

MHA Annual Report

2013 – 14



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When the annual business plan was set out in early 2013, it was during a climate of funding pressures and uncertainty. In spite of this, I am pleased to report that much was achieved in the last financial year.

Challenges included:

- Electing a new chair of the Executive Board
- Procuring a replacement construction framework
- The growing skills shortage in the industry
- Personnel changes within the team

After five years as chair of the Executive Board, Matthew Lugg moved on to take up the challenge of the private sector. Matthew was instrumental in the setting up of the Alliance, and his major contribution was recognised in tributes from the Board. I was delighted to be confirmed as the new chair at the Board meeting on 8 January 2014.

Other personnel changes included Sally Kowal (Communications Officer) and Clare Randall (Skills Academy Manager) moving on to pastures new, and their replacements, Jessica Grudgings and Craig Pickering (part-time Communications Officers) and Theodora Elston (Skills Academy Manager) settling into their new roles well. The high level of demand for the Medium Schemes Framework resulted in the appointment in September of John Hooper as Framework Manager.

That demand was confirmed in an interim progress report presented to the Board in March 2014. This indicated that 60 projects would ultimately be delivered via the Medium Schemes Framework 1 (MSF1), with an anticipated value of £250m. From the schemes completed by the end of April 2014, average savings of 11.2% were calculated. Considering the financial climate when the Framework was launched, this is a remarkable achievement.

“ 60 projects would ultimately be delivered via the Medium Schemes Framework 1 (MSF1), with an anticipated value of

£250million ”

MSF1 came to an end for new projects in April 2014, although any schemes already started on that date can continue for several years.

The procurement of MSF1 was hailed as a major piece of collaborative work - it was always hoped that the procurement of its replacement would match this. In fact, it involved many more staff with over 60 from many of the member authorities in the Alliance involved in assessing the submissions over a 12-month period. This was an exceptional effort by all concerned. With the new framework (MSF2) having two lots (one for schemes below £5m, and the other for schemes worth between £5m to £25m), it is expected that it will deliver even better benefits for member authorities.

The Professional Services Partnership has continued to grow, and it was not a difficult decision to extend it into a fourth year. Its turnover has grown, and 12 member authorities now use the partnership, twice the number expected. However, success has brought its own problems with the turnover reaching the upper Official Journal of the European Union (OJEU) limit. Work has already begun on its replacement, even though it has a year still to run. Our framework partner URS has facilitated work on collaborative projects such as ‘adaptation to climate change’ and ‘funding streams’.

The year has also seen progress in the Skills Academy, with the setting up of a Strategic Steering Group, and the development of a Learning Management System in conjunction with ESPO and Premier Partnership. In order to support and increase the skills of the workforce and the community, we have worked collaboratively with the Construction Industry Training Board to ensure that the employment and skills process is embedded in all of our frameworks.

The approved Institution of Civil Engineers and Transport Planning Society training schemes are ready for roll out across willing authorities and there are plans to set up a learning community to help and support both trainers and trainees.

The Assets, Standards and Commodities Working Group has continued to develop links with the supply chain, and is developing its scope to include materials specifications and guidance. This aligns with its work on the MHA's Harmonised Specification and is working with the 6C's and the Midland Service Improvement Group to develop this area of work.

After Nottinghamshire's highly successful use of the Term Service Maintenance Contract last year, I'm delighted to see that three more authorities have also successfully used the document. This was developed by Alliance staff, as the basis for their procurement. The Term Maintenance Working Group has begun the hard work of benchmarking across our membership with a view to highlighting good service delivery.

The pressure on local authorities to save money and to think up new ways to deliver more for less is relentless and I am convinced the Alliance has a major contribution to make. This is borne out by the addition of two new authorities to the alliance: Oxfordshire County Council and Sandwell Metropolitan Borough Council. Welcome to both of you!

Looking to improve, I believe there are opportunities for much more to be done in the working groups and I have asked Peter Barclay (Alliance Manager) to look at ways that they can meet and work more effectively at delivering our objectives.

Phil Crossland

Chair of the Executive Board

>>> Picture perfect highlights from

Spring (April - June)

- Peter Barclay (Alliance Manager) welcomed the development of a new national specification for low temperature asphalts at a conference on the 20 June.
- MHA began the procurement process for the next Medium Scheme Framework (MSF2). The contract notice was advertised on the 25 June on the OJEU website.
- Matthew Lugg moves on in June.

Peter Barclay (Alliance Manager)



Contract Notice



Summer (July - September)

- MHA announced shortlisted candidates for the new MSF2 four-year framework to handle highways contracts totalling up to £261m.
- Jessica Grudgings joined the team in July as part-time Communications Officer.
- John Hooper joined the team in September as the new Framework Manager.

