

## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 23 November 2020  
**Report for:** Decision  
**Report of:** Executive Member for Environment, Air Quality and Climate Change

### Report Title

**Highways, Transportation, Environment and Consultancy Services (HTEC20)  
– Update and Proposed Next Steps**

### Summary

**The two reports now before the Executive provide an update on progress achieved in ongoing discussions and negotiations in relation to the One Trafford Partnership between the Council and Amey LG in accordance with a contract entered into in 2015 (Contract).**

**The recommendations proposed in this report reflect the progress made since the last report to Executive in October 2019 and how the position in relation to service delivery under the contract has been impacted by Covid-19 and the ongoing financial pressures being experienced by the Council.**

### Recommendations

**The Executive are recommended to:**

- 1. Note the position in relation to the negotiations conducted with Amey in accordance with the Executive's decision in October 2019;**
- 2. Note the proposal to initiate a review of the contract in accordance with the provisions relating to a 7 Year Review and approves the approach to conducting such a review as set out in the Part 2 report;**
- 3. Require that the Corporate Director for Placereports back to the Executive on the findings of this review process in due course.**

Contact person for access to background papers and further information:

Name: Richard Roe  
 Extension: 4265

Background Papers: None.

Relationship to Policy Framework/Corporate Priorities	Successful and Thriving Places Pride in our Area Green and Connected
Relationship to GM Policy or Strategy Framework	No
Financial	Financial risks and affordability are a key consideration in any case for change, <u>as set out in the body of the two reports.</u>
Legal Implications:	<u>The legal implications of the proposed course of action are as set out in the body of the two reports.</u> Due to the complexity of the Contract, the Council has taken and will continue to take specialist external legal advice on this process to ensure that the Council is taking the most appropriate steps and using the correct contractual processes to achieve the desired outcomes. This will also minimise the risks of contractual litigation with Amey in the future in the event that agreement on the review is not achieved, which could be lengthy and ultimately costly for the Council
Equality/Diversity Implications	All implications will be considered at the point if future service delivery models are agreed and rolled out.
Sustainability Implications	Services take account of sustainability requirements in their day to day delivery and in policy and strategy, it is also considered
Resource Implications e.g. Staffing / ICT / Assets	There are potential financial and other resource implications for the Council in determining alternative future service delivery arrangements which are detailed in Part 2 of this report.
Risk Management Implications	Identification of risk has been a key priority for the Council in developing this case for change. It operates a strategic risk register for the overall change programme and individual work streams have their own detailed risk log and mitigation for each enabling service or service delivery block
Health & Wellbeing Implications	None
Health and Safety Implications	Services take account of health and safety requirements in their day to day delivery. The Council also has its own enabling work stream to ensure that compliance is met

## 1.0 Background

- 1 In February 2019, a report produced by the Council's Overview and Scrutiny Committee Task and Finish Group (O&SC Report) was considered by the Executive. The OSC report requested that the Executive conduct an assessment of the viability of the following three options;
  - (1) *"Consider alternative models of service delivery, including the development of an In-House Service model, with a view to ending the contract with Amey.*
  - (2) *Review the contract with Amey with a clear intent that there should be a wholesale reshaping of the contract and partnership between Amey and the Council.*
  - (3) *Continue the Amey Contract and seek significant improvements to the delivery of existing services".*
- 2 Subsequently, in July 2019, the Executive approved five recommendations in relation to next steps, involving additional due diligence and consideration of possible options.
- 3 In October 2019, following the completion of the due diligence on a range of options, a report was considered by the Executive on the future of the One Trafford Partnership. The report contained a number of recommendations which were agreed by the Executive. These are referenced in the associated Part 2 Report.
- 4 The two reports now before the Executive contain details of the progress made since October 2019 in relation to those recommendations and also report on the impact of Covid-19 on the performance of the Contract.

### **'Ramping-up' of Contract Management**

- 5 Since October 2019, the Council has continued the process of further 'ramping-up' the management and enforcement of the Contract with the objective of improving service performance of the Contract.
- 6 This 'ramping up' of the Contract involved improved scrutiny being applied to all aspects of the Contract as follows:
  - recruiting a property client manager to further scrutinise the property and estates portfolio and how it was operating;
  - improving governance, such as formalising meeting schedules and attendance to reinforce decision making and performance monitoring at an operational level; and
  - recruiting consultants to audit in depth the procedures and processes being employed in a number of key areas, most notably street-lighting, which is detailed below.

- 7 During this time the Council has continued to use contractual mechanisms to improve performance on the Contract. Examples being within the waste collection service to improve delivery performance and the achievement of recycling targets.
- 8 These actions have provoked a range of service improvements in the operation of the Contract. As a response to this increased monitoring, Amey have also refreshed their management team overseeing the Contract which has led to a more responsive approach to the management of the Contract.
- 9 As an example, following scrutiny of and challenge around planned maintenance regimes, Amey have completed a full structural survey of streetlights and introduced a new risk based inspection regime. The results of this process have informed future maintenance plans and capital investment to maintain the safety and performance of the Council's street lighting assets.

