



Infrastructure+



Staffordshire
County Council

Infrastructure+
Final Business Case
February 2014

Review Distribution List	
Helen Riley	Executive Sponsor, Deputy Chief Executive and Director for Place
Ian Turner	Project Sponsor, Head of Place Delivery Ventures
Ian Wykes	Commissioner for the Rural County
James Bailey	Commissioner for Highways and the Built County
Clive Thomson	Commissioner for Transport and the Connected County
Janene Cox	Commissioner for Tourism and the Cultural County
Michelle Sacks/ Clair Ruskin-Brown, Sarah Dean, Kevin Parkes	Legal
Phil Keeling, Chris Gill, Janet Caiazzo	Finance and Pensions
Paul Timmins, Matt Sutton, Ian Goodwin	Procurement
Lisa Bridger	Human Resources
Debbie Harris	Internal Audit
Catriona Hudson	Organisational Development
Dave Hole, Robert Flinter, Ashley Cooper	Transformation Support Unit

Version History		
Version Number	Date Released	Change / Reason for Change / Comments
V0.1	15 th Jan 14	First draft
V0.2	15 th Jan 14	Draft incorporating contribution from Ian Goodwin
V0.3	17 th Jan 14	Draft incorporating contribution from Sarah Dean, Matthew LeDoux-Deakin and Dzenana Hurem and

		updates by Jenny Pierpoint
V0.4	17 th Jan 14	Updated by Jenny Pierpoint and including drafting notes and questions
V0.5	20 th Jan 14	Updated by Jenny Pierpoint and incorporating comments from Phil Keeling, Lisa Bridger, Ashley Cooper, Dave Hole, Robert Flinter, Catriona Hudson and James Bailey
V0.6	20 th Jan 14	Updated following page turn review by Commissioners, Ian Goodwin and further contributions from Ashley Cooper, Ian Wykes and Lisa Bridger
V0.7	21 st Jan 14	Draft incorporating contributions from Matthew LeDoux-Deakin and Ian Goodwin.
V0.8	22 nd Jan 14	Draft incorporating contributions from Matthew LeDoux-Deakin, Jenny Pierpoint, Chris Gill and Ian Goodwin.
V0.9	23 rd Jan 14	Incorporating changes from Jenny Pierpoint, Ashley Cooper, Matthew LeDoux-Deakin, Debbie Harris, Ian Turner and Chris Gill
V0.10	24 th Jan 14	Updated following page turn review with Helen Riley, Place Commissioners, Phil Keeling and Ian Goodwin
V1.0	24 th Jan 14	Submitted to SLT
V1.1	31 st January	Submitted to Pre-Cabinet
V1.2	4 th February	Amended following changes suggested by SLT on 3 rd February. Submitted to Pre-Cabinet.
V1.3	10 th February	Amended following changes suggested by Pre-Cabinet on 5 th February. Submitted to Cabinet.

TABLE OF CONTENTS

Executive Summary	6
What is the Question?.....	11
Know Your Customers	21
Outcomes and Priorities	30
What will it look like?	40
How will we get there?	64
Measuring the impact.....	72

INDEX OF FIGURES

Figure 1: Critical Success Factors.....	13
Figure 2: Revenue and Capital Budget	16
Figure 3: Project Governance	19
Figure 4: Stakeholder Engagement.....	23
Figure 5: Outcome Process.....	31
Figure 6 : Procurement Plan - High Level Milestones	32
Figure 7: Outcome Categories and Weightings.....	34
Figure 8: Operating Plans and Relative Weightings	35
Figure 9: High Level Outcome of Evaluation	36
Figure 10: Internal Audit	38
Figure 11: Contract Extension Mechanism.....	41
Figure 12: Amey's approach to developing outcome linked KPI's and Operational indicators in the Highways Maintenance operating plan.....	44
Figure 13: Proposed Governance Structure.....	46

Figure 14: High Level Staffordshire County Council Organisational Arrangements Model	49
Figure 15: Contract Management for Transitional Phase	51
Figure16: Legal Contract Governance	52
Figure 17: Mobilisation and Transition Programme	56
Figure 18: Commercial Evaluation Criteria.....	58
Figure 19: Amey - Cumulative Savings Against Baseline Costs (%).....	59
Figure 20: Amey - Cumulative Savings Against Baseline Costs (£'s).....	60
Figure 21: Transition Governance	65

APPENDICES

- Appendix A: Outcomes Chain
- Appendix B: Services in Scope
- Appendix C: Strategic Options Appraisal
- Appendix D: Outline Business Case
- Appendix E: Customer Insight Report
- Appendix F: Stakeholder Register
- Appendix G: Community Impact Assessment (CIA)
- Appendix H: Consultation Report
- Appendix I: PQQ Procurement Report
- Appendix J: Outline Solution Evaluation Procurement Report
- Appendix K: Final Bid Evaluation Procurement Report

INFRASTRUCTURE+

EXECUTIVE SUMMARY

PURPOSE OF THIS DOCUMENT

- 1.1. This document forms the final business case for the Infrastructure+ project and will support Cabinet in its decision as to whether to award the Infrastructure+ contract to Amey.
- 1.2. In June 2013 Cabinet approved the strategic decision to proceed with the procurement of a private sector partner with which to establish a strategic partnership for the delivery of a number of infrastructure-related requirements.
- 1.3. The procurement process started on 8 July 2013 with the publication of the contract notice and the Pre-Qualification Questionnaire in the Official Journal of the European Union (OJEU). Three final bids were received on 13 December. Evaluation of these bids and the identification of a Preferred Bidder was completed on 21 January 2014.
- 1.4. Amey LG Ltd (Amey) has been identified as our Preferred Bidder.

THE INFRASTRUCTURE+ VISION

- 1.5. With the current Highways Term Maintenance contract coming to an end and a strong desire across the County Council to change the way we provide services to the people of Staffordshire, the Infrastructure+ project has sought to put in place a solution that not only mitigates risk but also represents an ambitious step change in the delivery of infrastructure across the county.
- 1.6. Outcome-led and bringing together services that have traditionally been provided via very different delivery models, Infrastructure+ is attempting to harness the synergies within the scope of the project, whilst also maximising the value to be had through a different type of contract arrangement with a partner that understands our vision.
- 1.7. Based on a strong understanding of the market capabilities and appetite reached during a competitive procurement process, we have been able to develop an innovative solution that moves away from a traditional contract based on the specification of inputs and outputs and towards a partnership that will jointly commit to achieve outcomes that will contribute to economic growth and prosperity, deliver savings for the County Council, improve the quality of services delivered and place the needs of businesses, residents and partners at its heart.

PROJECT SUMMARY

- 1.8. Work on the Infrastructure+ project started in May 2012 as part of the wider Place Delivery Models project. After a period of business analysis involving demand analysis and market intelligence and, following the publication of the Commissioning Framework further work to ensure the project was focussed on outcomes, the project submitted a Strategic Options Appraisal to Informal Cabinet in March 2013.
- 1.9. This argued the case for the County Council to establish a physical infrastructure partnership for the delivery of a range of Infrastructure+ outcomes. Informal Cabinet approved this strategic option and requested that the infrastructure elements of the Place Delivery Models project be separated to form the Infrastructure+ project.
- 1.10. The scope of the project involves services from Highways Maintenance, Highways Improvement & Development, Professional Services, Country Parks and Rights of Way Maintenance, and Grounds Maintenance at Shugborough. It involves approximately 240 County Council Full Time Equivalents (FTE's) and 188 FTE's employed by Enterprise, our current incumbent on the Highways Terms Maintenance contract joint venture.
- 1.11. The net revenue and capital budgets associated with the services in scope is c£66million, based on 2013/14 figures.
- 1.12. Approval of the strategic option in March 2013 enabled the development of an Outline Business Case, which presented the case for the procurement of a strategic partner, based on a contract, to work with the County Council on a long-term basis to deliver the Infrastructure+ outcomes.
- 1.13. With the Outline Business Case approved by Cabinet in June 2013 and the procurement preparation work having been undertaken in parallel, the procurement of the Infrastructure+ strategic partner commenced on July 8th 2013 with the publication of the OJEU Notice and the Pre-Qualification Questionnaire (PQQ).
- 1.14. Notably, this procurement was focussed on outcomes. Moving away from a prescriptive input/output type contract based on a schedule of rates payment mechanism (an arrangement that is contract management heavy and does not motivate the contractor to deliver innovation or savings), the procurement evaluation criteria, having been guided by Members, was centred around the ability of the Bidders to achieve the Infrastructure+ outcomes and sub-outcomes that had been identified and agreed.
- 1.15. A Competitive Dialogue Procurement Process was followed which involved a PQQ phase and two phases of dialogue. The number of Bidders was reduced during the

process at three de-selection points; the end of the PQQ phase, the end of the first phase of dialogue and the end of the second phase of dialogue.

- 1.16. Final Bids were submitted on 13th December and final bid presentations heard by Members and officers on 17th December. Following a rigorous period of evaluation the evaluation process was completed on 21st January 2014 with the announcement of Amey as our Preferred Bidder, a decision made by Member delegated authority.

PROJECT STAKEHOLDERS

- 1.17. The Infrastructure+ project has dealt with a wide range of stakeholders both internal and external.
- 1.18. Project governance has had strong Member and Senior Leadership Team representation at Project Board level and has, at all stages in the project sought to keep political stakeholders fully informed.
- 1.19. Critical external partners, such as national organisations and neighbouring authorities were also involved in the dialogue process itself with the ability to discuss their ideas directly with the bidders.
- 1.20. At the heart of the project, and the greatest asset to the future partnership, are the staff affected by the scope of the project. The project has engaged with affected staff at all stages both to support them through the project and to involve them in the procurement process itself. The aim has been to be as open and transparent as possible. To this end staff have played an important role in developing specifications, participating in dialogue and providing subject matter expertise to the core evaluation team.

OUR PREFERRED BIDDER

- 1.21. The proposed solution from Amey is for a 10 year contract, with provision to extend up to 20 years in total, subject to a regular partnership refresh process considering part performance and ongoing ability to meet Council outcomes.
- 1.22. The commercial response from Amey was consistently stronger across all elements of the commercial model, with the lowest prices. Their commercial approach ensures that the council will achieve best value in immediate maintenance and project delivery, project management costs and continuous improvement plans.
 - Amey have committed to a reduction in routine maintenance costs of 25% in the first year of the contract. This equates to an ongoing saving of £1.87million which, in the first year is offset by mobilisation costs of £0.67million.
 - Amey have proposed to generate annual guaranteed maximum payments to provide budget certainty.

- They have committed to a breakeven position on Shugborough grounds maintenance costs by year 3.
- The solution will include the establishment of a design hub in Staffordshire, increasing external work in the Highways Laboratory and construction works. By Year 5 this is predicted to bring additional economic benefit to Staffordshire of approximately £2.75million per annum. This represents 300% growth to the baseline figures.
- The proposal also includes ongoing reductions in the cost of services, as detailed at Figure 17.

- 1.23. Their approach to fee sensitivity also ensures that the council will fully understand the implications of budget change on the operator's fee, ensuring continuous best value.
- 1.24. A key strength of the Amey solution is the focus on engagement with local communities, businesses, small and medium enterprises (SME's) and stakeholders. Amey refer to this in their bid as an "Ecosystem". It will capture inputs and communication from all stakeholders, raise awareness of issues, increase public perception, raise customer satisfaction levels and enhance the reputation of the County Council and its partners.
- 1.25. Amey also demonstrated how improvements will be made through the implementation of their Standard Operating Model (SOM). In conjunction with their Operations Control Room (OCR), real time information will be captured and passed to customers and stakeholders, quickly and accurately responding to request, emergencies complaints or requests for service.
- 1.26. The asset management approach demonstrated by Amey was a clear differentiator between the three final submissions. By integrating four IT based systems, Amey will ensure we get maximum value for money and involve people in where and how we spend that money.
- 1.27. Through the course of the competitive dialogue process, a clear understanding developed between the County Council and Amey teams. The nature of the County Council's Commissioning Cycle and the outcomes approach represented a step change from traditional procurement routes. Amey demonstrated a clear understanding of this throughout dialogue process and in their final submission. In particular, their understanding and interpretation of outcomes and how they should be translated into flexible service levels was well articulated and relevant to the project.

NEXT STEPS

- 1.28. This Final Business Case supports the Cabinet Report which seeks Cabinet approval for the award of the Infrastructure+ contract to Amey.

- 1.29. This Final Business Case has been considered by the Senior Leadership Team (27th January 2014) and has been presented to both the Prosperous Staffordshire Select Committee (12th January 2014).
- 1.30. Subject to Cabinet approval and the County Council's call-in period, the next step would be to start the formal contract award process with a view to completing the contract by the end of March 2014.
- 1.31. Following contract completion there would be a period of transition during which time the governance of the strategic partnership would be formalised, the current contractual arrangements de-mobilised and the new arrangements put in place. This work is anticipated to be completed by late summer 2014.

WHAT IS THE QUESTION?

PURPOSE OF THIS SECTION

- 2.1. This section sets out the strategic case for the creation of a strategic partnership with our Preferred Bidder: Amey.
- 2.2. It will outline the background to the project, the drivers for change, the scope of services included and the journey the project has been on to identify outcomes, options and the commissioning question. In so doing it will demonstrate the strategic fit of the project with the direction and priorities of the County Council.
- 2.3. The Commissioning questions that have been approved by the Project Board and Informal Cabinet are
 - How do we maintain and improve our infrastructure assets to support economic growth, connectivity and equality of access, whilst reducing the impact of the network on the environment?
 - How do we harness the potential of our cultural assets to maximise economic growth and inward investment, ensuring that our customers benefit from quality learning, recreational and cultural opportunities?

BUSINESS DRIVERS

- 2.4. The Infrastructure+ project is driven by a number of business needs. Creating a strategic partnership with Amey will address these drivers and assist the County Council to manage the risks they present.
- 2.5. The Outline Business Case presented to Cabinet in June 2013 presented the business drivers, and these can be summarised as follows:
 - **Outcome-based Commissioning:** The introduction of the Commissioning Framework in early 2013 changed SCC's approach to the delivery of services. The Commissioning Framework seeks to deliver outcomes rather than services and seeks to do so through the most appropriate and value for money solution; whether that be in house delivery, partnership arrangements or via a private/third party provider.
 - **Financial Pressures:** Challenging and ongoing financial savings targets which can no longer be met through structural changes are driving the need to do something different in order to protect the future of some of the services in scope. As part of the MTFs process, the County Council has set a target of £12m in respect of procurement savings across all County Council activity.

Delivery of savings from the Infrastructure+ project is a key component in regard to the delivery of this challenging target.

- **Contract Expiry:** A critical business driver was the expiry of the Highways Term Maintenance Contract with Enterprise. With no option to extend this contract, a new contract has to be in place by the end of March 2014.
- **Market Change:** Changes in the market and new technological advances now mean that improvements to the services in scope are now easier or more cost effective to deliver. Private sector companies have increased in capability and due to mergers and acquisitions there are now a smaller number of larger providers with more technical capacity than historically available. These providers are increasingly in a position to accept longer term performance risk and hence prepared to be contracted to deliver to an outcome specification.
- **Localism and Partnership Working:** Customers now expect the best possible services for the money they spend. This has led to new focus with the County Council working ever more closely with other local authorities, public sector bodies and other partners. There is a long recognised appetite to work more closely with Staffordshire's District and Borough Councils to deliver the best possible local street scene environment. We also appreciate the need for strong and effective customer service and communications with all our customers and partners.

2.6. In addition, recent work to develop the Council's future vision through the "Achieving Excellence" programme will see further focus given to translating our outcomes into sub-outcomes and enablers. Infrastructure+ will contribute towards this through the creation of a strategic partnership which will foster the flexibility to deliver savings in the future whilst maintaining a focus on outcomes.

