



Kier Sheffield LLP

a PPP in housing / buildings repairs and maintenance
4ps, Kier Group and Sheffield City Council
project information briefing



project support
project support

procurement support for local authorities

Acknowledgements

This Project Information Briefing (PIB) was developed by 4ps in collaboration with Sheffield City Council. 4ps would like to thank Sheffield City Council and Kier Group plc for helping write this Project Information Brief.

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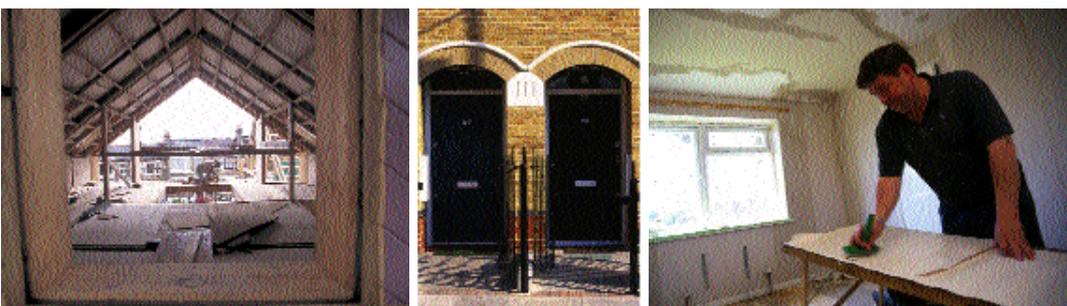
Section One

Executive summary

- 1.1 The Kier Sheffield LLP has been a great achievement and success to date for both Sheffield City Council (the Council) and Kier Group plc. This unique partnership is driving forward the enhanced benefits of partnership to invest and maintain the housing and property of the Council.
- 1.2 This project has set and delivered some key objectives:
- The development of a single strategic partnership that demonstrates and achieves Best Value on an ongoing basis.
 - A comprehensive performance management framework that continually tests service performance and improvement.
 - The provision of building repair and maintenance services to 55,000 council houses and other council buildings such as libraries, schools and social services centres.
 - The phasing out of existing depots and the operation from one main depot.
 - The operation of a service centre to enable repair requests to be taken directly from tenants and other occupiers.
 - A partnership that will share the Council's core values, in particular its commitment to equal opportunities, social justice and regeneration.
 - Ensuring effective participation of customers in all aspects of service planning and delivery to provide consistent customer focused services.
 - Investment in Information Communication Technology (ICT).
 - Investment in management capacity.
 - Securing employment, making a positive contribution to training and providing a platform to develop increased market opportunities.
 - Developing and strengthening the diversity of the building industry in Sheffield and supporting regeneration.

The success of the project is demonstrated through the delivery of all these objectives in the 'eyes' of both the Council and Kier.

- 1.3 It is hoped that this document provides useful information for other local authorities regarding the essential elements of this project.



Section Two

Overview of the project

- 2.1 **Type of project.** Sheffield City Council has successfully completed a partnership with Kier Group, to create a new joint venture vehicle, Kier Sheffield LLP. The Limited Liability Partnership (LLP) has been awarded a housing/buildings repairs and maintenance contract by the Council. The contract commenced on 30 March 2003. It runs for 10 years (with an option to review at seven years). Under the contract the LLP has responsibility for a wide range of repairs to all Council housing and buildings, with an opportunity to bid for additional modernisation and construction work.

The contract is valued at £61 million in its first year and is potentially worth around £640 million over the ten-year term. This is believed to be one of the largest partnering contracts awarded in the UK to date by a local authority.

The 1,200 staff formerly employed in the Council's Construction and Building Services; Direct Labour Organisation (DLO) have been transferred to the new company, with their terms and conditions protected. This skilled workforce services 55,000 council houses and other council buildings across Sheffield.

- 2.2 **Drivers for change.** The Council recognised in 1999/2000 the need to consider the long-term viability and effectiveness of its DLO. It produced a 5 year Business Plan and Strategy establishing the long-term direction for the business. As a part of this, a Best Value review of housing maintenance was undertaken.

The key finding of the review endorsed by the Housing Inspectorate (HI) was that although the Council's DLO was a relatively successful operation, there were a number of key issues that required consideration. These included:

- A diminishing workload base and the need to find more opportunities to expand.
- A need to modernise and invest in ICT capacity.
- A need to bring in additional management expertise and leadership.
- A need to improve significantly service performance from a one stars rating, and ensure that a two/three star service rating was achieved in the future.

A need to modernise and improve was apparent. The Council had to be seen to be offering 'best in class' in order to face future challenges with greater confidence. Urgent action was paramount.

The Council embarked on a strategic assessment of the business of the DLO. Various options to address the findings of the Best Value review were considered and some form of Public Private Partnership (PPP) was felt appropriate. The Council therefore undertook a procurement process to find a suitable partner for its DLO service.

