

Property Services Cluster Benefits Report

Property
Services
Cluster

For the Public Sector

£11.5m of savings achieved in only 2 years

Over the past two years the Cluster Authorities have been jointly delivering their education capital projects as one programme of work, divided into five tranches. To date, 20 projects have been handed over, £11.5m has been saved and 3,630 new school places provided.

The Cluster's Schools Programme continues to grow in size. This including recent and significant tranches added by Hampshire County Council and Reading Borough Council making the total value of the Programme £266m, delivering 10,493 new school places. This represents the largest and only multi-authority programme being delivered through iESE's Construction Framework for Major Projects.

“ In most performance areas, the Programme compares very favourably with framework averages. ”

In total 54 projects have been procured and allocated to a pool of five contractors. They have also been working together to optimise delivery, building common supply chains and transferring knowledge from earlier to later tranches.

“ The Programme is now set to deliver **10,493** new school places. ”



4.1% Gross cost savings have been achieved. This percentage represents the programme average, but 30% of projects included in the programme have realised savings of more than 10% with 8 projects having saved over 20%.

All projects are developed following a two stage open book procurement philosophy and tranche two of the programme in particular has recently been recognised as an exemplar of best practice by the Cabinet Office, with the publication of a detailed case study.

Further recognition of this innovative joint venture has come from Constructing Excellence where this year's South East Centre for the Built Environment (SECBE) awards saw the Cluster's work nominated as a finalist in the "Client of the Year" category and also nominated for "BIM project of the year" for Hampshire's new school project (included in tranche two) at Berewood Primary.

*Statistics are correct as at 31 July 2014

£266m
total value of
projects

£11.5m
saved

10,493
school places

54 building
projects

20
projects
completed
by Sept 2014
providing
3,630 places

millers



WILLMOTT DIXON

Balfour Beatty

MORGAN
SINDALL

Scope and Scale

The Programme today

The Property Services Cluster, a unique partnership between four local authorities continues to effectively deliver joint programmes of work.

Five national contractors have been appointed to deliver the 54 building projects to create high quality teaching and learning spaces for children.

The pie diagrams opposite illustrate how the 54 projects are distributed by authority and by contractor:

20 projects have been completed and feedback from schools regarding the quality of service and spaces provided has been excellent.

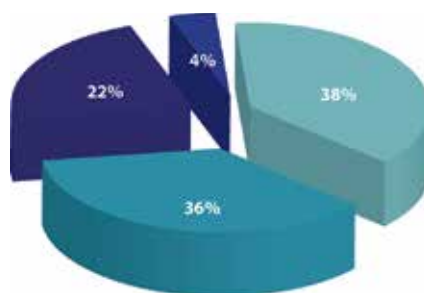
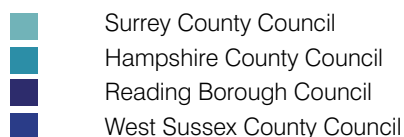
Authorities



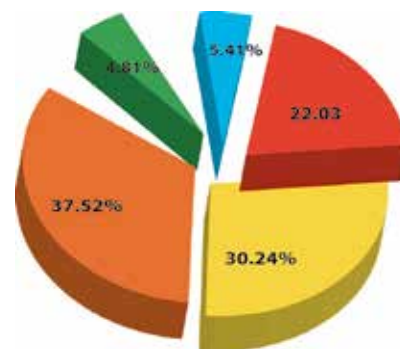
Contractors



Authority split by value



Contractor split by value



Bell Farm Primary School - Surrey



St John's Primary School - Reading

“ **Communications have been excellent. The project has been managed very well and has been smooth running and completed on time.** ”

Head teacher,
Potter's Gate, Primary School - Surrey

Giving something back

The cycling photograph opposite is from a programme legacy event, called the “ActiveTogether” challenge, arranged by contractors for the benefit of the schools they worked at. This event raised funds which helped launch some improvement projects which the schools decided would make a real difference to them.

Completed Projects

All nine tranche one projects were completed by September 2014. Eleven tranche two projects were also completed by then and a further four projects have delivered initial school places through phased implementation.

The twenty completed projects have provided 3,630 new school places for approximately £71.5m, with an average gross cost per place of £19,678.

