



Midlands Highway Alliance Plus
MHA, MSIG, WMHA: Moving Forwards Together

Value and Skills

Wednesday 20 September 2023

Value for Money Toolkit for Framework Projects
Andy Perrin Proving Services Ltd.





Value for Money Toolkit for Framework Projects

Achieving and Demonstrating Value for Money in Projects and Programmes

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Purpose

The purpose of the Value for Money (VfM) Toolkit for Framework Projects is to help drive consistency, rigour and continuous improvement in the way projects are undertaken, by applying a methodology that identifies best practice and facilitates simple value for money benchmarking across projects and programmes.

The VfM Toolkit will enable local highways authorities to measure and evaluate the VfM delivered by individual projects and, over time, benchmark different projects across and between frameworks to identify those that delivered the best VfM, such that the successful traits of those projects can be applied to other projects going forward.





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VfM Toolkit for Framework Projects Principles and Approach

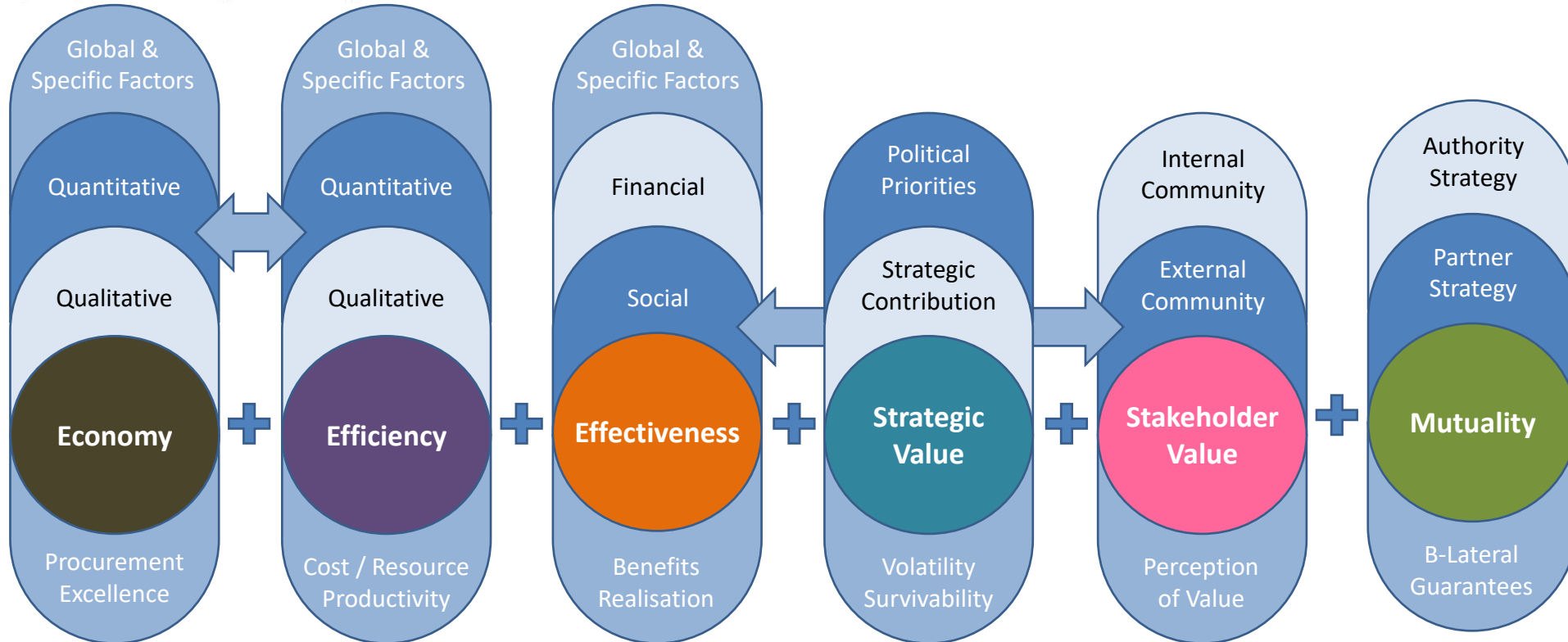
- **The core principles applied in developing the VfM methodology were that it must be:**
 - A process that adds value to all stakeholders.
 - Including both commissioners and suppliers.
 - Wiely and proportionate.
 - Able to be used at all stages of a project.
 - Application following ECI will inform any improvements required prior to construction.
 - Easily applicable for use across all frameworks.
 - To facilitate the widest possible application of benchmarking and dissemination of best practice.
- **Key aspects of the approach:**
 - Sponsored by Taylor Woodrow.
 - As part of the quality commitment supporting TW's tender submission for inclusion on the MHA+ MSF4 framework.
 - Utilising a VfM methodology widely recognised across the highways sector.
 - The Future Highways Research Group and Value for Money Benchmarking Club methodology.
 - Oversight, subject matter expertise and review provided by a working group of commissioners and suppliers drawn from the MHA+ membership.