The fundamental aim of taking forward a partnership approach was to procure services in a manner which achieved 'Best Value' for the recipients of the service and to maximise the Council's financial position in relation to developing the most efficient vehicle for the Council. The LLP developed during the procurement process is now working to deliver the fundamental aim of the partnership.



2.3 **Procurement route chosen.** The Council placed an OJEU notice in August 2001 inviting applications for selection for a public/private partnership for the existing Council service and for the repairs and maintenance for all Council-owned properties. The negotiated procedure was specified. The key issues involved in the procurement related to affordability, appropriate risk management and delivering Best Value recommendations. In summary the five key objectives were:

- To achieve full value for the transfer of Construction and Building Services to a joint venture entity.
- To achieve Best Value and measurable continuous service improvement on an ongoing basis.
- To secure and fund the necessary investment in ICT development.
- To provide security of employment and a platform to develop increased market opportunities.
- To support the regeneration of the City.

An Invitation to Negotiate (ITN) was sent out by the Council in November 2001 to a shortlist of four bidders. The evaluation criteria and weightings were:

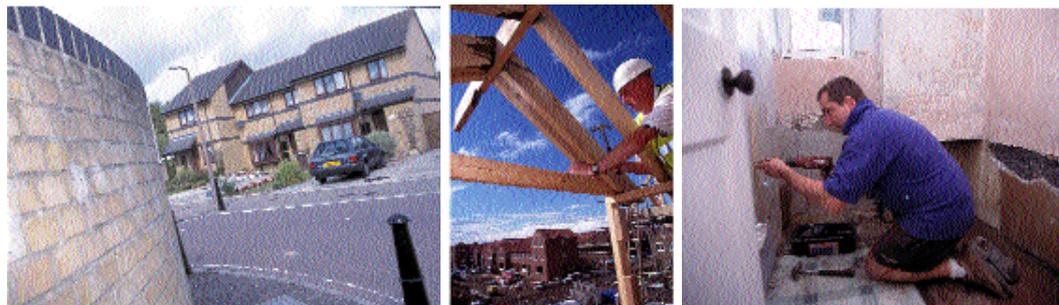
Criteria	Weighting
Financial Proposals	30%
Project Agreements (including employee transfer)	25%
Core Service Objectives	30%
Wider Service Objectives	15%

A process of submissions and clarifications questions followed. Best and Final Offers (BAFO) were invited and received in August 2002 subsequent to which, following an assessment of Best Value by the Council, Kier Group plc were selected as Preferred Bidder. See Appendix One the Procurement Timetable.

Section Three

The LLP option

- 3.1 A key objective detailed in the ITN was to consider how best to maximise the Council's financial position in relation to developing the most tax efficient vehicle for the partners to the agreement. It was clear that an LLP, rather than a Limited Company, offered the Council significant tax benefits as any 'super profit' distribution to the Council would be paid 'free' of Corporation Tax, whilst distributions from a Limited Company would be paid net of Corporation Tax. As the Council is exempt from the payment of Corporation Tax, (but now cannot reclaim any Corporation Tax paid on distributions received) the adoption of an LLP structure in effect saves the Council the amount of the Corporation Tax charge on any 'super profit' distribution. This 'super profit' arrangement is only for the lifetime of the contract.
- 3.2 Council membership of the LLP offers the Council an opportunity to develop a long-term relationship with its partner, which isn't limited to client/contractor and could make a real contribution to the regeneration of the City.
- 3.3 The Council will retain significant influence over the LLP by reason of a minority shareholding and associated protection(s). The new LLP will have access to a much larger market base, which will enable it to diversify into new areas of work. This will mitigate the impact of any reduction in the volume of the Councils work and minimise any potential job losses. The Council would find it very difficult to achieve improvements in services without such a partnership.
- 3.4 Extensive negotiations were required to overcome Kier's initial and legitimate reservations concerning the utilisation of such a new and novel form of structure. Negotiations were successfully concluded resulting in the use of a LLP, in which Sheffield City Council holds 19.9% of the capital and Kier Group plc hold the remaining 80.1%.



Section Four

The contract

- 4.1 **Key services improvements.** The partnering contract entered into by the Council and Kier Group runs for ten years from 30 March 2003 (with an option to review at seven years).

The contract is a partnering contract designed to deliver the savings and other advantages envisaged by the Egan report in a long-term maintenance contract. The Partnering Contract (known as the Construction and Building Services Agreement) was developed by Trowers & Hamlins (solicitors and advisors to the Council), which is based on the Association of Consultant Architects PPC2000 project-partnering contract and is believed to be the largest programme to be based on a PPC2000 form of contract announced to date. It is also believed to be the first time a local authority has sought to benefit from the cost and efficiency savings of a PPP by taking a stake in a LLP which was set up to undertake the works programme.