Case Studies

Cluster case studies are currently being created for the successful projects at Potters Gate and Burhill Infant schools.



Potters Gate Primary School - Surrey



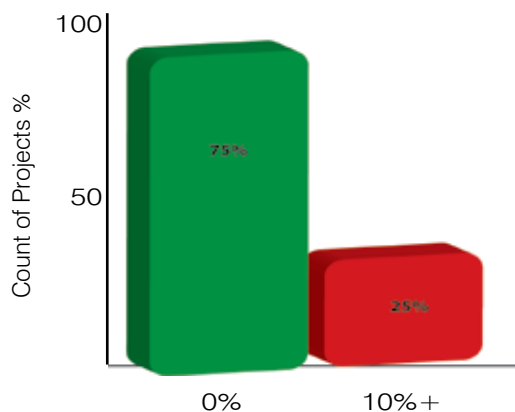
Burhill Infant School - Surrey

Improved cost and time predictability

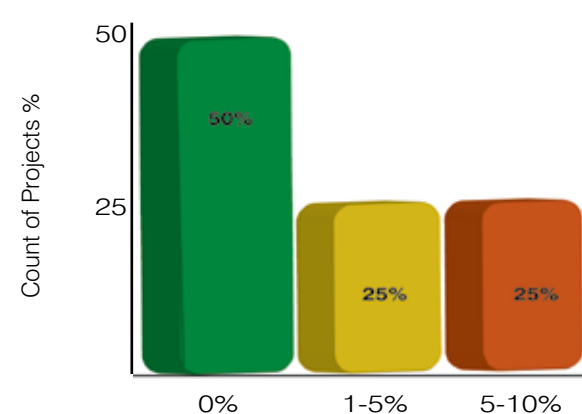
The School's Programme uses iESE framework data to compare cost and time performance relative to the framework average. The framework is widely acknowledged as an excellent delivery vehicle and continually demonstrates increased cost and time certainty. Whilst the sample of completed projects is small (the programme is still in the early stages of delivery) performance significantly exceeds the framework averages.

The graphs below record outcomes for cost and time certainty between gateways G2-G3 (the pre-construction period) and G2-G4 (to project completion) on the Cluster projects. The columns define the variation that has occurred since contractor appointment in three ranges (0%, 1-5% and +5-10%).

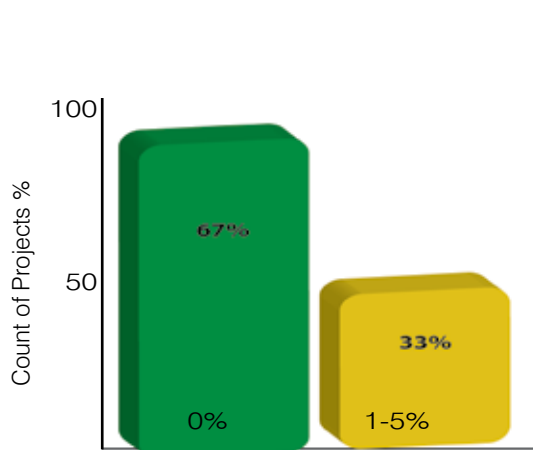
Cost Predictability (G2 - G4)



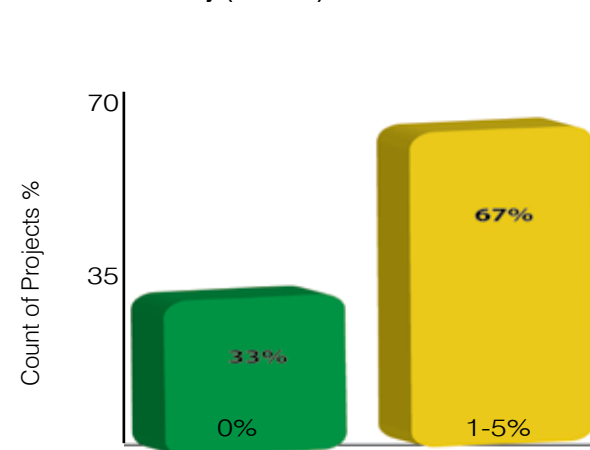
Cost Predictability (G3 - G4)



Time Predictability (G2 - G4)



Time Predictability (G3 - G4)



“ The recent recognition from the Cabinet Office, following the publication of their Trial Project Case Study for Tranche Two of the Programme has made a significant contribution in helping to define best practice for the Government Construction Strategy’s ‘New Models of Procurement’, with Tranche 2 exemplifying the two-stage open-book process.