### **Impact of Covid-19**

- 10 In March 2020, in line with the Council's broader response to Covid-19. Council Officers met with Amey to agree business continuity arrangements for the Contract during the Covid-19 lockdown.
- 11 It was formally agreed that the Council and Amey would implement a simplified performance management regime for the Contract based on 10 key service performance measures and that this arrangement would initially work from March to July.
- 12 Council Officers and Amey managers met daily during this period to provide updates on front line service delivery performance and Council Officers have found Amey's new contract management helpful, responsive and cooperative during this period. There was a general improvement in working relationships and closer working.
- 13 Contractual service levels were largely maintained through the initial lockdown period, although there was an agreed reduction in the non-statutory bin service which reduced from a weekly to fortnightly frequency.
- 14 The Contract returned back to full performance monitoring arrangements from August and the Officers continued to focus on improving contractual management arrangements.
- 15 Council Officers continued to find Amey responsive during the initial lockdown period and that in general service performance has improved, particularly in Street Cleansing, Grounds Maintenance, Highways and Street Lighting services.
- 16 During this period, like many other local authorities the Council's finances have come under increasing pressure – largely as a consequence of the increased demands and loss of Council revenue brought about by Covid-19. A further consequence of those pressures is the fact that the Council has been required to fund certain cost pressures and income losses experienced by Amey directly due to the pandemic.

These costs are included in the regular revenue budget monitoring reports to Executive and in the monthly COVID-19 spending returns to Government.

- 17 Whilst the Council has received additional grant funding from the Government to cover some of these costs corporately, these do not cover the full extent of additional Covid-19 financial pressures and this is expected to add further financial pressure to the Council's Medium Term Financial Plan.

### **Cost Improvement Planning**

- 18 As part of the Council's response to the financial pressures brought about by Covid-19, in July we commenced discussions with Amey to identify opportunities to reduce Contract costs by 15% (in line with the target set across all other Council contracts).
- 19 There have been numerous conversations with Amey to date on a number of cost improvement initiatives to meet this target. These will include changing the Service specification of the Contract in order to reallocate roles and responsibilities between the Council and Amey to reduce Contract Service Charges but without the Council taking back any significant financial risks.

### **The 7 Year Review**

- 20 The One Trafford Partnership Contract contains a provision for a "7 Year Review" of the operation and performance of the Contract.
- 21 This was intended to be an opportunity for the Council (and Amey) to review the performance of the Contract and to make recommendations for improvement. It was recognised that this might include changing the scope of the Contract and the roles responsibilities of each Party.
- 22 The 7 Year Review is a contractual process under which the Council can review and assess overall Contract performance against the criteria set out in the Contract and consider whether any improvements or alterations in respect of the Services can be made. The criteria the Council may use includes a review of:
- value for money delivered in the provision of any of the Services;
  - service plans;
  - service user satisfaction; and/or
  - benchmarking of service costs and performance against other local authorities and industry best practices.
- 23 The Council is obliged to carry out a "7 Year Review" but has the discretion as to what steps to take following conclusion of the 7 Year Review.
- 24 The review must commence no later than 18 months before the 7 Year Review Date (1 July 2022 – so the deadline to start would be **1 February 2021**), and must

conclude no later than 12 months before the 7 Year Review Date (so by 1 July 2021). The Council should therefore be able to start the process now if it wishes.

25 Amey is required to assist the Council as reasonably required whilst the review is being carried out.

26 Following the conclusion of the 7 Year Review, the Council must provide written notice to Amey as to:

- whether it requires no further action to be taken; or
- whether it wishes to consider the implementation of improvements or alterations in respect of the Services, or effecting a reduction in Service payment.

27 The 7 Year Review therefore provides a further opportunity to review the Contract and may provide a way to request change proposals to the Contract and/or request information from Amey.

28 It is now proposed to use the 7 Year Review process to conduct a thorough review of the overall performance under the Contract and to seek to address any ongoing performance concerns by proposing improvements or alterations in respect of the Services, or effecting a reduction in Payment.

29 In conducting this review Officers are also aware of the broader financial and service challenges that the Council faces.

30 It is therefore proposed that the following objectives/principles are adopted during the review process – any recommendations and proposals resulting from the 7 Year Review must be able to meet the following tests and ensure:

- no net increase in service costs to the Council and deliver better value for money to tax-payers;
- future service performance is focused on delivering key customer priorities and outcomes;
- that service standards are protected as far as possible;
- any financial or other risk transfer to the Council is limited; and
- jobs and conditions of employment are protected.

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### **Timetable & Approach**

32 If the carrying out of a 7 Year review is approved it is proposed to follow the timetable and approach set out in the table below...

<b>Stage/Activity</b>	<b>Date</b>	<b>Commentary</b>
Commence 7 Year Review	December 2020	Write to Amey informing them of the commencement of the 7 Year Review
Scope & Focus Confirmation	January 2021	Write to Amey confirming the scope, focus and process for the 7 Year Review
Information & Data Request	February 2021	Confirm data and information requirements with Amey
Conduct review & negotiations	March – April 2021	Discuss proposals and options with Amey
Findings & Recommendations report	June 2021	Report back to Executive on findings and recommendations and next steps.

### 33 **Recommendations to the Executive are as set out above**

#### **Other Options**

Officers have set out other options for the One Trafford Partnership are these are set out in Part 2 of this report.

#### **Consultation**

Formal consultation is not required at this stage.

#### **Reasons for Recommendation**

To enable the Council to assess overall Contract performance against the criteria set out in the Contract and consider whether any improvements or alterations in respect of the Services delivered under the contract can be made.

Key Decision (as defined in the Constitution): No  
 If Key Decision, has 28-day notice been given? N/A

#### **Exempt Information**

By virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order, the following information has been excluded from Part 1 of this report and included in Part 2 of the report:

1. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

It is considered that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<b>Finance Officer Clearance</b>	<b>NB</b>
<b>Legal Officer Clearance</b>	<b>JLF</b>

**CORPORATE DIRECTOR'S SIGNATURE** 

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.