

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