Michael Pattinson, Partner, of Trowers and Hamlins said 'we are delighted to have advised Sheffield City Council on this unique partnering project. The use of an LLP as a joint venture vehicle was extremely advantageous in view of its tax transparency. It represents a pioneering step for the Council. It is good to see a public sector body taking such an innovative approach in order to reap the full benefit of the cost savings which can be made from PPP outsourcing projects'.

- 4.2 Under the partnership contract key service improvements being delivered by Kier Sheffield LLP are:

- A comprehensive performance management framework that continually tests service performance and improvement.
- The phasing out of existing depots and operation from one main depot.
- 1,200 skilled workers transferred under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) from the Council to Kier Sheffield LLP.
- The service, repair and maintenance of 55,000 council houses and other council buildings such as libraries, schools and social services centres.
- The operation of a service centre to enable repair requests to be taken directly from tenants and other occupiers.
- Front line operatives using the latest in mobile communications technology to speed up maintenance and repair response times for Council tenants and residents. Sending and receiving job notices through mobile telephones there by responding quickly to housing repairs.
- Developing and strengthening the diversity of the building industry in Sheffield and supporting regeneration.

- 4.3 **Exclusivity and withdrawal of exclusivity.** Kier Sheffield LLP has exclusive rights in respect of the building services within the contract area during the contract term.

In effect this means that all orders in respect of defined work will be undertaken by Kier Sheffield LLP for ten years, unless the Council exercises its right to break the Construction and Building Services (C&BS) Agreement at seven years, or there is a withdrawal of

exclusivity by an agreed process of warning notices, (where in the opinion of the Client Representative exercising any discretion fairly and constructively, the Constructor (Kier) has been in "major breach, or persistently and regularly in breach, of its obligations under the Partnering Contract, or has persistently and regularly failed to achieve the targets required by the KPI's"), or there is termination for insolvency or for limited grounds of breach. The works in respect of which exclusivity is granted are defined in the 'Principles of Exclusivity' by reference to the works in the price framework. In summary this relates to all responsive repairs, cyclical repairs, work on housing vacants and certain other elemental works.

- 4.4 **Turnover guarantee.** A turnover guarantee is given to Kier Sheffield LLP as to the amount of work which will be available each financial year. The turnover guarantee is based on a target turnover of £50 million per annum (index linked). A calculation is carried out at the end of each financial year and if the actual turnover (based on the work done by the LLP in relation to housing properties) is less than 98% of target turnover then, the Council is obliged to repay (with interest) both a proportion (10%) of the goodwill payment the Council received when the contract was signed and a proportion of the Councils' anticipated share of the profit targets. The aggregate amount of target turnover reduces with effect from 1 April 2006 by an increasing sliding scale from (1% for 2006-2007 to 4% year-on-year from 2009 to 2013). It should be noted that should Sheffield City Council undertake a housing stock transfer, the ability to control turnover would pass to the transferee.
- 4.5 **Business case.** Kier Sheffield LLP is automatically included on the tender list when the Council puts work out to tender. The LLP is able to bid for additional work such as large construction/modernisation schemes through competitive tender and Business Case submission.
- 4.6 **Pensions.** The LLP is an admitted body in the South Yorkshire Pension Fund (SYPF). Council employees who transferred to the LLP will continue to be members of the SYPF with no change to their pension rights. Any staff recruited by the LLP in the future will be offered membership of Kier's pension scheme rather than the SYPF scheme.



Section Five

Key drivers and objectives

- 5.1 The outsourcing of the Council DLO (known as Construction and Building Services) was part of a wider strategy for Sheffield direct services. The outsourcing arose principally following the Council 1999/2000 Best Value review. However the LLP forms part of the Council's overall strategy to delivering service improvements to its users.
- 5.2 The key strategic objectives and requirements of the DLO outsourcing were:
- The development of a single strategic partnership that demonstrates and achieves Best Value on an ongoing basis.
 - A partnership that would share the Council's core values, in particular its commitment to equal opportunities, social justice and regeneration.
 - To ensure effective participation of customers in all aspects of service planning and delivery to provide consistent customer-focused services.
 - To achieve full value for the "whole service" transfer of C&BS to a joint venture.
 - To improve housing performance from one star to three stars in Best Value service rating.
 - Investment in ICT.
 - Investment in management capacity.
 - To secure employment, making a positive contribution to training and providing a platform to develop increased market opportunities.
 - To provide measurable continuous improvement through performance standards, KPIs and the payment mechanisms.
 - To support wider regeneration in the city.



Section Six

Finance and service targets

6.1 The Council had a number of financial targets to be achieved as part of the PPP. Kier were asked as part of Preferred Bidder negotiation to provide as a minimum:

- An annual revenue payment over five years to meet the current Council target for C&BS DLO of £1.7 million per annum. The DLO was a profitable business to the Council and it therefore sought to maintain this level of profit as a minimum from Kier.
- A reduction in the current pricing structure.
- A goodwill payment to the Council of £1.1 million to offset against the project costs (i.e legal and financial costs of external advisors). This payment represents recognition that the LLP is getting a well managed, experienced, guaranteed workbook and profitable business.
- A 50% share for the Council of any 'super profits' above Keir's allocation.
- Early release of valuable depot sites, which potentially could provide a significant sales receipt to the Council.

