

APPENDIX 4

BENEFITS REALISATION PLAN



Benefits Realisation

Highways & Engineering Services Term Maintenance
Contract

May 2009

Benefits Realisation

Executive Summary

The purpose of this drafting document is to build on work already carried out in respect of benefits realisation for the Highways and Engineering Services Procurement Exercise (HESPE) to determine a definitive benefits realisation strategy and plan that will ensure the aims objectives and aspirations of the procurement exercise are fully delivered. Frequently projects are delivered in isolation and merely reaching a position of completion is often seen as a milestone of success without really understanding or measuring if the purpose of the project has achieved the required outcomes.

The need for additional work has arisen from the dynamics of the procurement exercise from the early days of consultation, the outline business case and the project initiation resulting in developing and emerging benefits throughout the procurement process.

Initially perceived benefits are based on consultation and engagement with internal and external stakeholders resulting in various levels of qualitative and quantitative subjective aims and objectives.

During the Procurement exercise, a number of dynamics have evolved through workshops and consultation resulting in clear benefits that the procurement exercise will deliver in two key areas:

1. Benefits arising from the completion of HESPE
2. Benefits arising from and during the delivery of the Highways and Engineering Contract.

In accordance with PRINCE2 principles the two sub projects will be treated as one project to produce one lean measurable benefits realisation plan.

The changing dynamics of perceived benefits have emerged as a result of the following:

1. Interpretation of subjective aims into benefits that is tangible, realisable and measurable.
2. Introduction of the Performance Management framework (PMF) for qualitative improvements and monitoring. The PMF is the realisation plan through which the qualitative benefits are measured. This is Benefit Realisation 1 (BR1) – 'qualitative' benefits
3. Development of Corporate and Departmental aims 2009/10 during the procurement process.
4. The development of 'quantative' benefits (BR 2 to 8) during the HESPE process.

The emergence of clear benefits is tracked in **Appendix 1** but an executive summary is identified in **Figure 1 on page 2** including the total value of quantative benefits over an 8 year contract period.

The following document outlines the development of the benefits realisation strategy and the plan for measurement and monitoring; including owners and dependencies to ensure the aspirations of the contract are managed, recorded and delivered within the required timescales.

Kevin Earle
April 2009

Emerged Benefits		
Benefit Number	Description	8 Year Value (£M)
Qualitative		
BR1	Continuous improvement measured by performance management framework linked to Technical Services Divisional performance indicators that are a contributor to Wirral MBC Corporate aims.	Qualitative
Quantative		
BR2	Improved management of risk – savings arising from effective risk management	1.16
BR3	Capital savings	2.64
BR4	Revenue savings	1.76
BR5	1.5% Gershon efficiency savings	0.96
BR6	Income generation and cost saving through the potential disposal of depots	0.93
BR7	Cost saving through client staff reduction	0.36
BR8	Additional savings from ICT rationalisation and the introduction of a single integrated asset management facility.	0.25
Total realisable benefits		8.06

Figure 1 - Executive summary of emerged benefits through the Highways procurement exercise

Benefits Realisation Strategy

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1. Project Scope -One Project or two Projects?

Prince2 defines a project as 'a management environment that is created for the purpose of delivering one or more business products according to a specified Business case' or 'a temporary organisation that is needed to produce a unique and pre defined outcome or result at a pre-specified time using predetermined resources'

If the benefits realisation was limited to the procurement project itself the realised benefit would be the successful procurement. PRINCE2 describes benefits realisation as the practice of ensuring that the outcome of a project produces the projected benefits claimed in the business case, even when the project is closed.

For the purpose of this exercise we will make the assumption, in the interests of having a single strategy that we are referring to one project from the commencement of the procurement exercise to the earliest completion date of the contract in 2014.

Benefits Realisation requires a Benefits Realisation Strategy and a Benefits realisation Plan. These are explained below.

2. Benefits Management Strategy Model

This is used to establish the approach to managing benefits and will contain the following:

- Description of the projects benefits and where in the organisation the benefits will occur.
- A model of the benefits showing interdependencies and dependencies on specific areas of change required within the organisation
- Description of the functions, roles and responsibilities for benefits planning and realisation. Aligned to the organisational structure
- Review and assessment process for measuring benefits realisation covering who will be involved in reviews and how and when the reviews will be carried out.

3. Benefits Realisation Plan Model

This is the tool used to track realisation of benefits through the lifecycle of the project

- A schedule detailing when each benefit or group of benefits will be realised
- Identification of appropriate milestones when a programme benefit review could be carried out
- Details of any handover activities, beyond the mere implementation of a deliverable output, to sustain the process of benefits realisation after the programme is closed.

4. Previous Benefits Work

An initial Benefits Management Strategy was drafted in February 2009 in preparation for Gateway 4 'readiness for service' this contained, at various levels, the objectives required to be realized through the Highways and Engineering Services Procurement Exercise. The plan is attached to this report (See **Appendix 2**) and was aimed at establishing measurable benefits which will be all linked to the Council's vision and strategic objectives contained in the Corporate Plan.

The Strategy was updated to take account of the information given in the Cabinet Report "Award of Contract" 16 October 2008.

The Benefits Management Strategy considered objectives and benefits at the following levels

- Statutory context
- Project Objectives
- Service Standards
- Performance

The Technical Services Department had determined two particular Service Delivery aims at Department level for this procurement exercise:

- 4.1. Procure Term Maintenance Providers beyond March 2006. – (Achieved subject to contract)
- 4.2. Produce a Highways Asset Management Plan (HAMP) in time to inform the above. – (Achieved with ongoing improvements)

At this stage the strategy linked the Council's aspirations to benefits in the form of economic savings and improved service delivery. These were however subjective and this has, therefore, necessitated development into tangible objective aspirations that are have a baseline and are measurable.

5. Changing Aspirations

During the lifecycle of the procurement process from 2007 through to 2009 the original subjective benefits have emerged into a clearer set of measurable aspirations. **Appendix 1** charts the lifecycle journey of the subjective aspirations brought about by the Outline Business Case project into a meaningful set of perceived benefits during the course of subsequent Cabinet and Project Board meetings.

