensions to the contract – the current contract will have 5 years to run in September 2008
- The foundation staff within the council will define strategy and manage the contract

## **Strengths and weaknesses**

### **Strengths**

- Clear accountability for service delivery
- Single, integrated service delivery team
- Governance structure that reflects that within the Council
- Relationships with local communities and parish councils reflects that of the Council
- Good incentives for performance – in proportion to the level of achievement

- No requirement to tupe staff

### **Weaknesses**

- More HR support would be required
- Integration could be slower than through TUPE
- Amey performance will depend on mixed teams including council staff
- Works paid for at cost does not drive efficiencies
- Achieving cultural change could take longer

## **Method**

### ***Improved business as usual***

The improved business as usual model will include:

- Those savings identified as part of the service delivery review that do not depend on the delivery model
- Any savings that can be made as a result of agreed changes to scope
- Any other savings that can be made by improved implementation of the current arrangements – potentially by implementing bonuses and penalties to encourage good behaviour
- Service delivery improvements from the ten improvement tasks

### ***MAC***

A feasible organisational structure has been created. This structure has been developed jointly by Herefordshire Council and Amey in consultation with the relevant Heads of Service.

This process has been followed to ensure that the proposed structure is capable of delivering the services as now but with an integrated service delivery organisation. An appropriate level of contract management has been included in the costing.

The integrated services model will include savings and service improvements identified in the business as usual together with:

- Changes in staffing levels identified in the analysis of organisational structure
- Improvements expected from the watchman scheme
- Reinvestment of any savings above those required by the service delivery review
- Better alignment of service delivery with service objectives through more effective and more flexible performance management

### ***Integrated Services***

The differences between the MAC model and the integrated services model are:

- A mixed staffing model
- An integrated management structure



The analysis therefore uses the analysis of the service delivery organisation created for the MAC model. To this the following elements have been added:

- Additional HR support for the mixed staffing model
- Integrated management structure replaces separate Amey and council structures
- Different contract management structure may be required



## **Appendix C**

### **Summary of method used in the estimation of potential savings and staff implications of models considered during Phase 2 of Service Delivery Review**

The likely staff implications of the three model options were developed jointly with Amey based on experience in Herefordshire and Bedfordshire, together with an understanding of the Gloucestershire Highways. Consideration was given to the resources required to deliver the same level of service in the different models. Staff implications and likely savings have been assumed to be broadly similar between the Managing Agent and Integrated Services model.

#### **Staff implications**

##### ***Managing Agent / Integrated Services Models***

Appropriate functions and associated number of posts were identified from each of the partner organisations (Herefordshire Council, Amey Wye Valley, Amey Consulting). An assessment was made of the number of posts that would be required to deliver an integrated approach using the Bedfordshire model whilst making adjustments for the differences present within Herefordshire. An allowance was made for a number of posts that would be required to support the client contract and partnership management arrangements. This process allowed the estimation of the level of reduction in posts that could be achieved across the partnership.

##### ***Improved Business as Usual***

An assessment was made of the areas of service where improved partnership working within the current contractual framework could reduce duplication and improve efficiency. A marginal reduction in the number of posts required to deliver the same level of service was identified.

#### **Consequential Financial savings**

**NOTE: All staff related savings were calculated based on salary plus on costs at 26.5% of salary.**

##### ***Managing Agent / Integrated Services Model***

Three methods of assessing staff savings were used to ensure a more realistic comparison. Firstly the average salary of staff affected from each of the partners was calculated and multiplied by the number of staff reduction identified. An allowance was made client management costs. The second method banded existing staff and made a direct comparison between the sum of the median of these bands with the sum of the median of the bands of the proposed integrated approach. This allows any variations in grades that might arise from the current to proposed model to be factored in. Thirdly the sums of the average bands of proposed functions were compared with the actual current costs. As the actual costs are higher (data not available for Amey Consulting) this method returns a saving a higher potential saving.

**Estimated Potential Savings were identified as a range of £400,000 - £650,000**

##### ***Improved Business as usual***

The potential financial savings were calculated based on existing costs of post within the partnership taking into account the current level of costs associated with the use of Agency staff in certain areas.

**Estimated potential savings were identified as £200,000**



## **Appendix D – Amey Capability Statement**

Amey was founded in 1920 and has been part of Ferrovial since 2003. From its origins as a materials supplier and highways contractor, Amey has evolved to provide integrated business and infrastructure services with an impressive PFI and PPP capability. We operate in local government, strategic highways, aviation, central government, defence, education, and rail markets. Services range from the management of large scale transportation infrastructure to the delivery of professional and back office services, all of which are underpinned by leading-edge technology and a genuine partnering philosophy.

We work with local authorities across the UK, providing a range of infrastructure and environment related services that include: delivering and supporting transport infrastructure; tailoring and providing solutions to enhance the local environment, and; providing and managing property related, education and community facilities. We bring extensive experience and transferable skills that Local Authorities can use both to help deliver its own corporate and local strategies and to meet the challenges of Government policy initiatives.

Working through locally-based teams, we operate at over 100 locations across the UK supporting communities by helping to create better, safer and more pleasant neighbourhoods through provision of well designed streets, well maintained grounds, modern public lighting, integrated highway design, management and maintenance, property improvement and maintenance solutions. The location and customers of our partnerships are shown at Appendix 1

We employ approximately 9,000 employees.

Turnover for 2007 was £1.4 billion with profitability at £75 million

We hold a prestigious contract with the Home Office to carry out property services on sites supporting the Home Office and Ministry of Justice. The contract spans five years, with a possible two-year extension.

The contract involves cleaning & housekeeping; mechanical & electrical maintenance; grounds maintenance; catering & hospitality; waste management; reception management; portering; security; energy management; minor and project works management. Amey will carry out the work in London, the South East and Anglia.

Presentations on our capability to deliver highways, property, grounds and support to infrastructure development, have been given to groups of Council staff.

### **Ability to Deliver Organisational Change**

Our approach in Herefordshire would be similar to that we adopt at the commencement of any new contract.

We will produce a mobilisation plan based on the information we have gained through service delivery, participating in the Service Delivery Review and by discussions with client and operational services staff, and deliver that plan using current and transferred staff, heavily supported by Amey staff from all relevant functions across the business.

We will expand the current project team based at Thorn and it will remain in place until the end of the mobilisation period. Typically this would be 4 to 5 months after the start of the new arrangements, but the team would not be withdrawn until we were satisfied that it had completed its task. The role of our team would be to support a smooth

integration, transition to Amey systems and procedures and ensure service delivery. Members of the team would cover the following areas:

- Project Management
- Customer Relations
- Human Resources
- Finance
- Health and Safety
- Quality and Environment
- Operational Management
- Fleet and Plant
- Performance Management
- Business Analysis
- IT
- Procurement
- Communications
- Depots

The roles shown in bold would be the core team, supplemented by the other roles at appropriate stages.

The team will be led by an experienced Amey manager, familiar with the services being delivered in Herefordshire and with relevant senior level experience in a local authority. The team leader will be accountable for the delivery of the mobilisation but also acting as mentor to the transferring staff.

We recognise that mobilisation is a difficult time for transferring staff and we take great care to select Amey support staff who are sensitive to their needs and feelings. Building effective relationships at an early stage is crucial in ensuring an effective start up.

The following is a demonstration of how the integrated approach we propose for Herefordshire has delivered improvements in Bedfordshire.

At the start of the Bedfordshire Highways contract Bedfordshire County Council's CPA star rating was 0, the Bedfordshire CC / Amey partnership working was instrumental in raising this to a 3 star rating by 2007. This performance was nationally acknowledged as 'one of the fastest improving Authorities in Local Government history'

Bedfordshire's Environment Directorate is currently predicting that their individual CPA rating for 2008 will be 4 stars.

In the first year of the Contract a survey sent to all parish councils resulted in 57.9% of Parish Councils being satisfied with the Bedfordshire Highways services, in 2007 a repeat of this survey showed this had risen to 70.9% and in the latest survey this has been further improved to 72.4%. This is a very good indicator of performance in an area where Bedfordshire CC residents rated Highways as their number one concern in a survey undertaken in 2006.