6.2 The Council with Kier has been able to achieve:

- Guaranteed profit in line with the C&BS DLO target to date for the projected 10 years.
- A reduction in the current pricing structure overall and an anticipated further reduction from 2006 onwards.
- A goodwill payment in excess of the target.
- A profit share (after Kiers margin), between the Council and Kier (the arrangement only being for the life of the C&BS agreement).
- All depots (except two) being released over 12 months.

6.3 The Council also set a number of targets/commitments for Kier to achieve in the first year of partnership. The current results (at the time of writing this brief) are:

- A Service Centre handling 6,000 repair calls per week from Sheffield tenants, giving an improved service with 85% of calls answered within 20 seconds.
- A computerised appointments system where 92% of appointments are made and kept with an aspiration for 95%.
- A robust performance management framework that continually tests service performance and improvement.
- A Customer Services Charter and monthly tenant satisfaction surveys.
- A fleet of approximately 350 new service vehicles.
- Centralisation of vacant teams and a reduction in void properties from over 400 to around 250 at any one time.
- The phasing out of old depots with now only one main new depot in Sheffield.
- A reduction in small stores at depots to now a single store facility in Sheffield.
- A reduction in suppliers, shorter supply chains and Just in Time ordering.
- The development of a 5-year Education, Training and Employment plan.



Section Seven

Governance

7.1 The Council with Kier has set up Strategic Groups to oversee the successful management and operation of the term partnering contract. The structure is set out in Appendix 2.

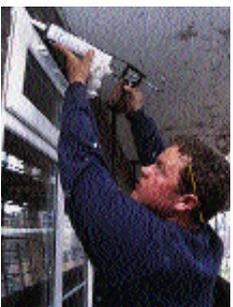
7.2 **Layer 1** – the “Strategic” Layer – of senior management from Kier and Sheffield includes: the Strategic Core Group; Partnering Group and Problem Solving Hierarchy. Their principal roles are:

- **The Strategic Core Group (quarterly review):** To focus on high-level strategic concerns with the remit for overall direction and delivery of the contract objectives.
- **The Core Group:** To oversee the delivery and development of the partnership. To propose and consider new ideas, resolve issues, and to improve business efficiency and effectiveness. To ensure the Partnership Charter is properly reflected in all aspects of the partnership activity.
- **The Problem Solving Hierarchy:** To oversee the effective operation of the process, in particular the principle of resolution of problems at the earliest opportunity and at the lowest level. To consider those problems, which are of such severity that, the whole partnership is affected or those that fail to reach resolution at a lower level or exist without resolution for too long.

7.3 **Layer 2** – the “Review Sub Groups” Layer – includes: Housing Sub Group; Corporate Clients Sub Group; Performance Sub Group; Health and Safety Sub Group. The principle roles of each groups are:

- **Housing Sub Group:** To pursue actively the development of all aspects of service delivery and forward planning to establish specific task/project groups to move the business forward.
- **Corporate Client Sub Group:** To pursue actively the development of all aspects of service delivery and forward planning. To establish specific task/project groups to move aspects of the business forward.
- **Performance Sub Group:** To measure, analyse and manage outputs across the whole service, evaluating performance, trends and effects of change, to identify and deliver best value arrangements for the Council.
- **Health and Safety Sub Group:** To demand effective working arrangements for Health and Safety across all aspects of the partnership.

7.4 **Layer 3** – the “Task Group” Layer – focuses on issues requiring action. Task Groups can be established by any Layer 2 Sub Group in order to pursue/develop particular issues, reporting back through the Sub Groups into the Core Group.



Section Eight

Approach – unique issues which arose

8.1 Options appraisal (selecting the LLP for tax reasons)

The Cabinet considered three Partnership Models in the early stages of the project at ITN:

- A straightforward contractual arrangement.
- A Joint Venture Company (JVC) (Limited Company).
- An LLP.

At the time of the ITN negotiations the JVC was the preferred option as an LLP was considered a new and untried organisational structure, even though tax advantages were recognised.

As discussions developed post BAFO with the Preferred Bidder the potential financial returns through 'super profit' share (but not guaranteed) to the Council increased. As this element was unlikely to be classified as an allowable expense for tax purposes, this would be treated, for tax purposes, as part of the profit of the JVC, increasing the Corporation Tax payable by a JVC. The Council would not be able to recover this on its share of profits. Under an LLP structure, each partner's share of super profits is taxed in the hands of the recipient, rather than at source, and as the Council is not subject to Corporation Tax, the Council would be able to account for its share of super profits at the pre-tax level, thus effectively restoring the position of a DLO whereby profits are not taxed. Thus, as the potential amount of Corporation Tax payable by the JVC increases, the relative advantage of the LLP structure grows in attractiveness.