The emerging benefits and their journey from subjective to objective are cross referenced on the timeline. This culminates in the identification of 8 key benefits (BR1 to 8) in readiness for contract commencement.

During the latter part of the procurement process the audit commission signaled a move away from the traditional Key Performance indicators referred to in the early benefit Management Strategy. These are now replaced with a new national indicator set that are included in the latest Corporate and Divisional plan for 2009/10. The original performance indicators and KPI's identified in the first benefits strategy document appendix 2 are therefore redundant.

A further dynamic is the recent publication of the definitive current Corporate Aims for 2009/10 arising from Cabinet on the 5th February 2009. This has produced a new set of Technical services owned LAA indicators and a revised range of internal performance indicators, which are cross referenced to the qualitative benefits identified in the PMF BR1. **(Appendix 2)**

6. Benefit Realisation 1 (BR1)

Background

The HESPE contract documents identified the following headline statement within the ITT in respect of benefits

'Efficiency savings are to be achieved by linking Performance Indicators (PIs) and Continuous Improvement to the contract payment mechanism over the term of the new Contract.'

In addition under 'Performance Management'

'In order to monitor and manage performance in the delivery of the contract, there will be a requirement for information to be provided to the Client on a quarterly and annual basis by the Contractor.'

During the procurement process many subjective aims were offered up as efficiencies and performance improvements for the new contract. Appendix 1 tracks the progress of these up to the development of the PMF.

Measurement

BR1 (Continuous improvement) will be measured by the performance management framework linked to Technical Services Divisional performance indicators that are a contributor to Wirral MBC Corporate aims. These are detailed in full in **Appendix 2** which identifies service delivery outputs, owners and milestones.

The contract document contained an outline performance management framework based on a list of performance indicators (PI's). Tenderers were also given the opportunity to state their own preferred PIs in the submission of method Statements. These PI's could be linked to the public view on customer service during the life time of the contract and would represent the qualitative benefits. An overview of the performance management framework is as detailed in **Fig 2** below

The Contractor will be responsible for monitoring his performance against pre-determined targets on a monthly basis in preparation for the quarterly review and should be prepared to make the monitoring system and records available to the Client for inspection and audit.

The performance management framework identifies the performance management framework and proposed targets on a 5 year basis during the contract. These are also cross referenced to Corporate and Departmental aims for 2009/10.

BR1 Performance Management Framework Overview					
Group	Weighting	Sub group	SG Weighting	SDO	O/A Weighting
Planned Work	40%	A	25%	1	10%
			25%	2	10%
			25%	3	10%
			25%	4	10%
Reactive	40%	B	12.50%	1a	5%
			12.50%	1b	5%
		C	25%	2	10%
		D	25%	3	10%
		E	25%	4	10%
Contract Management	10%	F	25%	1	2.5%
		G	25%	2	2.5%
		H	25%	3	2.5%
		I	25%	4	2.5%
Customer Interface	10%	J	40%	1a	1%
				1b	1%
				1c	1%
				1d	1%
		K	30%	2	3%
		L	30%	3	3%

Figure 2 - Performance Management Framework (BR1) Overview.
(See Appendix 2 for full details of the service delivery outputs)

The performance management framework is the benefits realisation plan for BR1. This is a management tool that identifies the baseline performance and the **Service delivery outputs (SDO's)** and identifies what improved performance should be achieved and when the improvement should take place.

Year 1 baseline represents the performance levels achieved by the outgoing Client/OSD partnership at 31st March 2009. Year 1 targets are based on realistic and achievable performance improvements required by the incoming Contractor (Colas) with a small suite of PI's measured from 1st July 2009 and the full performance set effective from 1st October 2009.

Dependencies

These qualitative benefits also deliver quantitative challenges through the introduction of the clients performance targets also identified in **Appendix 2**. It is recognised that the ability of the Contractor to perform can be affected by the corresponding performance of the Client. To this end certain Client functions will also be subject to Performance Monitoring and this in turn is a qualitative performance criteria. Failure to meet the criteria contained within the client's performance targets will reduce any deductions from the contractor's inflationary payments for contractor under performance within corresponding Service delivery areas which are clearly cross referenced.

This is in addition to the 1.5% Gershon efficiency savings, referred to later as quantative benefit 5 (BR5).

The partnering Board will be the vehicle by which new performance indicators, performance measurement processes and performance targets possibly linked to incentives will be introduced.

Owner

The PMF contains qualitative performance criteria for the client and contractor

The Contractors PMF is owned by Colas (Jim Nimmo) and the Contractor PMF is owned by Wirral MBC (Brian Smith)

7 – Quantative Benefits (BR2 to 8)

7.1 BR2 – Improved management of risk

Background

Risk operates at two distinct levels

Micro – contract risk managed through the NEC contract with risk reduction meetings where contract specific items are raised as early warnings with a view to mitigating an issue that has the propensity to change the works information

- Clause 60.1(1) A change to the works information
- Clause 16.1 and 62.1. The contractor raises an early warning and submits a quotation.

Macro – Corporate risks such as those threatening the ability of the partnership and the Authority in delivering the aspirations of the contract with a likelihood of financial impact.

BR2 is derived from Council's baseline objectives for the new contract. This is a tangible quantative benefit as a well developed risk register will provide savings and efficiencies in dealing with any risks that are materialised.

Objectives:

- To identify all risks to the project apparent at this stage that could represent a risk to the Authority in the delivery of the project.
- To capture the risks on an initial risk register that will be 'live' and reviewed throughout the project.
- To evaluate the risks identified, in terms of probability of occurrence and impact.
- To further develop the risk register, ascertain and agree ownership of the risks, considering action plans to develop the register and exploit opportunities when they arise.

Process

The post commencement risk analysis is a follow up exercise from the mobilization risk analysis and is therefore intended to be the first draft of project risks for further development and sharing.

