

1 Executive Summary

Introduction

- 1.1.1 The Outline Business Case is the next stage in the development of the Highways Future Project, following on from the Strategic Business Case, which was approved by members in October 2007. It provides further details to the Council and its stakeholders, for consideration of the most effective partnering models for the most efficient and effective delivery of the Highways service in order to meet the needs of its customers.
- 1.1.2 This report sets out the first phase, which develops the Outline Business Case to a stage where an informed decision can be made on the preferred partnering model option to take into the competitive dialogue process. The second phase will develop the preferred option further. The report also provides guidance for specific areas, which can not be addressed in full until the dialogue process with the market to determine the detailed solution.
- 1.1.3 With both phases completed this will provide Southampton City Council with a “Flexible Service Model” for the effective delivery of the Council’s Highways and related services, through a partnership with the private sector and promoting effective management of the network inline with the Councils objectives.
- 1.1.4 The report is divided into five main chapters, details of which are summarised below with key findings included.

Strategic Context and Business Need

- 1.1.5 The Strategic Context and Business Need chapter sets out the requirements of the proposal and answers the question “why does the service need to improve?” It sets out the project in the context of the strategy for service provision, whilst demonstrating how the proposed project will enhance the Council’s ability to deliver the service.

Key Findings:

- ∴ There is a Business Need to improve/maintain the overall condition and provide further investment to bring the network up to a designated standard, inline with the Council’s objectives
- ∴ With increased levels of various forms of investment required, the case for partnering becomes stronger.
- ∴ Initial “in scope” services analysis (see appendix A) suggests that functions within the Highways and Parking Services Division sit comfortably within the preferred model. Other functions may warrant inclusion and the Independent scoping review further informs this decision

The Economic Case

- 1.1.6 The Economic Case chapter provides a brief economic and Strategic Business Case background, detailing the various partnering models for consideration for the preferred option. The chapter outlines the process for carrying out a detailed options appraisal and summarises the findings. Furthermore, a SWOT analysis is carried out for each option and implementation options are also considered. The chapter concludes with baseline Economic Benefits Modelling being undertaken for each partnership option.

1.1.7 The four Partnering models being considered are:

- ⋮ “Virtual” Partnership model
- ⋮ Co-location Partnership model
- ⋮ Partial Integration Partnership model
- ⋮ Full Integration Partnership model

Key Findings:

- ⋮ From the SWOT analysis carried out on each partnering model option, the more you increase the level of integration the greater the opportunities for delivering; the Council’s objectives, an effective and efficient service and the outcomes required. However, increased integration will result in increased risks and impact on staff.
- ⋮ The Full Integration partnership model provided increased opportunity to achieve the partnerships Critical Success Factors
- ⋮ Currently there is limited potential for collaboration with surrounding authorities. This situation will potentially change as the partnership proceeds
- ⋮ Implementation detail/issues will vary, depending on the preferred option the Council decides to adopt. The implementation information provided should not be considered in isolation to the other considerations of partnership that are identified within the Outline Business Case. Further detail is defined in the summary in section 3.6. The following is the order in relation to solely the potential ease of introduction for the Council:
 1. “Virtual” Partnership model
 2. Co-location Partnership model
 3. Partial Integration Partnership model
 4. Full Integration Partnership model
- ⋮ After completion of a Senior Officer Workshop, where detailed option appraisals for the four partnering model options were undertaken against determined Critical Success Factors. The results showed that the Full integration partnership model scored highest, with the Partial Integration Model second. Therefore, Full Integration is the preferred partnership model option under these criteria. However, officers felt that if full integration was not the preferred option, partial integration was not necessarily the fall back position.
- ⋮ Preliminary risks analysis of all partnering model options indicates that as you progress towards the Full Integration model the level of risk requiring mitigation increases.

Commercial Aspects

1.1.8 The Commercial Aspects chapter of this report identifies that adopting a commercial approach to the project is fundamental to determining that the Council gets the best deal from the market. This approach will be endorsed further through the competitive dialogue procurement process. The chapter considers; Output Based Specification, Sourcing options, Payment Mechanisms, Risk Allocation/Transfer and Personnel issues – TUPE vs. Secondment

Key Findings:

- ⋮ Once the preferred option has been determined the Output Based Specification and subsequent information will need to be developed
- ⋮ Once the preferred option has been determined the Payment Mechanisms and subsequent information will need to be developed
- ⋮ The TUPE employment model is the preference and is the recommended

model to adopt for staff transfer.

Affordability

- 1.1.9 The affordability chapter of this report provide a mechanism to ensure that the projects objectives and outcomes can be delivered within the funding envelope that is affordable over the life of the contract.

Key Findings:

- ‡ The fundamental aim of the partnership is not to bridge the gap between the investment requirement and the funding available. It will look to utilise the available resources more effectively and efficiently and improve the service. Therefore, the key question is can bidders maintain or improve the service, while still delivering efficiencies?
- ‡ The total Revenue and Capital spend amounts to approximately £14.2 million per annum. Therefore over the proposed contract life of 10 years this gives a total contract value of approximately £142 million. These figures maybe subject to change, depending on final “in-scope” clarification.
- ‡ Opportunities for future funding are limited. However, there are opportunities that the Council will need to consider including the implications of these on this project
- ‡ Further work requirements have been identified in the next steps section

Achievability

- 1.1.10 The achievability chapter of this report provides information on how the project and goals are to be achieved. The chapter considers for example; resources, management, evaluation, the procurement process and contingency planning.

Key Findings:

- ‡ Evidence of similar successful projects do exist
- ‡ The project roles, teams, members and responsibilities have been identified
- ‡ Work streams, including resource and advisory requirements have been identified
- ‡ The competitive dialogue procurement process and project plan are outlined
- ‡ Efficient and effective Contract Management is essential
- ‡ Robust risk management is critical to the success of the project
- ‡ Contingency planning has been initiated
- ‡ Further work requirements have been identified in the next steps section

Guidelines

- 1.1.11 From the next steps and information provided in this report, the Council and stakeholders can consider the details/key findings and make an informed and balanced choice as to the preferred partnership model option, which will realise the most significant benefits for the service and the City. The Council then can further develop the preferred option before entering into the competitive dialogue process.
- 1.1.12 The report has been prepared following the principles of the Office of Government’s Commerce gateway methodology, adapted as necessary to the circumstances of this particular project. It addresses the issues covered in the strategic and outline business case requirements.
- 1.1.13 The details of this report have been accumulated through various methods of collation and are dependent on the information available and provided by the Council at the time of writing this report.

