



Association of Consultant Architects Annual Award for Case Study or Research Paper Innovation in Partnering using PPC2000 & TPC2005

The Awards:	An invitation to submit a research paper or case study relating to Partnering using PPC2000 and TPC2005 Partnering Contracts	
Categories/ Prizes:	Winner/Best Paper	£1000
	Other Category Winners	£500
Announcements:	The winner/s will be invited to attend the annual PPC/TPC Conference in October 2011 to present their paper and receive their prize as part of a formal presentation dinner.	
	Winning entries will also be published by the ACA in publications and websites relating to PPC2000/TPC2005	
Award Categories:	Submissions will be considered in the following categories: Practitioner Academic Student	
Submissions:	Clients, constructors, specialists, architects, engineers, quantity surveyors, lawyers, consultants, partnering advisers, academics and students are entitled to apply	
	<ul style="list-style-type: none">• 1000 - 2000 word submission, drawn from recent/current innovative research or experience of partnering• Illustrations and photographs may be included	
Entries and Enquiries	<ul style="list-style-type: none">• e: awards@acarchitects.co.uk	
Deadline for receipt of submissions:	31 AUGUST 2011 - EXTENDED DEADLINE	
Judging Criteria:	<ul style="list-style-type: none">• Relevance to PPC2000/TPC2005 partnering theme and its application in the construction industry or other industries.• Is the paper worthy of presentation at a professional CPD seminar?• Readability, quality of analysis, explanation and discussion of chosen topic/project case study.• Originality and insight.• The extent to which the paper adds to the current body of knowledge surrounding contracting through partnering.• The extent to which the paper highlights good value for money, effective collaboration, best practice, sustainability, training and employment initiatives, quality of good design, joint risk management etc.	
For full information and conditions visit:	www.ppc2000.co.uk/conference.html	
Sponsored by:	<div>The Association of Consultant Architects Cameron Consulting MITIE PML Group Savills United House</div> <div>Amaben Geoff Nobbs Consulting Mulalley Rider Levett Bucknall Trowers & Hamlin Vinci Facilities</div>	

**ACA Annual Award: Innovation in Partnering using PPC2000 & TPC2005****Case Study or Research Paper - Application Form****Sponsored by the PPC/TPC Steering Group****31 August 2011****The Award:**

Entries must be no more than 2000 words and should include pictures to illustrate highlighted projects or innovations from recent/current projects. Entrants to all categories must also fill in the table below and the entry form overleaf. In your submission please provide information on the following points:

Summary:

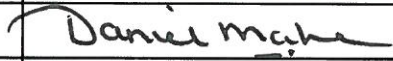
• In no more than 250 words summarise why your application deserves to win this award in 2011?

Kier Sheffield LLP Partnering Contract commenced on 30th March 2003 delivered through a Partnering Contract (PPC2000). This unique Partnership between Sheffield City Council and Kier Group continues to drive forward the enhanced benefits of partnership in maintaining and developing the housing and non-housing portfolio of the Council. The Partnership has delivered some key objectives, those being:-

- A single Strategic Partnership that has, and continues, to demonstrate and achieve best value on an ongoing basis.
- A comprehensive Performance Management Framework that continually tests service performance and improvement
- A Partnership that shares the Council's core values, in particular a commitment to equal opportunities, social justice and regeneration.
- Investment in ICT, assets and management capacity.
- Participation of customers in all aspects of service planning and delivery.
- Delivery of sustainable education, training and employment on the ground.

The success of the Partnership is that its benefits are recognised through the eyes of Kier, the Council and its customers. Kier Sheffield LLP truly represents best practice in PPC2000 delivery.

