

## **WALSALL HOUSING GROUP**

### **PPC2000 CASE STUDY – WHG (whg) / WATES LIVING SPACE (Wates)**

#### **EXTENSION TO EXCELLENCE**

##### Major Works (Decent Homes) & Environmental Improvement Contract

Initial 4 year contract with extension

£41,000,000 over 4 year period

whg undertook a tender process in 2009 to provide two constructors that would aid in the delivery of Major works, the decision to apply partnering via the PPC2000 was aimed at creating a delivery unit that embodied modern principles of contract management and establish a relationship that mirrored and surpassed the ideals set out by Latham and Egan. Two principle constructors were selected which through the course of the original contract period has now been reduced to one.

Utilising PPC2000 as the anchor a partnership between whg and Wates was established through an overarching framework written by Trowers & Hamlin using bespoke terms agreed with all parties through the competitive dialogue tender stage.

During the last three years enormous steps forward have been taken this can be seen simply by viewing the completed decent homes programme and realistic stock value verified by Savills on behalf of our lenders, and the positive impact this has had within the community.

Another gauge of its success is the level of trust and solid working relationships forged between client and constructor on a whole and as individuals.

The partnership over the latter of its three years has grown in value, size and responsibility on both sides, resulting in a series of frequentative operations in its day to day and overall process. As both parties strive for continuous improvement within the partnership, a re-examination or step change is considered possible.

As a result it has been decided by both parties, driven by the Partnering Facilitator within whg, that the extension of the contract presents a model opportunity to take a strategic step back from the operational side of the contract to develop the partnership further, from a good position to an excellent one.

## **The Partnership Review**

The first step in this process will be achieved through what we are calling a Partnership Review.

The idea for the review stems from the belief that the PPC2000 contract is a tool to form a partnership not the reason, over the last 3 years whg and Wates has worked tirelessly to form pathways that will enable the efficient delivery of work streams to an end user. These pathways have involved errors, surprises and rewards at each junction but the ability to resolve these situations as a team and acknowledge and learn from them and not blame is the fundamental strength of any partnership utilising the contract as a mission statement and not a source of retribution. The review itself is being used as a tool to take a step back from the iterative processes and evaluate the partnerships position in comparison to the original ideals and expectations of the contract.

*This report is an appraisal document aimed at evaluating the partnership between Walsall Housing Group Limited (whg) and Wates Living Space (Wates).*

*The report will include a brief explanation to the journey taken, the thoughts of key personnel, a summarised overview from the contracts Partnering Facilitator and details of the forward programme.*

*This appraisal has taken place in order to activate the extension clause within the contract to provide an additional partnership of up to 2 years, it is also intended to highlight the areas of success and find solutions for areas of improvement.*

*The report will be an overarching review of the original contract remit and the position of the partnership against those mutually agreed outcomes.*

*In some instances this report will identify potential strengths and weaknesses within operational areas but these will be identified as areas that are required to fulfil the demands of the partnership.*

The above extract has been taken from the Introduction of the Partnership Review to give an essence of the process and its initial informal nature.

## **Partnership Review Interviews**

To ensure that the review was truly overarching the decision was made as stated in the extract that informal interviews would take place with key personnel. These personnel were not only the members of the contracts 'Core Group' but also the personnel who dealt with the day to day relationships within the partnership.

The question set was built around specific details enclosed and developed through the tender process. These details were encapsulated within the contract and have been appraised through the interviews with both parties.

It became apparent that because of the innovation and the clear mapping of process and procedure that the PPC2000 brings, and also the ongoing attitude of improvement the contract promotes and the partnership embraced, that there have been some real successes and achievements within the partnership over the last three years.