The LLP route therefore offered the Council significant benefits compared to a JVC structure as tax on 'super profits' would be saved.

8.2 Risk management

Under the LLP a number of issues needed consideration:

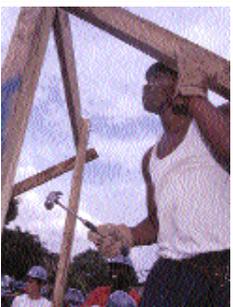
1. The Council considered its power to participate in an LLP. Section 2 of the Local Government Act 2000 offers a general power of competence to local authorities to take on course of action which they consider is likely to achieve the promotion or improvement of economic, social or environmental well-being of their area. Before doing so, regard to both their own Community Strategy and Guidance issued by the Secretary of State must be made.

2. An LLP model has "members" rather than shareholders, so a Council would become a member of the partnership rather than a shareholder in a limited company. Further more, an LLP does not have "Directors" or a "Board of Directors" in the same legal sense as a limited company. However, like any other business it has to be managed and the Partnership Agreement refers to senior officers of the LLP as "Directors". A "Director" therefore has meaning as defined in the Partnership Agreement.



Section Nine

Resources and stakeholders



- 9.1 The Council set up a number of strategic groups to manage the formation of the Joint Venture and to over see the procurement process for the LLP.
- 9.2 **Unions.** The Trade Unions (UCTT, T&G, AEEU, UNISON and GMB) were recognised and closely involved through out the project as a large number (1,200) of employees were to be transferred to the LLP under TUPE. A strong process of communication was fostered with:
- Union interface with the Kier management team throughout the transfer process.
 - Tenant workshops and monthly newsletters.
 - Full workforce involvement in the process.
 - Open and transparent dialogue.
 - The establishment of a consultation framework between Unions and Kier.
 - A full time Conveyors/Joint Shop Stewards Committee.
 - The following of previously established Council practice 'Transfer of Employees to other Employers – A Code of Good Practice'.
 - Regular employee briefing sessions.
- 9.3 **Tenants.** A sub-group of representatives made up from Sheffield tenants and residents established a very active forum where all issues relating to service delivery were considered. A number of workshops were held with tenant representatives on service improvement.
- 9.4 **LLP board.** The Council has a representative on the LLP board to develop the long-term relationship with its partner and to make a real contribution to city regeneration.
- 9.5 **C&BS agreement.** The Council has a Client Representative and Deputy Client Representative to develop the contract with Kier. Their role is to:
- Advise the Council Director on the LLP Board.
 - Manage and administer the partnering process.
 - Ensure proper contract administration.
 - Ensure consistency across the Council in its dealings under the contract.
 - Ensure a proper response to issues raised by Kier Sheffield LLP.
 - Assume overall responsibility for all financial arrangements (payments, exclusivity, business plan, audit, legal etc).
- 9.6 **Clients.** The Council has established nominated contacts in each of its Directorates (Housing, Education, Social Services, Civic Accommodation and the Department of Environment and Leisure). Their key high-level functions are:
- Developing and enhancing the service with Kier.
 - Developing and enhancing the service with tenants/customers.
 - Monitoring performance against KPIs.
 - High-level performance management of Kier.
 - Effective coordination and relationship with Sheffield Kier LLP.

Section Ten

Key commercial issues

- 10.1 In setting up the PPP a number of areas were seen as critical and required extensive and detailed negotiation.
- 10.2 **Exclusivity.** Defined work in the contract area is allocated to Kier under exclusivity during the contract term. The consequences of not managing this could be contract breach. Exclusivity is therefore a crucial component of the Kier and Sheffield partnership.
- 10.3 **Pensions.** The LLP is an admitted body in the South Yorkshire Pension Fund so that transferred employees under TUPE continue to accrue pension benefits. An actuarial valuation is important to identify pension under funding. The Council needed to accrue sufficient assets to be transferred to the 'account' of the LLP to ensure a fully funded position. Future staff recruited to the LLP would be members of the Kier pension scheme rather than SYPF. It is important for pensions to be included in the pricing mechanism along with any life assurance, permanent health insurance, NI and administration costs.
- 10.4 **Taxation.** The LLP structure was unique from a taxation point in capturing the Corporation Tax advantages. Appropriate legal (Trowers & Hamlin) and financial advice (Grant Thornton) was taken to ensure the correct approvals and structures were in place.
- 10.5 **Contract termination (and robust Service Specifications/Payment Mechanism).** As with all contracts, the termination provisions are difficult to agree and draft. Extensive negotiation and discussion was held by the Council with Kier to incentives good performance but penalise failure. A payment mechanism and service specification were agreed. The contract would be breached by repeated poor performance following warning notices and rectification periods.