Application form:

Contact Name:	Daniel Steven Maher
Job Title:	Partnership and Business Development Director
Company Name:	Kier Group
Address:	6 Smithy Wood Drive, Smithy Wood Business Park, Sheffield
Postcode:	S35 1QN
Telephone and Email:	07791 920000 daniel.maher@kier.co.uk
Signed:	
Date:	14 September 2011

Award Categories:

Indicate which category you are applying for: Practitioner / Academic / Student [delete as appropriate]

Checklist:

- ☒ Have you filled in your details on the entry form?
- ☒ Have you filled out the relevant form and/or provided evidence (photographic or other) where appropriate?
- ☒ Have you completed your maximum 2000-word entry on no more than seven double sided pages of A4?
- ☒ Have you provided a summary?

Submission:

Email the application to: awards@acarchitects.co.uk



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Sheffield *where everyone matters*



CUSTOMER SERVICE EXCELLENCE





KIER SHEFFIELD LIMITED LIABILITY PARTNERSHIP

1. BACKGROUND TO THE LLP

In 2003 Sheffield City Council (SCC) established an innovative limited liability partnership with the Kier Group called Kier Sheffield Limited Liability Partnership (LLP). This is a form of Joint Venture and was established in order to demonstrate long term commitment from the City Council as well as provide a trading platform for Kier to expand the business. The Council has a 19.99% share in the LLP and one Board Member. The LLP has no time restriction on it and can be in place as long as both parties see value in it.

Delivered through a Project Partnering Contract, Association of Consultant Architects PPC2000, the Partnership is believed to be one of the largest, if not the largest, programmes based on this form of Contract to date.

1.1 Benefits of the LLP

The utilisation of an LLP was the first time a local authority has sought to benefit from the cost and efficiency savings of a limited liability partnership. Key benefits include:

1. The commercial advantage of the LLP is that the agreement to share super profit (over and above Kier's return to its shareholders) is 'tax free' in relation to corporation tax.
2. It stimulated interest and commitment from a forward looking partner
3. Long term arrangement has enabled the company to expand its business
4. Recognised as a unique arrangement between a LA and a contractor
5. The 1,100 staff who previously worked for the Council Direct Labour Organisation were transferred to the LLP in 2003 under TUPE provisions.
6. At the time of transfer the turnover of the DLO was £61m. Turnover for the LLP in 2007/2008 was at £111m which is indicative of the growth of the business during the life of the LLP.

2. CONTRACTS AWARDED TO THE LLP

The Construction and Building Services Contract

The main contract awarded to the LLP is the repairs and maintenance contract for Council owned housing (a stock of around 55,000 dwellings at the time and now currently at 42,000) and corporate buildings (such as civic buildings, schools, libraries and sports facilities) to the LLP. The Contract is called 'Construction and Building Services (C&BS)' and had an estimated value of £61 million in its first year and a maximum contract term of 10 years. There is no contract extension provision. This is believed to be the largest partnering contract awarded to date by a local authority in the UK.



The C&BS contract provides for exclusivity and guarantees Kier Sheffield LLP exclusive rights in respect of all defined work for 10 years, subject to breach, insolvency, loss of exclusivity, or withdrawal at the break clause. The defined work is for all responsive repairs, minor works up to £50k, cyclical repairs, and work on vacant property, and Sharrow Industries (a transferred sheltered workshop) which supplies all windows, doors and kitchens for the Decent Homes Programme. Non exclusive works includes elemental replacements and new build.

The LLP also has the opportunity to bid separately for additional work such as construction or modernisation schemes. This process involves submitting a business case and the Council assessing whether it represents best value.

The LLP has invested in all aspects of the business including the workforce, new technology, vehicle fleet, a customer service centre and central supplies depot. The LLP has introduced a comprehensive performance management framework to help streamline and develop all aspects of the service and improve both quality and efficiency.

Decent Homes Contract

In addition to the main partnering contract that covers repairs and maintenance the LLP is also one of seven contractors with which Sheffield City Council has established long-term strategic partnerships to deliver its Decent Homes initiative by the year 2010.

Jobs Compact/Business Case

The LLP also delivers a wide range of capital projects under the auspices of 'Local Jobs Compact Schemes' which is a contractual route intended to link negotiated construction contracts with Kier Sheffield LLP in return for the establishment and delivery of the Education, Training and Employment Plan for the most disadvantaged individuals across the City.