STRATEGIC OBJECTIVES AND CRITICAL SUCCESS FACTORS

2.7. Responding to these business drivers, the Infrastructure+ project set out to identify the most advantageous arrangement to deliver a range of infrastructure-related outcomes.

2.8. On inception the Infrastructure+ project sought to deliver against three of the nine strategic priorities published in spring 2011, as follows:

- Staffordshire's economy prospers and grows, together with the jobs, skills, qualifications and aspirations to support it
- Staffordshire is a place where people can easily and safely access everyday facilities and activities through the highways and transport networks
- Staffordshire's people and communities can access, enjoy and benefit from a range of learning, recreational and cultural activities

whilst also contributing to the over-arching strategic outcome:

- Staffordshire’s people are involved in shaping the delivery of public services.
- 2.9. Following the work in late 2013 to refine these nine strategic priorities into three priority outcomes, the project can now be aligned to all three priority outcomes, which are:
- Be able to access more good jobs and feel the benefits of economic growth
 - Be healthier and more independent
 - Feel safer, happier and more supported in and by their community
- 2.10. In addition, the project has established a set of agreed core objectives, as follows:
- To maintain and improve the condition and usability of our physical assets;
 - To reduce cost of delivering the services and reach the lowest whole life cost of asset ownership;
 - To involve communities in decisions and delivery of infrastructure;
 - To improve customer satisfaction in Staffordshire County Council and to enhance its reputation.
- 2.11. To ensure that the project is focussed on achieving these outcomes and objectives, a set of Critical Success Factors which outline the key things the project must deliver, was developed with Place Commissioners and agreed by the Project Board, SLT and Cabinet.
- 2.12. The CSFs formed the basis for the evaluation of options in the Strategic Options Appraisal and were used throughout the procurement process as the basis for the evaluation criteria. They will also form the basis for articulating and quantifying the benefits associated with the project.
- 2.13. The project’s Critical Success Factors and their sub-factors are:

Figure 1: Critical Success Factors

Increased value and prosperity for Staffordshire through a positive impact on jobs and growth
<ul style="list-style-type: none"> • Attract inward investment to Staffordshire • Provide more and better jobs within Staffordshire
<ul style="list-style-type: none"> • Contribute towards an increase in Gross Value Add (GVA) across Staffordshire
<ul style="list-style-type: none"> • Actively encourage and support business growth
A customer focussed service which enhances customer satisfaction and the reputation of the Council

<ul style="list-style-type: none"> • Ensure an appropriate level of quality as defined by customers
<ul style="list-style-type: none"> • Improve customer satisfaction
<ul style="list-style-type: none"> • Improve and / or enhance customer access to services
<ul style="list-style-type: none"> • Improve the quality of communication and engagement with customers
Financially sustainable and resilient services
<ul style="list-style-type: none"> • Attract investment into services
<ul style="list-style-type: none"> • Improve efficiency and value for money
<ul style="list-style-type: none"> • Identify and develop potential commercial opportunities where appropriate
The flexibility to meet changing future demands through innovation and development
<ul style="list-style-type: none"> • Provide flexibility to meet changes in demand, environment or scope
<ul style="list-style-type: none"> • Maximise service user involvement in the delivery of services
<ul style="list-style-type: none"> • Promote Staffordshire’s reputation as a forward thinking and entrepreneurial county; locally, regionally and nationally
<ul style="list-style-type: none"> • Incentivise improved service levels and innovation, including new products/services, where appropriate
<ul style="list-style-type: none"> • Maintain and develop skills and expertise

THE COMMISSIONING QUESTION

- 2.14. In view of the business drivers and after identifying the project’s core objectives and Critical Success Factors, further work was undertaken to explore and agree the project outcomes, sub-outcomes and commissioning question.
- 2.15. This work considered the County Council’s strategic outcomes and looked at how the Infrastructure+ project should contribute to these outcomes. At all stages of this work, which involved the Director for Place, Place Commissioners and the Head of Place Delivery Ventures, efforts were made to avoid looking at outcomes through the lens of current services. Rather than assuming that “we do the right things already” the project sought to identify the best way to achieve the outcomes regardless of current arrangements. An outcomes chain (shown in Appendix A) was developed that linked the strategic outcomes with the activities and functions undertaken within the scope of Infrastructure+.
- 2.16. This work enabled the team to identify the Commissioning Question, which as part of the Strategic Options Appraisal, was presented to SLT and Informal Cabinet in March 2013. The following questions were agreed by Project Board, SLT and Cabinet as the Commissioning questions that the project is seeking to address:

How do we maintain and improve our infrastructure assets to support economic growth, connectivity and equality of access, whilst reducing the impact of the network on the environment?

How do we harness the potential of our cultural assets to maximise economic growth and inward investment, ensuring that our customers benefit from quality learning, recreational and cultural opportunities?

SERVICES IN SCOPE OF INFRASTRUCTURE+

- 2.17. The services included in the scope of this business case have been summarised at a high level below. A full description of each of these services is included in Appendix B.
- Highways Maintenance,
 - Highways Improvement & Development,
 - Professional Services,
 - Country Parks and Rights of Way Maintenance, and
 - Grounds Maintenance at Shugborough.
- 2.18. Of these services, highways maintenance is currently delivered through the virtual joint venture with Enterprise.
- 2.19. The other services in scope are either provided directly by the County Council or commissioned by the County Council and provided by private sector contractors. Work associated with in the region of 80% of the total budget of the services in scope, is currently provided by private sector contractors.
- 2.20. The following table shows the budget associated with these services:

Figure 2: Revenue and Capital Budget

		Net Budget 2013/14 £000's
Highways maintenance	Revenue	16,794
	Capital	25,931
	Sub-Total	42,725
Highways Improvement and Development	Revenue	2,411
	Capital	11,483
	Developer Contributions	-9,223
	Sub-Total	4671
Professional Services	Street Lighting PFI Scheme	9,118
	Other Professional Services	7,594
	Sub-Total	16,712
Country Parks and Rights of Way Maintenance		1,725
Grounds Maintenance at Shugborough		337
Total		66,170

DELIVERY OPTIONS

2.21. The strategic options explored for delivery of the services in scope were;

- Status quo: Re-procure a highways term maintenance contract and in house services continue to be delivered in house,
- Integrated delivery of services in scope within “The City Deal” delivery mechanism,
- Physical infrastructure partnership: a strategic partnership based on a contract,
- District-based delivery of services in scope,
- Delivery of services via contracts with multiple providers.

2.22. The Strategic Options Appraisal Stage of the project explored these options and compared them with the Critical Success Factors to determine the best fit strategic option for the achievement of the project objectives. A Strategic Options Appraisal (Appendix C) was considered by Informal Cabinet in March 2013 and approved the further exploration of the physical infrastructure partnership as a way forward and requested that an Outline Business Case be developed to look at the strategic, commercial and financial case for developing this option.

2.23. An Outline Business Case (Appendix D) was considered and approved by Cabinet in June 2013 and following this decision, the procurement for a strategic partner was launched in early July 2013.

CONSTRAINTS AND DEPENDENCIES

2.24. The Infrastructure+ project is working within the following potential constraints and dependencies:

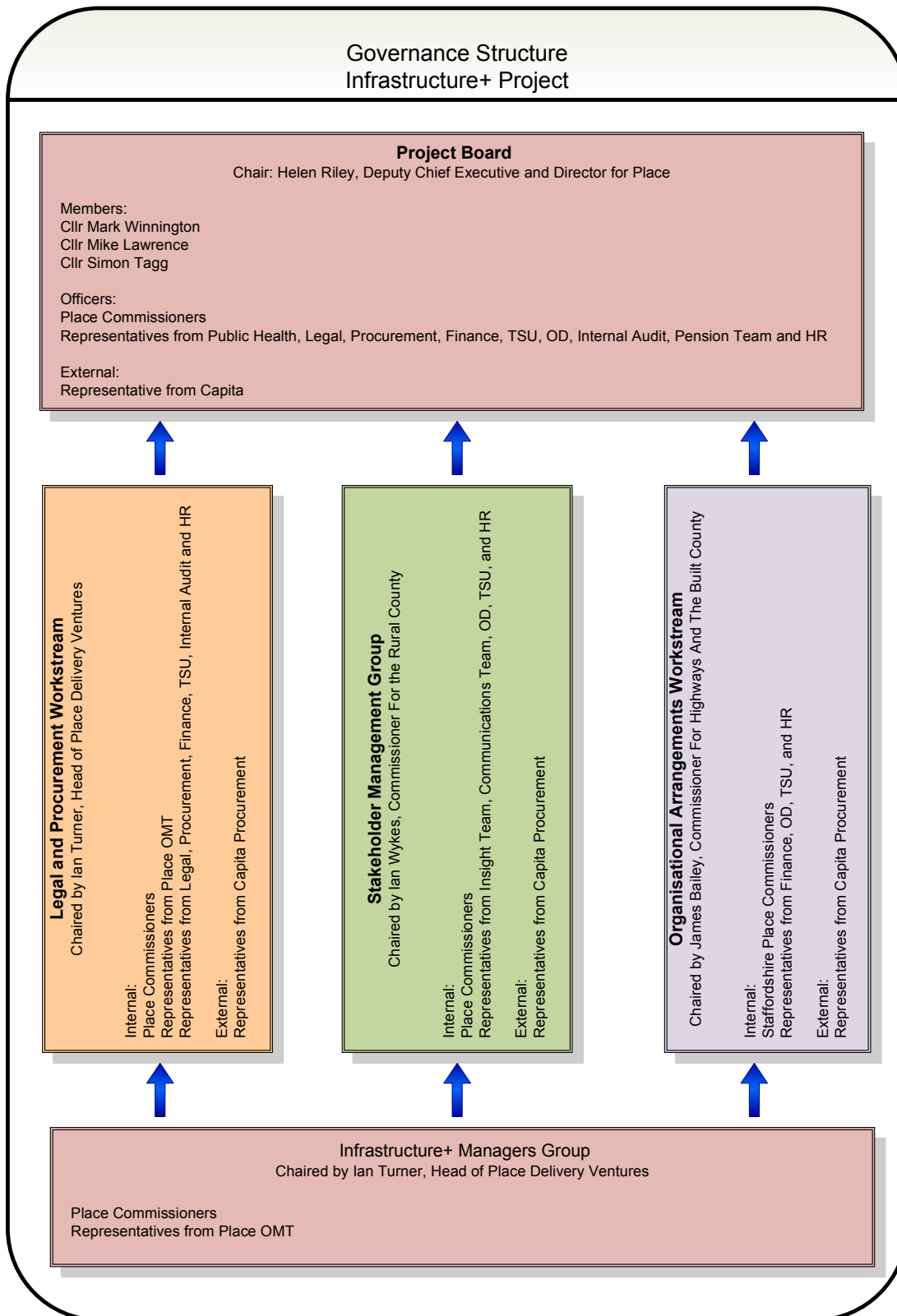
- **Enterprise Contract expiry:** The Highways Term Maintenance contract with Enterprise expires on 31st March 2014. As the contract has been extended to its maximum length, there is no option for further extension.
- **EU Procurement:** Contract value for Highways maintenance requires the County Council to follow an EU Procurement Process. To ensure that the procurement process was EU compliant the project team included colleagues from Staffordshire Procurement and Legal Services.
- **Priorities of key stakeholders and partners:** A summary of stakeholder responses to the public consultation is set out in paragraph 3.12. The project has implications for a wide range of stakeholders and, in many cases will be critical in its success to help the partnership achieve its outcomes. Accordingly their views and any constraints will be a key consideration in shaping how the partnership will work in the future.
- **Funding arrangements:** Initially the majority of the work undertaken through the partnership will be funded by County Council revenue and capital budgets for highway maintenance and improvements. Country Parks and Rights of Way work is funded partially by the County Council revenue but significantly by high level stewardship agreements with Natural England.
- The vision for the partnership is very much to allow the provider to expand its service offering to the benefit of all clients. The solution includes cost reductions to the council based on Amey's predictions of growth in service offerings. It is anticipated that this will include infrastructure works for district and borough councils and also work for private developers.
- Also there is significant scope for Amey to deliver the large scale improvement projects funded by specific capital grants, if it shows improved value for money over current delivery methods via the Midlands Highway Alliance.
- There is no specific guarantee of funding or volume of work. Amey must demonstrate best value over alternative methods to secure the work. For example the existing arrangements for local grass cutting will continue with parish and district councils.

- **Other County Council projects:**
 - **Strategic Property Partner:** The County Council is currently procuring a strategic partner for its range of property assets, which includes land and depots. The Infrastructure+ strategic partnership will work with this partner to maximise benefits in this area.
 - **The City Deal - “Powerhouse Central”:** The County Council is engaged in a partnership with the Stoke-on-Trent and Staffordshire Local Enterprise Partnership and Stoke-on-Trent City Council in negotiating a deal to deliver Powerhouse Central, a Wave 2 City Deal with Government. The programme consists of a combination of projects, with a focus on energy. Infrastructure projects include the preparation of business cases for the development of several strategic employment sites in Stoke-on-Trent and Staffordshire. Implementation of these projects is dependent on securing funding through the Strategic Economic Plan. Although negotiations continue, a resolution is expected in spring 2014.
 - **A50 Growth Corridor:** The County Council is implementing a number of highways improvement projects to unlock economic and residential development along the A50 Trunk Road, principally in the Uttoxeter area. The projects are to be designed and delivered by the County Council on behalf of the Highways Agency. The procurement approach for a delivery (construction) partner has not yet been confirmed.

PROJECT GOVERNANCE

- 2.25. To ensure that the project was delivered in line with corporate strategies and policies and met corporate outcomes and to enable positive challenge and decision making, a robust project governance framework was implemented. This governance included Cabinet Members and Cabinet Support Members, member of the Senior Leadership Team, Place Commissioners, Place Operational Managers and corporate support services.
- 2.26. The governance framework, shown below in Figure 1, is headed by the Place Delivery Models Project Board, chaired by Helen Riley, Deputy Chief Executive and with membership including Councillor Mark Winnington, Councillor Mike Lawrence and Councillor Simon Tagg.
- 2.27. Supporting the Project Board were a number of defined workstreams, chaired by a Place Commissioner and with membership from Place Commissioners, service areas specialists and corporate support services. These workstreams included Legal and Procurement, Stakeholder Management and Organisational Arrangements.
- 2.28. As the Council’s Strategic Procurement Partner, Capita were also involved in the project offering strategic procurement and commercial advice.

Figure 3: Project Governance



KEY RISKS

- 2.29. Risk is a natural feature of any project, particularly in a project of this size and complexity. Infrastructure+ took a pro-active approach to managing risk throughout the project through a robust risk governance framework, and operating a governance system and risk management approach that identified and assessed risks, planned and implemented mitigating actions to manage them and communicated this through the project governance structure.
- 2.30. Risks were identified through a number of vehicles, including project meetings, individual risk identification and collaboration sessions. Risks were then recorded within the project RAID (Risk, Assumption, Issues and Dependencies) Register which acts as a central repository for all risk detailing items such as risk description, probability, impact, mitigation and ownership. A RAG system was used (Red, Amber, and Green) to highlight the severity of the risk pre and post-mitigation. Risk reporting was a standard item in each Project Board status report.
- 2.31. The live RAID is available through the project management team.

KNOW YOUR CUSTOMERS

PURPOSE OF THIS SECTION

- 3.1. This section focusses on our approach towards engaging with those people or organisations that might be affected by the Infrastructure+ project. It looks at
- how we tested our approach through Insight,
 - how we tested the market by exploring different delivery models with existing suppliers,
 - how we engaged with the staff groups affected by the project, and
 - how we started and maintained an ongoing conversation with our partner organisations.