Jessica Grudgings joins the MHA team



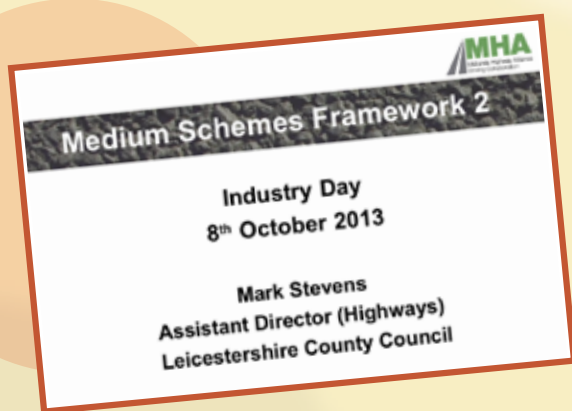
John Hooper joins the MHA team



Autumn

(October - December)

- Theodora Elston joined the team in October as the new Skills Academy Manager.
- MSF2 Industry Day took place on 8 October.



Industry Day presentation

Winter

(January - March)

- Three 'Generating Efficiency Savings' workshops organised by the MHA Term Working Group and Term Community Board took place to share best practice and knowledge.
- Professional Services Partnership 2 (PSP2) workshop took place on 12 March.
- Website review survey set-up to establish what members want from the site going forward.
- Craig Pickering joined the team in March as part-time Communications Officer.
- Sandwell Metropolitan Borough Council & Oxfordshire County Council joined the MHA in March.





Julia Stephenson
Alliance Support Officer



Finances

In March each year, the Executive Board approves the annual business plan which sets out the key outcomes the MHA requires from each working group. They also outline what funding is available to support that work, and where it will come from.

Income

The MHA remains self-sufficient, and generates its own income to support its activities. The sources of income are:-

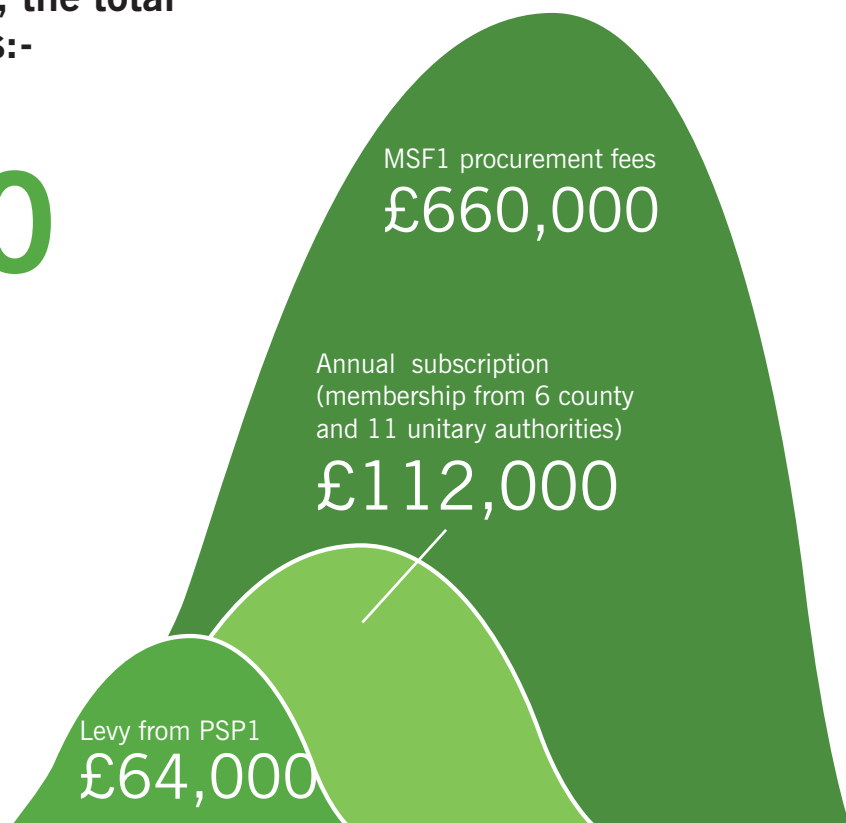
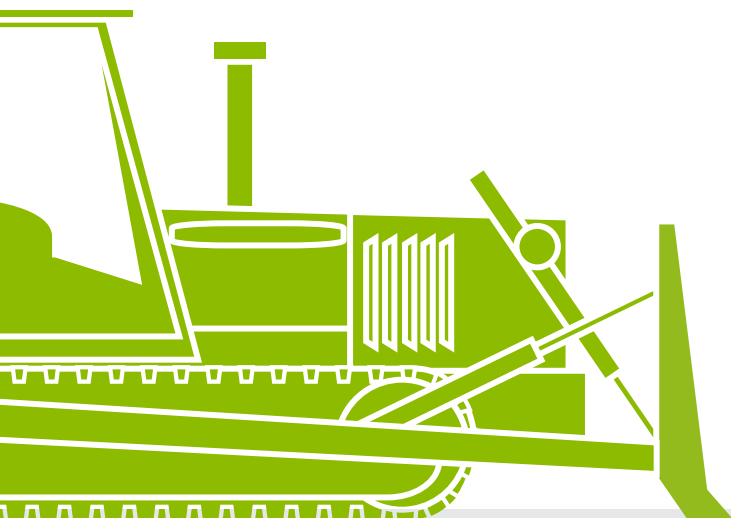
a) Annual membership fees (set at £5,000 for unitary authorities and £10,000 for county councils) and joining fees.