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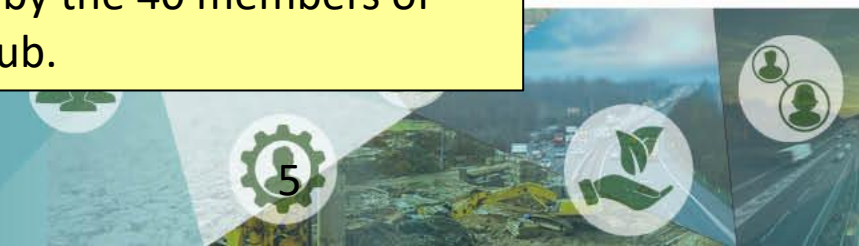
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VfM Toolkit for Framework Projects Methodology



The methodology adopted was the same one that is recognised and utilised by the 40 members of the Future Highways Research Group and Value for Money Benchmarking Club.





Factor set - Economy

ID	Dimension	Factor Name	Weighting
100	Economy	Client Staff Costs	
101	Economy	Client Management and Supervisory Team	80
102	Economy	Designer Staff Costs	
103	Economy	Designer Management Team	80
104	Economy	Designer Staff	100
105	Economy	Contractor Staff Costs	
106	Economy	Contractor Management Team	80
107	Economy	Contractor Technical Staff	100
108	Economy	Contractor Operatives	100
109	Economy	Supply Chain	100
110	Economy	Cost of Works	
111	Economy	Plant, Equipment and Materials	80
112	Economy	Other Costs	
113	Economy	Fees and Overheads	60
114	Economy	Cost of Risk	
115	Economy	Early Warnings (Quality/Accuracy/Timeliness)	80
116	Economy	Cost of Risk	80
117	Economy	Compensation Events (Quality/Accuracy/Timeliness)	80
118	Economy	Revenue Generation and Savings	
119	Economy	Funding Streams Identified and Secured	100
120	Economy	Savings Secured through Value Engineering including ECI Innovation	100

Factor weightings are indicative and can be adjusted for each specific project.

Factors that are not relevant to a specific project are simply weighted to zero.





Factor set - Efficiency

ID	Dimension	Factor Name	Weighting
200	Efficiency	Client Staff Productivity	
201	Efficiency	Client Management and Supervisory Team	100
202	Efficiency	Designer Staff Productivity	
203	Efficiency	Designer Management Team	100
204	Efficiency	Designer Staff Costs	100
205	Efficiency	Contractor Staff Productivity	
206	Efficiency	Contractor Management Team	100
207	Efficiency	Contractor Technical Staff	100
208	Efficiency	Contractor Operatives	100
209	Efficiency	Supply Chain	100
210	Efficiency	Efficiency Performance Management	
211	Efficiency	Budget and Estimating Process	100
212	Efficiency	Early Contractor Involvement (ECI)	100
213	Efficiency	Equipment and Materials Deployed	100
214	Efficiency	Timeliness of Site Investigation	100
215	Efficiency	Timeliness of Land Acquisition	100
216	Efficiency	Innovation Identification Process	100
217	Efficiency	Adequate Contract Management Software	100
218	Efficiency	Timeliness of Project Closure	100
219	Efficiency	Post Project Review	100
220	Efficiency	Project Management	100
221	Efficiency	Stakeholder Management	100

Factor weightings are indicative and can be adjusted for each specific project.

Factors that are not relevant to a specific project are simply weighted to zero.