Risk identification (Refer to full post commencement risk register, held corporately within the Health safety and Resilience department managed by Dave Callcott)

Post commencement risks fall into the following categories:

- Commercial
- Operational
- Asset Management
- Health and Safety
- Human Resources
- Changes & Challenges
- Planning and programming
- Specification
- Other

Risk evaluation

After evaluation any risk scoring greater than 10 are deemed to be potentially the most severe. These are sub classified as High Amber or Red. See Fig 2.

Risk Mitigation Planning

The post commencement risk register represents risks appropriate to this project at this point in time.

Risk registers are living documents and probabilities and impacts will change with time. As some of these risks require further mitigation the financial risk evaluation is at its maximum potential. It will be necessary as the project develops to review the impact of the risks and allocate more accurate detailed cost impacts which will reduce the financial evaluation as follows.

- Minimum cost £945 000 PA
- Likely cost £1,800 000 PA
- Maximum cost £2,890 000 PA

In order for the Risk Register to be a meaningful document and one that continues to be used in conjunction with the partnership planning and risk reduction strategy it is essential that an early risk workshop is followed by a programme of risk reduction meetings that can operate as an overarching control mechanism, Within this mechanism the micro NEC risks and opportunities can also be developed in line with the principals of the contract.

With adequate management of the macro risk register the likely cost figure of £1.8M (mid range evaluation) should be viewed as a saving but some cognisance should be acknowledged in respect of reserves for undesired outcomes of risks materialising despite mitigation.

The evaluation of risks on the risk register is targeted at a 12% reduction per annum in line with the sensitivity assessment for high value efficiency savings for Option 2, saving a notional £1.16M over the duration of the contract.

Risk Description	Risk Index	Risk Evaluation			
		Probability %	Financial Impact Maximum £k	Financial Impact Most Likely £k	Financial Impact Maximum £k
Commercial					
Underperformance of contractor or supply chain	High Amber	50%	25000	50000	100000
Lack of understanding of requirements of the new form of contract	High Amber	50%	100000	250000	500000
Specification issues/Method of measurement results in additional cost and budget risk	Red	Refer to C2 above			
Failure to agree rates resulting in comp events and lack of value	Red	Refer to C2 above			
Failure to agree performance indicators resulting in no benefits realisation	Red	25%	100000	150000	300000
Street Lighting					
Low rogue rates which may result in compensation events or contractual issues (See separate rate analysis)	Red	50%	20000	40000	60000
Additional cost of service due to abortive visits on an increased attendance rate	High Amber	50%	50000	75000	100000
Colas do not take Lighting stock	Red	75%	10000	20000	30000
Gully Cleansing					
Increased rates in key areas.	Red	30%	40000	65000	100000
Insufficient B of Q items resulting in comp events	Red	Included in 14C above			
Winter Maintenance					
Mobilisation failure results in lack of service	High Amber	20%	100000	200000	300000
Inadequate winter service regime	High Amber	Included in 15 above			
Winter maintenance - Severe winter effects resource availability	High Amber	Included in 15 above			
Unavailability of rock salt	High Amber	10%	50000	100000	150000
Fuel blockade	High Amber	10%	50000	100000	150000
Labour shortage	High Amber	10%	50000	100000	150000
Asset Management					
Failure to develop Asset Inventory	Red	30%	100000	200000	300000
Planning & Programming					
Delayed budget approval	High Amber	50%	40000	60000	80000
Slow or delayed design	High Amber	As above PP49			
Failure to adopt opening notice strategy	High Amber	60%	50000	100000	150000
Other					
Colas indicate they do not want residual stocks	Red	75%	50000	75000	100000
Colas indicate they wish to apply for rent reduction due to co ownership of space	Red	50%	10000	15000	20000
Colas indicate they do not want depot based fuel provision	Red	refer to 060 above			
Failure to procure an alternative depot and dispose of dock Road	High Amber	50%	100000	200000	300000
Total Risk Evaluation			£945,000	£1,800,000	£2,890,000

Figure 3 - BR2 Executive summary of high risks

Owner

The risk owner is as stated on the risk register but it will be the responsibility of the health safety and corporate resilience team to ensure that outstanding risk items particularly the high amber and red risks are continually managed until such time as they are green or amber. In additions ambers should be mitigated until such time as they are green. This will be an ongoing process throughout the contract period.

7.2 BR3 & 4 – Capital and revenue savings

The outline business case project published by Capita Symonds in September 2007 identifies likely overall savings of £400k per annum from 2011/12. As Wirral MBC have chosen not to provide a financial incentivisation into the contract at least in the early years (although it is recognised that the aspiration of a long term contract would be to progress from an NEC option B to a an option D to encourage value Engineering, innovation and therefore further efficiency savings), this savings represents true savings to the Authority.

The sensitivity analysis undertaken by Capita indicated a baseline potential for 10% savings per annum capital efficiency savings and 5% revenue efficiency savings. This is summarised in Fig 3.

Cumulative savings £000	Low (7.5% cap, 3% rev)	Base Case (10% cap, 5% rev)	High (12% cap, 6% rev)
Cumulative (2007-11)	-62	166	439
Cumulative (2007-14)	999	1584	2266
Cumulative (2007-17)	2303	3276	4368

Figure 4 - Max & Min Efficiency savings through capital and revenue stream

The model above is based on assumptions contained within appendix L – ‘Economic Benefits model assumptions of the outline business case’.

In the cabinet report of the 27th November 2008 it was outlined that:

The Council is spending £7.985M on Works during 2008/9 as follows:

- Highway Maintenance Revenue Programme = £4.602M
- LTP and Highways Capital Programme = £3.383M
(Consists of £2.614M LTP plus £769k Highways Capital)

In relation to 2009/10 and going forward the total expenditure would depend upon the future LTP settlements and future Council decisions in relation to various highway budgets.

A large proportion of the Highway Maintenance Revenue allocation is used to improve the highway network and is therefore eligible for capitalization in accordance with Accounting Standard FRS15: Tangible Fixed Assets. A complete review of the highway budgets is now underway clearly identifying specific areas of both capital and revenue expenditure in line with this standard.

