

REVIEW OF THE SERVICE DELIVERY PARTNERSHIP WITH AMEY WYE VALLEY LIMITED

Report By: Director of Environment and Culture

Wards Affected

County-wide

Purpose

To seek the views of the Committee on the draft recommendations from the Service Delivery Review of the Council's Service Delivery Partnership with Amey.

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: to review 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 are:
 - To review alternative forms of delivery with a view to securing annual savings to the Council of a minimum of £1 million; and,
 - 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 are now in draft form.
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 a Project Team was led by the Acting Head of Highways and Transportation. 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. The review has been undertaken in two phases. These are as follows:
 - a. Phase 1: review of a wide range of options against key criteria
 - b. Phase 2: detailed review of remaining options selected from Phase 1

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7. It is anticipated that, subject to approval by Cabinet, formal negotiations will be undertaken with Amey to secure improvements to the partnership and make appropriate consequential revisions to contractual arrangements.

Involving Staff and Stakeholders

8. 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.
9. 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.
10. A Staff Focus Group was also been established to provide a further opportunity for staff to be involved in the review. Representatives from this group were invited to attend Project Board and Project Team meetings and to provide challenge at key stages in the review process.
11. 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.

Phase 1 – Shortlisting

12. 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.
13. 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.
14. 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.
15. 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 the delivery, based on the approach adopted by Gloucestershire County Council. This has adopted a strategic

approach and established a single delivery organisation without staff transfer taking place and staff remaining employees of their original employer.

16. 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; and,
 - **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 – Detailed Analysis and Recommendations

17. Phase 2 of the review has considered the shortlisted options in more detail to identify a potential model for future implementation in Herefordshire. A draft phase 2 report has been produced and is enclosed separately for Members of the Committee to comment and is available to members of the public on request. The report is intended to form the basis of a report to Cabinet in July to inform Cabinet of the outcome of the review and seek approval to proceed to formal negotiations with Amey regarding changes to the partnership and contractual arrangements.
18. 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 draft 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.
19. 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.
20. The draft 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 model 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.
21. 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. In summary the key elements are:
- a. A strategic interface between organisations offers the greatest opportunity for

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savings. An integrated service delivery organisation implemented using either the managing agent or integrated services model is likely to be the most efficient allowing better planning and a greater opportunity to identify synergies between services.

- b. The two alternative models for delivering the integrated service organisation should form a suitable basis for negotiation.
 - c. Improved performance management arrangements should be adopted drawing the best from all models.
 - d. Improvements should be made to service user input and best practice sharing through adoption of a Watchman scheme to improve links with local communities, drawn from the Managing Agent reference site.
22. The Committee is invited to make comments on the draft report from the review and highlight any issues that they would wish to bring to the attention of Cabinet when considering the way forward.
23. Any comments from the Environment Scrutiny Committee who are to receive an update at their meeting on 9 June will be reported at the meeting.

RECOMMENDATION

THAT the comments of the Committee in relation to the draft Service Delivery Review Phase 2 report be noted and taken into account in finalising the report for consideration by Cabinet.

BACKGROUND PAPERS

- Service Delivery Review - Draft Phase 2 Report - Review of Herefordshire Council's Strategic Partnership with Amey