STAKEHOLDER MANAGEMENT

- 3.2. Stakeholder management has been a critical aspect of the project from its inception. Its importance, both in terms of project success and the Commissioning Framework, cannot be understated. A stakeholder can be defined as “anybody who can affect or is affected by an organisation, strategy or project”¹. Given that definition the amount of Stakeholders involved is significant.
- 3.3. The Infrastructure+ project adopted a structured approach to stakeholder management through the Stakeholder Management Group, which met regularly to plan and deliver stakeholder activities such as customer insight, internal and external communications, organisational development and change management.

CUSTOMER INSIGHT

- 3.4. The County Council works to fully understand the needs and priorities of its customers on an ongoing basis. Through service area contact with customers, Customer Insight activities such as bespoke surveys and trackers and using information from the Contact Centre regarding customer complaints and compliments the service areas gain knowledge about their customers.
- 3.5. In addition to researching the market from a delivery partner perspective, the project team carried out some research to fully understand the views and perceptions of

¹ <http://www.stakeholdermap.com/stakeholder-definition.html>

customers using many of the services in scope. This work, which took place before procurement started, drew on a number of existing sources of information, including national and local surveys. The full report is included at Appendix E and a summary of the findings is presented below:

- 3.6. For highways maintenance, condition and safety, in general the levels of satisfaction exceed the national average. It also shows that satisfaction with specific highways schemes between January 2011 and February 2012 ranged from 67% to 95%.
- 3.7. In terms of country parks, customer satisfaction surveys across the parks over many years have shown that they are highly valued, with satisfaction levels being rated as excellent or very good. The findings of the recent research are less about satisfaction with the country parks and more about how the facilities and infrastructure can be improved to meet customers' needs and enhance their visit, such as replacing stiles with gates (in particular for those less agile) and improved track surfaces, signposting and way marking. Improvements such as those suggested arise and will continue to do so as leisure needs and demands change. For example, more elderly and retired people now visit the country parks because they have more leisure time on their hands. Also, the facilities and services at country parks have been improved over the years to make them more socially inclusive to encourage greater use by people with physical and mental impairments.
- 3.8. Customer surveys for Shugborough again show good levels of satisfaction. Face to face visitor surveys undertaken during summer of 2012 show that satisfaction levels were at 95%. In addition, many of the attractions at Shugborough, such as the Servant's Quarters, Museum Galleries and Gardens were rated excellent or good.

STAKEHOLDERS

- 3.9. An exercise was undertaken early in the project to identify stakeholders and categorise them according to their level of influence and interest in the project. This involved Commissioners and service area leads and resulted in a stakeholder register that acted as the basis for the Stakeholder master plan, which in turn was used to plan stakeholder activities throughout the project.
- 3.10. The Stakeholder Register was refreshed at key points in the project and the Stakeholder master plan was kept up to date to ensure that engagement activities were relevant and timely.
- 3.11. The Stakeholder Register is included as Appendix F. For ease, the project's stakeholders can broadly be categorised into the following key groups;
 - Staff groups affected by the changes;
 - Members;
 - Trade Unions;

- External partners such as the National Trust and district councils and
- Service users affected by the changes to the services in scope.

3.12. Detailed in the table below is a summary of how we have engaged and involved each of the key stakeholder groups throughout this project:

Figure 4: Stakeholder Engagement

	Pre-Procurement (to July 2013)	Procurement Phase (July 2013 – January 2014)	Preferred Bidder (from January 2014)
Affected staff groups	<ul style="list-style-type: none"> - Service leads incorporated into project governance (Project Team meetings) - As-is mapping work involved service leads and managers - Staff Briefings (December 2012) - Engagement with Place Staff through the Place Delivery Model Staff Forum (this subsequently became the Place Staff Forum and its scope widened to all Place activities) 	<ul style="list-style-type: none"> - Service leads incorporated into project governance (Project Team meetings and legal and Procurement Workstream) - Ongoing engagement through Infrastructure+ Manager Group and Staff Forum - Regular Commissioner and line manager staff updates - Regular items in Place Update - Project Intranet including FAQ's launched in August 2013 - Staff Briefings (June, October and November 2013) - Project Specific newsletter published monthly from October 2013 - Engagement with service leads to develop memorandum of information, data room and service 	<ul style="list-style-type: none"> - Ongoing engagement through I+ Manager Group, Staff Forum, Commissioner and line manager updates, Place Updates and I+ Newsletter - Staff briefings for all affected staff (February 2014) - SMG to continue to meet during Preferred Bidder stage - Engagement with service leads to contribute to the development of organisational arrangements

		<p>specifications (May – August 2013)</p> <ul style="list-style-type: none"> - Managers and staff invited to Bidders Day (July 2013) - Manager and staff involvement in the procurement clarifications process (July – November 2013) - Stakeholder Event – managers and staff invited to attend presentations by each final bidder and given opportunity to ask final bidders questions about their solution (November 2013) - Manager and staff involvement in site visits (December 2013) - Manager and staff involvement in provision specialist advice to the evaluation team (December 2013 – January 2014) - Managers and staff invited to final bid presentations (December 2013) 	
Members	<ul style="list-style-type: none"> - Report to Cabinet November 2012 - Strategic Options Appraisal presented to Informal Cabinet (March 2013) - Outline Business Case presented to Cabinet (July 2013) - Member involvement in 	<ul style="list-style-type: none"> - Ongoing representation of Cllr Mark Winnington, Cllr Mike Lawrence and Cllr Simon Tagg at Project Board meetings - Prosperous Staffordshire Select Committee (October and December 2013) - Assets and Budgets 	<ul style="list-style-type: none"> - Continued involvement of members in Project Board (which will develop into the Strategic Partnership Board) - Members Bulletin - Prosperous Staffordshire Select Committee (February

	<p>Project Board</p> <ul style="list-style-type: none"> - Assets and Budgets Select Committee 	<p>Select Committee</p> <ul style="list-style-type: none"> - Stakeholder Event – Members invited to attend presentations by each final bidder and given opportunity to ask final bidders questions about their solution (November 2013) - Audit Committee (December 2013) - Member Bulletins - I+ Newsletter circulated to Members 	<p>2014)</p> <ul style="list-style-type: none"> - Assets and Budgets Select Committee
Trade Unions	<ul style="list-style-type: none"> - Discussed as part of fortnightly Consultative Forum 	<ul style="list-style-type: none"> - Discussed as part of fortnightly Consultative Forum - Trade Unions invited to attend staff briefings (June, October, November 2013) - Stakeholder Event – Trade Unions invited to attend presentations by each final bidder and given opportunity to ask final bidders questions about their solution (November 2013) - Trade Unions invited to attend Stakeholder Event for staff (November 2013) 	<ul style="list-style-type: none"> - Continued discussion as part of Consultative Forum - Engagement between PB, SCC and TU's through Preferred Bidder stage - Consultation under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) via the Consultative Forum through mobilisation and transition as required.
External Partners	<ul style="list-style-type: none"> - Market Information Day (November 2012) - Market Intelligence Meetings (April – May 2013) - Letters sent to critical external stakeholders 	<ul style="list-style-type: none"> - Letters sent to critical external stakeholders (July 2013) - Letters sent to critical external stakeholders inviting them to participate in 	<ul style="list-style-type: none"> - A Stakeholder Relations Plan will be developed during mobilisation

	<ul style="list-style-type: none"> with invitation to attend a meeting if required (May 2013) - Meeting with National Trust (May 2013) 	<ul style="list-style-type: none"> consultation (October 2013) - Stakeholder Event – critical external stakeholders invited to attend presentations by each final bidder and given opportunity to ask final bidders questions about their solution (November 2013) 	
Service Users	<ul style="list-style-type: none"> - NHT Satisfaction surveys - Reputation Tracker - Local Member intelligence - Customer liaison - Customer services information, such as service statistics, complaints and compliments - Visitor surveys - Scheme Surveys 	<ul style="list-style-type: none"> - Local Member intelligence - Customer liaison - Customer services information, such as service statistics, complaints and compliments - Visitor survey - Scheme Surveys 	<ul style="list-style-type: none"> - Consultation regarding proposed changes (October – December 2013)

3.13. A Community Impact Assessment (CIA) has been produced by the project team with the support of the Equalities Team. This contains further detail regarding the project approach to stakeholders. The CIA is appended in full to this business case (please see Appendix G).

SOFT MARKET TESTING

3.14. The Local Government Association Peer Review, which took place in the County Council in September 2013, amongst other things looked at our approach to strategic commissioning, partnership working and engaging with communities. Opportunities for development, included in the final report, referred to the need for further market development; to better understand markets and potential markets, to make sure that building effective relationships with the market is an on-going process to best deliver innovation and to manage the market better.

3.15. The Infrastructure+ project has taken a proactive approach with regard to engaging with the market. To test the market around the commercial viability of the County

Council's requirements and approach, a range of soft market testing took place at critical points in the project.

- 3.16. Market Information Day: Held in November 2012 this tested the market appetite for the range of services included in the original project scope. This confirmed there was market interest in the highways opportunity, potential economies of scale to be gained through including other services in the procurement and a desire to be rewarded on contribution to outcomes as well as service delivery-specific measures.
- 3.17. National Case Studies: To explore the current arrangements in other local authorities and to determine whether some contractual arrangements are more appropriate or attractive to the market than others. This work substantially informed our decisions with regard to scope, delivery vehicle and the type of procurement process used.
- 3.18. Market analysis: Held in April and May 2013, this focussed on a number of key questions that the project team had identified as critical to the project. Meetings were held with a number of major providers in the sector, along with the Highways Term Maintenance Association. Findings are summarised below:
 - If the contract is large enough there is an appetite amongst partners to accept risk transfer.
 - Competitive Dialogue process is the preferred procurement route for most providers.
 - The dialogue process needs to be focussed on agreeing outcomes and measures, rather than on discussing inputs or processes in great detail.
 - Price sustainability needs to be considered as part of the procurement - meaning a realistic view should be taken with respect to unduly low bids at tender stage.
 - Previous procurements have been complicated by TUPE and pension-related issues; pension caps and TUPE information needs to be written into the contract.
 - Sustainability and affordability were key concerns for a number of suppliers - often the ambitions of authorities are not matched by the funding to achieve such ambitions.
 - Suppliers advised against making contracts too bespoke, as this had cost implications which would be passed on to the client. A focus on activity and service delivery often made contracts more and more bespoke to each client, whereas a focus on outcomes enabled the provider to change and adapt over the term to continue to meet the clients' needs, whilst evolving its own operating model to remain competitive.
 - Suppliers were generally averse to having 'an industry' of KPIs and SLAs, preferring to rely on simple and streamlined regimes which drove behaviour to deliver.

- Suppliers all commented that the contract would need to be of a sufficient length to provide them with time to recoup any investment made, and ensure that the market can deliver the outcomes required by Staffordshire. A 10 year contract was considered right.
- Suppliers also suggested that incentives are good mechanism by which to minimise costs. This focused on the granting of extensions to contracts in order to drive cost reductions (through decreased risk profile to the suppliers).
- Providers noted that a suitably strong retained client function would be required to guide the forward plan of work. Without this function, the suppliers all remarked that lack of clear guidance and leadership would lead to cost increases due to the high likelihood of planning gaps.

3.19. Overall the range of soft market testing undertaken confirmed the commercial viability of:

- The market appetite for the range of services included in this procurement,
- The market appetite for a strategic partnership governance arrangement,
- A competitive dialogue process being used to procure the contract, and
- The outcomes approach that we have taken throughout this project.

PUBLIC CONSULTATION

3.20. Between 11th October and 2nd December 2013, the County Council undertook a period of public consultation in relation to the Infrastructure+ project. This continued the conversations that the project had been having with its stakeholders for some time, but in a more formal and structured way. This consultation was not focused on the delivery model proposed for Infrastructure+, instead it focussed on:

- Communicating what is proposed,
- Explaining which services are in scope and what they deliver,
- Communicating the benefits/outcomes of the project, and
- Identifying the potential impact on individuals and organisations of a change of supplier.

3.21. The consultation took the form of an online questionnaire via the County Council's Consultation Portal. In addition, letters were sent by the Project Team regarding the Public Consultation and Stakeholder Events to a number of key Stakeholders. Letters were received from four of these partner organisations and this feedback was also taken into consideration by the Customer Insight Team when analysing the consultation responses. In total 32 responses were received; the four letters referred to above and 28 responses to the online questionnaire. The full Consultation Report is included as Appendix H but in summary the findings were:

- 64% were “fairly supportive” or “very supportive” of the outcomes that Infrastructure+ is seeking to achieve.
- “Quality of services provided” and “Joined up working across the services” were most important to the individuals or organisations that responded with 75% of respondents prioritising quality of service and 54% prioritising further joined up working. In addition, nearly a third (32%) prioritised Value for Money.
- While 42% of respondents were not sure whether their working/voluntary relationship with the service in scope would change with the new arrangements, 35% were concerned that things would get worse.
- Half of the respondents currently volunteer for the County Council in one or more of the service areas in scope of the project. 44% of this group said that that they would no longer volunteer if that service was transferred to a private sector company.

3.22. Concerns were also raised that the project was simply seeking to outsource services. It was felt by some that private companies are too concerned with profit and would not be as dedicated as the County Council. Equally, concerns were voiced about staff, in terms of potential redundancies and organisations and residents losing well-established links with staff who had reams of knowledge and expertise in specific areas.

3.23. A key theme which ran throughout the responses was about ensuring continuity and maintaining the quality of services and the knowledge and expertise of staff. Where other partners have a stake in the services in scope, we will need to have an ongoing process of dialogue to determine how the changes might impact on them.

3.24. Consultation was timed so that the findings could be shared with the final bidders for them to consider during the development of their Final Bid. The second phase of the procurement process involved bidders meeting with stakeholders and the consultation report was shared with the final three bidders at this stage.

OUTCOMES AND PRIORITIES

PURPOSE OF THIS SECTION

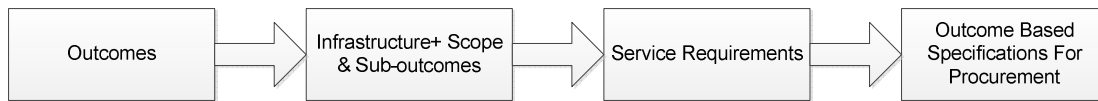
- 4.1. Careful consideration was given to the approach to secure the strategic partnership required in order to achieve the project's strategic outcomes and Critical Success Factors.
- 4.2. While high level outcomes and Critical Success Factors were sufficient at the Strategic Options Appraisal stage of the project, prior to the launch of any procurement exercise significant work had to be done to translate these into something more meaningful and tangible. There were a number of aspects to this process of procurement preparation:
 - The development of detailed outcomes,
 - The selection of a procurement route,
 - The development of evaluation criteria, and
 - The procurement process itself.
- 4.3. This section will describe the approach the project took to translate high level objectives into specific requirements that the County Council could procure.

OUTCOMES

- 4.4. To develop detailed sub-outcomes and requirements, a series of workshops were held between March and May 2013, which further developed the outcome chain. Workshops were specifically focused on functions that should happen in order to meet the outcomes, rather than on how current functions and activities contribute to the outcomes. This way of thinking encouraged a focus on outcomes, as opposed to assuming we already do all the right things.
- 4.5. The Operational Management Team for the in-scope services were involved in further work to identify the 10 Infrastructure+ outcomes which were then used consistently across the specification documentation. This group were also involved in the development of outcome-based specifications for procurement.
- 4.6. The diagram below represents the outcomes process adopted:

Figure 5: Outcome Process

Outcome Process



4.7. This outcome approach, including the outcome chain and specifications, was discussed with and approved by the Project Board, membership of which includes Cabinet and support Members.