b) Levies for the use of the two frameworks (based on a sliding scale of fees for MSF1, and a 1% levy for PSP1).

For the financial year 2013/14, the total income from these sources was:-

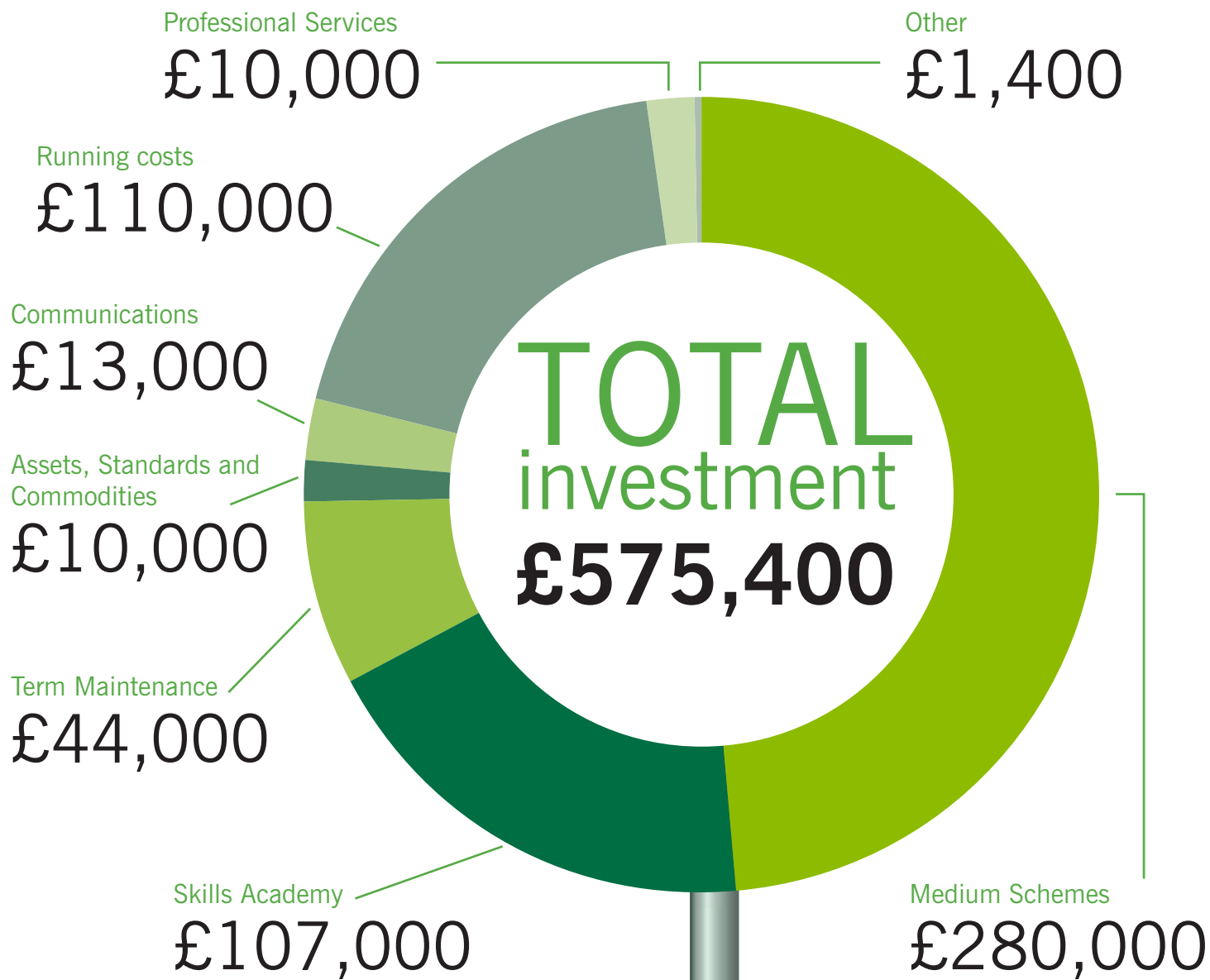
Total income

£836,000



Investment

Expenditure is split between running costs and investment costs for each of the working groups.