Section Eleven

Commissioning

11.1 The commissioning route and negotiations with Kier Group involved detailed but successful negotiations. Crucial during the Preferred Bidder negotiations was buy-in from all stakeholder groups (tenants, unions, employees, councillors, etc). The negotiations involved establishing a unique proposed LLP structure. Other critical aspects of the commissioning were:

- Transfer of risk.
- Contract termination provisions.
- Exclusivity and withdrawal of exclusivity.
- TUPE staff transfers and pensions.
- Service Specifications and the Payment Mechanism.
- Sharing 'super profits' and turnover guarantees.
- Opportunities for other work (business case).
- Efficient LLP tax structure.

11.2 A large number of aspects of commissioning went well:

- The project attracted a significant amount of bidder interest.
- The overall timetable slipped only 3 months (due to the introduction of the LLP dimension).
- The goals and objectives of the Council are believed to have been achieved at this stage.
- A ground breaking and unique LLP developed as negotiations progressed with Kier Group plc.
- A Partnership Charter was established during the commissioning.
- Tenants and Unions embraced the partnership.
- A long-term legacy for investment in employment and training was achieved.
- A successful DLO was transferred seamlessly and smoothly to Kier Sheffield LLP.

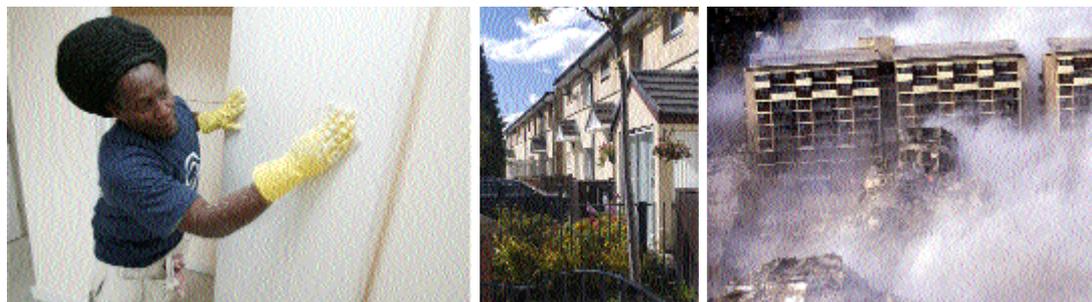


Section Twelve

Lessons learned

12.1 A project of this size and complexity will always be challenging, even with its successful outcome, and there are a number of key lessons:

- It is essential to close major contracts on 'home' ground where key individuals can be available at short notice and where the client(s) can influence how external advisors (e.g. legal advisors) conduct the business.
- Proactive cooperation from officers outside the immediate project team is essential and this means securing top-down support. Clear communication is vital to ensure a project is clearly understood by all relevant officers and supported by senior management.
- The procurement process was well managed. However, the timetable did slip by 3 months at the Preferred Bidder negotiation stage. It is important to carefully budget and monitor the timetable and allow sufficient time for all stages of the process.
- The project became unique when the LLP proposals developed: specialist legal and financial advice is therefore important.
- As with most projects termination provisions are difficult and protracted in negotiation. Discussion should begin early and be set out in the contract documentation at ITN.
- Service Specifications, KPIs and the Payment Mechanism must be robust.
- Any Termination, Benchmarking, Insurance and other contractual provisions must be carefully 'worked up'.
- A skilled, dedicated, experienced, expert and resourced core negotiation team was put in place by the Council. This ensured that a successful outcome was achieved for the Council. This resource can however be spread too thinly and stretched at critical Preferred Bidder stage and Final Close. Key individuals should be therefore available at all times during these stages.



Section Thirteen

Operational aspects



- 13.1 The Kier Sheffield LLP has been operational for 24 months and substantial progress has been achieved on a wide range of initiatives, many relating to the commitments made during the initial bidding and negotiation process.
- 13.2 **Service centre.** The Service Centre was launched at the end of March 2003. Its main aim is to improve the quality of service Kier Sheffield LLP provides to the people of Sheffield by improving customer access to the housing repairs ordering process. The Service Centre takes repair and enquiry calls from tenants across Sheffield's 55,000 Council properties, and operates from 8.00am until 5.30pm Monday to Friday.

During the 12-month period August 2003 to September 2004, 252,971 enquiry calls were made.

Kier runs a standby service, which deals with any emergency requests outside of core hours, including weekends.

The Service Centre receives all calls from throughout the city regarding Council properties. Technical staff are available to answer technical issues. Work orders are generated and passed to staff at the Service Centre to supervise, schedule and allocate work direct to trades people. This way of structuring the operation provides economies and efficiencies in the service.

Tenants representatives have been invited to the Service Centre to view operations and suggest improvement. Customer Satisfaction Surveys are conducted regularly, a text messaging facility is now available and a website was launched in August 2004 to allow access to details of a repairs progression as well as real-time performance reports.