Bedfordshire Highways has developed and enhanced its performance as a 'One Stop Shop' for highway related matters, recognising the need for service transformation that meets the needs of all its valued citizens, businesses and providing a better deal for the taxpayer. This has resulted in significant improvements to road conditions across Bedfordshire

Bedfordshire Highways were highly commended in the LGC Public and Private Partnership Awards

In summary;

- Bedfordshire CC is now ranked 9<sup>th</sup> out of 388 authorities for % PI improved in last 3 yrs
- 86% of PI's have improved in the last 3 yrs (This is a sustained improvement as figures for last year indicate 60% of PI's improved over the previous year)
- An efficiency saving of 23% was achieved on first year budgets due to the groundbreaking contract with Amey
- The Department of Transport rated Bedfordshire CC 'excellent' in a national survey on managing congestion
- In 2007/08 57km of carriageway was resurfaced with low noise surfacing, this brings the total since the start of the contract to 374km. (i.e. over 17.5% of Bedfordshire's roads)

## **View on Deliverability of the Identified Savings**

### ***Integrated Approach***

We have worked closely with Council staff to tailor the highways delivery model we have successfully implemented in Bedfordshire to the specific characteristics and needs of Herefordshire. In doing so we have been prudent in our assumptions on staff savings. We regard the savings currently identified as a minimum and believe that by working co-operatively with the Council further savings can be achieved.

The modest saving identified for grounds maintenance has been agreed with Council staff and is also achievable.

We have been unable to engage constructively with the Council's property managers but believe that the draft structure we have proposed is viable and would deliver the identified savings.

Savings other than staff, particularly third party income from insurance claims, have been derived by extrapolating from our experiences elsewhere. Again we have been prudent with our assumptions and are confident that they are deliverable.

### ***Improved Business as Usual***

The very modest staff savings are deliverable but only with the proviso that the Council is able to change its culture from the prevailing "contractual relationship" to one of partnership. We recognise that, as a relic of the Jarvis approach, the behaviour of some Amey staff also needs changing. Our Manager, Mark Thomas, is actively working on this with his team.

### ***Transfer of staff***

We are firmly convinced that the staffing model with Council staff TUPE transferring to Amey is the only approach which will deliver the Council's objectives of cost savings and improvements in service delivery. The short term avoidance of disturbance to staff is outweighed by the other factors. The cultural shift required to operate an integrated service will, in our view, be impeded by keeping Council staff under Council terms and conditions; if such a shift were easily achievable we would have expected it to have been achieved in the last five years. The potential for equal pay claims is also of great concern to us.

## **Commitment to Working Openly and in Partnership**

We already give Herefordshire Council full visibility of business plans and performance of Amey Wye Valley through the Council's representation on the Joint Venture Board. At an operational level costing information is made available on request. The difficulty AWVL had in providing information from the period under Jarvis ownership has been removed with the introduction of the SAP system earlier this year.

We have extensive experience of operating contracts using Target Costs, Gain/Pain and Sharing and Open Book Accounting and are committed to giving total visibility to the Council of all our operations in Herefordshire i.e. including Amey Consulting (formerly Owen Williams).

Target costs at the start of a scheme or a project are developed using a number of routes including:

- An agreed schedule of rates
- An agreed method of measurement
- A detailed Bill of Quantities
- A variation mechanism

Target costs will be agreed between the parties prior to the commencement of the works.

We employ a number of methods to ensure that the prices that are used to derive the target cost are sustainable and offer best value for the Council. Methods employed include:

Benchmarking against other contracts

Checks against managed works contracts

Checks against pricing books

Comparisons against previous similar schemes

Our supply chain quotes will be assessed, in accordance with our existing integrated management system (IMS) procedures, on the best combination of quality, capability, price and resources.

Our central system for accounting and management, SAP, supports works management and budgetary control. SAP is used to capture all costs and allocate them to individual works orders. The SAP works order cost details will be available to the Council on an Open Book arrangement so that there is full visibility of costs. This open book approach is vital for the efficient working of a Target Cost approach.

Amey operates a number of Gain/Pain and sharing arrangements, such arrangements encourage and incentives both parties to reduce costs throughout the process from identification of a scheme through to completion. Sharing mechanism can be linked to actual time or cost parameters which are all monitored and available for interrogation at any time by both parties through the open book approach.

We have experience of working within a wide range of gain/pain arrangements all of which have benefits for both parties. In general terms we find that the most suitable arrangements are one where there is a stepped increase to the gain and pain thresholds.

We will use our group wide SAP system for cost capture and reporting. Costs will be allocated on an individual works order bases including time charges, subcontractor costs and materials. The SAP cost data will be made available to the Council as and when requested so that progress and actual costs can be monitored at any time. Our SAP costing system allows for a full drill down to individual time sheets and invoices for materials and subcontractors to allow full visibility.



Costs on individual schemes are updated on a daily basis which means that individual schemes are monitored regularly against the agreed target price. This process allows for the site commercial and operational team to monitor closely the actual expenditure on the Projects. The contract management team will then be able to identify any significant budgeted cost variations are identified and mitigation measures to be put in place. Our central single point cost capture and reporting mechanism allows for a rapid and timely review of the progress of each Project.

### **Company Aims, Policies etc**

Amey seeks to be the provider of choice for integrated business and infrastructure services to the public sector

At Amey we're very proud of the things we do, and we're equally proud of the way in which we do them; in this respect we are guided by our values.

These values are not a collection of fashionable phrases from management textbooks and they're not a set of 'orders' cascaded down from our senior management. They are words drawn directly from hundreds of hours of interviews, surveys, and conversations with Amey people about what they think, feel and believe about our company.

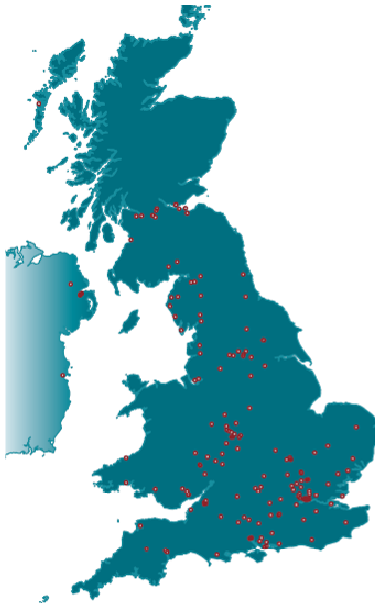
These are the things we believe in. This is how we do things.

|                                 |   |
|---------------------------------|---|
| <b>Customers</b>                | Service so good our customers become and stay loyal Amey fans.                          |
| <b>Powerful team</b>            | On our own we're good.<br>As a team we're outstanding                                   |
| <b>Protecting people</b>        | Caring for our people, the public and the environment.                                  |
| <b>Performance &amp; profit</b> | Achieving unbeatable performance and results, aiming to do even better.                 |
| <b>Winning</b>                  | Winning for me, for the team, for our company.<br>Above all, winning for our customers. |

Amey operates a comprehensive set of policies which largely mirror those of Herefordshire Council. Attached as an example, as Appendix 2 is our policy on Equality and Diversity. All our policies are available should Herefordshire Council wish to see them.



## Our Successful Partnerships



| Local Government   | Central Government |
|--------------------|--------------------|
|                    |                    |
| Strategic Highways | Rail               |
|                    |                    |





Title: Equality and Diversity Policy

Ref.: PLC-EXEC-008

Rev: 4.0 Date: June 2006

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**Service Delivery Review Phase 2 Report Appendix D – Amey Capability Statement Appendix 2**



Title: Equality and Diversity Policy

Ref.: PLC-EXEC-008

Rev: 4.0 Date: June 2006

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not liable for the contents of this document.

This document is applicable throughout  
Amey plc.