The process involves submitting a business case and the Council assessing whether it represents best value. If the business case is approved by Design and Project Management and the Client the scheme is approved via the Band 'A' approval route as per Standing Orders. Each scheme will have its own bespoke form of contract.

There are a number of key benefits to utilising the Jobs Compact route. These include:

- Opportunity to negotiate contracts without having to go through external procurement process – savings in procurement and time;
- Greater flexibility for clients - in managing/spending/adjusting programmes and budget;
- Using a partner that has the capacity to deliver on time, to the agreed cost and the right quality;
- An opportunity to develop a holistic approach – client, contractor and D&PM all working together;
- Providing the platform of a lasting sustainable legacy – of training and employment opportunities legacy.



Where a project/scheme is considered to be not suitable for the LLP or if the council chooses to tender a scheme in order to test the market Kier are automatically included on the tender list.

Third Party Contracts

The LLP also bids for non SCC work within a defined geographical boundary of South Yorkshire and NE Derbyshire. There is a process to agree by exception other contracts that are won by Kier that are outside this geographical boundary that are considered best managed by the LLP. For example Kier won a contract in Boston, and Kier put forward a case to say that it is best managed by the LLP, which was agreed. A key aspect of Kier's business plan is to grow the volume of 3rd party contracts in order to provide future sustainability of the LLP and mitigate the impact of the declining workload in SCC. Current opportunities which Kier are bidding for includes Barnsley, Rotherham and Nottingham.

3. EFFICIENCY AND INCENTIVISATION ARRANGEMENTS.

The LLP partnership structure brings significant financial and tax advantages for the Council.

The current contract contains a number of efficiency and incentivisation arrangements. There are four mechanisms in place which are described below together:

- **Superprofit** - Any profits over and above Kier's declared profit level of 4% is shared 61.25% SCC and 38.75% Kier. This is referred to as super profit and is not a guaranteed payment. However, Super Profit has benefited the General Fund by at least £2m plus since contract commencement.
- **Annual Payment to General Fund** - Kier provide a guaranteed payment of £1.4m per annum to the general fund that reflects the historical profit the DLO used to make.
- **Cap on price increases** - The annual price uplift is set by the RPIX indices. This in itself has been an efficiency driver as historically RPIX is a modest uplift compared to the traditionally higher construction building index. In addition to RPIX uplift Kier also agreed to have a 1% deflator against this uplift for 4 years of the contract (2005/6 to 2009/10). This 1% deflator is worth approximately £500k per annum.
- **Pricing Framework** - Schedule of Rates prices at day one of the contract were approximately 1% cheaper than the DLO schedule of rates. We have just introduced a new price framework which would form the basis of the future Tender Pricing Schedule – this will allow us to assess much more robustly the costs and prices of future bidders.



4. SHEFFIELD HOMES

In 2004 the Council's set up Sheffield Homes (ALMO) to deliver a range of housing services, such as housing management, estate management and to programme manage the delivery of the decent homes programme and provide the housing operationally day to day management of repairs and maintenance. Although Sheffield Homes are not a formal party to the contract they are integral in the governance arrangements of the partnership. Key aspects of this partnership between Kier and Sheffield Homes include:

- Kier and Sheffield Homes are cooperating well and have been able to establish effective working relationships in those services that have co-located, including ironing out duplication and delivering efficiencies.
- The Housing Service (Sheffield Homes) has a 3 star rating of which the LLP was a significant contributor to that success.

5. MANAGEMENT AND GOVERNANCE

5.1 Governance Structure

The LLP is managed through a management team called the Core Group that represents Sheffield City Council, Sheffield Homes and the Kier Group. The Core Group oversees the strategic direction, delivery and development of the partnership and ensures that the partners fulfil their commitment. Sub-Groups that represent Housing and Corporate Clients oversee operational delivery, including performance, service quality, health and safety and communications with issues reported by exception to the Core Group.