Factor set - Effectiveness

ID	Dimension	Factor Name	Weighting
300	Effectiveness	Quality and Timeliness	
301	Effectiveness	Accuracy and Timeliness of Feasibility Study	100
302	Effectiveness	Quality of Final Design	100
303	Effectiveness	Accuracy and Relevance of Stage Two Construction Scope	100
304	Effectiveness	Quality of Services Delivered	100
305	Effectiveness	Quality of Finished Product	100
306	Effectiveness	Completed within Agreed Timescales	100
307	Effectiveness	Impact of Innovation on Quality of Finished Product	100
308	Effectiveness	Digital Twin	100
309	Effectiveness	Stakeholder Experience and Satisfaction	
310	Effectiveness	Overall Customer Satisfaction	100
311	Effectiveness	Safety and Social Value during Project	
312	Effectiveness	Safety	80
313	Effectiveness	Sustainability	80
314	Effectiveness	Social Benefits	80

Factor weightings are indicative and can be adjusted for each specific project.

Factors that are not relevant to a specific project are simply weighted to zero.



ID	Dimension	Factor Name	Weighting
400	Strategic Value	Ensure the safety and wellbeing of all stakeholders.	100
401	Strategic Value	Support initiatives that deliver carbon neutral services, schemes and incentives.	100
402	Strategic Value	Optimise and improve network access and performance for all users, supporting active travel under all conditions.	100
403	Strategic Value	Enhance the local economy through network expansion and improvement to meet the growth agenda.	100
404	Strategic Value	Sustain a financially resilient service that delivers best value with the resources available.	100
405	Strategic Value	Engage effectively to understand and meet the needs of our citizens and communities.	100
406	Strategic Value	Embrace best practice, innovations and new technologies enabling the service to continuously evolve.	100
407	Strategic Value	Develop and sustain collaborative partnerships that deliver the objectives of all partners.	100
408	Strategic Value	Attract, develop, empower and retain the best people capable of driving a dynamic and agile service.	100
409	Strategic Value	Develop a service that is understanding of social value and actively participates in the delivery of the benefits it provides.	100

The template is pre-populated with the strategic objectives adopted by the majority of FHRG members.

Where relevant, these should be overwritten for specific projects with the strategic objectives of the commissioning body.





Factor set – Stakeholder Value

ID	Dimension	Factor Name	Weighting
500	Stakeholder Value	MHA	
501	Stakeholder Value	Framework Community Board	100
502	Stakeholder Value	Client	
503	Stakeholder Value	Portfolio Holder	100
504	Stakeholder Value	Local Elected Member	100
505	Stakeholder Value	Project Sponsor	100
506	Stakeholder Value	Other	
507	Stakeholder Value	Third Party Funders	100
508	Stakeholder Value	Affected Local Communities	100
509	Stakeholder Value	Affected Local Businesses	100
510	Stakeholder Value	General Public	100
511	Stakeholder Value	Land Owner	80
512	Stakeholder Value	Delivery Chain Partners	80
513	Stakeholder Value	Utility Organisations	80

The template is pre-populated with a typical set of key stakeholders.

For specific projects, these can be amended, added to or deleted.



ID	Dimension	Factor Name	Weighting
600	Mutuality	Joint Objectives	100
601	Mutuality	Joint Governance Structure	80
602	Mutuality	Behaviours and Trust Indicators	100
603	Mutuality	Joint Executive Sponsorship	80
604	Mutuality	Operational Leadership	80
605	Mutuality	Joint Communications Strategy	80
606	Mutuality	Joint Knowledge Management Strategy	80
607	Mutuality	Joint Risk Management Strategy	80
608	Mutuality	Joint Issue Resolution Process	80
609	Mutuality	Value Creation and Continuous Improvement	80
610	Mutuality	Measurement of Delivery and Performance	80
611	Mutuality	Joint Handover Strategy	80

The factor set for Mutuality mirrors the requirements of ISO4001 – *Collaborative business relationship management systems.*