## TITLE

# EQUALITY AND DIVERSITY POLICY

|             |             |   |                     |                       |
|-------------|-------------|---|---------------------|-----------------------|
| 04          | June 2006   | This Policy has replaced Equal Opportunities with a major rewrite | A. Springett        | G. Duggan             |
| 03          | July 2005   | Annual Review   | G. Duggan           | M. Ewell              |
| 02          | Sept. 2003  | Annual Review. Changed CEO  | R. Wells            | M. Ewell              |
| 1           | Sept. 2000  | Issued for Use  | J Buchanan          | BL Staples            |
| 0           | May 2000    | Drafted.  |                     |                       |
| <b>Rev.</b> | <b>Date</b> | <b>Amendment</b>  | <b>Approved By:</b> | <b>Authorised By:</b> |



## Principle

Amey plc is committed to being a fair and inclusive employer which bases all employment decisions solely on merit. We will not tolerate unlawful discrimination against an individual on the basis of their gender, race, nationality, age, disability, religion or belief, sexual orientation, gender reassignment or any other irrelevant factor.

We value all differences within the workplace and consider both visible and non-visible differences to be key in developing an innovative and creative working environment. We recognise the benefits that a diverse workforce can bring in understanding the needs of a diverse customer and client base.

We are committed to complying with relevant employment legislation and codes of practice as a minimum benchmark. Wherever possible we strive to exceed legislative requirements by developing policies and procedures that help us to achieve our aim of being an Employer of Choice.

### It is the express policy of Amey plc that:

- All employment related decisions will be fair and transparent, based solely on merit and ability to meet the requirements of the job. This applies to external recruitment, internal selection and promotion, performance appraisal and training.
- Data relating to the composition of the workforce will be updated regularly to ensure that all management information is accurate.
- We will create a working environment where all employees are valued and respected for their unique contribution to the business and are not subject to inappropriate behaviour.
- Immediate action will be taken against any employee, contractor, supplier or agency worker who does not comply with this policy and who does not behave in a way that promotes equality and diversity.

## Supporting Actions

### Recruitment and Selection:

- Advertisement of vacancies will aim to be inclusive of all potential applicants by using a variety of media.
- All job descriptions and selection processes will be based solely on skills and attributes that are relevant to the role.
- All staff involved in selection processes will undergo training in the principles of fair selection.

### Employment:

- Terms and conditions of employment and provision of benefits will not unfairly disadvantage any particular groups.
- Access to training, development and promotion opportunities will be equal for all and selection for these will be based solely on merit.

**Procurement:**

- We consider the principles of equality and diversity to be a mainstream business issue and as a consequence will request that all suppliers/contractors demonstrate their commitment to the policy area when transacting with Amey.

Seven supporting policies sit beneath Amey's overarching Equality and Diversity Policy. These follow existing/forthcoming legislation and are designed to protect employees from discrimination on the basis of:

- Race
- Gender
- Disability
- Religion/Belief
- Sexual Orientation
- Age
- Gender Re-assignment

We will not tolerate discrimination, harassment, or victimisation on the grounds of any of these issues.

**Relevant Definitions**

**Direct discrimination:** Less favourable treatment on the grounds of race, gender, disability, religion/belief, sexual orientation, age or gender reassignment.

**Indirect discrimination:** An apparently neutral condition that is applied equally to everyone but has a detrimental impact on a particular group.

**Harassment and bullying:** Any unwanted behaviour that has the effect of violating dignity or creating an intimidating, hostile, degrading, humiliating, or offensive environment. This includes jokes or banter and extends to work related environments such as work social events.

**Victimisation:** Unfavourable treatment specifically as a result of the individual making a claim or complaint of discrimination.

**Mel Ewell**  
Chief Executive



# MINSTER COLLEGE BUILDING SCHOOLS FOR THE FUTURE ONE SCHOOL PATHFINDER – AWARD OF CONTRACT

PORTFOLIO RESPONSIBILITY: CHILDREN'S SERVICES

CABINET

11 SEPTEMBER 2008

## Wards Affected

Leominster South  
Leominster North  
Golden Cross with Weobley  
Hampton Court  
Upton

## Purpose

To receive and approve the recommendation of the Building Schools for the Future Project Board to award the design and build contract for the above scheme to Stepnell Limited.

## Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising of one or more wards.

It was included in the Forward Plan

## Recommendation

**THAT the recommendation of the Building Schools for the Future (BSF) Project Board, to award the design and build contract, for the Minster College Building Schools for the Future One School Pathfinder scheme, to Stepnell Limited, is approved.**

## Reasons

The award of the contract will allow the authority to deliver The Minster BSF One School Pathfinder design and build project.

## Considerations

### Tender Evaluation:

1. To deliver this Building Schools for the Future, One School Pathfinder project, the local authority opted to procure the new building through a two stage selective tendering process. The authority adopted the National Joint Consultative Committee for Building (NJCC) Code of Procedure for Design and Build Contracts and the NJCC code of Procedure for Two Stage Selective Tendering.
2. Tenders were submitted by three contractors on 18th April 2008. They were Stepnell Ltd., Morgan Ashurst plc and Mansell Construction Services Ltd. Morgan Ashurst plc

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Further information on the subject of this report is available from Rob Reid, Schools Planning & Access Manager  
on Tel: (01432) 260920

returned a compliant and a non-compliant bid.

3. All of the Bids were disseminated to stakeholders for comment, evaluation and information including the Project Board, the Evaluation Team, the Project Team, Minster College students and staff. Membership of these groups is listed at the end of this paper.
4. A Presentation Day was held on the 6th May 2008 to give all three contractors an opportunity to present their submissions to the School Governors and the Local Authority. All three contractors took advantage to this opportunity.
5. On 8th May 2008 the Evaluation Team met to discuss and evaluate the submissions and to agree on the recommendation for the Preferred Bidder for the Minster College BSF OSP. The evaluation criteria are shown at Appendix 1. The evaluation reports are shown at Appendix 2.
6. Using notes and comments received from a wide range of sources, particularly those who had attended the Presentation Day, the Evaluation Team were aware that no one Submission contained the definitive solution to the required new school.
7. Through the Two Stage Design and Build process the second stage design period was used to correct and perfect the most advantageous submission to provide the right development for the Minster College.
8. Of the three bids, the Morgan Ashurst bids, both compliant and non-compliant were rejected, firstly because of cost and secondly due to insufficient educational design in terms of room associations, circulation suitability and lack of suitable landscape proposals.
9. Of the other two bids, Stepnell was within budget, but scored lower on their educational suitability whilst Mansell's bid was over budget but scored higher on their educational suitability.
10. The Evaluation Team put forward a proposal to the Project Board that Stepnell Limited be appointed as the preferred contractor. This was because the Stepnell bid had outscored Mansell on the Evaluation Matrix and because the second design stage offered the opportunity to improve the design of the Stepnell submission.
11. This proposal was accepted by the Project Board at its meeting on 16<sup>th</sup> May, with the proviso that Stepnell Ltd would improve their design and room layout to the requisite educational standard, without exceeding the overall budget for the project, within the second design stage, to the satisfaction of the Headteacher and the Project Manager. If it should become apparent that such improvement within budget was not going to be possible, then the Project Manager was to submit a proposal to the Project Board that negotiations should revert to Mansell and that Stepnell be removed as the Preferred Bidder.
12. The Project Board therefore agreed that Mansell Construction Services Ltd. should be retained as the Reserve Bidder should it not prove possible for Stepnell to meet the required educational standard and cost constraints. Negotiations with Mansell Construction would then begin in order to improve the few educational suitability issues that would be required on their design and to negotiate to reduce the cost to within the Authority's budget.
13. On 27<sup>th</sup> June 2008, the Cabinet Members for Children's Services and Educational Improvement & ICT took a key decision to appoint Stepnell Ltd as the preferred contractor so that the Local Authority could enter into contractual negotiations with the company and seek the required improvement to the educational suitability of their design during the second design stage.

