

APPENDIX 1 – BENEFITS REALISATION PLAN – Update for year 2 (2010/11)

Benefit No.	Description	Eight Year Value (£m)	Status (RAG)	Commentary
BR1	Continuous improvement measured through Performance Management Framework linked to Departmental performance indicators that contribute to the Corporate aims.	Qualitative	Green	<p>A range of indicators have proved largely successful, with complete compliance in 2010/11. Recent decision to review areas for measurement as the performance focus has changed since the inception of the contract. Opportunity will be taken to link revised Performance Framework to new Corporate Plan.</p> <p>Improvement in customer perception will be a key target for year 3, building on the feedback processes and measurements introduced in 2010/11.</p>
BR2	Improved management of risk – savings arising from effective risk management.	1.16	Amber	<p>Regular, 'macro/micro' risk management review within the contract governance is maintaining a strong focus on acting on high risks. The contract risks are well managed through a contractual requirement to issue, and then promptly resolve, Early Warning notices between the parties.</p> <p>Current risk stands at £1.2 M compared with £0.8M in March 2010, and £1.8M at contract commencement. The increase over 2010/11 is due to the risk value of the dispute and also in part due to reduced efficiencies and innovation to be gained because of reduced staff numbers within both parties.</p>
BR3	Capital savings	2.64	Green	Achieved for 2010/11, and remaining on track.
BR4	Revenue savings	1.76	Green	Achieved for 2010/11, and remaining on track
BR5	1.5% Gershon efficiency savings	0.96	Green	The Contract is subject to an index-based formula (in accordance with Baxter Indices) to calculate the annual inflation to be applied within the contract, rather than the Retail Price Index, particularly due to the emphasis on work involving bituminous materials; prices for which are linked to oil prices. This efficiency saving helps to offset those increases. Achieved for 2010/11, and remaining on track.
BR6	Income generation and cost saving through the potential disposal of depots.	0.93	Green	Colas moved into their new Depot on Prenton Way early in 2010/11, thereby releasing the Council depot which is presently leased to Wirral Partnership Homes.
BR7	Cost Saving through client staff reduction	0.36	Green	<p>Significant planned savings secured in 2009/10 and 2010/11 totalling £280,000. The 2010/11 EVR/Severance exercise has further reduced the client staff numbers directly associated with the contract with approximate savings of £338,000.</p> <p>Total savings to date £618,000.</p>
BR8	Additional savings from ICT rationalisation and the introduction of a single integrated asset management facility.	0.25	Amber	A procurement exercise in 2010/11 has demonstrated that the cost of procuring a single integrated asset management system is not presently offering good value for money. A review of this change project is underway with a view to greater utilisation and upgrade of existing systems with improved processes. A revised strategy will be reported to Cabinet towards the end of 2011/12.