As shown, income exceeds expenditure by:-
£260,600



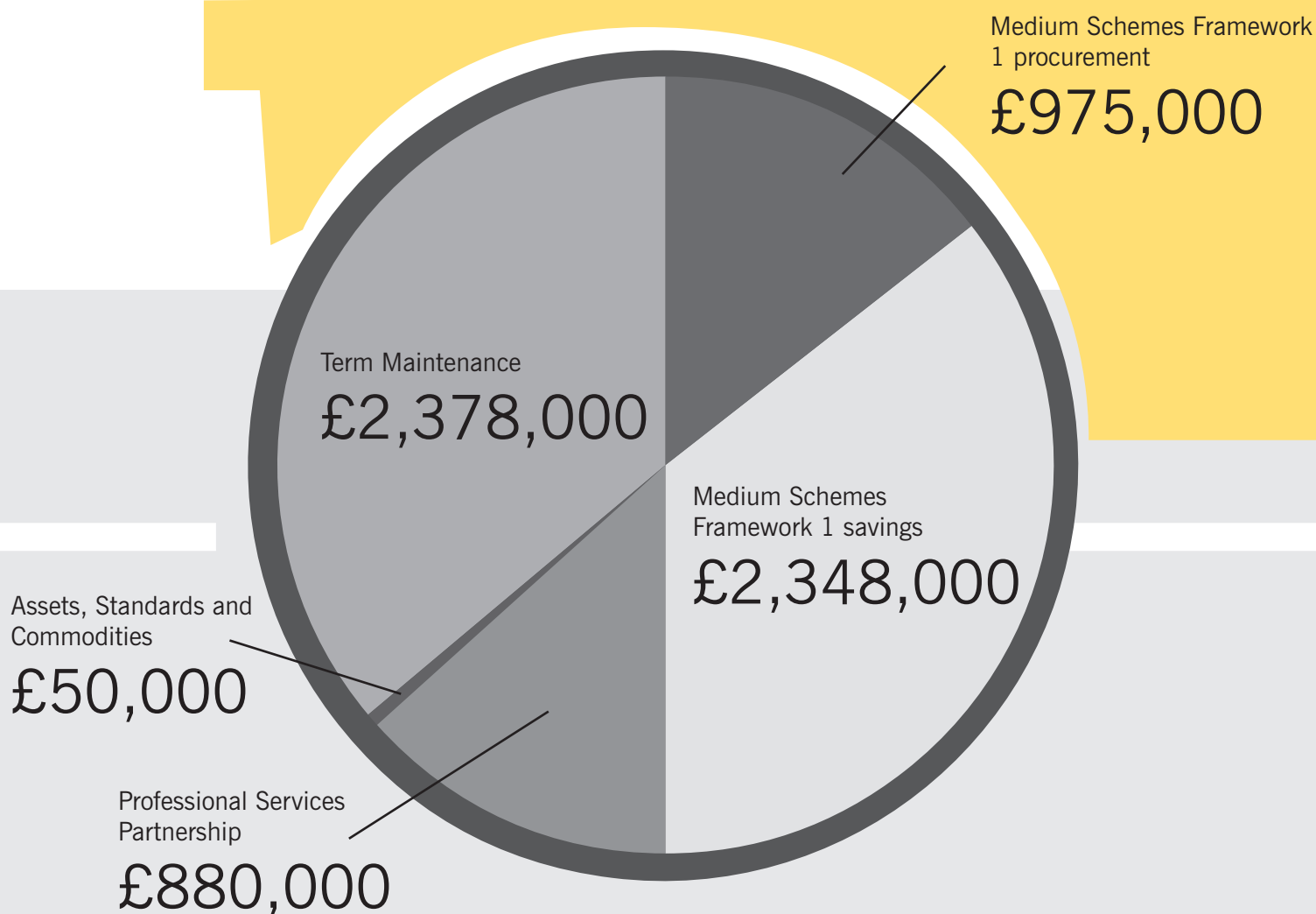
Efficiencies and savings

Estimating efficiencies is always difficult, and we have set up what we consider robust methods of calculating them, with both client and contractor sign-off on both the principle (i.e. was it a saving) and the value (how much is it worth). In some cases, this cannot be done, and an estimated (proxy) savings figure is used. To check that any assumptions used to calculate proxy savings are based on sound information, we carry out reviews based on a sample of schemes. A review was carried out in April 2010, which verified the accuracy of our assumptions at that time, and

the latest review was presented to the Executive Board at the end of March 2014. It indicated that savings were in the order of 11.2%. This compared favourably with the proxy figure.

As can be seen from the diagram, framework savings were the main contributors to the total, but Term Maintenance has also made a significant contribution. This is due to the increased use of the MHA best practice and collaboration principles in developing term maintenance contracts.