4.8. As a result of this work the final Infrastructure + specific outcomes are as follows:

- People are able to access a network that is safe and well maintained
- Staffordshire is well connected with equality of access for all
- The impact of transport on the environment and communities is minimised
- The public realm is improved and enhanced
- There are high levels of satisfaction with infrastructure services
- An environment that promotes pride and ownership amongst communities
- A highways infrastructure that is efficient, accessible, positive, long-lasting and supports economic growth
- Staffordshire's environment is maintained and enhanced and promoted for the benefits of visitors, residents and future generations

PROCUREMENT ROUTE

4.9. The procurement of this contract does not follow the traditional approach taken by local authorities for this range of services. In adopting the County Council's Commissioning Framework, the project has focussed on outcomes rather than outputs. This requires a fundamental change in the way we specify and manage the requirements of the contract. The procurement process has enabled discussions with bidders to get a greater understanding of the outcomes we require and the priorities of service users in Staffordshire. This has been widely acknowledged as an innovative approach throughout the procurement process, which has the potential to be market leading in the industry.

4.10. **Selection of procurement route:** A Competitive Dialogue procurement process was selected based on the findings of the market testing activities, the need to retain flexibility throughout, the need to undertake detailed conversations with bidders and the need to comply with EU regulations. A decision was made to run a two stage dialogue process. The process was designed to be thorough but rapid, enabling the County Council to identify a Preferred Bidder within 7 months of the publication of the OJEU and PQQ documentation. The table below shows the high level milestones associated with the procurement plan.

Figure 6 : Procurement Plan - High Level Milestones

Event	Indicative Dates / Period
Publication of OJEU notice and PQQ	8 th July 2013
Phase 1 Dialogue	2 nd September - 4 th October 2013
Phase 2 Dialogue	4 th November to 6 th December 2013
Notification of Preferred Bidder	21 st January 2014
Contract Award	March 2014
Contract Mobilisation	April 2014 onwards

EVALUATION CRITERIA

Development of the Evaluation Approach

4.11. Following Project Board approval, Infrastructure+ Bids were evaluated as follows on both Price/Affordability (Commercial), and Quality (Technical) criteria to identify the proposal most economically advantageous to the Council.

- Commercial = 40% of overall marks available
- Technical = 60% of overall marks available

4.12. Further guidance from the Project Board shaped the structure of the evaluation criteria to ensure that considerable weighting was given to the Bidder's response regarding how they propose to work with us to achieve outcomes. The structure of the evaluation criteria is discussed in more detail below.

Commercial Criteria

4.13. Commercial criteria accounted for 40% of the total available score, and were broken down into the following subsections:

- A net price submission to the Council for key service areas including major items of routine maintenance and capital works, plus further areas of core services. The submissions included indicative quantities and service levels for the first year of service, as well as 6 sample capital works projects that required pricing using Bidders' own baseline data with the lowest price scoring maximum points,
- A breakdown of fee structure, including partnership management costs, overheads, fees and profit over a five year period,
- A revenue and savings proposal based on the costed items developed for year one through to year five, incorporating innovation developments and gainshare

re-imburement and a proposal for guaranteed income from revenue generating areas,

- A sensitivity analysis to assess the impact on Partnership Management costs, overheads and fee and associated costs to reflect the impact of budget and scope changes, and
- An assessment of the risk, integrity and validity of the assumptions and derogations from the County Council standard contract terms made by the bidders in compiling their commercial submission.

Technical Criteria

4.14. Technical criteria accounted for 60% of the total available score. In developing their bids from IPD1 Outline Solutions, Bidders were required to develop working proposals and to contain the following responses as part of their Invitation to Submit Final Bids:

- A demonstration of how outcomes will be achieved, critical success factors met and integration of Key Performance Indicators and
- Operating Plans to cover the scope of services offered.

Outcomes

4.15. The ability of the Bidders to meet outcomes is at the heart of the technical submission. In order to demonstrate a measureable link between the outcomes and the actual activities carried out, the outcomes were grouped as shown in the table below, aligned to the Core Objectives of the Infrastructure+ project. Bidders were required to demonstrate performance management tools that could then measure impact against the outcomes.

4.16. The table below is an extract from the Technical Evaluation document and describes the categories of outcomes and their relative weighting for evaluation purposes. The relative weightings applied to the grouping reflect the specific priorities of the project outcomes and is not a reflection of perceived importance.

Figure 7: Outcome Categories and Weightings

Technical and Quality Evaluation Criteria		
Outcomes and Key Performance Indicators		
<i>Responses demonstrating how outcomes will be achieved, critical success factors met and description of relevant Key Performance Indicators are grouped into the four following categories:</i>		Weighting
Area 1	People are able to access a network that is safe and well maintained	7%
Area 2	The public realm is improved and enhanced A highways infrastructure that is efficient, accessible, positive, long-lasting and supports economic growth	7%
Area 3	Staffordshire is well connected with equality of access for all An infrastructure that supports and promotes sustainable travel	7%
Area 4	The impact of transport on the environment and communities is minimised There are high levels of satisfaction with infrastructure services An environment that promotes pride and ownership amongst communities Staffordshire's environment is maintained and enhanced and promoted for the benefits of visitors, residents and future generations Staffordshire's communities and visitors can access, enjoy and benefit from a range of learning, recreational and cultural activities	7%

Operating Plans

4.17. Operating Plans were required as part of the Technical Submission, and were required to contain the following information:

- Proposed vision and strategy for the specific service / activity area,
- Comprehensive breakdown of resources allocated to those activities,
- Activity plans for service projecting to year three of service, including mobilisation,
- Performance Management approach proposed to ensure service levels met,
- Defined service levels for all areas of service,
- Service Area Risk Analysis, detailing known and anticipated risks with associated mitigation strategies,
- Proposals for dealing with flexibility in service scope, and
- Detailed summary of key assumptions made, risks and key derogations from SCC standard contract terms, and how they may directly impact on commercial evaluation.

4.18. The Operating Plans will become a formalised contract document, and are therefore robust, workable, developable by constituents of the Strategic Partnership and flexible to recognize the changing needs of the Partnership over the duration of the project. The table below is an extract from the Technical Evaluation document and describes the elements of the Operating Plans and their relative weighting for evaluation purposes.

Figure 8: Operating Plans and Relative Weightings

Operating Plans	
<i>Technical / Qualitative terms will be evaluated using the Award Criteria against the Bidders proposed Operating Plans</i>	Weighting
Proposed vision and strategy for the specific service / activity area	1%
Comprehensive breakdown of resources allocated to those activities	3%
Activity plans for service projecting to year three of service, including mobilisation	5%
Performance Management approach proposed to ensure service levels met	5%
Defined service levels for all areas of service	5%
Service Area Risk Analysis, detailing known and anticipated risks with associated mitigation strategies	5%
Proposals for dealing with flexibility in service scope	4%
Detailed summary of key assumptions made, and how they may directly impact on commercial evaluation	4%

PROCUREMENT PROCESS

- 4.19. There were three stages of evaluation and de-selection throughout the procurement process; end of PQQ, end of Phase 1 of Dialogue (selection of final bidders) and end of Phase 2 of Dialogue (selection of Preferred Bidder).
- 4.20. Throughout the procurement process a consistent approach was taken to the evaluation of bids. A Core Evaluation Panel made up of critical members of the project team, was involved in evaluation at all stages and took advice from service area and support service subject matter experts. In addition, a moderation panel which brought together some members of the Core Evaluation Team along with some senior County Council officers independent of the project, convened as and when required. Details of the composition of the evaluation panels at each stage in the process are contained in the Procurement Reports which are contained in Appendices I, J and K.
- 4.21. Six companies submitted a Pre-Qualification Questionnaire on 8th August 2013. At the end of the PQQ evaluation the five highest scoring bidders were invited to participate in Phase 1 of Dialogue (please see Appendix I: PQQ Procurement Report). These bidders were:
- Amey LG Ltd
 - Balfour Beatty Living Places Ltd
 - Enterprise Mouchel (EM) Ltd
 - Kier May Gurney/WSP: MGWSP (unincorporated Joint Venture)
 - Skanska Construction UK LTD
- 4.22. Phase 1 of Dialogue involved meetings with each company over a four week period. At the end of this phase the three highest scoring bidders were selected to progress to Phase 2 of Dialogue (please see Appendix J: Outline Solution Evaluation Procurement Report). These bidders were:

- Amey LG Ltd
- Balfour Beatty Living Places Ltd
- Kier May Gurney/WSP: MGWSP (unincorporated Joint Venture)

4.23. Phase 2 of Dialogue involved meetings with each company over a five week period and included site visits and stakeholder events. Following the submission of Final Bids on 13th December and the subsequent period of evaluation, Amey was identified as the preferred delivery partner. This was approved by Project Board on 15th January 2014 (please see Appendix K: Final Bid Evaluation Procurement Report). With the authority to appoint a preferred delivery partner by delegated decision having previously been approved by Cabinet in June 2013, the delegated decision was made on 21st January 2014 by Cllr Mark Winnington.

SUMMARY OF EVALUATION OUTCOME

4.24. The table below summarises outcome of the Infrastructure+ Final Bid Evaluation process and shows the commercial, technical and overall scores with the associated position for each bidder.

Figure 9: High Level Outcome of Evaluation

Evaluation Summary				
Bidder	Commercial	Technical	Total	Position
Amey LG	39.00%	40.80%	79.80%	1
Balfour Beatty Living Places Ltd	34.44%	41.20%	75.64%	2
Kier May Gurney / WSP	35.07%	36.80%	71.87%	3

4.25. All three technical submissions received accurately reflected the dialogue sessions held and consequently demonstrated a consistent standard across the final submissions. However the Preferred Bidder demonstrated a clear understanding of the Council's outcomes approach to the Infrastructure+ project, in particular demonstrating how the linkage between activities and outcomes can be achieved, performance managed and improved.

- 4.26. A key strength of the Amey bid was the focus on engagement with local communities, businesses, SME's and stakeholders. Central to this is a proposal to develop an Ecosystem capturing inputs and communication from all stakeholders, raising awareness of issues, increasing public perception, raising customer satisfaction levels and enhancing the reputation of the Council and its partners. The Ecosystem supports the County Council's principles in relation to increasing and supporting community responsibility and volunteering.
- 4.27. Stakeholder Communication features heavily in the Amey bid. Throughout dialogue, Amey demonstrated a clear understanding of the value of powerful communication to the customer and stakeholder. A Stakeholder Relationship Plan has been proposed to develop detailed proposed communication strategies and how they will benefit the project outcomes.
- 4.28. Amey demonstrated how communications are significantly improved through the implementation of their Standard Operating Model. In conjunction with their Operations Control Room, real time information will be captured and passed to customers and stakeholders, quickly and accurately responding to request, emergencies complaints or requests for service. They proposed joining up the minor works management tool with the County Council's customer relationship management system.
- 4.29. The asset management approach demonstrated by Amey was a clear differentiator between the three final submissions. By integrating four IT based systems (Confirm, Real Time Asset Management, SOM, and Horizons) Amey demonstrated an ability to capture asset data and develop into community based Transport Asset Management Plans (TAMPs) by 2017, ensuring we get maximum value for money and involve people in where and how we spend that money.
- 4.30. The commercial response from Amey was consistently stronger across all elements of the commercial model. This commercial approach ensures that the council will achieve best value in immediate maintenance and project delivery, project management costs and continuous improvement plans. Their approach to fee sensitivity also ensures that the council will fully understand the implications of budget change on the operator's fee, ensuring continuous best value.
- 4.31. Through the course of the competitive dialogue process, a clear understanding developed between the SCC and Amey teams. The nature of the SCC Commissioning cycle and the outcomes approach represented a step change from traditional procurement route. Amey demonstrated a clear understanding of this throughout the dialogue process and in their final submission. In particular, their understanding and interpretation of outcomes and how they should be translated into flexible service levels was well articulated and relevant to the project.

AUDITING ARRANGEMENTS

- 4.32. The Internal Audit team has actively worked with the project team to provide assurance at each stage of the procurement process prior to key decisions being made.
- 4.33. The overall objectives of the internal audit reviews were to evaluate the robustness of the approach undertaken by the County Council in conducting the PQQ, Outline and Final Bid Stages of the procurement process in relation to the acquisition of a strategic delivery partner for the Infrastructure+ services. In addition, the project governance arrangements were also evaluated. The detailed scope of Internal Audit's work focused on the following key areas:-
- A clear reporting structure was in place in relation to the acquisition of a strategic delivery partner for the Infrastructure+ services,
 - Procurement Regulations of the County Council and EU Directives were adhered to when conducting the procurement exercise,
 - The proposed evaluation criteria was adopted in full when each bidders submissions were evaluated,
 - A robust framework was used to calculate each bidder's submission, which was supported by an appropriate level of documentation, and
 - Appropriate arrangements were in place to quality assure each bidder's individual scores which were calculated using the approved evaluation methodology.
- 4.34. The assurance opinions given to the system and application of controls at each stage of the procurement process and the project governance arrangements are detailed below:-

Figure 10: Internal Audit

Date of Review	Audit Reviews	Assurance Opinion
September 2013	Pre- Qualification Questionnaire (PQQ) Stage – Infrastructure + (Stage 1)	Substantial Assurance
November 2013	Invitation to Participate in Dialogue (IPD) Stage Phase I - Infrastructure	Substantial Assurance

	+ (Stage 2)	
January 2014	Invitation to Submit Final Bids Stage – Infrastructure + (Stage 3)	Substantial Assurance

4.35. The outcome of the 2nd stage of the procurement process was reported to and considered by the Audit and Standards Committee on 9th December 2013. The final stage of the procurement process (3rd Stage) would also be considered at a future date by Members of the Audit and Standards Committee.

WHAT WILL IT LOOK LIKE?

PURPOSE OF THIS SECTION

- 5.1. The purpose of this section is to outline the how, what and when of the Infrastructure+ strategic partnership. It will describe the key benefits contained within the Preferred Bidder's final bid submission and look at how this will meet the project's critical success factors and objectives.
- 5.2. This description of this "end state" will also include a discussion of the proposed phasing of service transition. A feature of the Infrastructure+ project, and an area of innovation in this arrangement, will be the evolutionary approach taken towards the transition of services into the partnership. "Day 1" of the partnership will be the start of this journey; transition will take place gradually when it is right to do so.