14. Stepnell Ltd has revised its design to the satisfaction of the Headteacher and Project Manager. On 1<sup>st</sup> July 2008, the revised design was submitted to the Commission for Architecture and the Built Environment (CABE). CABE is a consultee on design. The design has achieved a CABE score of 29.3. This is very close to the required score of 30, so CABE is content that the design is going in the right direction and that any weaknesses can be resolved without altering the fundamentals of the design. CABE's comments have been passed to Stepnell Ltd.
15. The school will be built to a high sustainable standard. It will meet the British Research Establishment Environmental Assessment Method (BREEAM) "Very Good" rating. It will incorporate a sedum roof, a wind turbine and a sophisticated building management system to ensure energy efficiency.
16. Sport England is a statutory consultee and has registered with the local authority that it has no objections to the design.
17. The Building Schools for the Future Project Board has considered the revised design and the comments of the Headteacher, Project Manager, CABE and Sport England.
18. The Project Board recommendation to Cabinet is that Stepnell Ltd be awarded the design and build contract for the Minster College Building Schools for the Future One School Pathfinder.
19. A planning application has been submitted and will be considered by the Planning Committee on 28<sup>th</sup> September 2008. Site set-up is anticipated for October 2008, with work to start on site in November 2008. The scheme is due for completion in December 2010.

## **Legal Implications**

By adopting the National Joint Consultative Committee for Building (NJCC) Code of Procedure for Design and Build Contracts and the NJCC code of Procedure for Two Stage Selective Tendering, the authority's procurement procedure has been robust and fully compliant with legal requirements.

## **Financial Implications**

The confirmed funding for this scheme, through the Department for Children Schools and Families Building Schools for the Future programme, is £20,642,037.

The price tendered by Stepnell Limited is within the above DCSF funding limit available to the local authority.

The revised design has not resulted in any change to the tendered price and the Headteacher is now satisfied that the revised design's educational suitability is more than sufficient.

## **Risk Management**

The Project Board receives regular risk assessment reports. The latest is attached as Appendix 3 with actions to mitigate risk.

## **Alternative Options**

It is in the Council's discretion not to proceed with the scheme. However, this would leave the College in very poor accommodation, with high maintenance and running costs and in a poor position to improve performance. Given the recent discussion over pupil numbers and school capacity, a smaller school could be built. This would require some redesign work and delay the scheme, risking further inflation on building costs. The Whitecross High School

experience does provide evidence that new buildings do attract more students. The additional housing allocated under the current UDP to 2025 should also be borne in mind.

At this stage there are no reasons to make any changes to the project.

## Consultees

Minster College students  
Minster College staff  
Minster College governors

### Project Board

|                   |   |  |
|-------------------|---|--|
| Sonia Rees        | - | Director of Resources                          |
| Sharon Menghini   | - | Director of Children's Services                |
| Malcolm MacAskill | - | Head of Asset Management and Property Services |
| Richard North     | - | Headteacher – The Minster College              |

### Evaluation Team

|                   |   |  |
|-------------------|---|--|
| Richard East      | - | Project Manager                                    |
| Richard North     | - | Headteacher – The Minster College                  |
| Wendy Boulter     | - | General Inspector Secondary                        |
| Josie Smith       | - | Accountant (Capital and VAT Services)              |
| Tony Featherstone | - | Parks, Countryside and Leisure Development Manager |

### Other Officers

|                  |   |   |
|------------------|---|---|
| Andrew Banks     | - | Principal Planning Officer                    |
| Colin Birks      | - | Property Services Manager                     |
| Bryan Williams   | - | Lead Surveyor                                 |
| Catherine Taylor | - | Architect                                     |
| Karen Knight     | - | Manager of Accommodation and Forward Planning |
| Rob Reid         | - | School Planning and Access Manager            |
| Zita Holmes      | - | Technical Project Manager – IT Services       |

### School:

|                       |   |   |
|-----------------------|---|---|
| Brigadier Peter Jones | - | School Governor   |
| Felicity Norman       | - | School Governor   |
| Bob Miles             | - | School Governor   |
| Dave Finch            | - | School Governor   |
| Richard North         | - | Headteacher – The Minster College to 31 <sup>st</sup> August 2008 |

### Authority:

|                   |   |  |
|-------------------|---|--|
| Malcolm MacAskill | - | Head of Asset Management and Property Services     |
| Colin Birks       | - | Property Services Manager                          |
| Mark Tansley      | - | Northern Team Leader – Planning Services           |
| Andrew Banks      | - | Principal Planning Officer                         |
| Bryan Williams    | - | Lead Surveyor                                      |
| Josie Smith       | - | Accountant (Capital and VAT Services)              |
| Wendy Boulter     | - | General Inspector Secondary                        |
| Tony Featherstone | - | Parks, Countryside and Leisure Development Manager |
| Rob Reid          | - | School Planning and Access Manager                 |
| Catherine Taylor  | - | Architect  |
| Richard East      | - | Project Manager                                    |

NB: Broader community consultation will take place during the design and planning application stages. In the meantime, Minster College has also hosted a display of the project in its foyer and invited parents, Leominster Town Council and the wider community to view the display.

## Appendices

Appendix 1 – Tender Evaluation Criteria

Appendix 2 – Tender Evaluation Reports

Appendix 3 – Project Board Risk Assessment Report

**Background Papers**

Cabinet Report – 27<sup>th</sup> March

Lead Cabinet Members decision notice – 27<sup>th</sup> June 2008



**THE MINSTER COLLEGE BSF OSP  
TENDER EVALUATION CRITERIA**

**14/12/2007**

**Evaluation Team**

- a: The Team will be comprised of 5 members. These being:
- The Headteacher,;
  - An LEA Representative;
  - A Financial Representative;
  - A Design Representative; and
  - A Technical Representative.
- b: All the above will be the “voice” for other stakeholders to feed back on proposals. Thus:
- The Headteacher: Representing Students, Staff and Governors;
  - An LEA Representative: Representing all Authority Education input;
  - A Financial Representative: To check financial information;
  - A Design Representative: Representing DQI and Planners;
  - A Technical Representative; Representing IT Services and Property Services Maintenance input.

**Evaluation Matters**

- a: The items identified for evaluation can be broadly divided into:
- 1: Cost:**
- Tender total within Budget;
  - Value for money;
  - Detail and reasonableness of values input on Contract Sum Analysis (CSA);
  - General balance overall and elemental cost checks of CSA.

**2: Design:**

Building aesthetics, (wow factor) and threshold recognition.

Relationship to environment, complimentary to site;

Use of space;

Community inclusion;

Educational acceptability – form and function – association of rooms;

Circulation suitability;

Outdoor education areas suitable;

Employer's Requirements fully met – number and size of rooms – capacity and size;

Flexibility of Design.

**3: Technical:**

Quality and robustness of the specification – life cycle and life span;

Maintenance implications of specification and design;

IT proposals sufficiency and in accordance with specification;

Employer's Requirements fully met – all technical requirements and statutory and recommendatory requirements complied with;

Green and sustainable proposals – energy and water usage predictions;

Service availability and suitability.

**4: Education:**

An over-arching assessment that all of the above proposals are acceptable, suitable and usable for the operation of the School and Education on the site in general and are positively promoting the building as an education establishment and enhancing the education of the students as well as enabling staff to carry out their functions better and easier, as well as providing a community focal point for the site.







## The Minster College BSF OSP Risk Register

22/08/08

### 1 No Tender returned within Cost Parameters

Probability: **Extinguished**

Impact: **Extinguished**

Concerns:

Concern about whether a Tender will be received that is within the cost parameters.

Resolution:

One Tender returned within Budget. Now down to negotiations within the 2nd stage D+B period to negotiate an acceptable outcome with the Preferred Bidder based on how well the Tenderers design proposal meets the Brief.

### 2 No Tender meets brief

Probability: **Extinguished**

Impact: **Extinguished**

Concerns:

Concern about whether any Tender will be received that meets the brief and is acceptable in design terms.

Resolution:

It was always likely that Tenders would be received back which did not meet the brief in some regard or another. However, with a 2 stage D+B we can now negotiate an acceptable outcome with the preferred Tenderer based on how well the Tenderers design proposal meets the Brief and how well it sits within the budget. The Brief should also be accurate and achievable in the first instance.

