



ACA Annual Award 2012: Innovation in Partnering using PPC2000/TPC2005
Practitioner - Application Form

Sponsored by the PPC/TPC Steering Group 07 SEPTEMBER 2012

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 2012?

- Summary attached;
- 2000 max word entry attached.

Application form

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Date:	06.09.2012

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

ACA ASSOCIATION OF CONSULTANT ARCHITECTS
ANNUAL AWARD 2012: PRACTITIONER

INNOVATION IN PARTNERING USING PPC2000 AND TPC2005

SUMMARY

The Property Repairs and Improvement Partnership would be a worthy winner for the ACA 2012 Annual Award for Innovation in Partnering using PPC2000/TPC2005 for the following reasons:

- It is an innovative partnering arrangement whereby two Service Delivery Partners deliver a strategic term programme of responsive repairs, programmed renewals and capital improvement works to Public and Private Housing where performance is compared and best practice is shared for the benefit of the arrangement, its residents and customers.
- The bespoke contract is based upon TPC2005 Term Partnering Contract with the incorporation of clauses from PPC2000 Project Partnering Contract to cover capital improvement project works and which captures the partnering arrangement perfectly.
- The Contract is on an open book, actual cost basis and includes a schedule of rates for the setting of individual project values using GMP (Guaranteed Maximum Price).
- Key Performance Indicators are used to monitor Service Provider performance.
- The arrangement protects supplier and sub-contractor payments as the Service Provider has to pay the supply chain first before he can claim his actual costs. The actual cost is the payments that the Service Provider has made.
- The Client benefits include 15% savings, the creation of apprenticeship schemes, community support programmes, ease of contract administration and budgetary control.
- The Service Provider benefits include all actual costs being paid that fall below set caps, the fixed fee and overhead values being guaranteed and an opportunity to earn an additional performance payment.

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ANNUAL AWARD 2012: PRACTITIONER

INNOVATION IN PARTNERING USING PPC2000 AND TPC2005

PROPERTY REPAIRS AND IMPROVEMENT PARTNERSHIP

The Arrangement

The nature of the arrangement is that two thirds of the Term Programme works is allocated to the in-house Service Provider Berneslai Homes Construction Services on the basis that they match the pricing and performance of the External Service Provider. The remaining one third of the Term Programme works is allocated to the External Service Provider.

The annual budget for the arrangement is £21-30M (million) to maintain approximately 19,500 properties. Approximately £2M of the annual budget is for works to private dwellings. The External Service Provider is guaranteed an annual budget of £7M.

Kier Services Ltd won the tender in competition and the arrangement commenced on 1 April 2010 for an initial five year term that has an option to extend for a further five year term, a combined potential total of ten years.

The parties to this innovative strategic partnering arrangement comprise:

- Barnsley MBC as the Client and who chairs the controlling Strategic Core Group for the arrangement.
- Berneslai Homes, the Arms Length Management organisation for Barnsley MBC, who has full responsibility for the management of the social housing stock. Berneslai Homes acts in the shared capacity of Client Representative and chairs the Core Group that has the responsibility for the day-to-day management of the arrangement.
- Berneslai Homes Tenant Federation representatives who attend various task teams and who are heavily involved within the arrangement.
- Berneslai Homes Construction Services who are the in-house Service Provider.
- Kier Services Ltd who are the External Service Provider.
- NPS Barnsley Ltd Officers who form part of the governance structure and have the responsibility for administering the strategic partnering arrangement in the shared role (along with Berneslai Homes) as Client Representative.

The scope of the works comprises:

- **Emergency Responsive Repairs and Day-to-Day Reactive Repairs.**
Approximately 62,000 repair orders are issued annually which equates to three jobs per property per annum.
- **Planned Maintenance and Capital Improvement works to the Social Housing Stock** comprising roofing programmes, window and door replacements, rewiring, solid fuel to gas conversions, central heating renewals, district heating replacements, kitchen and bathroom renewals, and enveloping works.
- **Maintenance and improvement of Social Housing Stock void properties.**
- **Gas Servicing to the Social Housing Stock.**
- **Capital Improvement Works to the Social and Private Sector Housing Stock** comprising enveloping works, boundary walls and driveway renewals, damp proofing, rewiring, and central heating renewals.

