

NORTH LINCOLNSHIRE COUNCIL

**POLICY AND FINANCE CABINET MEMBER
AND
NEIGHBOURHOODS CABINET MEMBER**

**ANNUAL PERFORMANCE REVIEW:
CONSTRUCTION & HIGHWAYS FRAMEWORK**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This information report sets out the outcome of the first annual performance review of the council's integrated Construction and Highways Framework Arrangement.
- 1.2 The key points in this report are:
- In the first operational year of the corporate construction framework, the council spent £18.6m on construction and highways related projects including road maintenance schemes, schools and other essential facilities for local communities
 - Key indicators show that the framework is performing well against national standards including value for money and client satisfaction metrics
 - Positive local economic and social value outcomes for North Lincolnshire have been evidenced

2. BACKGROUND

- 2.1 In June 2014 the council awarded an integrated framework arrangement for the delivery of all construction and highways related works.
- 2.2 The design of the framework provides for formal annual performance reviews to help ensure that it delivers value for money and continuous improvement over its 4 year life.
- 2.3 The framework is structured as individual lots:

Lot Description	Value Range
Lot 1 – Construction and General Building	£50,001 – £0.5m
Lot 2 – Construction and General Building	£0.5m - £2.5m
Lot 3 – Construction and General Building	£2.5m - £10m
Lot 4 – Construction Design and Build	£0.5m - £10m
Lot 5 – Repairs and Maintenance, Construction and Home Assistance, General Building	Up to £50,000

Lot 6 – Repairs and Maintenance, Construction and Home Assistance, Mechanical	Up to £50,000
Lot 7 – Repairs and Maintenance, Construction and Home Assistance, Electrical	Up to £50,000
Lot 8 – Roofing	Currently under procurement
Lot 9 – Highways Civils Works	Up to £5m
Lot 10 – Highways Surface Treatment	Up to £5m
Lot 11 – Highways Surfacing Works	Up to £5m

- 2.4 A performance review of the framework was undertaken on its first anniversary for all lots where data was available. Findings were considered by the construction framework board on 26 June 2015.
- 2.5 The total spend through the framework in its first year was £18.65m. The anticipated annual spend at the procurement stage was estimated at c. £20m which indicates that activity is within the forecast and advertised range. Details are presented below:

Lot	No. Of Projects/Mini Competitions	Expenditure YTD
Lot 1 – Construction and General Building	8	£1,619,888
Lot 2 – Construction and General Building	1	£927,480
Lot 3 – Construction and General Building	0	£0
Lot 4 – Construction Design and Build	1	£3,647,506
Lot 5 – Repairs and Maintenance, Construction and Home Assistance, General Building	906	£1,465,723
Lot 6 – Repairs and Maintenance, Construction and Home Assistance, Mechanical	1032	£714,149
Lot 7 – Repairs and Maintenance, Construction and Home Assistance, Electrical	1039	£500,129
Lot 8 – Roofing	n/a	n/a
Lot 9 – Highways Civils Works	40	£3,400,000
Lot 10 – Highways Surface Treatment	7	£3,684,000
Lot 11 – Highways Surfacing Works	9	£2,700,000
Total	3043	£18,658,876

- 2.6 Of the total expenditure, in excess of £10m has been spent with North Lincolnshire based contractors providing significant local economic benefit. This was one of the key objectives influencing the strategic design of the framework.
- 2.7 To help manage performance, key indicators are used set against UK Construction Industry standards. The targets set for contractors on the framework are within the top 10% of industry standards as published in the UK Industry Performance Report (CITB/BIS).
- 2.8 Performance data is collated following the completion of each project awarded under the framework and monitored through the formal contract review procedures. Quality is assured through a number of measures including:
- specifications and NEC forms of contract provide a clear focus on quality
 - only quality assured contractors were appointed to the framework

- contract monitoring is undertaken during the project delivery stage
- client satisfaction is monitored (KPIs) during the delivery, completion and post completion stages
- feedback is given to contractors as part of a continuous improvement cycle
- works may be commissioned outside of the framework as an incentive mechanism if contractors do not achieve acceptable KPI standards

- 2.9 There is currently no KPI data for Lots 2, 3 and 4 due to ongoing projects yet to be completed, however the project team have undertaken active monitoring and regular meetings have taken place with contractors to manage and monitor the performance of contracts.
- 2.10 The latest KPI results for completed projects are set out in Appendix 1. The results indicate that framework contractors are performing above national KPI average results for the UK construction industry.
- 2.11 KPI data for Highways Lots (Lots 9 – 11) is not yet available due to ongoing completion of existing jobs, however performance meetings with contractors have been conducted regularly and interim monitoring is indicating a 100% client satisfaction result.
- 2.12 Given the single contractor status of Lot 9, monitoring of value for money has been undertaken in comparison of rates received for similar work elsewhere. Results indicate that rates and prices achieved through Lot 9 compare favourably and that savings are being achieved.
- 2.13 The framework requires contractors to consider social value outcomes as part of their service delivery, including but not limited to: training, skills and education. A recent example involved a framework contractor undertaking works at the Humberside airport site providing classes, assemblies and a field trip with children at Kirmington Primary School.
- 2.14 In total twelve performance management meetings have taken place across all lots with contractors. A keynote event was held in April 2015 including contractors on the Construction and Highways Professional Consultancy Framework.
- 2.15 Detailed contractor specific KPI findings have been shared with individual contractors and continuous improvement has been requested.
- 2.16 The framework remains a key opportunity for potential commercial income. The framework was advertised to enable access by local authorities and public sector organisations across the Yorkshire and Humber region. A local further education establishment is accessing the framework for some key works over the 2015 summer period. The property team are providing further income generated support on design schemes to complement the build.
- 2.17 Further promotion of the framework to realise the commercial income opportunity is to be undertaken with the assistance of the council's Commercial Team.

3. OPTIONS FOR CONSIDERATION

- 3.1 As this is an information report there are no options to be considered.

4. ANALYSIS OF OPTIONS

4.1 See 3.1 above

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

5.1.1 The total spend through the framework year to date is c. £18.6m of which c. £10m has been spent with North Lincolnshire based contractors. The report provides assurance on value for money.

5.2 Staffing

5.2.1 There are no direct staffing implications.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impact Assessment was undertaken at the pre-procurement stage of the framework informing a number of social value considerations which form part of the performance management framework.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 This report has been prepared following extensive consultation with relevant services.

7.2 No conflicts of interest have been identified.

8. RECOMMENDATIONS

8.1 That the findings from the first annual performance review of the Construction and Highways Framework are noted.

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Background Papers used in the preparation of this report:

Annual Performance Review Checkpoint Report June 2015

Cabinet Member Report 17 June 2014

Appendix 1 - KPI Results

KPI results have been collated for completed projects only (Lots 1 and 5 – 7). The results are reported below:

Lot	Overall % “Scoring 8/10 or better”
Client Satisfaction – Service	
Lot 1	90%
Lot 5	84%
Lot 6	77%
Lot 7	78%
Overall	82%
National Average	75%

Client Satisfaction – Value for Money	
Lot 1	80%
Lot 5	82%
Lot 6	75%
Lot 7	78%
Overall	79%
National Average	75%

Making Good Defects	
Lot 1	77%
Lot 5	83%
Lot 6	73%
Lot 7	74%
Overall	77%
National Average	71%

Health & Safety	
Lot 1	95%
Lot 5	83%
Lot 6	79%
Lot 7	83%
Overall	85%
National Average	N/A