### 3 Delay in Tender date

Probability: **Extinguished**

Impact: **Extinguished**

Concerns:

The Tender may not go out to the Tenderers as programmed and that this will delay the completion of the project.

Resolution:

The Tender went out on the 14<sup>th</sup> December 2007. This risk is now extinguished.

### 4 The new Minster not occupied by July 2010

Preferred Bidder

Probability: **Low**

Impact: **Medium.**

Concerns:

Concern about whether the current Project Programme will produce School opening date early July 2010.

Resolution:

The revised programme for the project currently shows that the new Minster College will be open at the start of the Summer Holidays 2010, (July 2010). This enables the existing school buildings to be demolished during the Summer holiday period when the site is empty. A delay beyond this date would mean that the next available period for demolition would be the Christmas holidays 2010 with all the associated contractual problems and additional costs, (contract, security and operational) involved. The successful Contractor has confirmed the July 2010 date is achievable. However, any delay in approvals from Cabinet could jeopardize this by delaying the Contract completion, the Start on Site and by, potentially, increasing costs. The current programme has sufficient leeway within the Construction period to accommodate some programme slippage, but not if there is a deferment in the political will to procure the School. [See also Risk Nr. 8.]

## 5 Minster Numbers remain at 700 with small 6th Form

Probability: **Medium.**

Impact: **Medium.**

### Concerns:

Concern about whether having built a new Minster college for 900 pupils and a 120 6<sup>th</sup> Form numbers at the school continue as at present.

### Resolution:

Having secured funding to a 900 pupils school with 120 place 6<sup>th</sup> form there is no financial risk to the project. The risk remains with the school and the Authority in that changing demographics or political decisions may lead to this situation and this will then result in higher revenue costs than would have been expected in having to maintain, service and run a School, which is too big for the numbers of pupils in it.

It may be, however, that spare capacity can be used by other groups or community organisations. We await the outcome of Schools review for the area.

## 6 Planning called in for Review (3 months delay)

Probability: **Low**

Impact: **Medium**

### Concerns:

Concern about whether the Planning Permission could be called in for Judicial Review should objections be made to it.

### Resolution:

This could happen if objectors within the consultation period cannot be satisfied. If an official objection is made there is a 3 month window for the scheme to be called in and it would remain the Authority's risk if building were to start prior to this period expiring. The Full Planning Application has now been made and has been registered as valid. Sport England have written to confirm that they will not be making an objection. Full consultation with all interested parties, however, has undoubtedly reduced the risk of this happening by keeping people informed and dealing with their objections early.

## **7 Asbestos level 3 survey results delay demolition of Minster**

Probability: **Medium**

Impact: **Medium**

### Concerns:

There is a risk that because the Level 3 Asbestos Survey cannot happen until the Minster has decanted into the new buildings that either the level of Asbestos found exceeds the Provisional sum allowed for it's removal or the scale of the problem delays the completion date of the project.

### Resolution:

The Provisional Sum of £150,000 was allowed for this work within the Tender. The Level 3 Survey of the three storey teaching block revealed no reportable Asbestos present. This cannot be taken as an indicator for the rest of the Buildings but the £150,000 is still intact for this work

Any delay to the completion of the works will also have a financial effect but in terms of the DCSF timetable for completion the new School will already be open and should not cause a funding problem.

## **8 Unable to achieve acceptable agreement with selected contractor**

Probability: **Low**

Impact: **Medium**

### Concerns:

Risk that having chosen a preferred Contractor at the end of the first Tender period that no agreement can be reached during the second tender period on the contract detail.

### Resolution:

This would result in time delay, however, and this risk can be minimised by having robust selection procedures and criteria in place at the end of the first Tender period. Liaison to date would indicate that this is no longer a risk to the Contract

## 9 Existing services insufficient capacity

### Preferred Bidder

Probability: **Low**

Impact: **Medium**

### Concerns:

Concern about whether the existing services on site are of sufficient capacity to allow the testing and commissioning of the new Minster College buildings whilst the existing buildings are still in use.

### Resolution:

The Recommended Preferred Bidder has allowed for all necessary Service upgrades within their Tender.

## 10 ICT Passive and Active Works and FF&E procurement late or insufficient

Probability: **Medium**

Impact: **High**

### Concerns:

Concern about the integration of ICT and FF+E into the building fabric. Suitability of ducts provided for ICT cables, positioning of sockets and outlets for furniture provided. Furniture being the wrong shape or size for the rooms allocated to certain specialist subjects, etc.

Also concern about the uncertainty of Herefordshire Council's IT Services involvement in the project and in what capacity.

The integration of these elements of the work is a concern in terms of who will undertake these works and who will be responsible for ensuring that they are sufficient and complaint and also how will these works relate to the main contract in terms of attendance, builders work in connection, (holes in walls, plinths, fixings, etc.) and storage etc.

### Resolution:

The Successful Contractor has raised this point and are concerned about the co-ordination and integration of the ICT and FF+E within the building design.

Part of the risk has been reduced by instructing the Contractor to allow for Profit and attendance on these areas of work within their Contractors Proposals.

The ICT passive infrastructure is included within the main Contract work and the specification for this has been included within the Contract documents. In this case it is intended that IT Services will undertake a clerk of work/supervisor role to ensure

sufficiency of the specification and during construction the compliance of the works with the specification and with Herefordshire Council existing IT systems and networks

The FF+E work, (as agreed by the Project Board at their meeting of 16<sup>th</sup> May 2008), has been added back into the main contract as a Provisional Sum to allow suitable co-ordination with the design process to take place. This element of risk has now been passed to the Contractor who will establish the Schools requirements and procure the necessary furniture and equipment for the new School.

The ICT Active Hardware and Software works are intended to be carried out by IT Services under existing procurement contracts.

## **11 Health and Safety implications of building on existing school site**

Probability: **Medium**

Impact: **High**

### **CONCERNS**

Activities during the Construction process, deliveries, craneage, etc. create dangers on site for staff and pupils.

The School will require a safe passage to playing fields during the construction period.

Noise during the school day is also a potential problem especially during exam times.

Staff and student allergies etc.

### **RESOLUTION**

The Authority Brief includes details on specific Health and Safety concerns identified prior to the Contract being let and any specific requirements as to safe routes and noise are included here.

Other matters are bound to raise themselves during the Construction period and these will need to be resolved in conjunction with the successful contractor in a “partnership” relationship and as part of the ongoing CDM requirements.



## 12 Security and Vandalism during construction phase

Probability: **High**

Impact: **Medium**

### Concerns:

This is obviously a real concern for the contractor and Authority. The school already attracts its fair share of vandalism and with the allure of a building site this can only be expected to get worse.

### Resolution:

During school time it is to be hoped that this will not be such a problem and the Contractor will take precautions and erect a suitable security fence and or boarding to prevent access to the site.

Out of school hours it may be necessary for the contractor to provide full time security on the site. The co-operation of the Police will also be essential.

## 13 Detrimental effect on education of existing students during construction

Probability: **Medium**

Impact: **Medium**

### Concerns:

There is a real risk that the education of the pupils currently at the Minster will suffer as a result of the Construction process.

Not only is having a building site so close a distraction in terms of seeing what is going on, there is also the noise and, in certain weather conditions, the dust, which can cause distractions.

There is also the disruption caused by the decanting and the uncertainty caused by the loss of familiarity with the old School buildings.

### Resolution:

The erection of a suitable boarded fence between the site and the school would block the view for ground floor classrooms but not for first and second floor classrooms.

Some noisy building processes can be scheduled to be undertaken out of school hours and the site can be watered during hot, dry weather, although this can be frowned upon as a waste of water by some.

Once again a good relationship/partnership with the Contractor will be key to reducing this risk.

However, the construction process may also provide a benefit to the teaching of some subjects.

Make Exam timetables and locations available to the Contractor.

## **14 Public Rights of Way**

Probability: **Low**

Impact: **High**

### Concerns:

If the Public Rights of Way around and over the site remain open during the construction phase, there is a risk of trespass onto the site by unauthorised persons and the inherent Health and Safety risk to third parties of death or injury.