At Cabinet on 16th October a capitalization figure of £1.5M was approved as part of the Director of Finance's Projected Budget 2009-11. (Minute 219 refers) and the revised expenditure was summarized as follows:

Spend area	Total £000	Capitalized Revenue £000	Revised Total £000
Revenue Programme	4,602	-1,500	3,102
Capital Programme	3,383	+1,500	4,883

Based on this Revenue/ Capital split, the £550k per annum total efficiency savings would be as follows:

- **£220k** per annum true revenue saving against Revenue Works expenditure (**£1.76M** over the eight year contract term) to contribute to corporate efficiency savings targets
- **£330K** per annum efficiency saving against Capital Works expenditure (**£2.64M** over the eight year contract term) primarily to facilitate increased work output for the allocation available or possibly offset the effect of contract inflation in future years.

The Capital and Revenue efficiency savings are linked to the baseline budget of 2008/9 financial year (Year 0) and represent £550k of additional work for the same budget based on a like for like priced comparison of work carried out in 2008/9. This saving remains in place for the duration of the contract providing annual savings over the 8 year period.

Dependencies

- The client's ability to contain the cost of the service at the rates submitted by the contractor. It is therefore essential that NEC risk reduction meetings are managed in a way to avoid escalation of rates or capitulation on contractual issues which would erode the value of the annual efficiency saving.
- The budget remains fixed. Any reduction in the budget would have a pro rata effect on the realisation of these savings
- The basket of work remains largely unchanged from the baseline model. Any wholesale changes to the scope of works could have a positive or negative effect on the realisation of the savings. However as Colas are approximately 25% more cost effective it is likely that any changes would still deliver these savings.

The measurement of the benefit realisation of BR4 and 5 is the demonstrative year on year evidence that the basket of work carried out is in line with the stated efficiency saving compared to a year 0 baseline.

Owner

Wirral Technical Services (Mike Wilkinson and Brian Smith)

7.3 BR5 – 1.5% Gershon efficiency savings

In Capita's Outline Business Case Project report dated September 2007 base line assumptions are defined based against pier authorities adopting an option 2 scenario. Typically this would result in a 10% capital saving per annum and a 5% revenue saving based on experience of PFI/PPP highways and street lighting projects in the UK. These generally are achieved through:

- Economies of scale
- Transference of best practice
- Investment in plant and technology
- Reduced management costs due to an integrated delivery
- Internal client economies
- Improved risk management
- Asset rationalisation
- Staff development recruitment and training
- Increased flexibility of service delivery

As highlighted in cabinet report of the 27th November 2008, additional non-cashable efficiency savings will be delivered through the new contract as all tendered rates include a built in 1.5% per annum Gershon Efficiency Saving. This efficiency saving equates to approximately £1M over the eight year contract term depending on actual rates of inflation.

The contract states:

Even though it is anticipated that continuous improvement in service delivery and improvements in efficiency will be driven largely in a flexible manner via the Approach to Partnering, it is important to note there is a **minimum** requirement for the successful tenderer to deliver a **1.5% per annum Gershon Efficiency Saving Contribution** across **all** work carried out under the contract. This Contribution will be deducted from the Annual Inflation Calculation as set out in Optional Clause X1.

The contract is not specific in respect of what happens if the Baxter payment is less than 1.5% of the value of work carried out under the contract but the Baxter is the means by which the payment is made not in itself relevant to the value of the adjusted payment.

Owner

Wirral finance and Technical services Gavin Shaw and Mike Wilkinson respectively

Appendix 4 identifies the benefits realisation plan identifying the savings over time

7.4 BR6 – Disposal of Council owned depots

Cabinet report of the 23rd January 2008 item 6.5.1 identified that Technical services currently has depots at Dock Road, Cleveland Street and Durley Drive. The first two were occupied by OSD but since 1st April 2009 Dock Road is shared by Colas and Wirral Partnership Homes. Cleveland Street is still the operating base of the Authority's Transport Section. Durley Drive is the salt barn used for winter maintenance.

The approximate value of the sites is:

- Dock Road = £700k assuming redevelopment value
- Cleveland Street = £500k assuming redevelopment value
- Durley Drive = £225k assuming redevelopment or existing use value

The outline business case assumed that the successful contractor would occupy Dock Road in the first year which is the case, with possible relocation to its own depot during year 2. This would present an opportunity to rationalise usage and release capital receipts.

The post commencement risk register has challenged the concept of releasing all three depots as this would present a problem to the Authority if it found itself in the position in the medium or long term of having to operate from a depot within the Borough.

In respect of the benefits realisation plan it is assumed therefore that the opportunity of realising capital receipts should be limited to two out of the three locations most likely to be Dock Road and Durley Drive.

Dependencies

- Disposal of depots relies solely on Colas locating a suitable alternative that meets their contractual and business needs without effecting performance.
- There must be a realistic market value that makes disposal viable
- There needs to be a buyer to realise capital funds.

Owner

- Relocation – Colas
- Valuation and disposal – Wirral MBC Estates

7.5 BR7 – Client staff reduction

BR7 - Associated staff costs	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Client staff	50	50	48	43	41	40	39	38	37	37
Cumulative saving (£K)			60	193	267	293	311	335	361	361

Figure 5 - Realisation of savings through staff reduction

As highlighted in the cabinet report of the 28th January 2008 and previous reports, true revenue savings can be achieved as a result of a smaller client organisation being required to manage a single strategic contract. The Capita Outline Business Case predicted an approximate 25% reduction in staff over the eight year term of the contract and my report to Cabinet of 1st November 2007 (Minute 340 refers) confirmed the intention to achieve this “gradual down-sizing” with minimal need for redeployment/ redundancy based on the age profile of the employees concerned.

As a result of further clarification of the resource requirements for the new Client organisation, the anticipated reduction in staff numbers during the first two years of the contract are as shown above in Fig 5.

Based on this analysis, it is predicted the true revenue saving associated with a Client staffing equating to 13no FTE’s, will be a total cashable efficiency saving over an eight year contract term of £2.18M.