5.2 Performance management

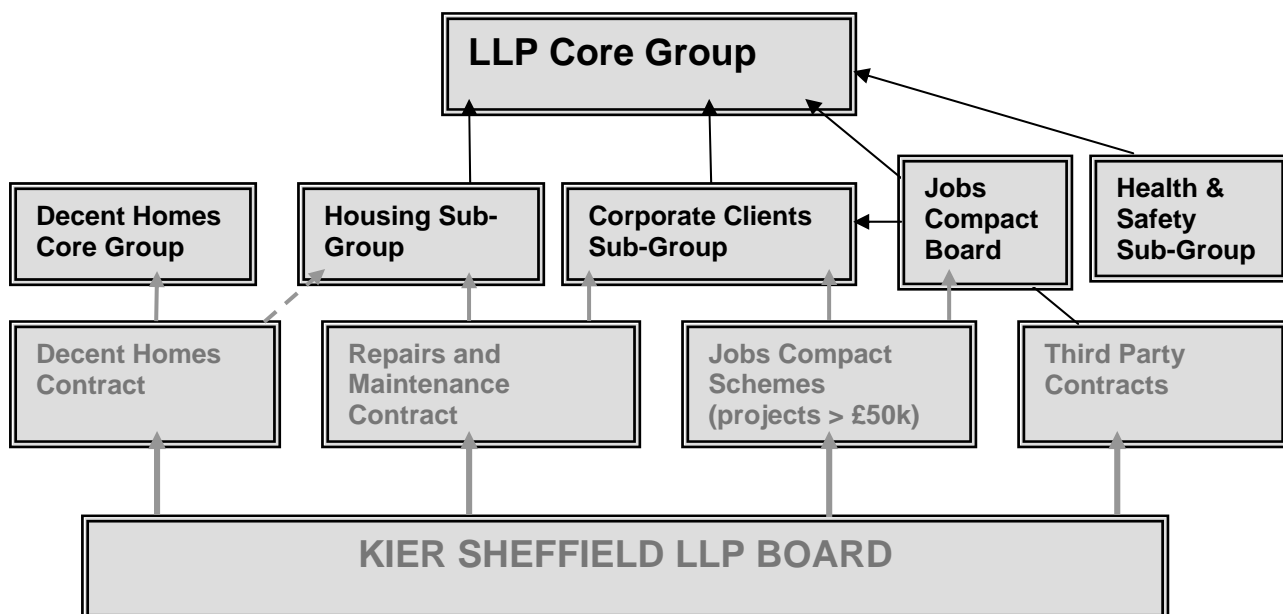
The LLP introduced a comprehensive performance management framework to help streamline and develop all aspects of the service and improve both quality and efficiency.

Performance monitoring procedures are well established. Performance is monitored routinely through the sub-groups using jointly developed key performance indicators, or Sheffield/Kier Indicators (SKIs). SKI information is made available across the partnership via an internet-based performance management tool called Panagraph which provides direct access to performance data for the repairs service. Performance issues are dealt with as far as possible by Action Planning Groups that represent the key parts of the service and any issues are referred up to the Core Group.

Performance monitoring procedures for Housing are well established and those for Corporate buildings have been revised and improved in 2009. Performance is monitored routinely by the Corporate and Housing Subs using jointly developed key performance indicators, or Sheffield/Kier Indicators (SKIs). SKI information is made available across the partnership, via an internet-based performance management tool called Panagraph which provides direct access to performance data for each key service area. Performance issues are dealt with as far as possible by Action Planning Groups for each service and any issues are referred to the relevant sub-group or by exception to Core Group.

Sheffield	2008/9	Target	Achievement
Repairs completed on same day		93%	96%
Customer satisfaction		87%	92.6%
All repairs completed on time		96%	97.47%
Appointments made and kept		95.5%	98.57%
No Urgent Repairs completed.		11 days	8.24

CONTRACT MANAGEMENT AND GOVERNANCE STRUCTURE



6. TRAINING AND EMPLOYMENT

The partnership continues to deliver and exceed expectations, for example, being a significant force in helping the City tackle social inclusion with its provision of skills training and real jobs taken from the most disadvantaged neighbourhoods and communities in Sheffield.

