

**ACA Annual Award 2012: Innovation in Partnering using PPC2000/TPC2005
Practitioner - Application Form
Sponsored by the PPC/TPC Steering Group 7 September 2012**

Summary:

The Surrey County Council Highways Programme has pioneered a revolutionary approach to integrated supply chain engagement and the achievement of clear, measured employment and skills commitments combined with community benefits. Surrey County Council has worked with its Contractor, May Gurney, in accordance with the terms of its TPC2005 contract to engage extensively with the second tier supply chain in order to achieve cash savings and improved efficiency and to develop a delivery model that follows the national "ConstructionSkills Client-Based Approach". Surrey's achievements have also paved the way for them to lead an equivalent joint initiative across the South East 7 Alliance of local authorities and nationally through the Department for Transport's Highways Maintenance Efficiency Programme.

Surrey has led an innovative supply chain engagement process, using the principles documented in its TPC2005 contract (including those at clause 5), to develop with three major civils contractors (firstly Ringway and Carillion and then May Gurney) systems of second tier supply chain reengineering and then with other local authorities to engage collectively for the first time with the highways maintenance contractors engaged by the SE7. A pilot exercise related to the procurement of asphalt materials has identified potential savings of approximately £400,000 under existing contracts.

Surrey has also worked closely with the supply chain in relation to in-situ recycling and Project Horizon (a long term programme of integrated highways maintenance) to identify substantial further savings using the mechanisms described in clause 5 of TPC2005.

Surrey is using its contract to deliver continuous improvement by reference to clause 2.4 of TPC2005 and by adopting innovative contractual procedures with the aim of achieving in excess of 15% savings over the next five years.

Contact Name: Jason Russell

Job Title: Assistant Director of Highways

Company Name: Surrey County Council

Address: County Hall, Penrhyn Road, Kingston upon Thames, Surrey

Postcode: KT1 2DW

Telephone and Email: jason.russell@surreycc.gov.uk

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Innovation in Partnering using TPC2005

**Long Term Highways Maintenance Contract between Surrey County
Council and May Gurney Limited**

1 Introduction

Surrey County Council (with their contractor, May Gurney) have implemented systematic collaborative engagement at first tier level and at all levels of the supply chain so as to establish a sustainable basis for their long-term relationship. Surrey County Council have applied lessons learned under their earlier ten year TPC2005 Term Partnering Contracts with Ringway and Carillion, through which direct second joint tier supply chain involvement created a platform for the combination of savings and added value, as taken forward in the appointment of May Gurney who started work in March 2011.

Surrey has developed and successfully implemented an enhanced two stage order form for use in relation to more complex projects instructed under its TPC2005. This has enabled Surrey to pursue a range of innovative projects under its existing contract using clear and contractually defined programmes and processes.

Surrey has led the South East 7 in relation to collaborative engagement with the tier 1 and tier 2 supply chains of all local authorities. This has involved the use of innovative mechanisms to enable current tier 1 contractors to engage directly with the tier 2 supply chain to secure the benefits offered by a larger scale and more clearly defined programme of works. This has identified potential annual savings of £400,000 in relation to asphalt materials alone and the pilot is being used as a basis for more developed supply chain engagement processes for a wider range of works, services and materials.

Surrey has also used the provisions of clause 5 of its TPC2005 to carry out a pilot for the procurement of in-situ recycling services. This pilot has identified potential savings of £300,000 for the projects identified, representing over 30% savings in respect of traditional working methods. In addition, Surrey will be able to roll out these processes to encompass further projects across the wider region covered by the South East 7.

Project Horizon is currently being undertaken by Surrey and the supply chain engagement processes and partnered working practices embodied by TPC2005 are critical to its success. Project Horizon seeks to integrate all Surrey's highways works into a single long term programme, with the aim of delivering annual savings of at least 15%.

2 Supply chain engineering

2.1 Supply chain engineering pioneers

Surrey County Council has also created under TPC2005 "supply chain re-engineering processes", the machinery to re-engineer long-term supply chain relationships with suppliers and subcontractors over the 10 year contract so as to combine savings with improved employment and skills outputs and the encouragement of local SMEs. It is the first local authority to employ such processes in relation to highways maintenance. Surrey has, in part through funding provided by the Department for Transport as part of the Highways Maintenance Efficiency Programme, developed a range of processes and documentation that have been used by the South East 7 and are available for use by other local authorities to engage with the supply chain to deliver efficiency.

Initial benefits of Surrey's work include:

- Development of a suite of documentation to enable supply chain engagement by groups of local authorities;
- Successful pilot of collaborative supply chain engagement processes identifying annual savings of £400,000 in relation to the supply of asphalt materials;
- Further use of the documentation and processes to identify savings and efficiency for Surrey as part of Project Horizon and a programme of in-situ recycling.