Key Features

The key features of the innovative strategic partnering arrangement include:

- The pricing of the works is on an open book actual cost basis. All costs are inspected and validated. A computer link is available to make direct connection to the costing system of each service partner to facilitate inspection and validation of costs.
- The tender includes a schedule of rates (index-linked) of all programmes of works including batch renewal programmes (eg kitchens, bathrooms, reroofing, central heating, rewires and the like) and Planned Capital Works projects. Batch programmes are agreed using a price-cap. Planned Capital Works projects are agreed using a GMP (Guaranteed Maximum Price). The Planned Capital works projects are surveyed and the work priced at the tendered schedule of rates to establish the Target Cost. Client and Service Provider risk items are added to the Target Cost to arrive at the GMP. All costs, which are in excess of the GMP, are at the sole risk of the Service Provider. Costs above the Target Cost but below the GMP are paid by the Client. The Service Provider is able to claim an additional 3% Fixed Fee on the value below the Target Cost (between the Target Cost and Actual Cost).
- An annual cap is set for all Emergency Responsive Repairs and Day-to-Day Reactive Repairs. Costs in excess of the annual cap are at the risk of the Service Provider, which become disallowed costs and which are deducted from actual cost.
- An annual cap is set for the Service Provider's branch costs. Costs in excess of the annual cap are at the risk of the Service Provider, which become disallowed costs and which are deducted from actual cost.

- Repair Orders for the annual Term Programme are issued in respect of Emergency Responsive Repairs and Day-to-Day Reactive repairs (TPC Contract Clauses). Planned Capital Improvement Works Orders are issued in respect of Planned Capital Improvement Works and comprise two parts:
 - An initial pre-commencement order to undertake survey works and compilation of GMP, followed by the commencement Order at agreement of GMP (PPC Contract Clauses).
- A set of Key Performance Indicators are set and agreed on an annual basis. The Service Provider's performance is incentivised by a performance payment, linked to the number of KPI targets achieved.
- Continuous improvement of the Service Provider's performance is achieved through comparison of performance and emulating service delivery by the best performing Service Provider.
- Service Providers are paid their actual cost, plus their tendered fixed fee, plus their overheads fixed annual sum, plus their KPI performance payment, and finally their fixed fee applied to the value below Target Cost for projects controlled by a GMP.
- Service Providers are committed to providing one Apprenticeship Scheme and train the apprentice for every £1M of turnover
- The arrangement promotes self-delivery of the works and services as all works by sub-contractors and specialists are paid at tendered costs (won in competition) and the Service Provider's tendered fixed fee is not applied to this cost.

The Contract

There was no suitable standard form of contract available to cover the nature of the works, due to the works covering both term maintenance and individual capital projects, therefore, Trowers and Hamlins were commissioned to produce a bespoke form of contract based upon TPC2005 Term Partnering Contract, with the addition of appropriate terms from the PPC2000 Project Partnering Contract.

The bespoke contract captures the nature of the works perfectly. The contract promotes partnership working:

- By team members working together and individually in the spirit of trust, fairness and mutual co-operation.
- For the benefit of the arrangement.
- Within the scope of their agreed roles, expertise and responsibilities.
- For the benefit of the Tenants and Residents of Berneslai Homes.

Key features of the bespoke TPC/PPC partnering contract include:

- Client commissions the works using Repair Orders for the Term Programme (TPC2005) and Planned Capital Works Orders (PPC200) and makes payment.
- Client Representative acts with authority of the Client.
- Service Provider undertakes the Term Programme.
- Service Provider appoints specialist sub-contractors.
- Provides for a Partnering Advisor to provide guidance and resolve disputes.
- Provides for the Strategic Core Group to control the arrangement and Core Group to control day-to-day workings.
- Provides for early warning notice to Core Group of any matter adversely affecting or threatening the arrangement or performance.
- Provides for Pre-Conditions to Start on Site.
- Provides for a Problem Solving Hierarchy whereby disputes are considered by the lower group in first instance. If the dispute cannot be resolved, it is referred to the next group in the Hierarchy and finally unresolved disputes to the Strategic Core Group.