The partnership supports innovative community projects and education/training initiatives. The 'City Stewardship' programme trains and mentors young people on work schemes in their own communities. Some 67% of participants achieve positive destinations and in 2008 five gained a full-time KBM apprenticeship. Training/employment programmes for young people leaving care and single parents are breaking new ground by tailoring jobs to the needs of 'hard to reach' groups. For existing employees a new Gas Training Centre has been established.



The Kier Sheffield LLP Employment and Training Plan has achieved the following outputs since 2003:

- 25,000 Training Days delivered to upskill workforce
- 160 Apprentices employed
- 1200 NEET Young People supported through City Stewardship – 67% re-engagement rate
- 79 Long Term Unemployed Adults trained in jobs
- Ground-breaking scheme supporting Looked after Children
- 80 job opportunities for Disabled People
- 6000 work experience days provided for 14 – 16's – 2,280+ per year in support of Curriculum Delivery
- Established Construction Design Centre and Environmental Sustainability Centre on site
- Gas Training Centre developed
- Corporate financial support of local charities
- All workforce being trained in Equality and Diversity

7. PARTNERSHIP VALUES

At the start of the partnership Kier Group and Sheffield City Council developed a partnership charter to reflect their shared values and aspirations and both partners have remained committed to these principles:

Mission

- To deliver a high quality construction and maintenance service recognised as being best in class
- To apply the principles of:
 - Committed leadership
 - Focus on the customer
 - Ensuring business sustainability
 - Quality driven agenda
 - Commitment to people and the environment

Key Aims

- To deliver improved efficiency, profitability and value for money through effective management of the business
- To deliver continuous improvement through a skilled and motivated workforce that embraces innovation and ownership
- To set demanding standards within a challenging performance management framework



Relationship

- Committed to developing and maintaining constructive and cooperative working relationships between everyone at all levels of the partnership. We will do this by:
 - being honest with each other
 - respecting each other
 - appreciating each other's point of view
 - working together to improve services and overcome problems

8. SUMMARY OF KEY ACHIEVEMENTS TO DATE

The LLP overall has proven to be very successful both in terms of service improvement and in terms of overall VFM when considered in the light of the wider commercial deal. Key achievement and outcomes include:

- A whole host of service improvements, all delivered at same time as SoR saving. The Housing Service (Sheffield Homes) has a 3 star rating of which the LLP was a significant contributor to that success.
- Schedule of Rate reductions at day one and further sharing of efficiency benefits through the 1% deflator mechanism on the uplift.
- Guaranteed annual payment equivalent to the old DLO's (not guaranteed) profit for the duration of the contract of £1.4m per annum.
- Goodwill Payment of £5.6m for buying the business.
- Freeing up depot sites valued at well over £4m by moving to one main depot.
- Creation of repairs call centre, freeing up housing staff for other priorities.
- Co-location of Kier and Sheffield Homes staff reducing duplication and maximising efficiency.
- The LLP partnership structure brings significant financial and tax advantages for the Council in relation to future profits, including a profit share arrangement of 61.25% SCC and 38.75% Kier. So far SCC has benefited from over £2m from Super Profit.
- Ability to negotiate contacts up to £10m directly with Kier and save on procurement costs.
- Improved management / performance reporting.
- Improved pricing and recharge mechanism through the New Price Framework reflecting actual costs and simpler to administer.
- Significant contributor to the targeted employment and training agenda.
- A partner committed to customers and quality.
- National and regional accreditation and recognition – Beacon Status, Beacon Peerage Status, LGC Public Private Partnership of the Year. Contract Journal Client of the Year Award, UK National Training Award for City Stewardship, Green Apple Environmental Accolade, Charter Mark for Customer Excellence, Business in the Community Bid Tick, etc

I trust that this exemplifies the best of PPC 2000 in practice.

D S Maher

Partnership and Business Development Director
14 September 2011