2.2 **Targets and achievements**

Surrey has achieved a substantial amount in its initial supply chain engagement activities and is proposing an ambitious development of the proven processes over the next five years. Achievements and future targets include:

- Identification of £400,000 of annual savings for the SE7 in respect of asphalt materials;
- Identification of £300,000 of savings for Surrey in respect of a programme of in-situ recycling;
- Proposed savings of over 15% annually on the integration of highways services under Project Horizon involving detailed negotiation and engagement with the tier 2 supply chain;
- Development of further tier 2 procurement exercises (led by tier 1 contractors) to identify a wide range of savings to be secured by the SE7;
- Publication of guidance for all local authorities nationally to assist in securing the DfT's target of 15% savings in relation to highways maintenance.

3 **Employment and skills**

3.1 **Employment and skills pioneers**

Surrey County Council are the first to adopt on a large-scale highways programme the Client-Based Guidance for local authorities created by ConstructionSkills which provides a toolkit to deliver employment, apprenticeships and training for public sector clients through procurement of their construction and engineering projects. This guidance provides model documentation, benchmarks, case studies and practical commentary which Surrey County Council have used successfully in their engagement with May Gurney and second tier suppliers and subcontractors. Specifically, this innovative approach has led to:

- Creation by Surrey County Council of an "Employment and Skills Strategy"
- Submission by May Gurney of an "Employment and Skills Plan" with supporting "method statements" supported by their suppliers and subcontractors
- Adoption of comprehensive benchmarks provided by NSAfC/ConstructionSkills on the basis of National Skills Academy for Construction projects, specifically focused

on structural, maintenance, routine cyclical and routine structures categories of highway repairs and maintenance.

3.2 **Targets and achievements**

Surrey County Council has been awarded "National Skills Academy for Construction" status as an exemplar of best practice (copy of the Employment and Skills Plan annexed setting out the employment and skills commitments agreed between Surrey and May Gurney for the first year of their prospective ten year programme). Examples include:

- May Gurney engagement with SMEs to sustain the local economy and develop a resilience in activities such as winter maintenance and immediate response plus training to assist suppliers and subcontractors to achieve agreed standards, including through "Supplier Open Days"
- Procurement in line with May Gurney's "Sustainable Procurement Policy" using resources efficiently and responsibly from ethical sources, for this purpose incentivising suppliers and subcontractors to deliver through inclusion in an "Innovation Working Group":
- Implementation of a "Starting Out" programme including work experience, school and college workshops, lecturing, the "May Gurney Challenge Interactive Engineering Event", agreed recycling activities (with an interactive competitive workshop to raise awareness), a "Construction in the Built Environment" 14-19 Diploma and summer and industrial placements
- Commitment to recruit as a minimum two (2) new apprentices and continue with one (1) existing apprentice in the first year;
- Ninety (90) student workshops and four (4) research projects in the first year and twenty-four (24) NVQ commencements and sixteen (16) NVQ completions in the first year;
- Implementation of a "May Gurney Apprentice Programme" involving training from experts in their field in college or on day release and covering general construction, plant mechanics, welding and fabrication and HGV commercial (building on award-winning schemes with National Construction College, CECA, ASLEC and CITB);
- Offering by May Gurney of Individual Work Placements and Group Work Placements;
- Donations following assessment against predefined criteria from the "May Gurney Foundation" which supports community-based charities and good causes to help young people and the long-term unemployed.

Already within the first months of mobilisation, May Gurney are exploring recruiting apprentices from foster care in Surrey working through the "NEETS" (Not in Employment, Education, Training Scheme) for children leaving long-term care and are working with the Princes Trust, Probation Services, Community Payback programme, Tomorrow's People and Connexions. In particular, May Gurney are working with Tomorrow's People through their London operations office to support their "Back to Work" Programme using their

database of local unemployed individuals, as well as working directly with the Surrey and Sussex Probation Trust for Community Payback projects. The latter involves providing offenders with an opportunity to develop skills and knowledge with a view to preventing reoffending the future.

4 **Leadership**

Surrey County Council are a leading member of the "South East 7 Alliance" with Kent County Council, Hampshire County Council, East Sussex County Council, West Sussex County Council, Brighton & Hove Council and Medway Council, taking forward a joint approach to supply chain development that will create wide-ranging opportunities, including improved employment and skills outputs, through long-term contracts with SMEs and other subcontractors and suppliers. In addition, Surrey County Council are taking a leading role in the supply chain and employment and skills workstreams of the Department for Transport's "Highways Maintenance Efficiency Programme".

Surrey County Council have shown leadership and commitment as well as an innovative approach in being the first local authority to adopt the supply chain engineering processes and ConstructionSkills Client-Based Approach on a highways programme, demonstrating that such a long-term programme offers an ideal opportunity to establish enhanced outputs that are directly relevant to the needs of the local community and to the improvement of both the image and the capability of the construction and engineering industry.

Workforce development has directly improved as a result of collaboration through the implementation of the Client-Based Approach to ensuring maximum apprenticeships and other employment and skills outputs in public sector procurement. Surrey County Council were highlighted as an exemplar of best practice at the national launch of the Client-Based Guidance of 15 June 2011 by Paul Morrell OBE, Government Chief Construction Adviser.