### Partnering Timetable

The PPC2000 form of contract has also provided the partnership with a Partnering Timetable. This clearly maps out the partnerships activities prior to the commencement of works, but places no restriction on the partnership itself. The advantage of this timetable is giving a direction for cyclical works to proceed in the correct manor and to the timescales required. This results in an easy transition of programmed works from year to year and minimising any unnecessary delays. Please see Partnering Timetable enclosed below the enclosed copy refers to the original document found through the tender stage, this timetable has been reviewed every year in accordance with Core Group agreement.

<b>Event / Activity</b>	<b>Time line</b>
Client approval of design and cost proposals for the works	Before 15 August 2009 for Elemental and Void works Before 1 <sup>st</sup> September 2009 for Environmental hot spots and block refurbishment works
Key personnel and procedures are in place before works commence.	Before 15 August 2009
Personnel and procedures for the resident liaison process are in place before that liaison process commences.	Before 15 August 2009
A system for recording Project progress and measuring performance as part of the development of a joint IT solution, is operational and auditable	Before 15 August 2009
Parent Company Guarantee in place	By 21 <sup>st</sup> August 2009
Performance Bond in place	By 21 <sup>st</sup> August 2009
Regarding environmental hot spot works and block refurbishment works, design and cost proposals will be required to be submitted by the Constructor and agreed by the Client prior to works commencing on site	Proposals by 12 September 2009
Sectional Commencement Agreements signed:	
▪ Elemental replacement works	August 2009
▪ Voids	August 2009
▪ Environmental hot spots	Sept. 2009
▪ Block refurbishment	Sept. 2009
Joint Risk workshop to review Risk Register	At first Core Group (or before 1 September 2009 at latest)

## **Corporate Social Responsibility**

Also through the tender process and contract (Clause 32), the direction and understanding of the Corporate Social Responsibility requirements of whg were clear and transparent and programmed out. This has been delivered superbly by Wates and proved highly successful through training, welfare and community benefits. The danger noted by the Core Group that once delivery of these initial requirements had been achieved would the partnership still maintain the hunger for delivery. This danger was found to be inaccurate as the partnership has continued to deliver schemes that has had a positive impact in training, health, community benefits across the entire demographic of Walsall and beyond.

## **Supply Chain**

Through the course of the partnership a focus has been drawn on streamlining the supply chain and creating a uniformed approach through the various delivery partners, this has been standardised by utilising single suppliers for major supply elements, kitchens, boilers etc. This agreement has developed into a pooled supply/stores solution where all delivery units can utilise materials held by all.

The delivery of a sustainable supply chain is also epitomised by the product forum group that is jointly chaired by the partners and investigates new products and best practice.

## **I.T Integration**

The I.T integration (Clause 4.1 & Strategic Partnering Document Item 7) that has taken place is through a number of operational project control programmes. The first of which is used by the delivery teams on both sides of the partnership. The input of vital information by both parties i.e. proposed and actual start and finish dates and also changes to work, across hundreds of properties has resulted in the successful delivery of works to clients within the community year after year.

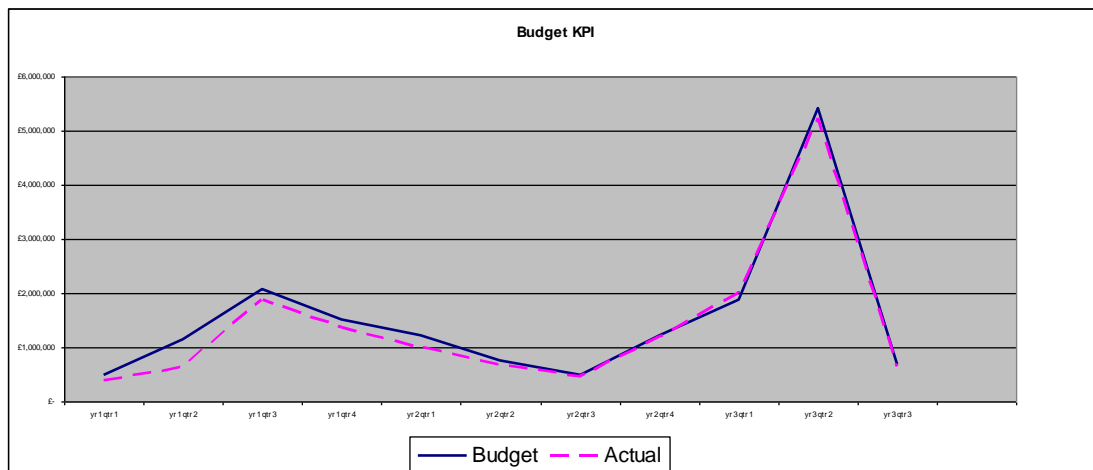
The second and possibly more notable is the shared financial resource that enables both parties to input and access financial information throughout the month across all of the live works. This then accumulates at the end of the month into a joint Valuation and automatic KPI's. This then also eliminates any surprise elements or arguments at the end of each month and with the Monthly Activities Schedule clearly set out in the contract it allows fast and effective agreement of monthly valuations and subsequent payments.