Total efficiencies and savings:-
£6,631,000



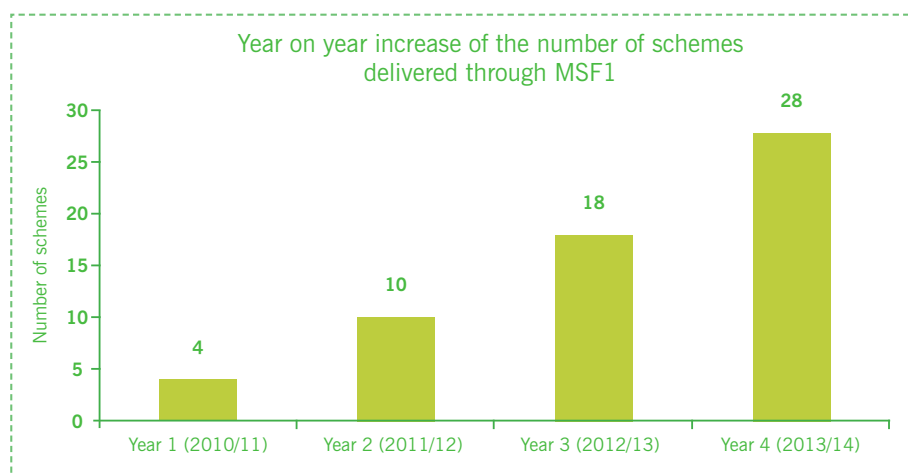


Membership

During 2013/14, the MHA welcomed two new members - Sandwell Metropolitan Borough Council in December 2013 and Oxfordshire County Council in March 2014 which takes membership up to 21.

Medium Schemes

The past year has been an exciting time for the Medium Schemes Workstream. It has commissioned a new four-year framework to handle highways contracts totalling an anticipated workload of up to £261m to build highways schemes up to £25m over the next four years.



The package, known as Medium Schemes Framework 2 (MSF2), follows the success of MSF1, which is delivering work totalling around £250m. The table here shows the year on year increase of the number of schemes delivered through MSF1. MSF1 closed to new projects in April 2014.

MSF2 procurement process

The new framework means member authorities can appoint contractors for schemes up to £25m, quickly and cost-effectively.

This is split into two lots. Lot 1 will be schemes worth up to £5m. Lot 2 will be schemes worth from £5m to £25m. MSF2 is for the implementation of highway, civil and municipal engineering. Typical schemes may involve: highway improvements; highway maintenance; highway infrastructure works (including bridges, subways, culverts and retaining walls); public realm works (town centre enhancements); drainage improvements; canal works; and other infrastructure works such as waste management facilities.

The procurement of MSF2 took eighteen months so the whole of 2013/14 involved a lot of hard work

by officers from a large number of member authorities. The governance model included a Steering Group, a Selection Working Group, a Contract Working Group, a Technical Working Group and a Commercial Working Group – the MHA would like to thank all those involved who made MSF2 possible.

The prequalification return date was the 12 August 2013 and 42 contractors requested documents, with 23 pre-qualification questionnaires submitted in response. The documents were assessed by a number of MHA authorities.

Tender documents were sent out at the end of September and the return date was 13 January 2014. To evaluate the responses, there were 27 quality assessors, three financial assessors and three

days of moderation. Once the contractors had been assessed this was followed by validation, which involved financial meetings with all contractors, and references being taken up from nearly 100 client representatives. The award letters were sent out to the successful contractors on the 3 June 2014. The challenge now is to make MSF2 even more successful than MSF1.



Mark Stevens

Chair of the Medium Schemes Working Group



Five contractors were appointed to cover schemes worth up to

£5million

Balfour Beatty



GallifordTry plc



Three contractors were appointed to cover work costing between

£5m - £25m

Balfour Beatty



Framework Community Board

The Framework Community Board (FCB) continued to meet throughout 2013/14 on a regular basis. All of the contractors were represented as well as representatives of the 13 local authorities who have used the framework.

Innovation and cost savings were reviewed throughout the year and shared at each meeting. As in previous years, the bulk of these savings were made when Early Contractor Involvement (ECI) was carried out prior to a scheme starting on site.

Safety continued to be a key theme for the FCB, maintaining a better than industry average and a record that is twice as good as that delivered on the Olympic Park development.

Over the year, the FCB has spent time ensuring that the benefits and learnings from

MSF1 will not only benefit MSF1, but will also be a benchmark and a minimum standard that the FCB will strive to beat for MSF2.

During 2013/14, the FCB operated as a communication forum for clients and contractors alike. It made sure all parties were up-to-date on progress of existing schemes and it enabled planning and awareness for forthcoming budgets and identified schemes.