- 13.3 **Depot, stores and vehicle fleet.** As part of the project, all depots, glazing shops, joiners' shops and supplier facilities were closed within the timescales set. A new secure Central Supply Depot was opened. The reduction in depots streamlined the management structure, reduced the headcount by 50% and improved the economy and efficiency of depot stores. Other initiatives include:

- Direct supplier contracts set up so contractors go directly to the local supplier to collect supplies. This has reduced the space required to store bulky trade materials.
- Vans have racking systems to hold supplies and these are replenished weekly to reduce travel to and from the supply depot.
- A 'Post Box' facility has been set up for operatives to leave requisition lists for materials required which are collected on the same or next day.
- Bar coding of stock now takes place.
- Segregation of depot floor area is done for management with location of specific supplies.
- A joinery and glass workshop has been set up to manage one off or urgent jobs. Contracts exist with local glass and joinery firms for bulk supplies collected directly by operatives using purchase cards for payment.

- The Council had 180 vehicles before the contract with Kier. Kier have now supplied 354 leased vehicles and 13 hired vehicles. Operatives work from new purpose fitted vehicles providing a distinctive service. A jet wash facility has also been installed at the depot to clean vehicles.
- The number of suppliers has been reduced from over 1,000 to approximately 500 to reduce administration and improve purchasing power.

13.4 **ICT development.** A significant investment in ICT has been made by Kier Sheffield LLP including:

- The purchase and upgrade of all PCs to a minimum specification.
- Software upgraded on all desktop PCs.
- A revamped network to speed up processing and links between Kier and Council networks.
- The training of all users on IT.

13.5 **Working with service users.** Kier Sheffield LLP has a number of initiatives to consult and involve users in the partnership.

Tenant and Resident Associations

Workshops are regularly held aimed at finding out the views of tenant representatives on various aspects of the repairs and maintenance service, and to identify their priorities in terms of improvements they would like to see.

Technology

Kier Sheffield LLP launched its website in August 2004. This explains in detail what Kier Sheffield LLP does and links to the Council web site. It has started to offer services to tenants as well as to clients and contractors.

A text message service for tenants has been introduced. It was initially developed as a way of communicating with the 1,200 operatives and staff within Kier Sheffield LLP, but it was found that utilising the same technology could allow tenants to text in their repairs and the Service Centre would contact them and raise a job if appropriate.

An e-mail service has been launched whereby tenants can e-mail their repair requests.

Corporate Customers

A Quality Control Framework has resulted in less than 1% customer product recalls.

The KPI indicators allow service targets to be set. Kier Sheffield LLP (at the date of this PIB) are completing over 95% of work placed each month, attending over 95% of urgent repairs on time and are ensuring Work In Progress is less than 8% of the contract value. These are all in line with the targets set.

A weekly Business Report captures the performance of services on a weekly basis. This has allowed faults to be rectified much more quickly and reduced the possibility of repeated failures.

- 13.6 **Education, training and employment.** A five-year Education, Training and Employment Plan is in place covering manual and craft operatives, site management, supervision and professional disciplines based on an integrated Human Resource management framework. There are 309 trainees within the LLP and during financial year 2004-05 financial years Kier Sheffield invested over £1million in training and development.

JOBMatch

JOBMatch (a government job partnership initiative) has entered into a partnership with Sheffield CC and Kier Sheffield LLP to lead on the development of arrangements combining the strengths of Sheffield One, Jobcentre Plus, Sheffield College, CITB and other agencies.

The proposal is to provide an integrated service for construction-training needs and to maximise training and employment opportunities for those people in areas of social and economic disadvantage.

14 to 19 learning Strategy

Kier Sheffield LLP is committed to driving forward 14 to 19 learning for Sheffield. The key interventions are:

- The development of modern vocational construction based work experience.
- The development in partnership with Sheffield College and the Local Education Authority (for a 14 to 19 Construction Vocational Training Centre).
- Support for local Annual Building Awards.
- The continued development in partnership with Sheffield Homes of the City Stewardship Training Programme, through which 280 people passed in 2003-04 of which 42% moved into mainstream training, education and employment.

- 13.7 **Environmental issues.** Kier Sheffield LLP recognises that sustainability is an important issue in the construction industry, and amongst its workers and within the business generally it is promoting awareness of the following:

- material utilisation and waste reduction;
- vehicle emission reductions;
- better use of water, gas and electricity;
- waste removal and disposal; and
- the use of environmentally safe materials; recycling waste; and local environment impact.

Kier Sheffield LLP uses JIT procurement to reduce costs and waste. The use of standardised and pre-planned bulk ordering of materials reduces cost and waste.

Targets for waste minimisation are set annually and monitored e.g. reduced vehicle omissions, utility usage, waste recycling and disposal.

In overall operational terms the Kier Sheffield LLP partnerships has been seen as a great success for both Kier Group plc and Sheffield City Council.