VfM Toolkit for Framework Projects

Scoring Guide

115 Cost of Risk	
Early Warnings (Quality/Accuracy/Timeliness)	
Description	An assessment of whether Early Warnings raised were appropriate, accurate and timely.
Weighting	80
Scoring	
Excellent	<p>Early Warnings (EWs) raised were appropriate, accurate and timely throughout the project. The contractor engaged effectively with the supply chain to ensure this.</p> <p>All parties (client, designer, contractor) had effective processes in place to ensure all staff were empowered and had access to the processes to raise EWs.</p> <p>There was effective use of the contract management system to communicate EWs using the contract change management workflows.</p> <p>The actual volume and value of EWs raised was significantly less than would ordinarily be expected given the size, nature, value and complexity of the project as delivered.</p>
Good	<p>Early Warnings (EWs) raised were appropriate, accurate and timely throughout the project. The contractor engaged effectively with the supply chain to ensure this.</p> <p>All parties (client, designer, contractor) had effective processes in place to ensure all staff were empowered and had access to the processes to raise EWs.</p> <p>There was effective use of the contract management system to communicate EWs using the contract change management workflows.</p>
Satisfactory	<p>Early Warnings (EWs) raised were appropriate, accurate and timely throughout the project. The contractor engaged effectively with the supply chain to ensure this.</p> <p>All parties (client, designer, contractor) had effective processes in place to ensure all staff were empowered and had access to the processes to raise EWs.</p>
Requires Improvement	<p>Most Early Warnings (EWs) raised were appropriate, accurate and timely throughout the project. On most occasions, the contractor engaged effectively with the supply chain to ensure this.</p> <p>All parties (client, designer, contractor) had processes in place to ensure all staff were empowered and had access to the processes to raise EWs, but these were not always effective in practice.</p>
Poor	<p>Many Early Warnings (EWs) raised were inappropriate, inaccurate and/or not timely throughout the project. The contractor did not engage effectively with the supply chain to address this.</p> <p>Some or all parties (client, designer, contractor) had inadequate processes in place to ensure all staff were empowered and had access to the processes to raise EWs, and/or the practices in place were mostly ineffective in practice.</p>

For each of the 77 factors, a detailed scoring guide describes the characteristics of a project performing at Excellent, Good, Satisfactory, Requires Improvement or Poor in terms of VfM.



- **VfM Stakeholder Scoring Workshop.**
 - Consolidated stakeholder scoring: client and supplier(s) in collaboration.
 - Based on the perceptions of stakeholders at the point of scoring.
 - Workshop attendees must collectively have a good knowledge of the project.
 - Option to include peer reviewers.
 - Scoring facilitated by Value Analyser, an excel based scoring tool (see next slide)
- **Detailed scoring guidelines and protocols are shared with all stakeholders prior to the Workshop**
- **Each factor is scored according to:**
 - **Performance** – Stakeholders' views as to the current performance.
 - **Confidence** – Stakeholders' confidence in their assessment of current performance.
 - **Opportunity** – Stakeholders' assessment of the opportunity for improvement.



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Value Analyser™: Highways Services VfM Assessment

The Only Calibrated VfM Toolkit for Highways Services

Value Analyser 11 (TF 19b Working).xlsx - Value Analyser™

File Home Insert Page Layout Formulas Data Review View Developer Help Power Pivot Tell me what you want to do

