

## Review of Best Practice

### Introduction

As part of our research to utilise best practice and learning we have been visiting both Local Authorities and some of the industry key players to find out how they are doing things, what has worked and what they have learnt.

We have visited two counties and two London Boroughs as well as having discussions with a number of the leading players in the industry. In addition we have taken soundings from our existing contractors and assessed the available research issued by either Government departments or industry bodies.

### Local Authorities

As one would expect each LA does things differently from the other, from one Shire county who has all of its services operated and managed by one partner (Design and Works), retaining a client side team on policy and strategy to another who utilises a number of contracts on a traditional contract basis. A common theme was the lack of available resources and the difficulty of recruiting professional staff. This was one of the main reasons why the London boroughs in particular had put in place long term arrangements with a single professional services supplier, very much as we are proposing for Harrow.

Whilst the counties we visited had or were moving towards single suppliers for all works, the London boroughs we visited, whilst considering a move to single supplier, had not yet done so. Having said this they had both moved to a reduction in suppliers to around 2 or 3.

Below is a summary of the Local Authorities.

Local Authority	Rating	Spend pa	Contract	
			Works	Professional
Northampton	Excellent	£45m	Combined single contract	With works
Cambridge	Excellent	£25m	Single contract	Single contract
RBKC	Excellent	£22m	2 to 3 suppliers	Single partner
Richmond	Good	£11.5m	2 to 3 suppliers	Single partner
Harrow	Fair	£15m	12 separate	4 separate

### Industry

All the industry players we talked to said that there was a need to encourage more people in to the industry and felt that improving employment conditions and retaining staff was a key factor in the future. They were all investing in better systems with GPS and work plan based systems being a particular theme. They used real time systems on crew vehicles to improve productivity and efficiency. They favoured the longer term relationships and less confrontational contract types which gave them the ability to plan better for the future and the opportunity to get more involved in design, work process and material selection.

They were all working under partnership arrangements and had experience of these with prices being determined through schedule of rates, lump sum and target costs. Whilst they preferred a period of 10 years they felt that a minimum of 5 would allow for good investment decision-making. All were working to key performance indicators. They all said that they favoured involvement of the whole supply chain in partnering arrangements and had systems in place to actively involve sub-contractors in partnership meetings, one also encouraged anonymous feedback from sub-contractors directly to the client.

## **Key Industry comments:**

- Demand for services will grow, especially in London through the Thames Gateway renewal programme and the Olympic Games.
- Large companies are investing in systems aimed at increasing productivity and the better use of information. They expressed the benefit of LA's having good asset management databases as being a driver to delivering increased productivity.
- The ability to involve contractors earlier in decision making (Design and planning) offered real scope to improve quality and deliver efficiencies.
- More clients are utilising long term, single sourcing partnering type contracts (between 5 and 10 years) with an invariable ability to extend beyond these dates.
- Demand for labour (white and blue collar) is keen and they were all involved in active recruitment and retention policies.
- They view the potential Harrow partnering contract as very desirable and the indications are that the industry is very keen to bid for this contract.

## **Summary**

The approach that Harrow has adopted to procure the works and professional services, whilst relatively new in terms of client take up, is not so new as to incur any major risks. The approach is one that has been recommended as a basis for good practice and forms a central theme to the Gershon efficiency agenda. What was not apparent from any of the Local Authorities visited or from any of the reports was a quantification of the actual financial benefits realised. The difficulty being that a common or robust measurement system of past performance is not available. All the people we talked to were confident that the savings were being achieved but it would take a few years for these to become apparent. The industry players suggested that they were able to offer better prices on the basis of longer-term contracts and the ability to influence decision-making at earlier stages.