The lessons learned are being shared throughout the contractor members which will help raise performance for the framework as a whole. ”

Edward Currie
iESE Regional Framework Manager

Exemplar of Modern Collaborative Working

Recognition by the Department for Education and the Education Funding Agency

The Cluster's Schools Programme has attracted the interest of other local authorities and the DFE. Some local authorities are replicating the model for their own delivery needs, especially managing them as programmes of work. Representatives from the Cluster Board have also met with counterparts in the DFE and Education Funding Agency. They have recognised the appropriateness of the model for education capital delivery and expressed their appreciation of the certainty and surety this is providing in meeting government spending targets.

Cabinet Office Case Study published

This is available on the gov.uk website and can be viewed at the following link:

<https://www.gov.uk/government/publications/procurement-trial-case-study-property-services-cluster-iese>

Modern digital communication - PSC SharePoint site

A key strand of the Cluster's communication strategy is to create and maintain a document portal which is available to everyone working on the Programme. The Cluster SharePoint site has now been operating for over 18 months and has had a significant refresh during that period. It's use has grown incrementally with the size of the Programme and site traffic statistics are given below:

✓ **382** users ✓ **878,892** hits ✓ **47GB** data stored



Boxgrove Primary School - Surrey



St Peter's Primary School - Winchester



Berewood Primary School - Waterlooville

Cost Savings

Significant savings achieved and more to follow

The total (gross) value of projects in the School's Programme is currently £266m. As a direct consequence of joint delivery, with projects being managed as programmes of work, significant efficiencies have already been realised. Currently about £11.5m has been saved (4.1% off original budgets).

Financial performance has been closely monitored, with gross costs per school place averaging £22,194 and net cost per square meter at £1,851 (Building Cost Information Services method of measurement refers to new build elements only). There are notable variants in these costs across the programme, as exemplified opposite:

30% of projects have saved **> 10%**

8 projects have saved **> 20%**

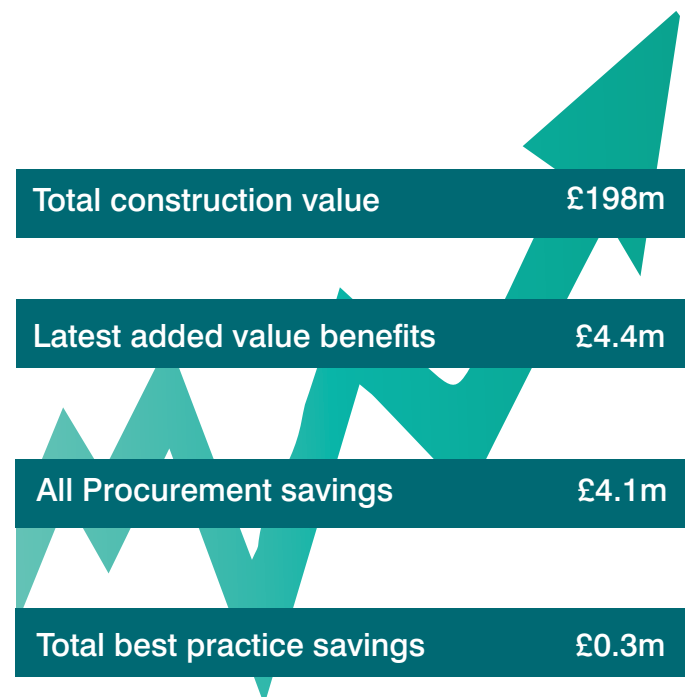
Gross cost/ place of completed projects **£19,678**