### Resolution:

As part of the works the Public Rights of Way will be temporarily closed during the construction phase will also be undertaken and is part of the Planning Application.

The Contractor's security arrangements for the site should also prevent this being a problem.

## **15 Access to new buildings during demolition and completion of external works**

Probability: **Low**

Impact: **High**

### Concerns:

There is a concern that accessing the new buildings following the decanting process will give rise to a Health and Safety risk.

### Resolution:

The demolition work is now scheduled to take place during the Summer holiday period in 2010. There may still be a limited requirement for access to the new building during the demolition phase but this will be minimal due to the timing of the works and can be accommodated by liaison with the Contractor.

## 16 Objections to using Castlefields as delivery route

Probability: **Medium**

Impact: **High**

### Concerns:

The current proposal that the Castlefields entrance onto the site is used for construction traffic might raise objection from residents.

### Resolution:

The Planners and Highways departments do not consider this as a problem as it is only for a limited period of time.

It can also be dealt with sympathetically by the Contractor under their Considerate Constructors Scheme.

Deliveries in any event will be timed to arrive outside drop off and pick up times for the schools and will need to be properly managed by the contractor on site as well.

## 17 Lack of HC resources delays scheme

Probability: **Medium**

Impact: **High**

### Concerns:

That there are insufficient personnel with the necessary specialisms and experience to procure the contract in a timely manner. The risk is that if it becomes apparent that members of the current team become overloaded with work or leave the Authority for whatever reason during the contract there will be a delay in engaging a replacement, which will have a knock on effect on the contract.

### Resolution:

This has already happened with the sad death of Jed Bayley and the inclusion into the development programme of the Wyebridge Academy which are likely to stretch technical support to the maximum.

Any further personnel shortages can be resolved by ensuring that there is a quick response to identified departures and slippages by employing consultants to fill the gap.

## **18 Authority prohibits use of Contractors listed by OFT for anti-competitive tendering behaviour.**

Probability: **Low**

Impact: **High**

### Concerns:

That the Authority may exclude Contractors listed on the OFT “cover pricing” list from Tendering or from entering into Contracts with the Authority.

### Resolution:

The OFT list contained 112 named Contractors, mostly for cover pricing. Only 9 Nr of those named were accused of price colluding and for having gained financial advantage by doing so in Tendering activities.

Stepnell's Head Company were named due to their association with George Law of Kidderminster who they also own. The accusations against Stepnell's Head Company is for cover pricing.

Unfortunately Mansell have also been identified in the Construction press as one of the nine who have benefitted financially from collusion.

All the companies named have a period of time to respond to the accusations made by the OFT and have not yet been found to be guilty. But should the Authority be minded to strike these companies from our Tender lists then potentially we would have to go out to Tender again with different Contractors.

No further information on these accusations has yet been forthcoming since the Project Board Meeting on 16<sup>th</sup> May 2008.

## LAND AT FARADAY ROAD, HEREFORD

### PORTFOLIO RESPONSIBILITY: ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES

CABINET

11 SEPTEMBER 2008

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#### Wards Affected

Three Elms Ward

#### Purpose

To seek approval for preparatory steps to be taken to acquire by agreement or make a potential compulsory purchase order for land at Faraday Road, Hereford, which is shown outlined in red on Appendix 1 (the "**Land**"). The Land is allocated for employment use at policy HE5 of the adopted UDP, and the Land is also needed for the relocation of businesses from within the ESG area as part of the wider redevelopment of the ESG area.

A further report to progress to acquire by agreement or to make any compulsory purchase order will be required.

#### Key Decision

This is not a key decision.

#### Recommendation

**THAT: Cabinet**

- a) **Authorises negotiations with the owners of all interests in the land at Faraday Road in an attempt to acquire the land by agreement;**
- b) **Agrees that the Council will in principle consider using its powers of compulsory purchase to promote an Order for the compulsory purchase of the Land and authorises preparatory steps to be taken as required in tandem with negotiations to acquire by agreement; and**
- c) **Notes that if the Land cannot be acquired by agreement, a further report confirming the financial implications and options available to the Council, and recommending a preferred course of action, will be prepared for Cabinet.**

#### Reasons

During the redevelopment of the area known as the Edgar Street Grid the Council will seek to relocate existing businesses located within development sites to new land and premises within Hereford. The majority of these businesses would wish to remain within the boundaries of Hereford City to the north of the river Wye.

Consequently there is a need to secure suitable employment sites within the area of

Hereford to the north of the river Wye. Although a number of vacant units are currently available on the market, the location, quality, planning use, and general suitability for relocated businesses is mixed and the units are scattered throughout the northern part of the City.

Faraday Road is allocated as employment land within the current UDP, and if acquired would provide a strategic site on which a range of new units for employment use could be constructed to meet the needs of relocated businesses from the ESG area, in a location close to the existing ESG site. Faraday Road is currently the only sizeable employment development site north of the river Wye.

## Considerations

1. ESG Herefordshire Ltd is a joint venture company set up, following Cabinet approval on 15<sup>th</sup> July 2004, by Herefordshire Council and Advantage West Midlands (AWM) to coordinate the redevelopment of the 100-acre (40.7 hectares) Edgar Street Grid site in Hereford. The Company is managed by a Board of fourteen Directors and a company secretary, overseeing the work of a small executive team. The Council is represented on the Board by the Leader and Chief Executive.
2. The Unitary Development Plan (UDP) and the subsequent Supplementary Planning Document (SPD) for the ESG development, informed by the ESG Masterplan, provide a robust planning policy and design framework for the overall redevelopment of the ESG site.
3. The ESG Masterplan identifies the creation of a number of different developments within the ESG area; the Retail Quarter, Urban Village, Catherine Street area, potential University Site and Transport Hub. The creation of these projects will require substantial preliminary infrastructure including the relocation of the existing Livestock Market, creation of flood mitigation works off site, and a new Link Road running from the A49 through to Commercial Road. The proposed location of these project areas and supporting infrastructure can be seen in Appendix 2.
4. The Retail Quarter lies in the south western corner of the ESG area and is the first of the redevelopment sites to be brought forward to the market. The site lies immediately to the north of the inner ring road that separates the development from the City's historic core. The site incorporates the Hereford Livestock Market and associated business premises.
5. The Urban Village covers a gross area of approx 30 acres primarily within the northern element of the ESG site. The Urban Village is not one site but rather an allocation of a number of correlating sites that together will be developed for residential purposes. The site currently includes the Merton Meadow car park, the Essex Arms training ground, and numerous private commercial properties including the large Jewsons builder's merchants.
6. The Link Road is required from a technical transportation viewpoint and will run from a location near the current BP petrol station on Edgar Street through to a reconfigured Station Approach and accompanying junction. This preferred line runs through land and property within a number of different ownerships.
7. It is estimated that 35 businesses will be affected by the first phases of development on the line of the Link Road and the Livestock Market; there is a need, as far as reasonably practicable, for these businesses to be relocated from their current location to others within the City. Further businesses will also be affected as future

phases of the development come forward. The precise number and size of these businesses requiring relocation is being formulated on an ongoing basis as certainty over development parcels and timescales is clarified.

8. The developers of the Retail Quarter and the Urban Village have already been selected, being Stanhope and Sanctuary respectively. The developers are planning and progressing the Retail Quarter and Urban Village developments and together with the Council and ESG, will be seeking to acquire by agreement the interests needed for the implementation of the Retail Quarter and Urban Village schemes and necessary supporting infrastructure.
9. There are a number of businesses likely to be suitable for relocation to the Land at Faraday Road. The Council's Economic Development Service have commissioned Drivers Jonas to produce a report into the relocation needs of the ESG businesses, in particular those who will be affected by the Retail Quarter and Link Road projects. It is expected that this report will be completed in September 2008.

