

CASE STUDY:

➤ Benchmarking

➤ Background:

In recent years Local Highway Authorities working together have developed a number of Framework Contracts. The table below shows the use of these frameworks and the relative size of typical projects delivered to date.

West Midlands (Centro)	3 Authorities	Lot 1 up to 50k Lot 2 50 to 500k Lot 3 500k plus	114 Projects Total value £10 m	Typical project value less than £100,000
Derby/Notts	2 Authorities	14 lots	60 Projects Total value £5 m	Typical project value less than £100,000
Eastern Highway Alliance	9 Authorities	All six NEC Options	100 Projects Total value £60 m	Typical project value approx. £600,000
MHA MSF1	13 Authorities	NEC Option C Up to £12million	60 Projects Total value £175m	Typical project value approx. £3,000,000

Objectives:

Each framework has been established to provide highway authorities with easy access to contractors who specialise in delivering highway construction projects. The expectation on each framework is that by sharing information on best practice and working together savings could be made and projects could be delivered more effectively.

Specifically the Medium Schemes Framework MSF1 objectives were to simplify the selection process, saving time and money by the increased use of direct call off. Working with contractors from an earlier stage in each project would allow us to identify value engineering savings. We also want to be able to use a range of performance measures to drive continuous improvement throughout the construction stage.

MSF1's Key Achievements Relative to other Frameworks:

To date 46 projects have been completed using MSF1. A further 13 are still under construction and one design and build project is yet to reach the construction stage.

There was very little evidence of Early Contractor Involvement (ECI) available from the other three frameworks. Although, one authority from the Eastern Highway Alliance (EHA) did report paying a contractor for a period of ECI, prior to the selection of the contractor for the construction phase. This trial arrangement was considered beneficial however the financial benefit was not quantified. During MSF1 a contractor's register of ECI savings was maintained, which showed that approximately half of the projects reported ECI savings. The MSF1 register records a total ECI saving of £3,257,000.

During the MSF1 selection process, 58% of the 60 projects chose to use direct call off. This reduced the cost of tendering to each contractor and allowed authorities to select a contractor at an earlier stage where less design information was available. By comparison the other frameworks routinely selected contractors using either mini competition or a schedule of rates. Only the EHA framework had used direct call off and this was on less than 10% of project.

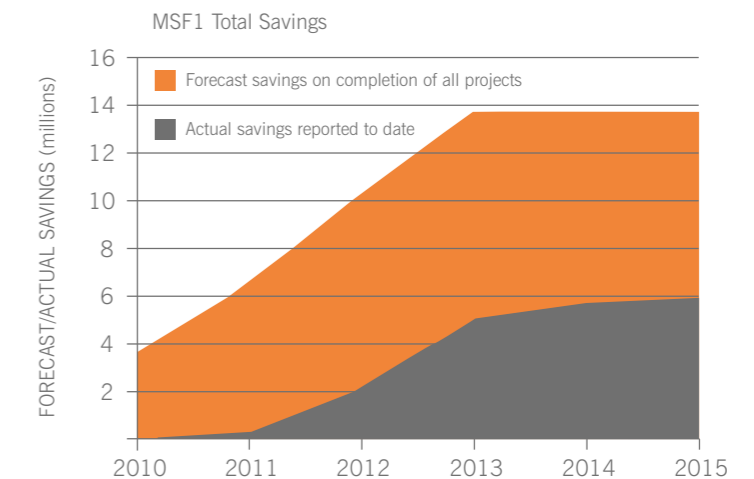


“58% of the 60 MSF1 projects chose to use direct call off. This reduced the cost of tendering to each contractor”



None of the regular user groups were routinely reporting performance measures. One of the frameworks reported that they had not yet received a completed feedback form from any project whilst another was reconsidering the performance measures to be used. To date, of 46 completed schemes, MSF1 has reported 37 final accounts and 23 completed performance reports.

This information was then used to inform the selection process and shared with member authorities via the 2014 interim report. A further update to this report is being prepared.



➤ Looking to the future:

Since November 2014, the MSF1 and MSF2 Framework Community Board's (FWCB) have routinely reviewed a set of six performance measures with information provided from all live projects. These six measures include details of ECI savings against each project. The performance management working group continues to meet to further develop the performance toolkit and increase the value of the performance measures being reported.

To bring this report fully up to date, the FWCB discussed in May 2015 the performance reporting progress on all current live projects. All 12 live projects discussed are now routinely reporting progress against the revised Clause 32 programme. All except one project team are regularly reporting forecast out turn cost against target price, with similar numbers reporting gain and pain. All schemes have now started to report on new measures to ensure good quality work

is delivered right first time. The approach to this measure does vary from project to project, with some projects including non-conformance reports, clerk of works inspections and dashboard presentations, will require further consideration in the future.

Some current project teams have also identified critical success factors for their own projects and have performance measures in place to track progress against these objectives. These include measures of social value, communications with public and other stakeholder groups, measurement of traffic delays, and the reuse of materials through the use of site waste management plans. Ongoing development of these measures, including the development of 'Red/Amber/Green Reporting' methodology should be shared at future FWCB meetings and routinely reported at post completion project reviews.