Tranche 2 net costs reduced by **10%** from Tranche 1

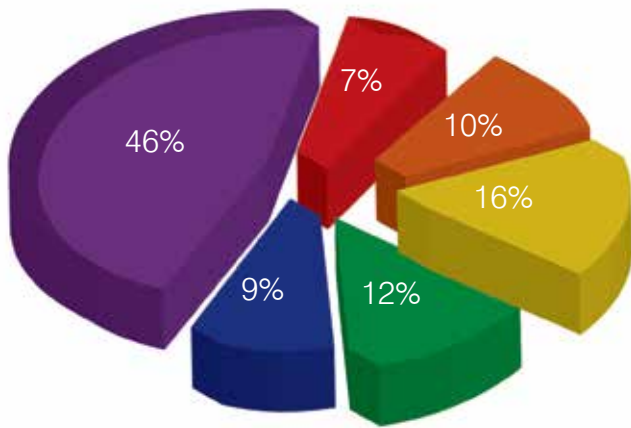
Project cost savings and added value

Agreed construction savings (added value, best practice and procurements efficiencies) total £8.8m. This represents only those that have been formally signed off by respective Cluster Authorities using the iESE framework process of data capture (cost : time benefit sheets), typically submitted after project gateways.

At the time of writing, iESE hold about 60% of records from these gateway sessions, meaning the actual level of benefits is likely to be higher. Current reports estimate additional savings of £2.4m will be confirmed once all data is received and ratified by iESE.



Efficiency Areas (signed-off savings only)



- Standardisation
- SAVE and early supply chain involvement
- Buildability advice
- Risk and value management
- Boost to the local economy
- Other

“ The building works produced minimum disturbance to the school community; the team were open to discussions regarding what would work best for the school while making the most of the budget.

The finished project has really added value to the school and the children are now enjoying the use of the new classrooms and play areas. Once again thank you to the team for all the hard work. ”

Pip Ashton,
Chair of Governors
Bell Farm Primary School - Surrey

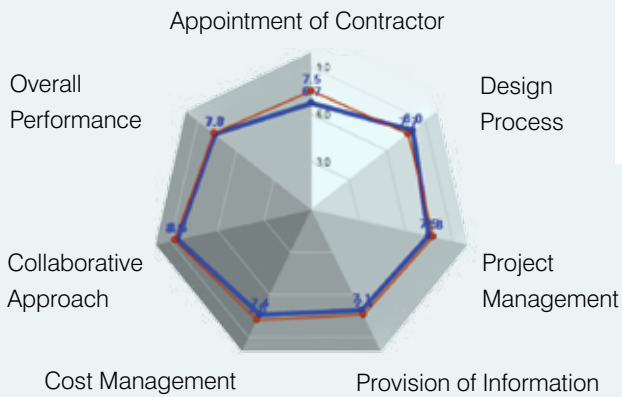


Improved team performance through collaboration

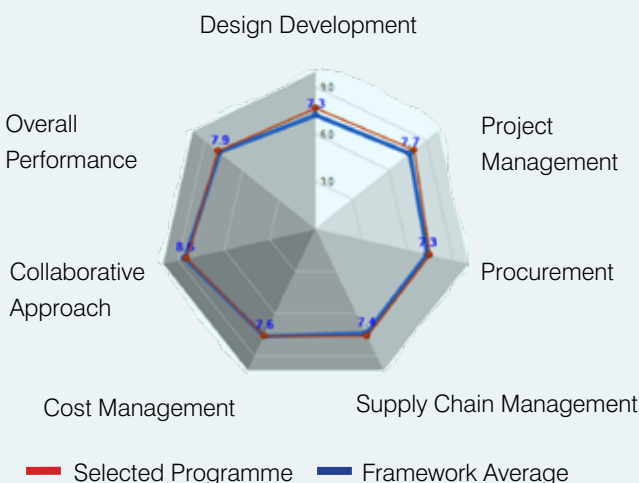
Uniquely, the programme teams have assessed their programme level performance at two Key Stage reviews and the outcomes recorded using iESE's KPI categories.

Using iESE data, project level team performance scores have been aggregated and compared with the framework average. 15 records have been completed in pre-construction and 4 records for post-construction. The highest scores in every case are for "Collaborative Approach". Other strengths are the early appointment of contractors in pre-construction, general project management, payment terms and the ability to agree final accounts.