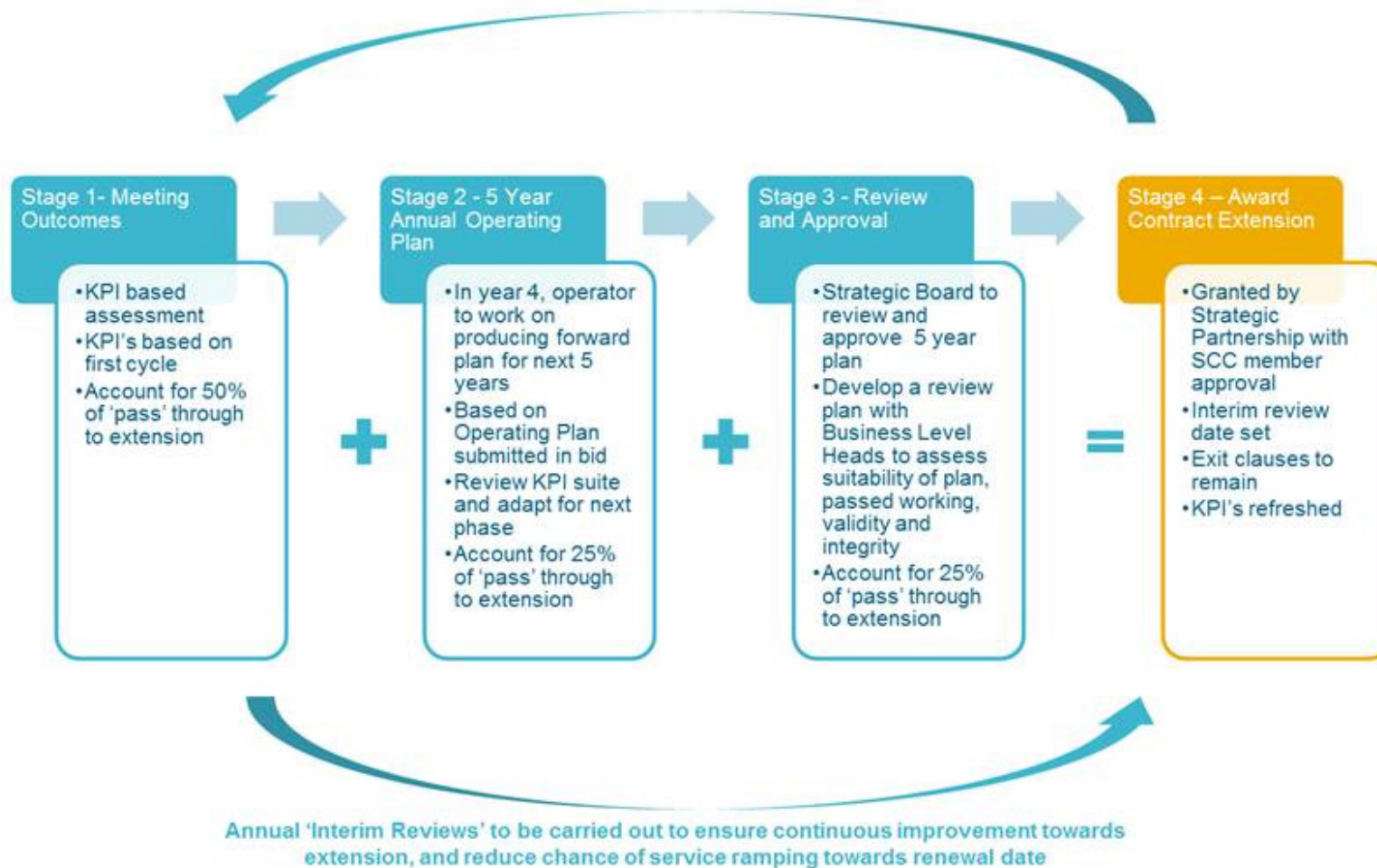
SUMMARY OF THE PREFERRED BIDDER'S SOLUTION

Summary of solution

- 5.3. The proposed solution from Amey is for a 10 year contract, with provision to extend up to 20 years in total subject to meeting agreed performance criteria. As discussed during the Competitive Dialogue process, extension will be granted not only on meeting agreed performance targets, but also subject to Strategic Partnership Board agreement. We have also agreed to a contract review after Year 3 with a contract refresh after Year 7. This means that any contract extension will be based on both a review of previous performance and consideration of the roadmap for the remaining term of the contract.
- 5.4. The following diagram illustrates this process:

Figure 11: Contract Extension Mechanism

Contract Extension Mechanism



- 5.5. A summary of agreed fees was provided as part of the commercial submission. The fee spread was based on a range of annualised budgets ranging from £30m p/a to >£100m p/a. The fee proposed for the mid-range (£50-60m) represents a saving on the current fee level
- 5.6. The governance of the project will be carried out by a Strategic Partnership Board, overseeing the strategic and operational commissioning and delivery levels. SCC will maintain 60% voting rights on the Strategic Partnership Board.

Key features

- 5.7. Development of the Amey Ecosystem is at the heart of the solution. A Staffordshire-wide proposal to link people and business to help meet the CSF's and outcomes for the project; the Ecosystem is a network of local business, community, authority and volunteer services that will provide a flexible base for developing supplier bases, income streams and resource bases. The aim is to network all stakeholders involved with the delivery of the strategic partnership outcomes. This aims to reduce the reliance of the County Council and Amey and increase the input of local businesses, the third sector and communities.
- 5.8. Central to the Amey Ecosystem is the implementation of their Standard Operating Model (SOM), committing to savings in routine maintenance of 25% in the first year of the contract, with further incremental savings through the first five years of the project. This will reduce repair times and include integration with the County Council's customer relationship management system, allowing direct status updates to customers.
- 5.9. There will be a step change in information available to the public on the whole range of highway and other infrastructure works. Currently reports of problems are reported to the council which then follow a process of inspection and repair.
- 5.10. The current technology used doesn't allow automated updating of issues with proposed actions and progress. Any follow up must be prompted by the customer by phone and then a manual process is required to obtain the status of the problem and what works are proposed.
- 5.11. New technology is proposed which will link directly with the County Council's new Customer Relationship Management (CRM) system. This will mean that people will be given more flexibility on how to report issues to us including being able to send us photographs and accurate location details through smartphones. Existing methods of contact via the internet and by phone will still continue.
- 5.12. Amey's work management system will be able to receive this information directly and update the CRM with the proposed actions and a timescale. This will allow contact

centre staff to know the progress with the issue. Also it will allow automated feedback to customers so they know that their issue is being progressed and what the scope and timescale for any actions is.

- 5.13. It will also be possible to display defect reports on a map so that people can see the reported issues in their area and the works undertaken or planned.
- 5.14. It will help to reduce repair times as where better information from customers is available it will allow repairs to be organised directly from this information without a specific site inspection beforehand.
- 5.15. These systems will require integration with County Council systems and this work will be planned as part of contract mobilisation.
- 5.16. Contract Operating Plans have been provided covering the following areas:
 - Highways Maintenance;
 - Highways Improvement and Development;
 - Highways Professional Services;
 - Country Parks Maintenance and Rights of Way Maintenance;
 - Grounds Maintenance of Shugborough.

Service Levels and KPI's

- 5.17. An Operational Control Room (OCR) will be established to implement and develop the SOM across the project. Data captured through the OCR will be used to assist in the performance management of the contract, which is underpinned by comprehensive Service Level Agreements (SLA's) and Key Performance Indicators (KPI's). The flexible management of the SLA/KPI suite is integral to the meeting of outcomes and will be reviewed annually.
- 5.18. KPI's have been constructed to directly mirror Infrastructure+ outcomes, linking across all operational and management activities. KPI's will be regularly reviewed to ensure they remain challenging and robust, and continue to meet outcomes. Lower level Operational Performance Indicators (OPI's) sit in each of the five work streams and are constructed around specific output targets. The table below illustrates Amey's approach to developing outcome linked KPI's and Operational indicators in the Highways Maintenance operating plan:

Figure 12: Amey’s approach to developing outcome linked KPI’s and Operational indicators in the Highways Maintenance operating plan

Outcome area	SCC Outcomes / Amey KPI's	High Level Success Measures	Operational Performance Indicators
1	People are able to access a network that is safe and well maintained	All condition surveys showing asset improvement (inc ROW) Maintenance move from reactive to planned	% of inspections completed on time and as programmed %of emergencies responded to within timescales % of defects completed on time
2	A highways infrastructure that is efficient, accessible, positive, long-lasting and supports economic growth	Customer satisfaction improves Network availability increases The net asset value increases year on year	%reduction in cost of reactive maintenance each year
4	The impact of transport on the environment and communities is minimised	Service waste reduced Recycling increased	% of defects completed right first time % waste to landfill % recycled materials used
	There are high levels of satisfaction with Infrastructure Services	Social value increasing	Number of enquiries and complaints regarding reactive works
	An environment that promotes pride and ownership amongst communities		% increase in the number of community volunteers each year
	Staffordshire’s environment is maintained and enhanced and promoted for the benefits of visitors, residents and future generations		% reduction in cost of reactive maintenance each year

5.19. The link between outcomes and operational indicators is constructed by identifying agreed High level Success Measures. Outcomes teams will identify and develop those high level success measures and work to translate them into relevant, measureable indicators that are able to demonstrate performance improvements against the outcomes.

GOVERNANCE


Governance Structure

5.20. The governance approach has been grouped into five accountable levels:

- Political commissioning,
- Strategic commissioning,
- Operational commissioning,
- Delivery, and
- Monitoring.

5.21. The following diagram shows the structure of the governance for the strategic partnership detailing the various boards involved, their responsibilities and membership:

Figure 13: Proposed Governance Structure

Governance Structure Aligned to Outcomes				
Commissioning Stage		Relevant Board	SCC Membership	Amey Membership
Political	What's the Question? Get to know and work with customers	Cabinet / Select committee	Leader, Deputy Leader, Cabinet Members, support Members	
Strategic	Get to know and work with customers Define the Outcomes and Priorities	Strategic Partnering Board	Cabinet Members, Dep Chief Exec, Commissioners	MD Amey Government, Regional Business Director
Operational	What will it look like? How will we get there?	Project Board	Head of Place Delivery, selected commissioning leads	Regional Business Director, Account Director, Business Improvement Director
Delivery	Delivery	Project Team	Commissioning Leads	Account Director, Service Team Leads
Monitoring	Measuring the Impact		Outcome Groups 	

5.22. The key features to observe are:

- Political commissioning will remain the preserve of the County Council with Amey participation by invitation,
- Strategic commissioning will be managed by the Strategic Partnership Board (SPB), with 60/40 voting rights to the County Council,
- Operational commissioning will involve County Council Commissioners, the Head of Place Delivery and Regional Directors from Amey, who will meet monthly,
- Delivery will be undertaken by commissioning leads and account directors, working towards project and service plans, resource allocation and contract management,
- Monitoring will be undertaken by Outcome Groups, comprising County Council officers, Amey staff, suppliers and 3rd sector groups, focusing on contract outcomes and emerging priorities. The effectiveness of these groups will be monitored by the Strategic Partnership Board.

5.23. To ensure a focus on the achievement of outcomes and Critical Success Factors, the Outcome Groups will be empowered to cover issues including:

- Customer engagement,
- Social Value (including jobs and economic growth),
- Service development, and
- Innovation and continuous improvement.

ORGANISATIONAL ARRANGEMENTS

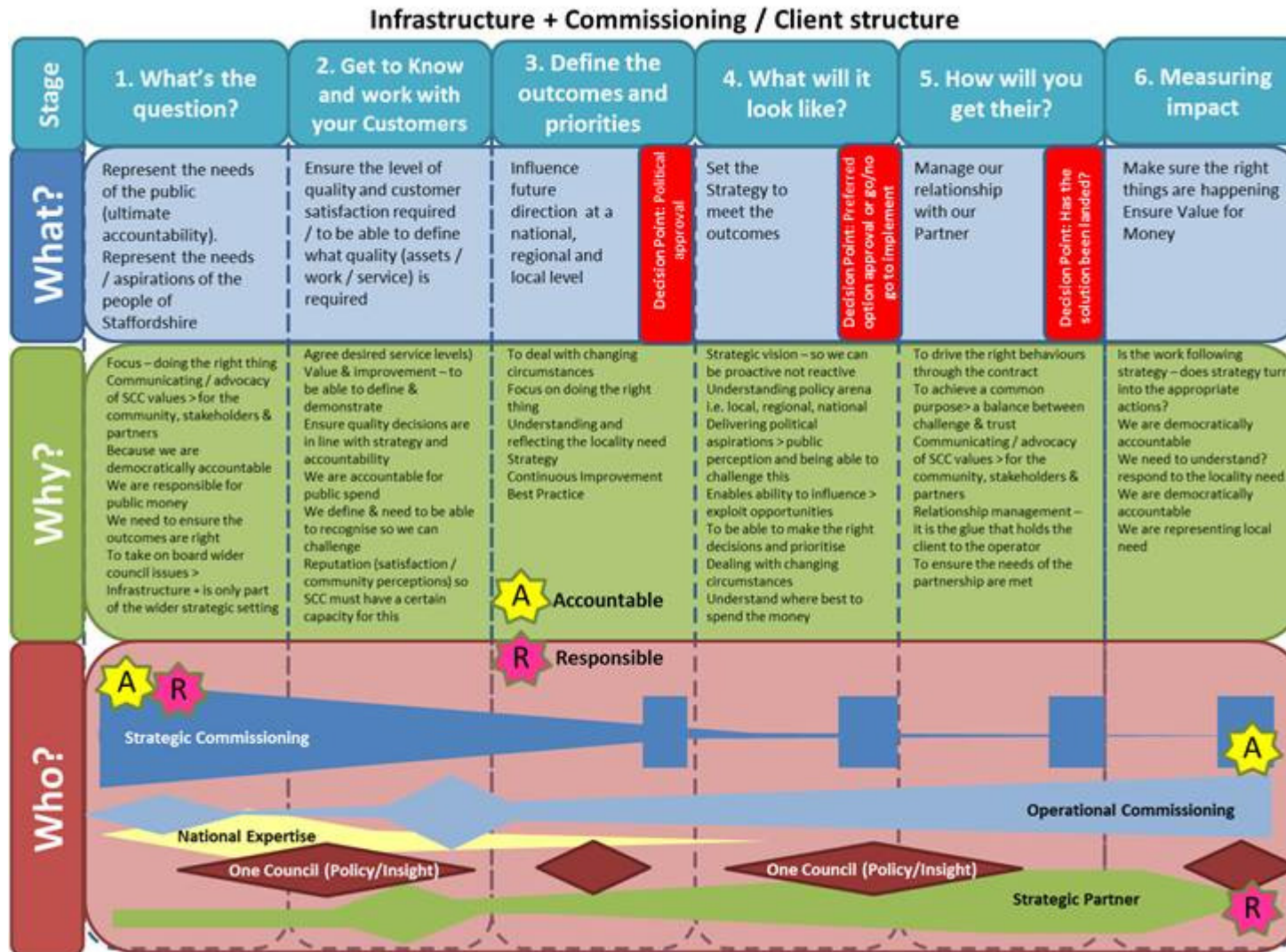
5.24. The remit of the organisational arrangements workstream is the 'design and implementation of organisational arrangements in line with the overall agreed Infrastructure+ solution design'. Initial efforts have concentrated on the development of a high level design describing the future form of the 'client side' function. The client side function is concerned with ensuring that there are robust and sustainable arrangements in place to enable a progressive partnership that can deliver against outcomes as well as driving and influencing the future ambitions of the partnership. The arrangements for client side will need to complement delivery arrangements and are critical to the ongoing success of the partnership through effectively contract managing actual delivery, but also in terms of maintaining a focus on what is important to the people of Staffordshire and commissioning the right responses through the partnership as appropriate.

5.25. In determining client side requirements, a lot of consideration has been given to lessons learnt from previous experience both within the services in scope, but also

from large scale procurement exercises of this nature undertaken by the County Council previously, such as the ESS (Entrust) project. There is a great deal of knowledge and experience within the services in scope currently around the requirements of contract management and commissioning as a large percentage of delivery is already commissioned and therefore it is important that through the work on developing client side arrangements that this skill and experience is not detrimentally affected and that we can fill any gaps there may be currently. This has been a key focus for the work done to date.

- 5.26. The Infrastructure+ project adopted a structured approach to the design of 'client side' capability through the Organisational Arrangements workstream. A series of workshops were convened with Commissioners and One Council project support officers to produce the high level design, with input from the Executive Sponsor and Project Board. A holistic approach was taken to the development of the design incorporating the components of people, process, systems and culture. To ensure organisational alignment specific attention was paid to the County Council's operating and organisational context in addition to the core objectives and critical success factors of Infrastructure+.
- 5.27. The outputs of the workshops identified the purpose of 'client side' and the capabilities required by the County Council to effectively commission Infrastructure+ outcomes and to manage the contract.
- 5.28. The model below reflects the output from a series of workshops with Commissioners, the Transformation Support Unit, Human Resources, Organisational Development, Legal and Finance colleagues aimed at developing the core minimum requirements for the client side based on the County Council's aim to be an excellent commissioning organisation. This model shows the stages of the Commissioning Cycle and details the functions the client side will need to deliver at each stage as well as a rationale behind why these functions are important. A version of the output from the initial workshops was also used in IPD2 dialogue and provided to bidders.