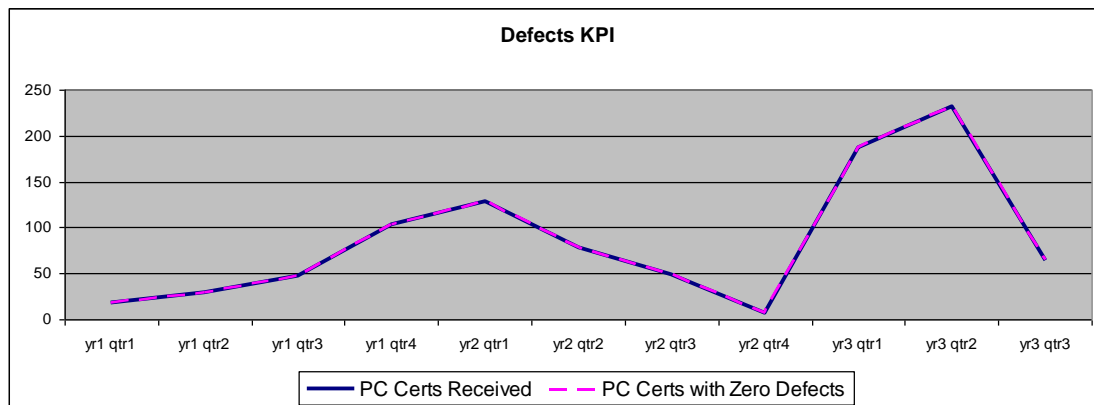
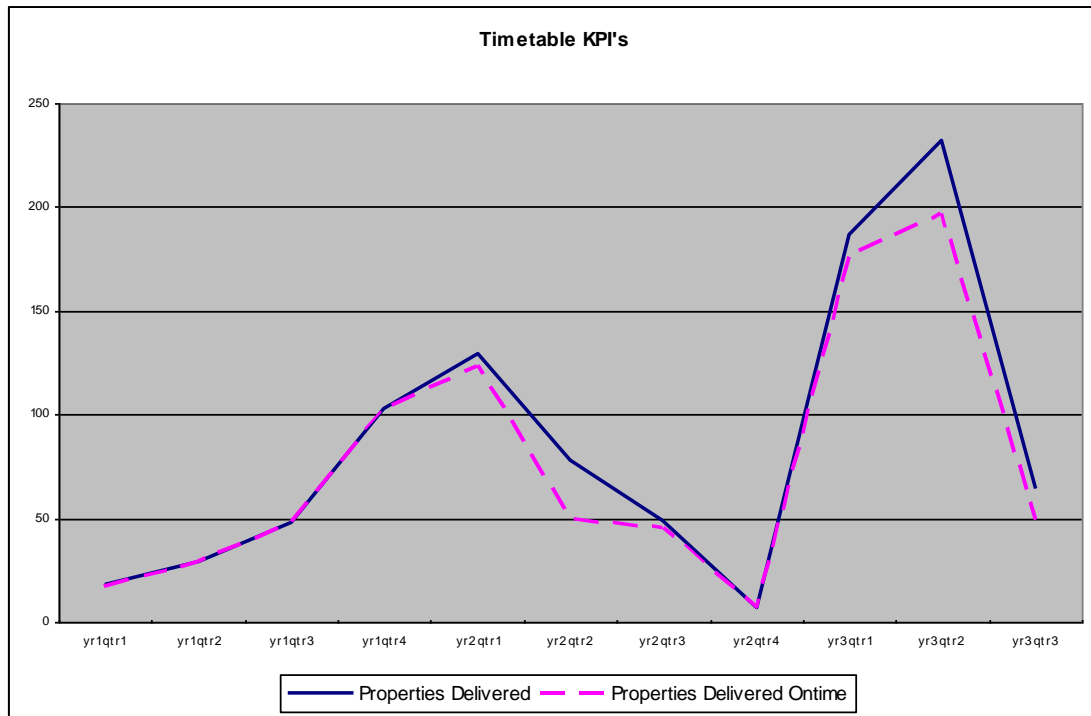
### Hot desks / Shared Workspace