Mark Goslin

Framework Manager
Lafarge Tarmac/Carillion

.....
savings will exceed the

£15 million

mark for the lifetime of MSF1



Term Maintenance (TM) Working Group evolution

Realise the benefits of term collaboration

Write the TM suite of common contracts

Form the TM Community Board

Develop the best practice toolkit complete with the rationale

Implement-ation

Member convergence to best practice principles

Formation of the Term Maintenance Working Group

Review of all member authorities to best practice delivery

Development of a TM transformational route map

Awareness training and sharing of knowledge and skills

The group remains strongly committed to working with the Highways Term Maintenance Association (HTMA) to provide workable and realistic efficiency targets and share best practice. The work undertaken by the Highways Maintenance Efficiency Programme (HMEP) has been recognised and its outcomes

will be incorporated into the Group's own toolkit.

Over the coming year, the Working Group will strive to:

- Continue driving efficiencies
- Continue with the Peer Lean
- Conduct efficiency reviews
- Update the best practice guidance toolkit with all lessons learnt

Our members have already achieved savings in excess of

£4million



'These savings are only the tip of the iceberg'

Stewart Corbett, chair of the Term Maintenance Working Group

'I never anticipated the amount of savings we have made by using the MHA Standard Term Contract'

Martin Carnaffin - Nottinghamshire County Council

Skills Academy

The last 12 months were a challenging time for the MHA Skills Academy but, following the appointment of Theodora Elston as Skills Academy Manager in October 2013, work has been progressing steadily in five key areas.

Employment and Skills Plans

Meetings were held with contractors to discuss progress on the Employment and Skills Plans (ESPs). It was agreed that the Academy would apply to be accredited for the new Construction Industry Training Board client-based approach for ESPs by October 2014. It was decided to introduce the new approach on a voluntary basis to new framework schemes, whilst the schemes already in progress would carry on using the project-based approach.

By March 2014, thirteen schemes produced ESPs with encouraging results. Over 150 school visits were organised to MSF1 construction sites, four permanent jobs were achieved in local communities, 53 employees started, 109 completed NVQ qualifications and nine new apprenticeships commenced. In addition, seven staff received leadership and management training, 12 staff attended health and safety training and approximately 150 staff attended short courses.

53 employees started
and 109 completed

NVQ
QUALIFICATIONS

Bridge to Schools

The work with the Institution of Civil Engineers (East Midlands branch) and one of our framework contractors, Eurovia Contracting, continued successfully for the organisation and delivery of the Bridge to Schools events. From July 2013 to the end of March 2014, 25 events were held at various schools and academies across the Midlands. In addition to students gaining hands-on experience in building a cable staged bridge, the students also gain awareness of the various disciplines involved in the design, construction and building of a bridge, as well as the understanding of the engineering profession career path. In addition, they learn how to become STEM (science, technology, engineering, maths) ambassadors.

Skills Academy Steering Group

In January 2014, the MHA Skills Academy Steering Group was established and met twice by the end of March 2014. The Steering Group was chaired by Stewart Ibbotson of Derbyshire County Council. The Group's terms of reference include setting the direction and business plan of the MHA Skills Academy. The Group consists of representatives from all 20 member authorities and it is hoped that, in future, it will include representatives from professional bodies as well as from MHA framework contractors.



Learning Management System

The MHA Learning Management System (LMS) has now been finalised and all authorities have the opportunity to register with the system and start using it to provide learning and development for their staff. The system is flexible and authorities are able to include their own training programme needs as well as their preferred providers. Authorities have been encouraged to register with the LMS in order to assume the benefits in terms of tailor-made training and cost efficiencies.

Approved schemes

The ICE-approved scheme for Civil Engineering Technicians and the Transport Planning Society approved scheme for graduate Transport Planners are ongoing and are being run by Leicestershire County Council in collaboration with the MHA. It is anticipated that the ICE approved scheme will be renewed during 2014 for another five-year period.



Assets, Standards and Commodities

In its second year under its new name, the Group continued to work on developing a web-based depository for the Harmonised Specification.

The Specification itself was updated and included within the contract documents for MSF2. Discussions began on the ambitious project for the combination of the Specification with development control specifications and the term maintenance specification used by other authorities. As previously, one eye is being kept on the work of the HMEP programme to ensure there is no duplication of effort.

The Working Group increased its focus on materials by commissioning a study into the use of low temperature asphalt (LTA) within the MHA with the intention of providing members with some guidance on using the material. Peter Barclay (Alliance Manager) spoke at the conference launching the new specification for LTA in June, focusing on the issues that needed to be overcome to encourage better usage.

Links with the supply chain have been strengthened, with speakers being invited to the Group meeting to outline

their services or products, and representatives of the Highways Term Maintenance Association attending its meetings. Issues considered included weather prediction, gully emptying, freight routing, carbon footprint and bridge evaluation.

It is estimated that, between the development of the Harmonised Specification and the continuation of the salt framework, the Group has contributed an overall saving of £315,000.