Value Analyser™

Assessment Title: Sample County Council

ID	Dimension	Factor Name	Weighting	Performance Analysis			Intervention Analysis		Priority	Factor Total	Dimension Total	Assessment Total
				Score (Text)	Score	Confidence (Text)	Confidence	Opportunity (Text)				
100	Economy	Commissioned / Outsourced Service Contract										
111	Economy	Management / Professional Staff	100	Satisfactory [50]	50	Medium-High [75]	75	Probably [75]	75	11.7	37.5	2.1
112	Economy	Front Line Staff	100	Satisfactory [50]	50	Medium [50]	50	Probably [75]	75	14.1	25.0	1.1
113	Economy	Sub-Contractors	100	Requires Improvement [25]	25	Medium-High [75]	75	Definitely [100]	100	20.3	14.8	1.1
114	Economy	Professional Services including IT/IS	20	Satisfactory [50]	50	Medium-High [75]	75	Possibly [50]	50	1.6	37.5	0.1
115	Economy	Other Costs (Where Applicable)	60	Requires Improvement [25]	25	Medium-High [75]	75	Definitely [100]	100	12.2	18.8	0.1
116	Economy	Transactional / Internally-Contracted Costs (Where Applicable)										
117	Economy	Annual Retainers (Cost Justification & Cost Stability)	10	Good [75]	75	Medium-High [75]	75	Probably Not [25]	25	0.3	56.3	0.1
118	Economy	Transactional Costs (Cost Analysis, Justification & Cost Stability)	80	Requires Improvement [25]	25	Medium-High [75]	75	Probably [75]	75	12.2	18.8	1.1
109	Economy	Internal Costs										
110	Economy	Management	100	Satisfactory [50]	50	Medium-High [75]	75	Probably Not [25]	25	3.9	37.5	2.53
111	Economy	Staff	100	Satisfactory [50]	50	Medium [50]	50	Probably [75]	75	14.1	25.0	1.69
112	Economy	Contract Cost Management	0									0.00
113	Economy	Professional / Consultancy Services	60	Requires Improvement [25]	25	Medium-High [75]	75	Possibly [50]	50	0.8	18.8	0.06
114	Economy	IT / IS Services, Equipment & Software	20	Satisfactory [50]	50	Medium [50]	50	Probably Not [25]	25	0.9	25.0	0.1
115	Economy	Materials & Consumables	60	Satisfactory [50]	50	Medium-High [75]	75	Possibly [50]	50	4.7	37.5	1.1
116	Economy	Vehicles / Equipment	60	Good [75]	75	Medium-High [75]	75	Probably Not [25]	25	1.6	56.3	2.1
117	Economy	Depots / Offices	40	Requires Improvement [25]	25	Medium-High [75]	75	Probably [75]	75	6.1	18.8	0.1
118	Economy	Other Operating Costs	20	Satisfactory [50]	50	Medium-High [75]	75	Probably Not [25]	25	0.8	37.5	0.1
119	Economy	Cost of Risk (Where Applicable)										
120	Economy	Cost of Compensation (Including CEs / Functional FTP Events)	60	Requires Improvement [25]	25	Medium-High [75]	75	Definitely [100]	100	12.2	18.8	0.1
121	Economy	Cost of Risk (Anticipated)	70	Requires Improvement [25]	25	Medium-High [75]	75	Definitely [100]	100	14.2	18.8	0.89
122	Economy	Cost of Risk (Emergent)	80	Requires Improvement [25]	25	Medium-High [75]	75	Probably [75]	75	12.2	18.8	1.01
123	Economy	Revenue Generation (Where Applicable)										
124	Economy	Income / Services Trading	100	Requires Improvement [25]	25	Medium-High [75]	75	Definitely [100]	100	20.3	14.8	1.27
125	Economy	Grant / Investment Winning	80	Satisfactory [50]	50	Medium-High [75]	75	Definitely [100]	100	12.5	37.5	2.03
116	Economy	Economy Improvement Plan (Savings Plan)	60	Good [75]	75	Medium [50]	50	Definitely [100]	100	9.4	37.5	1.1
117	Economy	Delivery of Service Within Budget	100	Satisfactory [50]	50	Medium-High [75]	75	Probably [75]	75	11.7	37.5	2.1
200	Efficiency	External Resource Efficiency (Commissioned / Outsourced Service Contract)										
201	Efficiency	Productivity of Management	60	Requires Improvement [25]	25	Medium-High [75]	75	Probably [75]	75	9.1	18.8	0.1

VfM Dimensions & Factors

Opportunity To Improve?

VfM Factor Weightings (MACE)

Auto-Calculated Improvement Priority

Factor Score (Based On Scoring Guidance)

Externally sourced data and surveys.