Main Advantages of this Innovative Partnering Arrangement

The main advantages of this innovative partnering arrangement include:

- Innovative Arrangement

Two thirds of the Term Programme Works are undertaken by the in-house Service Provider who is required to carry out the work at the same rates and performance as the external service provider; the remaining one third of the Term Programme Works undertaken by the external Service Provider.

Continuous improvement is achieved by both Service Providers sharing ideas and best practices and working in collaboration to continuously drive up performance and best ways of working for the benefit of the arrangement and the Tenants and Residents of Berneslai Homes.

Ability to share resources both in terms of labour during times of peak demand and also training events.

- Open Book Actual Cost

Service Providers are paid their actual cost for carrying out all works in connection with the Term Programme. However, they must have first paid the money out themselves before they are able to claim the payment from the Client. This means that the Service Providers' supply chain (in respect of labour, materials, and plant) is paid up in full before the Service Providers themselves can claim the payment from the Client. This ensures that the supply chain is paid in advance of the main contractor.

The arrangement is on an open book basis and all financial transactions are available for inspection. To aid this process, an IT computer link is available to the Client (NPS Barnsley Ltd) direct to the Service Providers' costing system in order that costs can be inspected direct at source.

- Pricing of the Term Programme Works

The pricing of the Planned Maintenance Programmes and Capital Improvement Works is a very simple process and is priced at the rates tendered by the Service Provider.

- Performance Monitoring of the Service Providers

The Service Providers' performance is monitored using Key Performance Indicators. Targets are set using Housemark Upper Quartile values. Housemark is a regional benchmarking club of Local Authorities.

The Service Providers' performance of both the in-house partner and the external partner are compared against each other. The Service Providers share best practice and economical ways of working in order to continually drive up performance.

- Task Groups Governance Arrangements

A number of Task Groups are established in order to monitor and control the arrangement. The Task Groups comprise representatives from all stakeholders, including those from Berneslai Homes Tenants and Residents Federation. The Strategic Core Group is at the highest level and the controlling body. The Core Group follows as the engine for day-to-day workings. The remaining Task Groups comprise:

- The Commercial Task Group, which deals with all commercial matters.
- The Operations Task Group, which deals with all work-related operational matters.
- The KPI and Performance Task Group, which administers the KPIs and monitors all performance related matters.
- The Communication Task Group, which deals with all Tenant and Resident communication matters.
- The IT Task Group, which deals with all IT issues.
- The Sustainability Task Group, which deals with sustainability issues. This group is still in the early stages of evolution.

- Client Budgetary Control.

The Client's budgetary control is made easy as all actual cost expenditure is monitored by the setting of individual Caps for all areas of the Term Programme works. Both Service Providers work within the Caps set. Expenditure above the Cap is disallowed costs and deducted from payments due. The Client holds monthly meetings for the reporting of actual expenditure against annual budget.

- **Tenant and Resident Participation**
Representatives of the Tenants and Residents of Berneslai Homes are involved in all aspects of the arrangement and attend all Task Group meetings. This allows the service to be tailored to their exact needs and preferred ways of working.
- **Apprenticeship and Community Benefits**
Apprenticeship schemes are provided. Service Providers also take part and sponsor community projects.

Benefits and Savings

Benefits and savings from the arrangement include:

- **Client Savings and benefits**
Client savings and benefits include:
 - Monetary savings so far against an average annual budget of approximately £30M are:

Year One (2010-11) – £4,673,896 (15.60%)
Year Two (2011-12) – £4,411,349 (14.70%)
 - Ease of budgetary control.
 - Creation of Apprenticeship schemes.
 - Ease of contract administration due to the contract matching exactly the work and needs of the arrangement.
 - Continuous performance improvement and ability of the Service Providers to share best practice and methods of working.
 - Excellent responsive service provision for the benefit of the Berneslai Homes Tenants and Residents.
 - Community support and projects include restoring a local war memorial; reed-bed renewal to a local wildlife and wetland centre and restoration works to a local church roof.
- **Service Partner Benefits**
Service Partner benefits include:
 - Payment of all actual costs.
 - Payment of fixed fee and annual overhead amount guaranteed.
 - Opportunity to earn an additional performance payment as a reward for high performance.
 - Opportunity to earn additional fixed fee for GMP projects below Target Cost.

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