The Group meeting in February proved to be the last one for the chair of the Group, Stewart Ibbotson, with confirmation that his long-awaited retirement would happen in the summer. The Group thanked him for his work, and wished him a long and enjoyable retirement.

Looking forward, the Group faces two major challenges. Firstly, to replace Stewart as chair and secondly, to develop and embed the Harmonised Specification into the everyday work of member authorities.

The Group has contributed an estimated

**£315,000
of savings**



Stewart Ibbotson retires as group chair



Case study

Loughborough town centre transport scheme

Project:

Loughborough town centre transport scheme

Client:

Leicestershire County Council

Contractor:

Ringway / Eurovia Contracting

Contract value:

£8.5m

Completion date:

October 2014

Background

Loughborough town centre transport scheme is a major public realm and highways improvement project. The strategic aim of the project was to upgrade the transport infrastructure around the town centre whilst also providing improved aesthetics and access to shopping facilities and ensure capacity for continued growth and development.

The scope of works included:

- Construction of a 1km inner relief road around the town centre; being an extension and re-route of the A6.
- Pedestrianisation of Swan Street and Market Place with high quality concrete paved surfaces.
- Installation of contemporary styled bus shelters and street furniture.
- Signalisation and improvement of the Epinal Way / Forest Road roundabout junction.
- Hard and soft landscaping throughout and provision of pedestrian and cyclist facilities.

Eurovia was selected as the preferred contractor, with the project procured using the MHA MSF1.

Objective

The objective of the scheme was to remove through-traffic on the busy A6 that conflicted with pedestrians in the heart of Loughborough. The proposal removed this conflict, separating pedestrians and heavy vehicle flows without undermining transport access, thus improving the shopping experience in the town centre. Alongside this, the scheme enabled regeneration of the town centre, improved public transport links and accessibility for pedestrians, cyclists and people with disabilities.

The scheme was delivered in three phases. The first phase was the construction of the new inner relief road which started in May 2013 and was completed in March 2014, four weeks ahead of planned completion. This enabled the early opening of the relief road and facilitated the works of the next two phases, for both the Market Place and the roundabout upgrading works.





Success of the team

The early completion of phase one and the unprecedented support from local residents and businesses is a result of the proactive approach taken by Leicestershire County Council and Eurovia to deliver the project. The project team has been assisted by the support of the MHA to strategically monitor project performance and incentivise wider community enhancement. The success is testament to more than simply an understanding of the civil engineering and management complexities. A fundamental appreciation of the aspirations and needs of those directly affected by the scheme, from inception through to works execution and project handover, is also demonstrated.

Some of the examples of how Leicestershire County Council and Eurovia have jointly and successfully managed the project to exceed the expectations of stakeholders include:

- Extensive public consultation with local residents and businesses.
- Employment of a full-time public liaison officer.
- Holding a weekly planned public drop-in 'surgery'.
- Maintaining regular correspondence with all local residents and businesses; including leaflets, letter drops, and individual meetings and appointments.
- Facilitating a workshop for site personnel – 'Excellence in the community'.
- Planning and delivering the works on time, right first time, safely, diligently and professionally.



Benefitting all

Throughout the project, there has been a strong commitment to support the local community. This has been demonstrated by:

- Local schools partnership – for example, constructing planters and donation of a time capsule for Cobden Primary School.
- Provision of materials and labour for the landscaping of community areas – for example, Chapman Street Gardens and Loughborough in Bloom 2013 & 2014.

Throughout the project, a high regard has been promoted for the safety and welfare of the workers and the general public. Examples of this include:

- Managing the work logistics around special events.
- Visits to local schools to raise awareness of site and road safety.
- Organising safety walks and braille leaflets for students of the Royal National Institute of Blind People (RNIB).

- Installation of temporary manned crossings for vulnerable road users.

The team has made significant savings of around £1.6m, all being cashable, demonstrable cost saving.

As well as sharing innovation and best practice, the project has demonstrated exemplary work on much broader matters, such as the success of the Employment and Skills Plan, which continues to be shared with other members of the framework.

Key achievements of the project

- Scored independently 43/50 by the Considerate Constructors Scheme and awarded 'Performance beyond compliance' for the site's positive impression and innovative approach to public engagement.
- Well-developed environmental practises have enabled initial recycling targets of 95% to be exceeded with 97% being achieved.

- Success of the Employment and Skills Plan (includes the employment of one graduate, five young person and undergraduate placements, two apprentices and six local employments).

- Health and Safety training and awareness delivered (five people on SMSTS/ SSSTS, ten people attended managing H&S course).
- Nine local community and educational hosting events have been held.
- 50+ people working on site have attended skilled (short) courses.
- Five members of staff trained and attained CSCS or CPC cards.

This is another project which demonstrates the success of MSF1 and the efficiency and savings that can be made by working together under the Alliance framework.