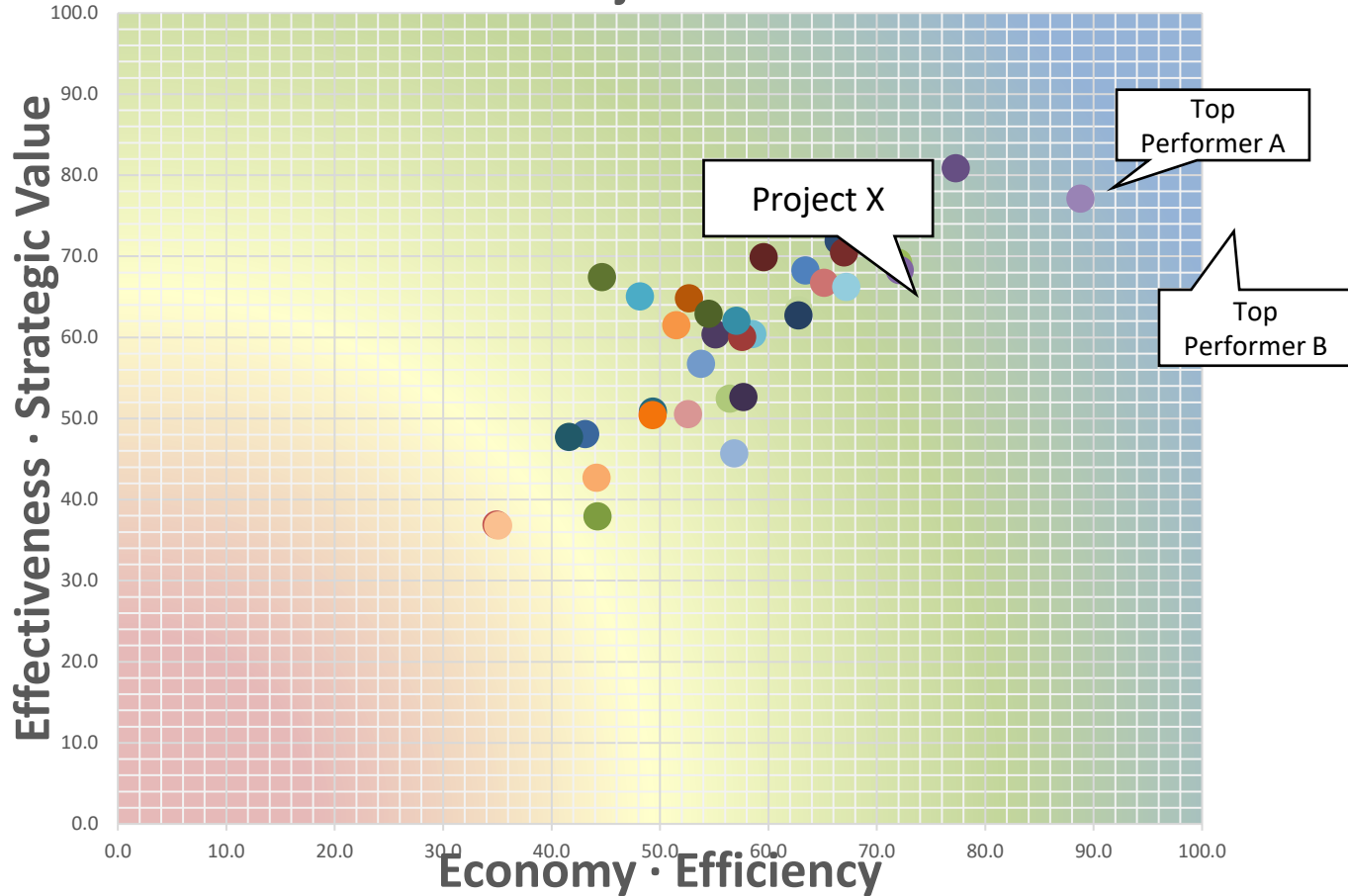
Factor Confidence (Based On Evidence)

Factor Scores

- **PowerPoint report setting out:**
 - **Narrative summary of overall VfM performance.**
 - With summaries by VfM dimension.
 - **Priorities for improvement.**
 - Value Analyser auto prioritises the areas for attention based on the actions that will deliver the greatest return in terms of improved VfM.
 - **Graphical illustration of current VfM performance.**
 - Including direction of travel where more than one assessment has been undertaken.
 - Also showing the improvement in VfM that could be achieved with just incremental improvement across all factors scoring Satisfactory, Requires Improvement or Poor.
 - **Graphical illustration of benchmarked VfM performance.**
 - Comparisons can be made to any projects both within and across different frameworks.
 - See next slide for illustrative example.



Framework ABC – Project X



Value Analyser facilitates simple benchmarking of the VfM achieved by different projects both within and across different frameworks.



VfM Toolkit for Framework Projects Next Steps

- **Soft launch – MHA Conference 20 Sept 23**
 - We are confident we have a methodology and toolset that will add value for any framework project.
- **Pilots and testing**
 - The methodology and toolset will be further tested and refined through a series of autumn pilots.
 - As with all value for money factor sets, periodic review and refinement will continue indefinitely as the approach to planning and delivering framework projects evolves and further best practice emerges.
- **Further interest?**
 - Please contact Andy Perrin at Proving Services – a.perrin@provingservices.co.uk