Figure 14: High Level Staffordshire County Council Organisational Arrangements Model

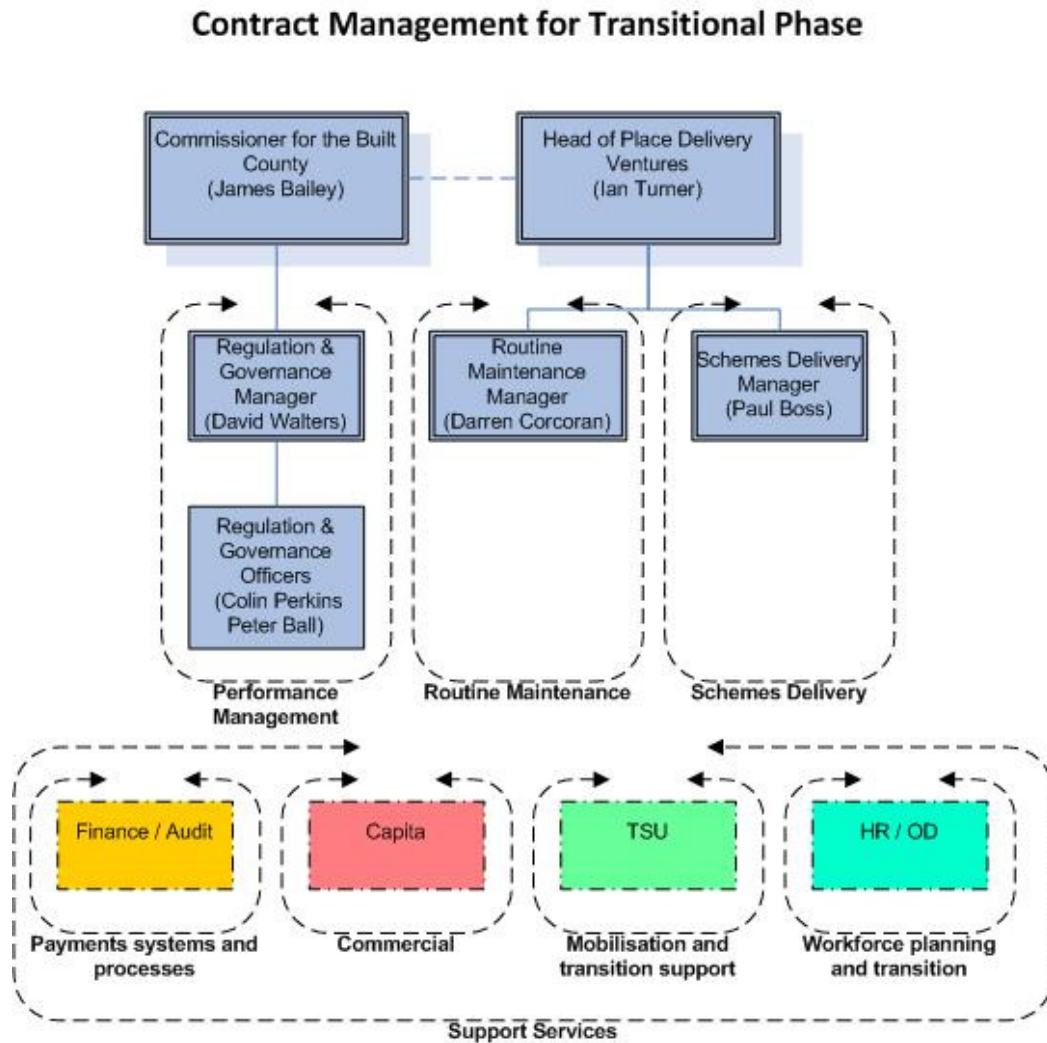


- 5.29. The process has then considered the capabilities required in the client arrangement in order to fulfil these functions. These capabilities are based around the following 7 areas, reflective of the governance structure:
- Representing the needs and aspirations of Staffordshire,
 - Ensuring the delivery of the level of quality and customer satisfaction required,
 - Influencing the future direction at a local, regional and national level,
 - Setting the strategy to meet the outcomes,
 - Managing our relationship with our partner,
 - Making sure the right things are happening and
 - Ensuring value for money
- 5.30. The County Council is clear in its need to ensure that, as a minimum, capabilities in the above areas are either retained in the County Council or created within the client arrangements of the strategic partnership.
- 5.31. In support of the evolutionary approach proposed for the transition of services into the strategic partnership, the capabilities defined have been used to support dialogue with bidders and will inform discussions with Amey through the Preferred Bidder, mobilisation and transition stages, to reach agreement on the organisational arrangements of the partnership.

Day 1

- 5.32. As referred to in paragraph 5.25 above, a considerable proportion of the services included within the scope of Infrastructure+ are currently carried out through contractual arrangements, either through the highways term maintenance contract with Enterprise, other large contracts such as the Midlands Highways Alliance and the 25 year street lighting PFI with E.ON Energy or smaller contracts with local providers
- 5.33. It is important that we build on the existing knowledge and experience within the services in scope around the requirements of contract management and commissioning and specific teams within the services in scope that currently undertake commissioning and contract management roles.
- 5.34. Owing to the phased transition of services and the transition period required to demobilise the existing and mobilise the new contract, not all services in scope will transfer to Amey on Day 1.
- 5.35. It is anticipated that on Day 1 of the contract the existing contract management arrangements will continue as they currently are.
- 5.36. Contract management arrangements for the transition period are illustrated in the diagram below:

Figure 15: Contract Management for Transitional Phase



WORKFORCE AND TUPE

- 5.37. Bidders were required to consider workforce and staffing issues within their technical submission, demonstrating their approach to people management practices, employee relations, resourcing and reward. During evaluation bidders approaches to these matters were taken into account both generically, from a best practice perspective, and in the context of the County Council's outcomes and the core objectives and Critical Success Factors of the project.
- 5.38. Amey submitted detailed information in relation to their people management practices demonstrating a line of sight between these practices and the delivery of their proposals. Amey's proposed resourcing strategy and approaches to learning and development particularly aligned to the achievement of outcomes and wider social value.

- 5.39. There will be transfer of staff to Amey as part of the partnership. This has been a consideration as part of the procurement process and we have established that existing terms and conditions of employment will be maintained.
- 5.40. The creation of the strategic partnership will see the transfer of functional activity currently delivered by Staffordshire County Council to the partner organisation. Where this occurs it is proposed staff employed to deliver this activity will also transfer to the partner organisation and their employer will change.
- 5.41. Additionally, it is proposed that some organisational changes may need to be introduced to deliver the range of strategic outcomes, core objectives and Critical Success Factors associated with the services in scope. As a consequence staff may experience changes to job roles and structures as the way in which work is organised changes. The new collaborative working arrangements may also introduce new ways of working for staff employed in services in scope.

KEY LEGAL FEATURES

- 5.42. Infrastructure+ will be contractually governed at three levels: -

Figure16: Legal Contract Governance

Strategic Partnership	<ul style="list-style-type: none"> • Overarching Contract (“OC”);
Service Delivery	<ul style="list-style-type: none"> • Industry Standard NEC Term Service Contract 2005 Edition incorporating HMEP amendments and SCC amendments of NEC ‘Z’ Clauses, Addendum re: compensation events and defects, Addendum ZZ and Parent Company Guarantee (“NEC TS”) • Industry Standard NEC Engineering and Construction Contract 2013 Edition incorporating, as applicable, Parent company guarantee, Performance bond, Main contractor’s collateral warranty deed and Consultants collateral warranty deed (“NEC ECC”) • Short Form Service Contract / Industry Standard Short Form NEC Term Service
Transfer	<ul style="list-style-type: none"> • Novations/Assignments • Option Agreement • Leases

The Overarching Contract

- 5.43. The Overarching Contract will last for an initial term of ten (10) years, with provision to extend up to a further ten (10) years. The maximum contract term is twenty (20) years, subject to the County Council continuing to consider it the right way to deliver outcomes and the provider meeting agreed performance criteria.
- 5.44. It contains key general provisions governing:
- **Governance** - The OC creates the Strategic Partnership and will set out the governance arrangements detailing the usual mechanics for governance including by way of examples meetings, reporting, contract change procedures, dispute resolution and exit strategy. Further details of the proposed governance structure have been discussed above.
 - **The Contracts (Rights of Third Parties) Act 1999** - The OC provides third party beneficiary rights to those identified in the OJEU Notice. The simple effect of this is that those identified will be able to utilise the contract terms. The consequence of this application for the County Council will be additional management of the OJEU value (to ensure it is not exceeded) and management of the relationship between the County Council and any third party to govern use of the contract will be required.
 - **TUPE/Pension** - The OC documents the terms under which existing staff will transfer to the Preferred Bidder
 - **ICT Requirements** - The OC identifies and governs applicable ICT procedures including provision for acceptance testing, security and software licence terms.
- 5.45. The OC also contains “boilerplate” provisions that are common clauses for a contract of this nature.

NEC Term Service Contract (NEC TS)

- 5.46. The NEC TS is appropriate for an ongoing arrangement such as for the highways maintenance provision and contains appropriate detail.

NEC Engineering and Construction Contract (NEC ECC)

- 5.47. The NEC ECC comes in a number of versions and would be used for capital projects. Those versions are in the main either for fixed price contract or a target cost agreement, in the latter case with the provider sharing savings with the County Council. Further there is also the NEC professional services contract by which one would engage a consultant such as an architect or structural engineer.

Short Form Service Contract (SF)

- 5.48. The Short Form of the NEC TS may be appropriate for services whereby the NEC TS is considered too exhaustive in nature.

Transfer

- 5.49. Due diligence has highlighted contracts which will need to be either retained by the Council or novated or assigned to the Preferred Bidder. Work will be undertaken to identify which contracts will be retained, assigned or novated and this will result in formal novation or assignment agreements to be in place between the Council, the Preferred Bidder and any applicable third party.
- 5.50. The Option Agreement may be required should the County Council require a future interest in any new depot development by the Preferred Bidder.
- 5.51. Leases will be put into place for those depots to be utilised by the Preferred Bidder during the course of providing the services.

Liability

- 5.52. The limit of liability for the Preferred Bidder in respect of the Overarching Contract as drafted is unlimited. Further discussions are required in terms liability for uninsured losses.

Parent Company Guarantee

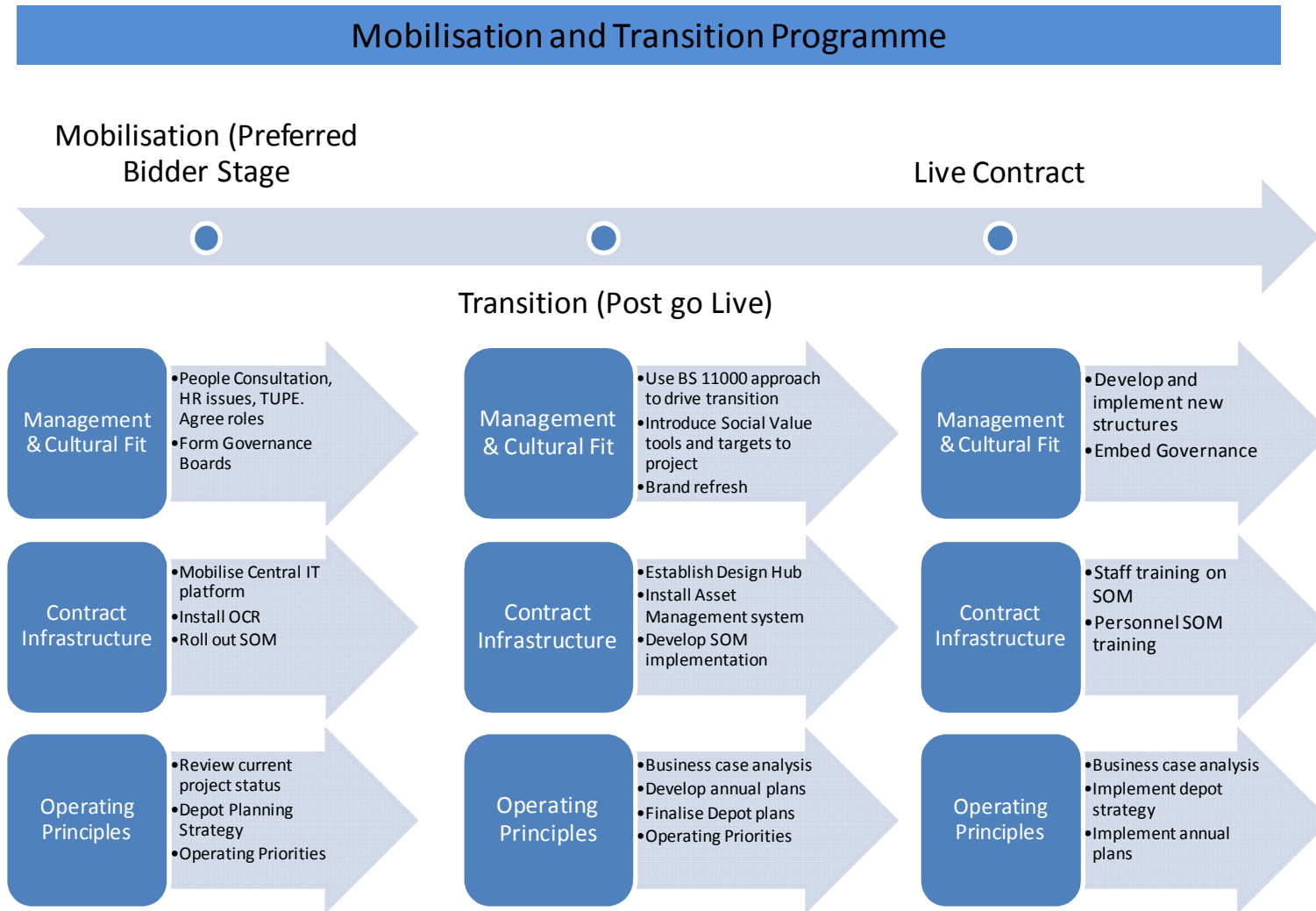
- 5.53. There is provision for service specific parent company guarantees to be made available to the County Council. It is customary and advisable to secure a parent company guarantee to cover the potential event of the provider becoming insolvent since some subsidiaries might not otherwise be supported by their group and in any event most group structures involve assets being transferred up to the ultimate parent, leaving the operating subsidiaries as not necessarily much more than a shell company.

PHASING OF SERVICE TRANSITION

- 5.54. A fundamental principle of the Infrastructure+ project has been to select a strategic partner with whom the County Council could work to identify appropriate services within the overall scope, whereby enhanced value could be achieved under the management of the strategic partner. Through business case analysis, the value drivers for these services will be identified and only then will service transition commence.
- 5.55. Amey consistently demonstrated a clear understanding of the need to demonstrate value generation prior to transition, and their bid contains a detailed 'roadmap' identifying the stages from Preferred Bidder through to year 5, outlining the stages, activities and potential service transitions.
- 5.56. As part of the phased transfer of services and the need for business case approval, the focus of the transition phase is on establishing the contract infrastructure, the

cultural 'fit' between the partnership and setting out the technical framework of the project. The key activities of the mobilisation – go live programme are shown below:

Figure 17: Mobilisation and Transition Programme



- 5.57. Amey have set out a detailed proposal towards stakeholder engagement. This will be based around the "Ecosystem" approach, described elsewhere, and will be guided by the development of a Stakeholder Relations Plan. This will ensure that there is ongoing dialogue with critical partners such as Stoke-on-Trent City Council, district and borough councils, statutory agencies, third sector and other organisations. In many cases existing mechanisms such as the Community Infrastructure Liaison teams will be retained and enhanced. The governance structure will be supported by a range of Outcome Groups. The precise makeup and remit of the Outcome Groups will be approved by the Strategic Partnership Board. Outcome Groups but will be formed as necessary, in some cases being task and finish groups.
- 5.58. They will be empowered to cover such issues as:
- Customer Engagement,
 - Social Value (including jobs and growth),
 - Service development, and
 - Innovation and continuous improvement.
- 5.59. The key principle is that the membership of Outcome Groups would be made up form a broad range of stakeholders with business and community groups becoming increasingly involved with a commensurate decreasing involvement of county council and Amey staff.