Dependencies

- Contract and departmental stability to progress towards a lean client strategy which delivers the programmed staff reduction

Owner

- Wirral MBC Mike Wilkinson

7.6 BR8 – Additional savings from ICT rationalisation

Cabinet report of the 27th November 2008 reported that further Client staff savings may be achievable beyond 2010/11 but these will be largely predicated on the potential to develop a Highways Asset Management ICT System in partnership with the new provider once the new contract has commenced.

Such an initiative will provide real benefits for the authority as a whole allowing informed decisions to be made in respect of asset condition and future ‘spend to save’ initiatives.

The effective use of the asset inventory will allow further efficiencies to be realized through a continuing shift from reactive to planned maintenance. For the purpose of prudence this is evaluated at the lower end of the quantitative scale at £0.25M over the full 8 year period, but could in reality be greater than this.

Dependencies

This will require development work to determine likely interdepartmental and partnership synergies and further developments of the HAMP.

Owners

- Wirral MBC – IT
- Wirral MBC - Technical Services

Appendix 1

Benefits Timeline

Benefits Realisation Plan					
BR Ref	BR Description	Source	Subjective/ Objective	Status	Cross Reference to
	Project Objectives				
	Obtain better value from existing contracts	HESPE Member Group 17th January 2007	Subjective	No further action	BR3,4
	More output for less cost - efficiency gains	HESPE Member Group 17th January 2007	Subjective	No further action	BR1,3,4
	Budget savings/better efficiency of service provision	HESPE Member Group 17th January 2007	Subjective	No further action	BR1,3,4
	Increase in positive perception of Highway and Engineering Service provision	HESPE Member Group 17th January 2007	Subjective	No further action	BR1
	Increased positive feedback on the publics view on the state of highways and footways	HESPE Member Group 17th January 2007	Subjective	No further action	BR1
	Grouping of services to create budget savings through operational and management efficiency improvements	HESPE Member Group 17th January 2007	Subjective	No further action	BR1,3,4
	The creation and use of softer performance indicators to understand and react to public perception of service provision	HESPE Member Group 17th January 2007	Subjective	No further action	BR1
	Understanding the basis premise that the public wants good quality roads and decent pavements	HESPE Member Group 17th January 2007	Subjective	No further action	BR1
	Ensure that existing office skills, experience and good customer interaction is learned from and built into the new contract	HESPE Member Group 17th January 2007	Subjective	No further action	BR1
	Understand the balance between the potential for reduced cost of external provision and the flexibility which naturally occurs with internal provision of services, to ensure that both lower cost and continued flexibility is written into contract proposals	HESPE Member Group 17th January 2007	Subjective	No further action	BR1,3,4
	To ensure full Union involvement in the procurement exercise within the legal requirements imposed by OJUE procurement rules	HESPE Member Group 17th January 2007	Subjective	No further action	Not a benefit
	Sustained delivery of efficiency savings, contributing to the authority's existing and future efficiency plans	Cabinet 20th September 2007	Subjective	No further action	BR3,4
	An enhanced front line service, whose strengths lie in an ability to be responsive, to cooperate pro actively with officers and members and to improve customer satisfaction and perception within the Wirral community	Cabinet 20th September 2007	Subjective	No further action	BR1
	Ability for the client to retain an appropriate level of management control	Cabinet 20th September 2007	Subjective	No further action	Not a measurable benefit
	Baseline objectives				
	Significant efficiency savings through new longer term contract based upon a partnership ethos that delivers increased output or outcome for the same input in a competitive market	Client - Pre contract	Subjective	No further action	

BR Ref	BR Description	Source	Subjective/	Status	Cross Reference to
BR1	Efficiency savings to be achieved by linking performance indicators to and continuous improvement to the contract payment mechanism over the term of the new contract	Client - Pre contract	Objective	Approved BR1	Cabinet 27th November 2008
	Efficiency savings achieved by reducing the number of contracts and providers thus integrating service delivery, reductions and the removal of duplication of supervision and inspections	Client - Pre contract	Subjective	No further action	BR1,2,3
BR2	Improved management of risk	Client - Pre contract	Objective	Approved BR2	Contract Risk register
	Efficiency savings from reduced management client costs	Client - Pre contract	Subjective	No further action	
	Potential efficiency savings £3.6m over 8 years using option 2 through efficiency savings and rationalisation of the client side	Cabinet 1st November 2007	Objective		
BR3	Capital programme savings over 8 years = £2.981M	Cabinet 1st November 2007	Objective	Superseded	Cabinet 27th November 2008
BR4	Revenue programme savings over 8 years = £0.291M	Cabinet 1st November 2007	Objective	Superseded	Cabinet 27th November 2008
BR7	Revenue Client staff savings over 8 years = £0.357M. This materialises as a reduction in the client team from the current 48 down to 35 by 2016/17 achieved through natural wastage	Cabinet 1st November 2007	Objective	Superseded	Cabinet 27th November 2008
	Total savings over 8 years = £3.629M	Cabinet 1st November 2007	Objective	Superseded	Cabinet 27th November 2008
	Refer to Appendix B	Cabinet 1st November 2007	Objective	Superseded	Cabinet 27th November 2008
	Realisation of savings through the rationalisation of depot usage to generate capital receipts	Cabinet 1st November 2007	Objective		
BR6	Dock Road, assuming redevelopment value = £0.7M	Cabinet 1st November 2007	Objective	Approved BR6	BR6
BR6	Cleveland Street, assuming redevelopment value = £0.5M	Cabinet 1st November 2007	Objective	Approved BR6	BR6
BR6	Durley Drive, assuming redevelopment or existing use value = £0.225M	Cabinet 1st November 2007	Objective	Approved BR6	BR6
	Financial savings to support the Council	4p's Gateway Review 1 - Business justification 13th September 2007	Objective	Superseded	
	Service improvements	4p's Gateway Review 1 - Business justification 13th September 2007	Objective	Superseded	BR1 Client input above
	Benefits need to be linked back to the strategic direction of the council	4p's Gateway Review 1 - Business justification 13th September 2007	Objective	Superseded	Refer to revised PI Set 5th February 2009
	Appendix L Outline business case (Cap	Capita Symonds OBC Sept 2007	Objective	Superseded	Cabinet 27th November 2008
	A benefits realisation report is being prepared. This report will provide details of appropriate service standards to be required within the new contract. It is envisaged that Performance indicators and performance monitoring will be written into the ITT - develop	Cabinet 23rd January 2008	Objective	Superseded	Refer to BR1