Professional Services

It has been another year of success for the partnership. The number of authorities using the services of our partner URS through our framework PSP1 continued to grow with the number rising to 14, with Oxfordshire, Sandwell, Stoke, Derby City and Peterborough all using the partnership for the first time.



Item No.	Date	Brief Description	Company	Category	Value
1	01.04.11	PSP1 Procurement of Consultancy Services	Collective	Delivery	
2	01.08.11	PSP1 Management of the Framework	Collective	Delivery	
3	01.08.12	Flood & Water Management Act Stage 1	Collective	Efficiency	30.41
4	18.05.12	Year 1 Annual savings average of 9.5% on URS rates (Wolverhampton 10%)	Collective	Efficiency	223.1
5	03.04.12	PSP1 3 Additional Partners	Collective	Efficiency	102.0
6	01.01.13	Loughborough Personal Travel Planning	Collective	Delivery	165.0
7	01.01.13	Leicester Personal Travel Planning	Leicestershire County	Efficiency	10.00
8	01.01.13	Leicester Condon Surveys	Leicester City	Efficiency	2.350
9	0.09.13	NCC Review of TRO processes	Leicestershire County	Efficiency	25.71
10	Jul-13	Nationalised Specification	Collective	Efficiency	102.0
11	27.08.13	NEC3 joint training	Collective	Efficiency	68.00
12	17.06.13	Graduate training (LCC JCRN)	Collective	Efficiency	2.842
13	26.04.13	PSP1 3 Additional Partners	Collective	Select from list	6,779
14	May-14	MX Training for Wolverhampton City Council Staff	Collective	Efficiency	165.0
15	Apr-14	NEC3 joint training Wolverhampton City Council Staff	Select from list	Efficiency	1.833
16	Feb-14	Year 2 Annual savings average of 9.5% (Wolverhampton City Council)	Wolverhampton City Council	Efficiency	

Performance and client satisfaction continued to improve and average turnover increased to £5.35 million for the year. Most of this work was in the general civil engineering, transport planning and bridges disciplines.

A wide range of projects have been worked on, from specific projects such as Ilkeston Railway Station and Fletton Parkway, to collaboration work on issues such as climate change, Building Information Modelling (BIM), the Water Framework Directive and low temperature asphalt. There

have been real benefits in this collaborative working with good practice being shared between authorities. A prime example of this is the work URS did to develop a more efficient traffic regulation order (TRO) process for Nottinghamshire which is now being looked at by other authorities. Joint training on the New Engineering Contract (NEC) and MX has brought further economies.

Over the year, savings of £890k have been achieved, taking the overall savings to a total of £2.62

million over the three years of the commission. This equates to a saving of 16% of turnover.

Late in the year, work began on developing a replacement framework for PSP1 when it ends in April 2015. A series of workshops were held looking at what went well and what could have been done better. Approval to start the procurement exercise was given at the end of March and the Prior Information Notice (PIN) was due to be advertised in April.



Steve Mead (Derbyshire County Council)



40 people attended the annual event in June, with excellent and enthusiastic presentations on good practice by member authorities across the MHA. Subjects included ‘letting a term maintenance contract’, the Fletton Parkway project, personnel travel planning and ‘All you wanted to know about TROs but were afraid to ask’.



suggested reduction in
scheme fees of around

50%

The finances

The increasing membership and the excellent turnover through the frameworks have generated considerably more income than expected, meaning the reserves are extremely healthy. As a result, the Executive Board asked the Alliance Manager to carry out a complete review of the

Alliance's fee structure to reduce the reserves but retain enough to meet the cost of any future development work and any exit costs that might be necessary. An initial review has suggested a reduction in scheme fees of around 50%, with annual fees being discounted against framework fees.

The future

Looking ahead to the next year, there are six key challenges:

- Ensuring that the governance structure remains fit for purpose and that the work of the working groups is adequately supported by the Alliance. The Alliance Manager is working with the Executive Board and Freeth Cartwright solicitors on this.
- Ensuring that the start of MSF2 is adequately supported, so that it builds on the successes of its predecessor. The Framework Manager is working with the

framework contractors to develop a strong and competent framework community.

- Piloting the Learning Management System and starting to produce results.
- The Harmonised Specification becomes embedded in all MHA authorities. The working group will work with the supply chain, MSIG and software providers to make this work.
- The procurement of the new Professional Services Partnership is successful given the climate of skills shortages and the increasing workloads

for consultants in the industry. An Official Journal of the European Union (OJEU) notice is about to be published and work is under way on the document.

- Developing the Term Community Board to a level where benchmarking across authorities becomes the norm. Considerable collaboration with the Highways Term Maintenance Association is needed to drive this forward.

We will be working hard with our partners in industry to address these challenges.

Sign up for our e-bulletin, visit: www.leics.gov.uk/future and select MHA under Travel and roads.