COST/BENEFIT ANALYSIS

Summary

- 5.60. Bidders were required to submit a Commercial Model demonstrating their proposal in four key areas, with the core evaluators then able to assess the assumptions made in its compilation. A summary of the commercial submission areas evaluated is shown in the table below, with the associated weighting
- 5.61. Amey submitted the lowest prices in sections 1, 2 and 4, placing them first in each category. In section 3 they demonstrated the strongest Continual Improvement Plan and 3rd Party income streams, again placing them first.
- 5.62. A full description of the content of the commercial submission is detailed in the Evaluation Criteria section of this report.

Figure 18: Commercial Evaluation Criteria

Commercial Evaluation Criteria	Weighting
1. Price - comparison of core service and capital works projects	20%
2. Comparison of Fee structure, overhead and partnership management costs over the first five years of the project	5%
3. A five year savings plan incorporating innovation and gainshare reimbursement	5%
4. Sensitivity Proposal to analyse the effect on OHP subject to changes in budget or scope	5%
5. Assessment of the integrity and validity of all assumptions made in the compilation of the commercial response	5%
Total	40%

5.63. A table of assumptions was supplied with the submission in response to item in the table above, and was reviewed by the core evaluators, with support from Finance and Capita. No issues that would adversely affect the submission were identified by the evaluators or the support panels and no adjustments were required to the submission

Key Points

5.64. Bidders submitted cost proposals for the following areas:

- Routine Maintenance,
- Capital Projects,
- Partnership Management costs, and
- Staffing Costs.

5.65. Included in the above were a number of indicative schemes and service proposals, the costings for which will become the baseline costs for benchmarking and future Target Costs. By securing these costs through a competitive tendering process, Infrastructure + has a value proven benchmark that can be utilised for the duration of the project to continually demonstrate value for money.

5.66. Partnership Management costs were separately identified and costed to ensure both transparency in the operating overhead and to challenge bidders to demonstrate Lean Management principles, a critical facet of multi-year projects.

5.67. The Fee percentage is fixed up to an annual turnover of £60m, thereafter reducing in bands according to total turnover for the duration of the project. A full suite of Fees have been proposed to capture the full range of potential budget options

5.68. The solution will include the establishment of a design hub in Staffordshire, increasing external work in the Highways Laboratory and construction works. By Year 5 this is predicted to bring additional economic benefit to Staffordshire of approximately £2.75million per annum. This represents 300% growth to the baseline figures.

- 5.69. Amey propose savings in routine maintenance of 25% in the first year of the contract, through efficiency savings generated by their Standard Operating Model (SOM). Initial estimates of the savings are circa £1.87m, offset by year 1 mobilisation costs of £0.67m. A Continuous Improvement Plan (CIP) was included in the commercial submission, and contractually commits to the cumulative savings targets shown in the table below. These are cashable savings against revenue will result in direct budget savings.
- 5.70. The percentage figures stated in the table below represent the cumulative savings for works carried out in the year stated against a comprehensive series of benchmarked operations priced as part of the commercial submission:

Figure 19: Amey - Cumulative Savings Against Baseline Costs (%)

Continuous Improvement Plan - Cumulative Savings Against Baseline Costs				
Work Area	Year 2, 2015-16	Year 3, 2016-17	Year 4 2017-18	Year 5, 2018-19
Routine Maintenance Crews	25.00%	26.50%	28.00%	29.50%
Gulley Emptying	25.00%	26.50%	28.00%	29.50%
WM - Gritting & Salting	1.50%	3.00%	4.50%	6.00%
Operational Delivery - surface dressing	1.00%	2.00%	3.00%	4.00%
Capital Projects	1.50%	3.00%	4.50%	6.00%
Employment and Staffing Costs (total)	2.50%	4.00%	5.50%	6.41%

- 5.71. In addition the costing exercise as part of the commercial submission indicates cost reduction of 10% in capital scheme works. This will present non-cashable savings which will allow more work to be undertaken for the capital grants available.
- 5.72. The table below shows the calculated savings. Cashable savings in the first table and non-cashable savings in the second:

Figure 20: Amey - Cumulative Savings Against Baseline Costs (£'s)

Continuous Improvement Plan - Cumulative Savings Against Baseline Costs							
Work Area	Baseline 2013-14 £m	Provisional Budget 2014-15 £m	Year 1 2014-15 £m	Year 2 2015-16 £m	Year 3 2016-17 £m	Year 4 2017-18 £m	Year 5 2018-19 £m
Routine Maintenance Crews	6.716	6.716	1.679	1.780	1.880	1.981	2.082
Gulley Emptying	0.748	0.748	0.187	0.198	0.209	0.221	0.232
WM - Gritting & Salting	0.877	0.877		0.013	0.026	0.039	0.053
			1.866	1.991	2.116	2.241	2.366
There are additional costs to be met from these savings: Year 1 Mobilisations costs			0.670				
		Cashable Savings	1.196	1.991	2.116	2.241	2.366
Operational Delivery - surface dressing	7.860	4.860	0.486	0.559	0.632	0.705	0.778
Capital Projects	18.025	13.025	1.303	1.498	1.693	1.889	2.084
		Non-cashable Savings	1.789	2.057	2.325	2.593	2.862

Demonstrating Value for Money, open book accounting, benchmarking,

- 5.73. The proposed method of reimbursement is a combination of Target Cost, Lump Sum and Cost Reimbursable models, all executed under NEC Forms of Contract. Annual work plans will be produced and agreed, forming the basis of activity schedules for development into Target Costs or Lump Sums. Winter maintenance will be carried out initially on a Cost Reimbursable basis.
- 5.74. Formation of the Operational Control Room will manage peaks and troughs in workflow, removing budget fluctuation risk from SCC.
- 5.75. Amey will generate a five year cost plan which can be converted into a 'Guaranteed Maximum Payment' to enable rigorous budget control. The Cost Plan will be linked to service streams and the MTFs to facilitate long term planning and investment decisions.
- 5.76. Amey will be operating a SAP accounting system and will also provide full open book access to contract accounting systems in order to provide complete transparency and efficient transfer of data. Data captured through SAP will be categorised through Amey's Works Breakdown Structure (WBS), providing accurate analysis and verification of costs at a detailed level on individual service elements. Costs can then be benchmarked across the wider Amey business at any time through open access accounting in SAP.

Added Value

- 5.77. Amey will continue to deliver the Transport Asset Management Plan (TAMP) through to 2017, and will then develop a new TAMP utilising its Asset Management Model to fully realize potential savings at the earliest opportunity. Using its Confirm Asset Management System, Amey will produce Network Condition Index values to formulate a prioritised five year programme of works.

- 5.78. Amey propose that the Professional Services Team will form the basis of a Design Hub that will support the network of hubs that Amey has developed around the UK. Working from Staffordshire Place, the design hub will comprise staff engaged on Infrastructure + and other contracts, ensuring teams have maximum exposure to a range of scenarios.
- 5.79. The commercial submission demonstrates proposals to achieve growth through revenues over the first five years of the contract by actively partnering and working with other council departments, LEP's, partner organisations, developers and other businesses. The proposals demonstrate an understanding of the market and market drivers to promote growth, including;
- Emphasis on quality, cost, value and investment, with underlying reductions in public spending;
 - Focus on shared services and specialisation to maximize synergies and economies of scale and
 - Developing commitment towards community empowerment and the local economy.
- 5.80. Revenue forecasts have been demonstrated in the commercial submission across six business streams, including a five year plan to work with Shugborough to reduce maintenance costs, develop potential revenue streams, and incomes through professional services.

Social Value

- 5.81. During the transition phase of the project, Amey will work with SCC to develop a Stakeholder Relationship Plan, covering all aspects of consultation, communication and engagement. The submission identifies key stakeholders, the interface with the Infrastructure + project and the possible engagement opportunities
- 5.82. Central to meeting the SCC vision for a 'connected Staffordshire where everyone has the opportunity to prosper, be healthy and happy' will be the Amey Ecosystem, engaging cross sector organisation, local businesses, SME's and volunteers to drive a co-ordinated approach to measuring impact across the county in terms of social value
- 5.83. Amey have identified a number of social value strategies to deliver non-financial returns on the project, including:
- Partnering with PM Training, Support Staffordshire and Vivo rewards to recruit volunteers for the 'Step Up' volunteering campaign,
 - Optimising use of the asset bases to maximise usage, including the use of the Gailey depot as a training centre for young people,

- Establishing a Green Hub in Shugborough as a centre of excellence in horticulture,
- Enrolling apprentices and graduates onto the Duke of Edinburgh Gold Programme to support the development of people, and
- Working with the Trade Unions to extend their community numeracy and literacy programme which has been successfully delivered in Birmingham.

5.84. The benefits borne out of the proposal will contribute significantly to achieving the outcomes and critical success factors of the project, particularly in those areas not directly focused upon by the highways elements of the project. Critical evaluation of the schemes will be carried out by the monitoring teams described elsewhere in this document to ensure that benefits are realised and that outcomes remain relevant and challenging.

PENSIONS – SOLUTION AND COSTS ASSOCIATED

- 5.85. The Local Government Pension Scheme (LGPS) Regulations permit the Pension Fund to enter into a legal agreement with a private sector employer. This legal agreement is known as an admission agreement and ensures that the TUPE transferred employees have continued access to the LGPS. The parties to the admission agreement with the Staffordshire Pension Fund must put in place a bond or guarantor to guarantee the pension liabilities in the event that the service provider's business fails. The new provider must decide whether the admission agreement is open or closed to those new employees taken on after the commencement of the contract.
- 5.86. The new service provider can enter into a pension risk sharing agreement with the awarding authority which in this case is the County Council.
- 5.87. The pension risk share that has been agreed is as follows:
- A fixed employer's pension contribution rate of 22.9% of pensionable payroll for an agreement open to new employees and 24.3% if closed to new employees. This rate will need to be reviewed when the final list of staff being transferred is established and the County Council reserve the right to adjust this rate by plus or minus 2%,
 - The fixed rate employer's contribution rate is assessed at each fund valuation (every three years) and any shortfall is made up by the awarding authority i.e. the County Council. The first valuation following the award of the contract will be 31st March 2016,
 - The employer's fixed rate employer's pension contribution would be reviewed at any point in the contractual arrangement where a price review is undertaken by the parties,

- The County Council will take the pension risk for both the past and future deficits accept in circumstances where the actuary identifies pay increases above their actuarial assumptions,
- The County Council will act as guarantor to the pension fund,
- The new provider will take the risk for any employer related decisions which attract an extra pension cost, and
- The new provider is set up on a fully funded basis.

5.88. The County Council is still liable for the deficit repair in respect of these employees which was provisionally identified as being £0.6m per year for all staff involved in the service areas in scope.

5.89. Please note that the employer's contribution rate quoted above only relates to employees transferring from Staffordshire County Council LGPS.

HOW WILL WE GET THERE?

PURPOSE OF THIS SECTION

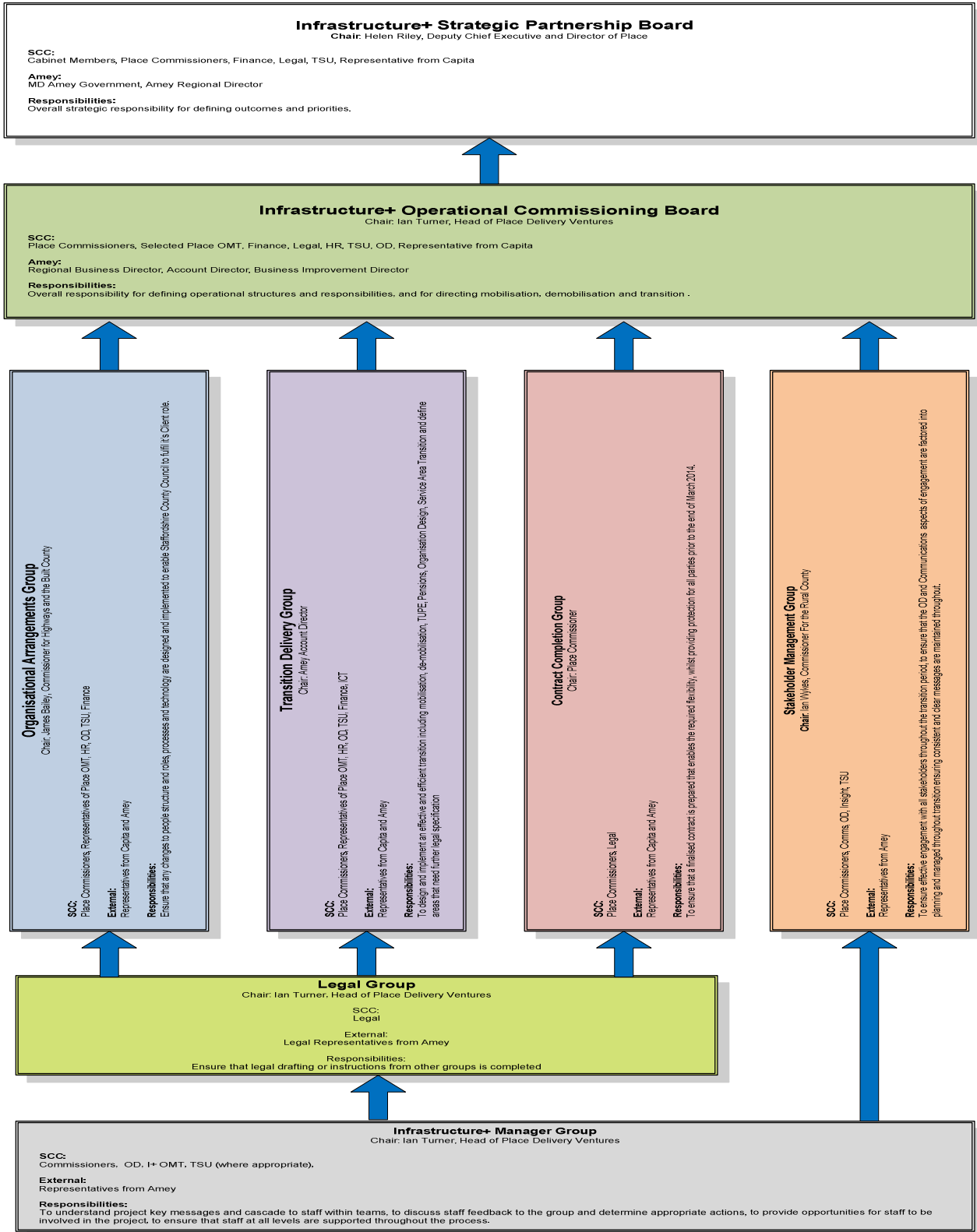
- 6.1. This section will describe the work to be done to achieve the end state described in the final bid submission, contract and KPI's.
- 6.2. While some of this work will be undertaken in the Preferred Bidder stage as we firm up KPI's and the contract itself, some of this work will be undertaken in the transition period as we mobilise the new strategic partnership.