BR Ref	BR Description	Source	Subjective/ Objective	Status	Cross Reference to
	Highways and Engineering Services Procurement exercise - proposed efficiency savings and contract mobilisation update	Cabinet 27th November 2008	Objective		BR1,3,4
	The same volume of work could be procured from the the new Colas Ltd rates for £550000 less than under the existing contracts, resulting in a projected efficiency saving of £4.4M over the 8 year contract period and confirmation that the efficiency savings proposed in the initial outline business case will be realised.	Cabinet 27th November 2008	Objective	Superseded	BR3,4
BR3 - Capital BR4 - Revenue	Based on the revenue/capital split the £550k per annum total efficiency saving is broken down as follows: £220k per annum true revenue savings against revenue works expenditure (£1.76M over the 8 year contract term) to contribute to corporate efficiency savings targets; £330k per annum efficiency savings against capital works expenditure. (£2.64M over the 8 year term) Primarily to facilitate increased work output for the allocation available or possibly offset the effect of contract inflation in future years	Cabinet 27th November 2008	Objective	Approved BR3,4	BR3,4
BR5	Additional non cashable efficiency savings will be delivered through the new contract as all tendered rates include a built in 1.5% per annum gershon efficiency saving. This efficiency saving equates to approximately £1M over the 8 year contract term depending on the actual rates of inflation.	Cabinet 27th November 2008	Objective	Approved BR5	BR5
BR7	Anticipated reduction in staff numbers during the first 2 years of the contract: 2009/10 = 3 no FTE £100k. 2010 3 no FTE £80k + £100k = £180k. It is predicted therefore that the true revenue saving associated with client staffing for 2009/10 will be £100k, rising to £180k per annum in 2010/11 giving a total cashable efficiency saving over 8 years of £1.36M	Cabinet 27th November 2008	Objective	Approved BR7	BR7
BR80	Further client savings may be achievable beyond 2010/11 but these will be largely predicted on the potential to develop a Highways Asset Management ICT system in partnership with the new provider once the new contract has commenced	Cabinet 27th November 2008	Objective	Approved BR8	BR8

Appendix 2

BR1 – Qualitative

GROUP	REQUIRED OUTCOME	SERVICE DELIVERY OUTPUTS (REQUIREMENTS)	PERFORMANCE TARGET	17/09 (Y1 Baseline)	1/10/09 (Y1 Baseline)	1/4/2010 Y2 Max 3% Deduction	1/4/11 Y3 Max 2.5% deduction	1/4/12 Y4 Max 2% deduction	1/4/13 Y5 Max 1.5% deduction	Corporate & Divisional P/L Link 8th Feb 2009 Cabinet
Planned Work	A. Availability of carriageway within the Borough is maximised.	The Contractor shall ensure that the number of Planned Schemes carried out in accordance with their agreed dates and times for completion is kept at target level. Weighting 25%	Number of occasions when a Planned Scheme is completed in accordance with their agreed programme of work.	NM	80%	85%	87.50%	90%	92.50%	
Weighting 40%		The Contractor shall ensure that the number of Planned Schemes carried out in accordance with the specification is kept at target level. Weighting 25%	Number of Planned Schemes not requiring a second visit to undertake remedial work.	NM	85%	90%	92.50%	95%	97.50%	TEC-R103
		The Contractor shall ensure that the number of Routine Works Orders carried out in accordance with their agreed dates and times for completion is kept at target level. Weighting 25%	Number of Routine Works Orders completed within their allotted timescales.	Priority 2 - Works to be completed within 7 days of issue = 88%	Priority 2 - Works to be completed within 7 days of issue = 88%	Priority 2 - Works to be completed within 7 days of issue = 96.5%	Priority 2 - Works to be completed within 7 days of issue = 99%	Priority 2 - Works to be completed within 7 days of issue = 99.5%	Priority 2 - Works to be completed within 7 days of issue = 100%	
		The Contractor shall ensure that the number of Routine Works Orders carried out in accordance with the specification is kept at target level. Weighting 25%	Number of Routine Works Orders requiring a second visit to undertake remedial work.	Not measured currently. Target Level of work not requiring a second visit = 84%	Not measured currently. Target Level of work not requiring a second visit = 95%	Not measured currently. Target Level of work not requiring a second visit = 98%	Not measured currently. Target Level of work not requiring a second visit = 97%	Not measured currently. Target Level of work not requiring a second visit = 99%	Not measured currently. Target Level of work not requiring a second visit = 98%	