Client team performance - Pre-Construction



Contractor performance - Pre-Construction



Constructor collaboration

One of the programmes' greatest successes has seen the contractors working together in partnership as a direct response to the Cluster initiative. This is exemplified by the contractor's Cluster Delivery Team (CDT), established initially for tranche two of the programme.



The Cluster Programme Office have worked closely with CDT and agreed areas where they can contribute to overall programme objectives and performance reporting. Key areas include market intelligence and supply chain management.

The CDT have signed a partnering charter which has:

- 4 common objectives
- 10 principles
- Signed by MDs and PSC
- Champions / leaders for each topic

The contractors rely on one another to progress and secure efficiencies.



Wellstead Primary School - Hampshire (about to be expanded)

Early market intelligence

The School's programme has secured greater and more accurate market intelligence through sharing knowledge in particular, cost trend data and avoiding supply chain overload.

The Cluster Delivery Team jointly plan supply chain demand and highlight pricing trends.

“ **We are seeing that the market is improving across the region and this is showing in certain trades.**

Sub-contractors are becoming busy with longer lead-in periods required to book resource, in some cases they become booked up between time of tender and time of sub-contract awarding. This has, resulted in them being unable to resource the projects, requiring us to let packages to others.

The affected trades are groundworks, brickwork, carpentry, M&E and decorators. ”

John Papworth,
Managing Quantity Surveyor
Balfour Beatty – Regional

Sub-contractor engagement

Another key area of work has been the development of a common supply chain. The CDT have been proactive in building a network of sub-contractors and suppliers, generating interest in the programme and securing a range of undertakings for supply chain discounts.

Nearly 200 memorandum of understanding (MOU) have been established with key suppliers which secure savings that will be secured as multiple contract awards are realised. A mechanism has been agreed that releases these discounts to the Cluster Authorities post-contract award.

Realised MOU rebate across tranche two as a percentage of construction value to date:

Osborne	0.7% (Westfield School)
Miller	0.5% (Langshott, Earlswood, Esher & Horley)
Balfour Beatty	1.4% (Winnall and all others currently on-site)

Overall 1.1% savings are expected. The difference between contractor's performance relates directly to the number of projects currently in contract.

Supplier Engagement

24 key manufacturers have been approached who are now offering discounts across product ranges. The CDT have divided management of these relationships as follows:

Balfour Beatty Lighting, Ceilings, Render

Miller Single-Ply Roofing, Composite Roofing, Internal Doors

OSBORNE External Windows / Doors, IPS Fixtures/Cubicles, Soft Flooring

SME and local spend programmes



Using iESE data the Programme's performance is demonstrated in four key areas.

87% of all sub-contractors on the programme are SMEs

72% of project value goes to SMEs

55% of money goes to local SMEs

52% of labour is local

Apprentices



The Schools Programme has been successful in creating new entrant opportunities on its projects. Over 500 trainee weeks have been recorded covering a range of opportunities from work experience to formal apprenticeships (as part of a wider shared apprenticeship scheme or SAS).

Seven new entrants have commenced apprenticeships and worked on the Programme to date. All of the contractors continue to work with iESE, linking with CITB and the local SAS provider, Co-Train to increase opportunities for young people entering the industry, helping to address the current skills shortage.



Contact us:

E: info@pscluster.org.uk

Health, safety and environment – Considerate constructor data



Contractors have shared their performance information as members of the Considerate Constructor Scheme (CCS) on projects included in the Programme. Measures include general site safety, wellbeing of the workforce and community benefits, evidencing industry recognised performance in these areas. The overall CCS score for the Programme is 38.8 out of a maximum score of 50, exceeding the national average of 35. The individual areas below each average a score of 7.75 out of 10.



- ✓ Safety
- ✓ Environment
- ✓ Workforce
- ✓ Site Appearance
- ✓ Community

Waste diverted from landfill



The iESE framework gathers data from contractors working on the Programme, targeting a year-on-year reduction in the amount of construction waste that ends up as landfill.

Programme performance figures are shown below, in each case bettering framework averages.

96%
Construction
waste
diverted from
landfill

96%
Demolition
waste
diverted from
landfill

98%
Excavation
waste
diverted
from landfill



Contact us:

For more information about how PSC could help you with your construction plans, please contact the team.

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