For further information on this project information briefing please contact:

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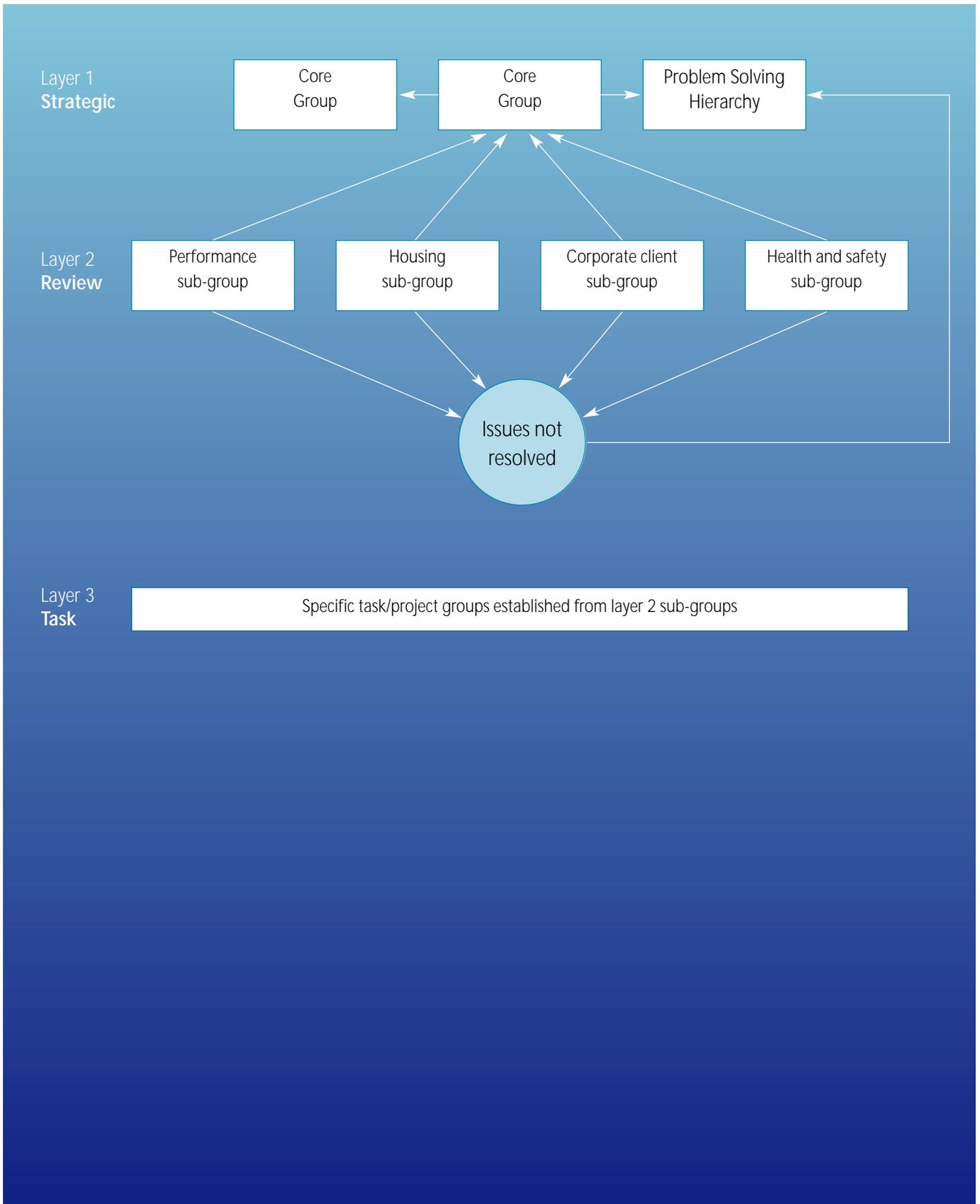
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Appendix 1

Procurement timetable

Expressions of interest sought (OJEC published)	August 2001
Information Memorandum & Pre-Qualification Questionnaire (PQQ) sent to interested parties	August 2001
Evaluation of PQQ by the Council	September 2001
Shortlist of four Bidders to proceed to ITN selected	October 2001
Invitation to Negotiate (ITN) issued to short-listed Bidders	November 2001
Initial Bids received by	March 2002
Bids reviewed in detail with clarification and short listing of final two Bidders	March to July 2002
Submission of Best and Final Offers from two Bidders	August 2002
Clarification and Final Evaluation	September 2002
Selection of Preferred Partner	October 2002
Commercial/Financial Close	April 2003
Contract Commencement	April 2003

Appendix 2 Governance framework





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4ps (Public Private Partnerships Programme), the local government procurement expert, was established in 1996 by the English and Welsh local authority associations (predecessors to the LGA). 4ps offers comprehensive procurement support to local authorities including hands-on project support, Gateway Reviews, skills development and 'know-how' procurement guidance in the form of procurement packs, case studies and extranets.

£20
£10 to local authorities

procurement support for local authorities