To further aid the day to day procedures that are so important within the partnership, hot desks have been utilised with great success. The concept of a shared workspace was initially foreign to the colleagues with in the partnership but has been embraced by both parties across all of the teams. This concept was born from the meetings between the contracts Design Team and Core Group and has proved time and time again as a triumph. The enormous advantage of the shared workspace that really shines through when an unusual problem or scenario occurs, any situation that arises can be dealt with by all required team members and an appropriate solution can be reach promptly.

### Key Performance Indicators

To demonstrate the success of the partnership enclosed are an example of strategic K.P.I's. These are in place to allow monitoring of performance through the partnership structure, the reward incentive included within the contract directly links monetary gain in accordance with successful K.P.I's.





### **Additional Feedback**

There have also been a number of frequent positive key comments that have been expressed by both parties in the interviews when discussing the partnership. Just a handful of these are pride, innovative, shared pain and gain, trust, open dialogue and continuity. All providing further evidence of the success a partnership can bring to all levels within organisations.

From the interviews and information obtained with in the Partnering Facilitator has been able to produce the following summary;

*Through this process it has become clear that the foundations are solid for a partnership that not only has the ability to succeed but to drive forwards the ethos and principles attempted through the tender process. The continuity of key members and the pride and determination exposed within this review demonstrated that delivery of Majors Works to a high standard and competitive cost are paramount in conjunction with meeting customer needs.*

## **Future Proposals**

Proposals the partnership are looking at instigating are;

- single office deployment, a further step from shared workspaces
- flexible working contracts based over communal agreed expenditure
- shared work placements/employment trading opportunities
- single I.T. system integration across partners

## **The Forward Programme**

The Partnership Review process will then be utilised by the Constructor to deliver a presentation to the Client on a proposed strategy moving forward, this presentation will highlight the areas within the review that have not yet reached the same high levels of success and innovation as others.

This will enable the partnership to engage a dialogue where a finalised agreed proposition can be implemented.

This will create a refreshed and reviewed partnering timetable that will be utilised as the tool by the partnership to fine tune and push forward an already successful partnership into a ground breaking, unique and innovative partnership that reaches new levels of success.

## **Statement**

The incentive and outcome of these positive steps by both parties will not only be the reward of a contract extension, but also improved value for money, quality of product and customer service for the client.

The success of any partnership is not only the results but the way it grows, evolves and handles situations that evoke criticism and honesty. The partnership review was aimed at noting the positives and identifying innovative ways to further drive a successful partnership.

The trust and desire for improvement being utilised by all members of the partnership that enables this innovative method of extension and provides a timely reminder to all that PPC 2000 was the tool that enabled partnering to succeed, flourish and cement its place as the future of contract management across all sectors of construction and beyond.