Reactive Work and Emergency Response									
GROUP	REQUIRED OUTCOME	SERVICE DELIVERY OUTPUTS (REQUIREMENTS)	PERFORMANCE TARGET	1/42010 (Y1 Baseline)	1/42010 (Y1 Max 3% deduction)	1/411 Y3 Max 2.5% deduction	1/412 Y4 Max 2% deduction	1/413 Y5 Max 1.5% deduction	Corporate & Divisional Pillar 5th Feb 2009 Cabinet
Reactive work and emergency response Weighting 40%	B. Carriageway within the Borough is free from ice and snow. Weighting 10%	The Contractor shall provide an appropriate response in accordance with the approved Winter Maintenance Plan, to prevent the formation of ice or snow on the Carriageway and Urban Footways, where such weather conditions are forecast. Weighting 12.5%	Number of times when an appropriate response is provided in accordance with the approved Winter Maintenance Plan, to prevent the formation of ice.	100%	100%	100%	100%	100%	LAA Improvement Priority NI 47, NI48, TEC-IMP-10
			Response time to reactionary treatment.	NM	100%	100%	100%	100%	
G. Emergency incidents are dealt with safely and efficiently. Weighting 10%	The Contractor shall respond to all target time to all incidents where reactionary treatment is required. Weighting 12.5%	The Contractor shall respond to all Emergency incidents within the Emergency Target Response Time in accordance with the approved Emergency Plan. Weighting 25%	Emergency Target Response Time in accordance with approved Emergency Plan.	Benchmark relates to current performance level = Target 100% within 1 hour	Target 100% within 1 hour	Target 100% within 1 hour	Target 100% within 1 hour	Target 100% within 1 hour	NH167 TEC-CP-01 TEC-CP-06
			Category 1 Defects made safe and repaired within the appropriate response times, as a proportion of the total number of Category 1 Defects identified.	Benchmark relates to current level. Priority 1. Works made safe within 24 hours of issue and permanently repaired within 24 calendar working days = 98%	Priority 1 - Works made safe within 24 hours of issue and permanently repaired within 24 calendar working days = 99.4%	Priority 1 - Works made safe within 24 hours of issue and permanently repaired within 24 calendar working days = 98.5%	Priority 1 - Works made safe within 24 hours of issue and permanently repaired within 24 calendar working days = 99.4%	Priority 1 - Works made safe within 24 hours of issue and permanently repaired within 24 calendar working days = 100%	LAA Improvement Priority NI 47, NI48, TEC-IMP-10
D. Category 1 defects are made safe and repaired within the appropriate response times. Weighting 10%	The Contractor shall ensure that the proportion of Identified Category 1 Defects made safe and repaired within the appropriate response times, is kept at or above target level. Weighting 25%	The Contractor shall ensure that the proportion of Identified Category 1 Defects made safe and repaired within the appropriate response times, is kept at or above target level. Weighting 25%	Percentage of lamps functioning correctly during the Road Lighting Safety Inspection, as a proportion of the total number of lamps on the Network across the Borough.	Benchmarked on current performance Target = 94%	Target = 96%	Target = 97%	Target = 98%	Target = 98%	NK7 49 TEC-IMP-10
			Percentage of lamps functioning correctly during the Road Lighting Safety Inspection, as a proportion of the total number of lamps on the Network across the Borough.	Benchmarked on current performance Target = 94%	Target = 96%	Target = 97%	Target = 98%	Target = 98%	Target = 98%

Contract Management										
GROUP	Required Outcome	SERVICE DELIVERY OUTPUTS (REQUIREMENTS)	PERFORMANCE TARGET	Y1 Baseline 1st July 2009	Y1 Baseline 1st October 2009	Y2 Max 3% deduction 1st April 2010	Y3 Max 2.5% deduction 1st April 2011	Y4 Max 2% deduction 1st April 2012	Y5 Max 1.5% deduction 1st April 2013	Corporate & Divisional PL Link 6th Feb 2009 Cabinet
Weighing 10%	F. Number of reportable accidents and incidents. Weighting 2.5%	The Contractor shall ensure that Safe Working Practices and adherence to the Health & Safety at Work Act are maintained continuously to ensure that reportable accidents and incidents, is kept at target level. Weighting 25%	Number of reportable accidents and incidents.	NM	HSE baseline 2007/8. To achieve RID/OR rate of Max 500 per 100000 = 0.5%	To achieve RID/OR rate of Max 450 per 100000 = 0.45%	To achieve RID/OR rate of Max 300 per 100000 = 0.3%	To achieve RID/OR rate of Max 200 per 100000 = 0.2%	To achieve RID/OR rate of Max 150 per 100000 = 0.15%	TEC-RI-03
	G. The Contractor demonstrates an appropriate level of consideration to the environment through recycling activities. Weighting 2.5%	The Contractor shall ensure that the amount of Recycled Material used as a proportion of the total volume of material used, is kept at or above target level. Weighting 25%	Amount of Recycled Material purchased for use as a proportion of the total amount of material used.	NM	Period 1 - 5%	Y1 - 5%	Y2 - 7.5%	Y3 - 10%	Y4 - 12.5%	NH66.192.196 TEC-IMP-02 TEC-RI-01
Weighing 25%	H. Reports and Operational Plans are submitted at the appropriate times of the year and are compliant with submission instructions. Weighting 2.5%	The Contractor shall ensure that the number of Reports or Operational Plans submitted late and/or non-compliant in accordance with any submission instructions is kept at target level. Reports and Operational Plans required include: <ul style="list-style-type: none"> Payment Reports Accident Reports Third Party Claims Reports Winter Maintenance Plan Environmental Management Plan Communications Plan Annual Programme of Work Weekly/Monthly Programmes of Work Weighting 25%	Number of Reports or Operational Plans submitted late and/or non-compliant in accordance with any submission instructions.	NM	90% compliant	91% Compliant	92% Compliant	93% Compliant	94% Compliant	TEC-RI-03
	I. Final Accounts agreed and paid within reasonable timescales to assist the control of expenditure. Weighting 2.5%	The Contractor shall ensure that Final Accounts are submitted for agreement in accordance with the terms of Payment within the Contract, and is kept at or above the target level. Weighting 25%	Percentage of all Final Accounts submitted appropriately, as a proportion of the total Final Accounts required.	NM	90% Compliant	91% Compliant	92% Compliant	93% Compliant	94% Compliant	94% Compliant

