

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 9th 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.

Customers	Service so good our customers become and stay loyal Amey fans.
Powerful team	On our own we're good. As a team we're outstanding
Protecting people	Caring for our people, the public and the environment.
Performance & profit	Achieving unbeatable performance and results, aiming to do even better.
Winning	Winning for me, for the team, for our company. 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.