### **Land At Faraday Road**

10. The Land at Faraday Road lies within an area of safeguarded employment land under Policy E5 of the Herefordshire Unitary Development Plan, which resists the loss of proposed employment land unless there would be substantial benefits to residential amenity. The total area of the plot extends to 4.3 acres; the site is cleared, flat and has access through the Westfields Trading Estate.
11. The site was previously used by Sun Valley as part of its overall food preparation operation in Hereford, and was formerly part of the chicken processing plant that adjoins the site to the west.
12. Bovale Limited acquired the site in 2003 and unsuccessfully applied for planning permission for a residential care village in May 2006. Bovale appealed against the Council's refusal to grant planning permission, and the appeal was subsequently dismissed following an inquiry. However, Bovale is seeking a statutory challenge of the Inspector's decision which will be heard on 12th October 2008.
13. Faraday Road is considered by the Council and ESG Herefordshire Ltd to be currently the only sizeable, cleared employment development site with vacant possession north of the river of strategic value. Its development in accordance with its UDP allocation is considered of key importance. In addition, due to the scarcity of suitable land, the Land at Faraday Road is likely to be required for the relocation of a number of existing businesses to be acquired as part of the redevelopment of the ESG area.

### **Council's Powers of Compulsory Purchase**

14. Under the power to be used to compulsorily acquire the land, *S226 Town and Country Planning Act 1990 ("TCPA")*, the Council as the acquiring authority has the power to acquire compulsorily any land in its area if it thinks that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land.
15. It is considered that the development of the Land at Faraday Road in accordance with its UDP allocation for employment use is of key importance. The ESG redevelopment scheme is also considered of key importance, and this would be supported by the redevelopment of the Land at Faraday Road.

## **Financial Considerations**

16. There will be a financial implication of acquiring the Land at Faraday Road, either by negotiation or via a compulsory purchase order. The preparatory work being authorised will include confirming appropriate sources of funding to finance the acquisition and this would be progressed and reported on in a subsequent report to Cabinet, should the Council be asked to confirm that it will acquire the Land by agreement or compulsory purchase order.
17. Initial discussions have taken place with the District Valuer, to discuss the value parameters of the site, and a meeting with the current owner's agent is planned for early September 2008. Depending on the outcome of the meeting, a detailed valuation may be progressed. This valuation will then form the basis for the Council's negotiations with the owner of the Land.
18. A detailed financial model for the costs of acquiring the Land at Faraday Road will be prepared as the land acquisition and/or the preparatory steps in relation to any compulsory purchase order are pursued, and this will include all legal and professional fee costs. Cabinet will receive a further report on the cost implications of acquisition prior to a request for final agreement to acquire the Land or make a compulsory purchase order and this further report will include the detailed financial model for the acquisition and an assessment of the funding options available to the Council and the implications for the Council's Medium Term Financial Strategy.

## **Risk Management**

Independent advice has been sought throughout regarding the legal process to be followed.

Independent valuation advice will also be sought with regard to the value of the Land in order to ensure value for money.



## **Alternative Options**

An alternative option is continuing to await the coming forward of employment proposals from the existing landowner. However, the current landowner has shown no willingness to progress such proposals and it is considered that a key employment site should not be lost.

In relation to the ESG relocations, an alternative is to investigate the potential to acquire numerous smaller plots of vacant employment land or units as an alternative to acquiring one strategic site. However, the businesses would need to agree to relocate to any such sites, and currently this Land is considered to be the only sizeable, cleared, employment development site with vacant possession north of the river of strategic value. The implications of this site not coming forward for employment land for the ESG redevelopment would be to reduce the risk of not being able to acquire the required amount of relocation land for ESG relocations. The benefits of securing a cleared and serviced site for relocations in proximity to the city centre, with vacant possession, north of the river (reduced acquisition costs, no demolition costs, creation of new business destination) would not be realised.

## **Consultees**

ESG Herefordshire Ltd has been instrumental in the identification of this particular site for the relocation of businesses affected by the ESG redevelopment and has been consulted throughout.

No detailed stakeholder or business consultation has occurred to date although as mentioned in Point 9 above, the Council are surveying affected ESG businesses as to their relocation needs which includes inquiring about preferred relocation sites.

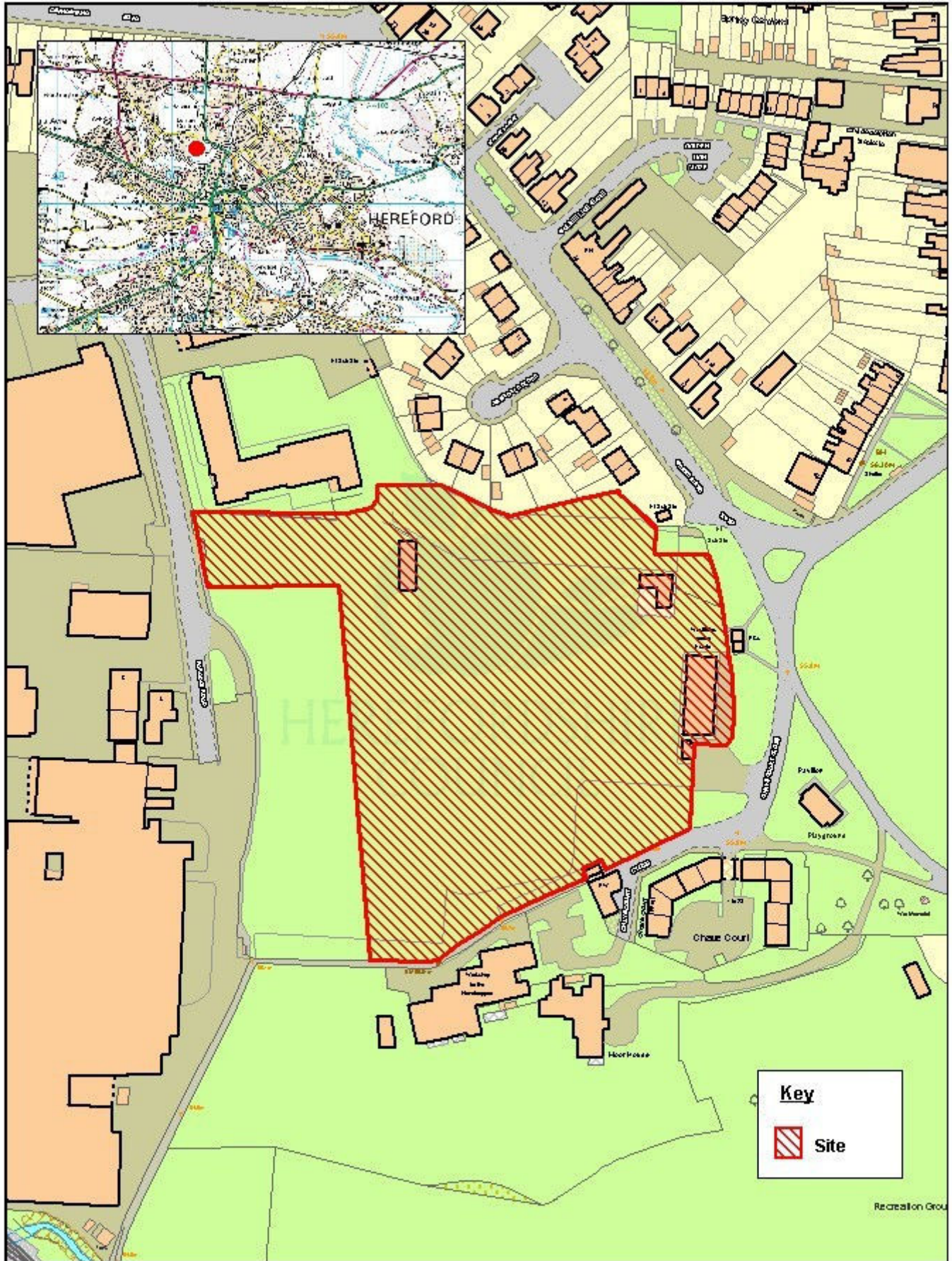
## **Appendices**

- |            |   |
|------------|---|
| Appendix 1 | Location Map of Faraday Road (Colour copies will be available at the meeting) |
| Appendix 2 | ESG Projects Location Map (Colour copies will be available at the meeting)    |

## **Background Papers**

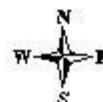
None.