Customer Interface		REQUIRED OUTCOME	SERVICE DELIVERY OUTPUTS (REQUIREMENTS)	PERFORMANCE TARGET	Y1 Baseline 1st July 2009	Y1 Baseline 1st October 2009	Y2 Max 3% deduction 1st April 2010	Y3 Max 2.5% deduction 1st April 2011	Y4 Max 2% deduction 1st April 2012	Y5 Max 1.5% deduction 1st April 2013	Corporate & Divisional P/Link 6th Feb 2009 Cabinet
Customer Interface	Weighting 10%	J. All operations of the contractor are carried out to the level of corporate identity required by the contractor and to the level of conformance identified in the quality submission. (Weighting: 4%)	<p>The Contractor's employees shall be appropriately dressed for the activities being undertaken on all occasions and be readily identifiable by means of logos, ID cards and name badges. They shall report themselves in an appropriate, courteous and respectful manner at all times. Weighting 25%</p> <p>The Contractor's vehicles shall be clearly marked with appropriate information including a relevant contact number for the general public to use and the location of the partnership with the Authority. Weighting 25%</p> <p>The Contractor shall keep all vehicles, plant and equipment employed in connection with the Project in sound, safe and serviceable condition at all times, and commensurate with the requirements of this Contract. Weighting 25%</p> <p>All signing and coming is in accordance with either chapter 9 of the traffic signs code or in accordance with safety at road works. Signs, cones and barriers are clear, legible, in force and are marked with the owners name. Weighting 25%</p>	<p>Number of employees inappropriately dressed, not readily identifiable in an appropriate, courteous and respectful manner at all times.</p> <p>No vehicles shall be inconspicuous.</p> <p>No vehicles, plant or equipment shall be unserviceable for more than the specified periods of time.</p> <p>Corporate Identity remains at a high level and in accordance with health and safety legislation. The operation sets the standard to others</p>	96% Compliant	97% Compliant	98% Compliant	99% Compliant	100% Compliant		TEC-RI-03
		K. The contractor shall minimise complaints received through CCM. (Weighting 3%)	<p>All courtesy boards and correspondence/notifications from the contractor shall have the Wirral MEC customer services telephone number. This will enable calls to be dealt with in a uniform way and allow errant calls to be redirected at the first port of call.</p> <p>Customer satisfaction surveys will be conducted by our port completion of surveys and existing planned meetings and others predetermined at monthly performance meetings.</p>	<p>The partnership will look for a 10% annual reduction in customer complaints from year 2</p> <p>Customer satisfaction surveys categorised by satisfied or unsatisfied/neutral field. The partnership will look for a continuous improvement of 10% stakeholder perception improvements</p>	Baseline	Baseline	10% Improvement	10% Improvement	10% Improvement	10% Improvement	
		L. The Contractor shall aim for continuous improvements in the delivery of its operations by carrying out customer satisfaction surveys for all planned maintenance activities. (Weighting 3%)	<p>Customer satisfaction surveys will be conducted by our port completion of surveys and existing planned meetings and others predetermined at monthly performance meetings.</p>	Baseline	Baseline	10% Improvement	10% Improvement	10% Improvement	10% Improvement	10% Improvement	

Client Performance Criteria	Contractor Non Performance reduction	Rationale	PMF Ref	Corporate & Divisional PI Link (8th Feb 2008 Cabinet)
Failure to set up and maintain a quarterly performance review calendar	100%	Underpins the entire Performance Management framework and allows PIs to be monitored/changed/developed in line with progressive objectives and benefits realisation	CP1	
Failure to maintain ward inspections as programmed	20%	Supports statutory obligation, mitigates third party claims and provides consistent throughput of orders that provides constant resource levels maintaining performance	CP2	NH7 48 NH95A to D TEC-IMP-03 TEC-IMP-09 TEC-IMP-10
Failure to issue priority 2 & 3 work twice monthly at the prescribed times (Mid month and month end)	10%		CP3	TEC-RL06 TEC-RL07
Failure to issue Structural Maintenance programme for surfacing, specialist treatments by May End each year	10%	Improves early planning and ECI. Additional lead in satisfies TMA improves opportunities for value Engineering, collaboration and stakeholder involvement. Maximises discount to a works order and therefore reduces unit cost. Improved planning and effective delivery improves customer perception. Key to benefits realisation. Early structural delivery improves performance due to summer working, maximises outputs and reduces the volume of reactive works	CP4	
Failure to issue structural Footway programme by May end each year	10%		CP5	
Failure to issue traffic schemes programme by May End each year	10%		CP6	
Failure to issue bulk lamp change order by April End each year	10%		CP7	
Failure to issue Structural street lighting programme by May End each year	10%	Improves early planning and ECI. Additional lead in satisfies TMA improves opportunities for value Engineering, collaboration and stakeholder involvement. Maximises discount to a works order and therefore reduces unit cost. Improved planning and effective delivery improves customer perception. Key to benefits realisation. Early structural delivery improves performance due to summer working, maximises outputs and reduces the volume of reactive works	CP8	
% of works orders accurate in value to within 10% due to Bill commissions (Target 90%)	5%	Provides cost assurance. Develops a lean client die to less time on remeasure and dealing with valuations. Creates trust and stimulates self audits	CP9	
% of final accounts agreed within 4 weeks of completion (Target 90%)	5%		CP10	
Failure to identify designer risks on Pre construction phase Plans	5%	Creates safer working environment and trust. Reduces inefficiencies	CP11	
Failure to liaise in advance with Utility Company's resulting in openings in new surfaces	5%	Improves customer perception of the highway service, improves the street scene aesthetics and develops collaboration between highway stakeholders.	CP12	NH67 168, 169 TEC-CP-01 TEC-RL06

Appendix 3

BR2–8 Quantative

Quantitative Benefits Realisation Plan BR2 to 8

Efficiency Assumption	2008 - 09 Budget Baseline Y0	2009 - 10 Budget	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Annual efficiency savings										
BR2 - Risk analysis Mid range (Notional 12% reduction PA)	Not Valued	£1.8M	0	216	190	167	147	123	100	77
BR3 - Capital										
Total (£K)	4883	4883	330	330	330	330	330	330	330	330
BR4 - Revenue										
Total (£K)	3102	3102	220	220	220	220	220	220	220	220
BR3/4 Combined Total (£K)	7985	7985	550	550	550	550	550	550	550	550
BR5 - 1.5% Gershon efficiency savings £1M over 8 years			125	125	125	125	125	125	125	125
BR6 - Disposal of council owned depots					Dock Road	Durley Drive				
					700	225				
BR7 - Associated staff costs			120	60	60	30	30	30	30	30
Client staff FTE's			44	42	40	39	38	37	36	35
BR8 - ICT Rationalisation (tba)										
Total Savings P/A (£K)			795	735	1435	930	705	705	705	705

Note equates to £6.7M saving over the life of the contract. (Excludes Risk reduction savings and ICT rationalisation efficiencies)
Subject to dependencies and Assumptions