THE PLAN

- 6.3. The work required to establish the strategic partnership will take place in two main phases; Preferred Bidder and Transition.
- 6.4. **Preferred Bidder phase:** This will cover the period to contract award (end March 2014) and will involve further discussions with Amey to fine tune the detail of the contract and the programme of service transition. Areas for further discussion with Preferred Bidder.
- 6.5. This phase will see the creation of the Strategic Partnership Board and the other governance structures that will be agreed between the two parties. Key roles and responsibilities will be agreed, along with plans for the transition phase.
- 6.6. Legal completion will take place during this time as will the preparation for Day 1, which will involve stakeholder management, HR, Finance, ICT and service area involvement to ensure a soft landing on 1st April 2014.
- 6.7. **Transition phase:** This will cover the period from contract commencement to the completion of the mobilisation activities. Demobilisation of the current contractual arrangements will continue through the transition period to the point at which a safe handover to the new arrangements is achieved for all services being transferred.
- 6.8. Further work regarding the scope of service transition will continue during this phase as the partnership explores the value of transferring services through the business case mechanism discussed during dialogue.
- 6.9. Novation and assignment of existing contracts may also take place during this phase, as will the detailed agreements with respect to property and other assets in scope.
- 6.10. Governance of the project over the Preferred Bidder and Transition phases is shown in the figures below:

Figure 21: Transition Governance

Infrastructure+ Transition Governance



CONTRACT FINALISATION

- 6.11. During Preferred Bidder stage, the parties shall liaise with a view to fine tuning the contract to meet the proposed solution. Contract signature is anticipated on or before 31st March 2014, contract commencement being 1st April 2014.
- 6.12. During transition, the process of novation and assignment of third party contracts is anticipated.

ORGANISATIONAL ARRANGEMENTS

- 6.13. During the Preferred Bidder stage, the County Council and Amey shall liaise with a view to developing the detail of:
- the scope of service take on,
 - the phasing of take on and
 - the extent to which each service will be taken on.
- 6.14. The output of these discussions will influence the overall organisational arrangements of the partnership and specifically how the County Council will organise its client side obligations based on the core capabilities identified in 0 and the model developed at Figure 13.
- 6.15. In preparation for these further conversations a series of internal workshops are planned for Commissioners, the Head of Place Delivery and the Operational Management Team to consider the capabilities required to deliver the core functions outlined in section 5.28, to undertake an assessment of whether these capabilities currently exist and if so to determine how we ensure they are not lost within the partnership; or if we may have to create or recruit against certain capabilities.
- 6.16. These capabilities will take into account:
- People – in terms of skills, competencies and experience required,
 - Processes – in terms of relationships and interdependencies across the partnership, and
 - Systems – in terms of technology and systems used to support the partnership.
- 6.17. These early sessions will consider capabilities at a relatively high level in order to provide a basis for further conversations with Amey during Preferred Bidder stage.
- 6.18. The work will help to develop a “strawman” client arrangement based on our current understanding. It is anticipated that Amey would join these conversations with their own views on how the organisational arrangements would work and therefore this early preparation provides a backdrop to aid discussions rather than a final structure.

6.19. During transition stage, work will be done to either recruit or retain key capabilities within the client structure depending on the scope, extent and timescales for service take on, the detail of which will be agreed with Amey during the Preferred Bidder stage.

WORKFORCE AND TUPE

6.20. Within the scope of Infrastructure+ the County Council employs approximately 240 FTE's (324 head count), including vacancies and casuals.

6.21. There are approximately 190 FTE's employed by Enterprise and working on the highways term maintenance contract for the County Council. In addition there are in the region of 65 subcontractor companies employed on existing contract activities.

6.22. During Preferred Bidder stage, parties shall liaise with a view to agreeing:

- the proposed scope of service take on,
- the proposed phasing of take on and
- the extent to which each service will be taken on

6.23. This will determine the scope and timing of any proposed TUPE of County Council employees, changes to job roles and structures or ways of working.

6.24. The TUPE transfer mechanics proposed by Amey are legally compliant and represent good practice, considering both Employee Relations issues as well as employee engagement.

6.25. It is proposed that some organisational changes may be introduced to deliver the range of strategic outcomes, core objectives and critical success factors associated with the services in scope. As a consequence staff may experience changes to job roles and structures as the way in which work is organised changes.

6.26. Workforce and TUPE arrangements will be managed via the Mobilisation and Transition workstream and will be a key consideration during the development of the mobilisation and transition plan. Whilst delivery of the plan will focus on the following (below) this activity will be aligned to the outputs of the Organisational Arrangements workstream in addition to the development of 'client side' capabilities;

- Communication and engagement,
- Consultation with affected staff and Trade Union representatives,
- Transferring entitlements and terms and conditions of employment and
- Staff induction and transition.

6.27. Notwithstanding the protections afforded by employment legislation the County Councils will work with Amey to develop and agree any organisational changes prior

to implementation, ensuring due consideration is given to the impact on staff and the appropriate management of this impact. Staff will be supported through a managed transition process with ongoing engagement and consultation with both them and their Trade Union representatives.

ORGANISATIONAL DEVELOPMENT

- 6.28. The County Council's Organisational Development Service works to shape, enable, guide, support, challenge and connect the organisation to deliver sustained performance, improvement and effectiveness. This work will continue to be important as we shape and work with our strategic partner to deliver the outcomes of Infrastructure+.
- 6.29. The County Council will work in partnership with Amey during both the Preferred Bidder and transition stages with a view that the County Council's "Vision, Values and Behaviours" are fully integrated and embedded – thus creating a suitable and sustainable cultural fit.
- 6.30. During the Preferred Bidder and transition stages we will work in partnership with Amey on three key areas:
- Strategic Partnership Board,
 - Organisational Arrangements (client side), and
 - Transition.

Strategic Partnership Board

- 6.31. There has been a commitment that the Strategic Partnership Board (SPB), will meet quarterly and focus on agreeing the direction of travel for the project teams, overseeing outcomes and service level commitments, and reviewing and challenging high level service performance and exceptional contract issues.
- 6.32. The County Council will work with the SPB to ensure that they are developing effectively as a strategic board and are concentrating on their agreed focus. In partnership with Amey, we will act as a critical friend to the Board, offering robust challenge and support as well as agreeing a development programme during the Preferred Bidder and transition stages.

Organisational Arrangements (Client-side)

- 6.33. A specialist workforce planning resource is working within this workstream. This support will continue and will work with Amey to identify any skills or knowledge gaps and wider workforce development priorities.

- 6.34. Organisational Development, Human Resources and Business Design will work in partnership with Amey to ensure that the client side systems, processes and people requirements are defined and in a position of readiness for transition.

Transition

- 6.35. To date Organisational Development specialists have provided dedicated support to the project team and to staff affected by the project ensuring that staff have been engaged and involved where appropriate. Organisational Development and Human Resource specialists will work with Amey during the Preferred Bidder and transition stages, to develop a plan to support staff through the next phase of the programme.
- 6.36. Organisational Development specialists will work in partnership with Amey to ensure that the ongoing engagement and support for those staff in scope for transfer will be timely and effective.

ACHIEVEABILITY

The County Council's experience of delivering similar projects

- 6.37. The County Council has a track record of delivering of new and innovative approaches to the provision of public services; exploring and implementing alternative delivery vehicles, forming innovative partnerships and focussing on the delivery of outcomes rather than services.
- 6.38. The County Council have delivered a number of high profile change projects and closed a number of large scale contracts which demonstrate our ability to manage projects of this size, complexity and nature.
- **Education Support Services:** The creation of a shared equity joint venture private limited company for the delivery of education support services, including; education transformation, special educational needs, catering, cleaning, grounds maintenance, information technology and property services, to provide an end-to-end service for learning organisations and to further exploit the commercial opportunities for growth for all included services both within and outside Staffordshire. A Competitive Dialogue Process was completed within 9 months, including completion and award of a £2billion contract. Preparations for Day 1 included the TUPE transfer of 4,000 staff and considerable assets.
 - **Integration:** The transfer of almost 1,000 social care staff and a budget of £153 million from the County Council to the new Staffordshire and Stoke-on-Trent Partnership NHS Trust.
 - **Public Sector Network (PSN):** the successful close of a large-scale telephony contract run via a Competitive Dialogue process and closed in December 2010; OJEU notice to end of standstill was 12 months.

- **Waste To Resources (W2R):** The appointment of Veolia Environmental Services to run Staffordshire's energy from waste project as part of a 25 year Private Finance Initiative (PFI). This £600m contract was the result of a Competitive Dialogue procurement process that took 2 years from issue of the OJEU notice (July 2008) to contract close (July 2010) with a Preferred Bidder phase of 3 months.

Amey's experience of delivering similar projects

- 6.39. Amey is one of the most diverse companies in the public and regulated sectors. Founded in 1921 and part of Ferrovial since 2003, Amey works with customers across the UK in a wide range of sectors. Amey employs around 21,000 people, operates over 320 contracts and has a turnover of £2.3 billion a year. They are the only company in the sector to hold both Investors in People Gold Award and Champion status.
- 6.40. Examples of Amey's key contracts provided during the procurement process evidence that it is experienced in mobilising and delivering contracts of a similar scale to Infrastructure+.
- Amey is the main contractor providing a range of infrastructure services to Bedfordshire County Council through a ten year contract worth £25m per annum.
 - It also runs highway maintenance and professional services for Kent County Council through a 10 year contract worth £45m per annum.
- 6.41. In addition, Amey has a strong track record in undertaking large-scale TUPE transfers. Over half of Amey's employees have joined the company through TUPE with over 3,500 employees transferring in since 2010, excluding the 12,000+ staff who joined via integration with Enterprise
- 6.42. Amey's parent company, Ferrovial employs over 67,000 employees and operates in over 25 countries.

External Advice and Challenge

- 6.43. Staffordshire County Council is able to access external advice and guidance to provide assurance of the work and approach undertaken.
- **Highways Maintenance Efficiency Programme (HMEP) Strategic Reviews:** HMEP is a government funded, sector-led transformation programme to promote efficiencies in the local highways sector. HMEP captures good practice and makes sure it is widely and readily available. They work closely with the Highways Term Maintenance Association and the supply chain with a long term and ambitious vision to find new and improved ways of delivering highways services through partnerships, collaboration and a sustainable balance between

meeting the needs of service users while also providing quality and value for money services. HMEP offers Strategic Reviews to identify and prioritise opportunities for improvement. These reviews bring together peer skills from both the public and private sectors to offer support, guidance and challenge.

- **Local Government Authority (LGA) Local Partnership Peer Review:** The LGA works with local authorities to support, promote and improve local government. The LGA's offer of peer challenge is well known and taken up by many councils. Its offer can be used to challenge many aspects, including the impact of joint working, external reviews of major transformational change projects and the effectiveness of working with partners to delivery corporate and local priorities and outcomes.
- **Capita's role in contract management advice going forward:** As key advisors during the procurement process for Infrastructure+, it is intended that Capita's contract management expertise will be retained through the transitional stages of the project to ensure the benefits projected during the procurement phase are realised. With substantial sector expertise and multi-authority exposure, Capita will lead the commercial management of the project, focusing on service level and performance management, cost control and benchmarking to ensure value generation across the scope of services.

MEASURING THE IMPACT

PURPOSE OF THIS SECTION

- 7.1. Future proofing the contract to ensure that it continues to achieve relevant outcomes for the huge range of Infrastructure+ stakeholders is central to achieving a successful partnership. The needs of our customers have changed over the past decade in ways we would not have been able to predict and this is certain to happen again over the next 10 years.
- 7.2. Finding ways to make sure that the partnership remains relevant over the long term has been at the heart of the process we have followed. We need to make sure that it is sufficiently flexible to take account of the changing needs and priorities of customers and also to the changing political, economic and financial landscape.

FUTURE INSIGHT WORK

- 7.3. The procurement of a strategic partner for Infrastructure+ has been based on the known and desired outcomes, needs and priorities at this time. Given that the partnership is a long-term arrangement of up to 20 years, outcomes, needs and priorities will change, as will behaviours and ways of working.
- 7.4. To make sure that the partnership continues to deliver the right outcomes in the right way for the residents of Staffordshire, the partnership needs a mechanism by which it can keep track of changes and respond appropriately to those changes.
- 7.5. The County Council, through its Insight, Planning & Performance team and the individual services areas, already monitors and researches customer needs and through the use of a variety of surveys, engagement mechanisms and consultations, along with bespoke insight activities, works to identify how needs might change over time.
- 7.6. The Insight, Planning & Performance team will continue to play a critical role, alongside the client side function of the strategic partnership, in tracking customer needs and priorities and translating those into desired outcomes.
- 7.7. This work will make sure that the strategic partnership is commissioned to deliver relevant outcomes that are consistent with the infrastructure needs of the various different customers the strategic partnership will serve.
- 7.8. In addition to changing customer needs, there will be a changing financial picture over the life of the strategic partnership. Given the environment of austerity and the pressure this is putting on public sector services, there is more pressure than ever to make sure that we achieve the best outcomes with the money we have. It is also

difficult to forecast accurately the future levels of revenue and capital budget, meaning that making long term commitments to service delivery is difficult. Changes to the financial picture will be fed into the governance of the strategic partnership at the appropriate time.

KPI'S

- 7.9. KPIs will form an essential part of the Amey performance management regime and will be developed by the Strategic Partnership Board to ensure the outcomes for both partners can be achieved. Translating outcomes into operational indicators will be subject to annual reviews by the Strategic and operational boards to ensure the relevance and stretch of the indicator, and to ensure any changes in the operating environment are fully embraced and reflected in the outcomes.

GOVERNANCE

- 7.10. The long-term role of the governance of the strategic partnership with Amey will be to ensure that it is delivering the outcomes and KPI's associated with Infrastructure+ in a way that meets the ongoing MTFS challenges.
- 7.11. Strong governance will ensure that the partnership remains flexible, capturing changing needs effectively and formally and ensuring that these can be delivered and monitored accordingly.
- 7.12. The structure and co-participation of the Strategic, Operational, Delivery and Monitoring boards ensures that the governance of Infrastructure+ will be focused on delivering outcomes. Co-participation is an essential element of the collaborative working model on which Infrastructure+ is founded, allowing balanced decision making from a political to an operational level and ensuring that the project delivers on both a practical and societal level.
- 7.13. The impact of budget change on service scope was a primary consideration for the Infrastructure+ project. The governance structure developed through dialogue and the final submission represents a highly flexible and adaptive structure to manage change and align service levels to outcomes.
- 7.14. Furthermore, the partnership governance will give assurances to the County Council that it is delivering the Infrastructure+ outcomes and associated Critical Success Factors. Through the Prosperous Staffordshire Select Committee and the Assets and Budgets Select Committee the County Council will be able to hold the partnership to account on both outcomes and financial performance.

ORGANISATIONAL ARRANGEMENTS

- 7.15. Within the strategic partnership's governance, the Council needs to make its own organisational arrangements to ensure that the outcomes and the contract can be effectively managed in the future. These arrangements will need to retain a degree of flexibility to be able to react to local and strategic changes through the contract length.
- 7.16. This will be delivered by ensuring that an appropriate structure, with the right capabilities and skills is designed and maintained by the County Council.

MTFS

- 7.17. An integral component of the bid submitted by Amey is to guarantee a saving of 25% against all current routine maintenance activity in the first year of the contract. An initial estimate of the level of savings that this will generate is £1.87m in a full year (although this will be offset by mobilisation costs in the first year). Indicative plans for further efficiencies and income generation were included as part of the bid submission with detailed plans being a key component of the negotiations leading up to the finalisation of the contract. Potential fluctuations in workload due to future budget restrictions will also be addressed as part of the contract.