**Appendix 1 - Land at Faraday Road**  
**Scale 1: 2000**

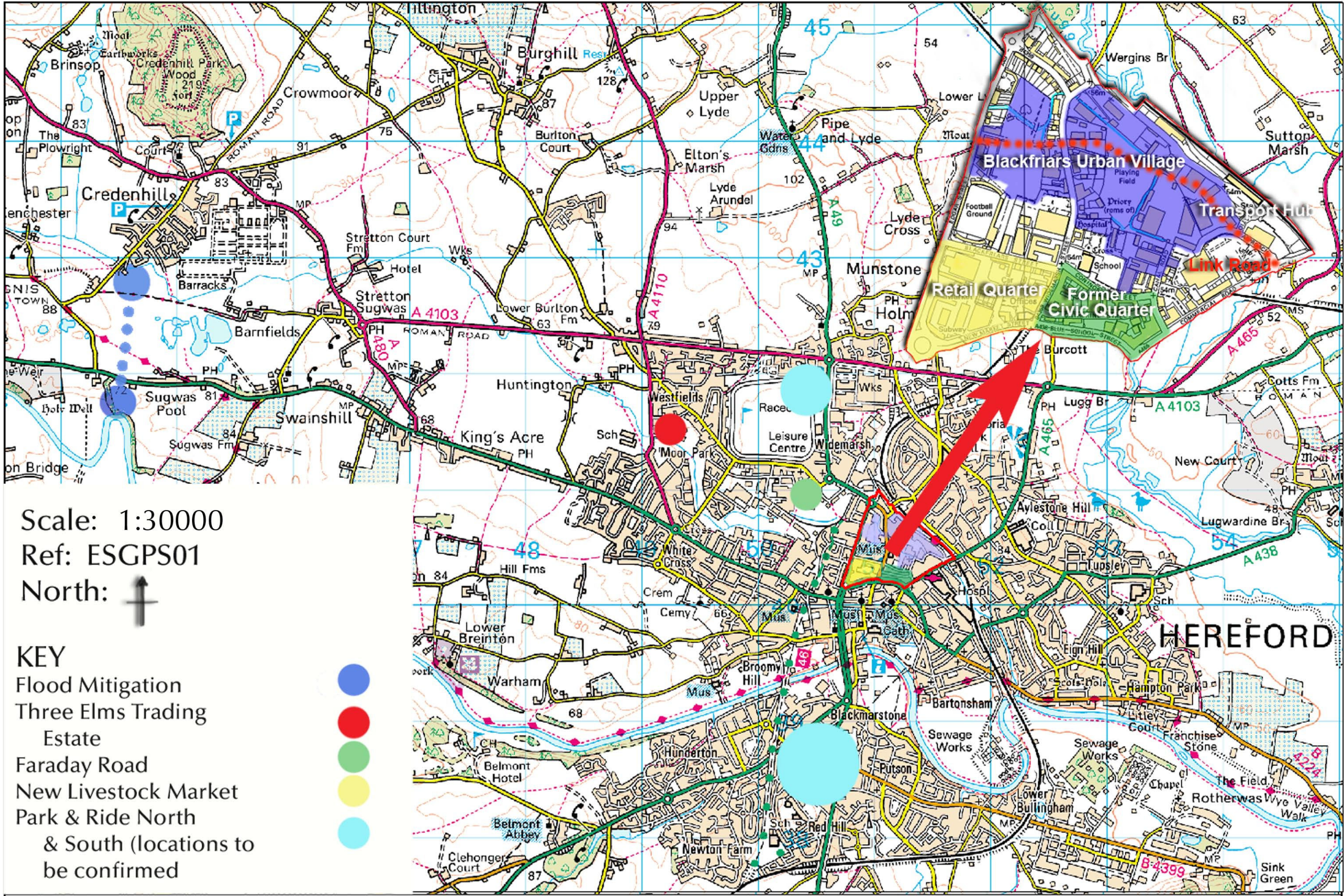
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Scale: 1:30000  
 Ref: ESGPS01  
 North: ↑

**KEY**  
 Flood Mitigation  
 Three Elms Trading Estate  
 Faraday Road  
 New Livestock Market  
 Park & Ride North & South (locations to be confirmed)

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## ESG MASTERPLAN

### PORTFOLIO RESPONSIBILITY: ENVIRONMENT AND STRATEGIC HOUSING

CABINET

11 SEPTEMBER 2008

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#### Wards Affected

Wards in Hereford City.

#### Purpose

To seek endorsement of the ESG Masterplan as a material consideration in the determination of relevant planning applications.

#### Key Decision

This is not a key decision.

#### Recommendation

**THAT the ESG Masterplan be endorsed as a basis for the ongoing development of the ESG area and as a material consideration in the determination of relevant planning applications both within and outside the ESG area where such applications are of relevance to the ESG proposals.**

#### Reasons

To define the status of the ESG Masterplan as a material consideration within the planning process.

#### Considerations

1. ESG Herefordshire Ltd have been engaged in the review and finalisation of a Masterplan to provide a framework within which the regeneration of the area can proceed. Developed on the basis of original proposals in 2004, a draft Masterplan was issued in 2007 and subject to wide consultation.
2. Following consideration of responses, the Masterplan was adopted by the ESG Board in May. A successful public launch was held in early July.
3. A copy of the Masterplan is available in the Members room for information.
4. The Masterplan has been developed to take forward UDP policies which provide for key aspects of the ESG proposals. In doing so, it has been prepared in full cognisance of the adopted Supplementary Planning

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Further information on the subject of this report is available from  
Peter Yates, Planning Policy Manager, on 01432 261952

Document for the area, which establishes a design framework. The UDP, SPD and Masterplan have been developed to be complementary.

5. The Masterplan is a flexible framework for the delivery of the ESG regeneration scheme within the context of planning policy. It includes significant retail, residential and leisure development and necessary infrastructure provision, as envisaged in the UDP. The Masterplan provides more detail and develops several areas of new thinking, reflecting the experience to date of implementing the overall scheme including the selection of partners. These areas include:
  - emphasis on addressing and improving connectivity between the Retail Quarter and the wider city centre;
  - renaming the Civic Quarter as the Catherine Street area, with a wider range of city centre uses now proposed, reflecting the more recent emphasis on providing public sector 'back office' accommodation elsewhere;
  - Identification of sites for West Mercia Constabulary, University and transport hub;
  - Clearer focus on the Blackfriars Urban Village as a sustainable community in the north of the area;
  - A number of other minor variations to scheme details as set out in the UDP. For instance, reflecting concerns over the viability of moving the Football Club stadium to the north of the ESG area as suggested in the original 2004 proposals and the UDP, the Masterplan provides for its redevelopment in situ.
6. Overall the Masterplan is consistent with and supportive of planning policy, providing a sound basis for the implementation of the UDP's proposals for the regeneration of the ESG area. The Masterplan will thus support both the expansion of Hereford city centre and help meet other development needs identified in the UDP, as well as contribute to the wider sub-regional role of the city envisaged in the Regional Spatial Strategy.
7. It is now recommended that the Council endorse the masterplan as a material consideration within the planning process. As such it will have an acknowledged and defined importance in the determination of planning applications, whilst not overriding the Council's established development plan policies in the UDP, the SPD and the emerging elements of the Local Development Framework. It is worth recording that Inspectors at recent planning appeals (Holmer Road) have referred to the draft masterplan and given it weight in their deliberations.
8. Endorsement of the Masterplan in the terms now proposed will underline the role of the Masterplan in delivering planning policy, aid in the defence of the Council's planning policies, and complete the package of local policies and guidance that will influence and shape the regeneration of the ESG area.



**Financial implications**

No direct financial implications.

**Risk Management**

No specific risks associated with the decision.

**Alternative Options**

Not to adopt the Masterplan.

**Consultees**

ESG Herefordshire Ltd

**Background Papers**

ESG Herefordshire Ltd., Masterplan, June 2008.

