



Midlands Highway Alliance

Annual Report 2009-2010



Chairman's Review

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During 2009/10, the Midlands Highway Alliance continued to make ground-breaking progress in the procurement and delivery of highways maintenance, professional services and capital works across the greater Midlands region.

The MHA now comprises 13 local authorities and the Highways Agency. So far, savings of £16.75 million have been identified for MHA members by 2013. This will be a staggering 6720% return on investment on the original £227,000 East Midlands Improvement Partnership's pump-prime funding.

The medium schemes frameworks (MWF3, MWF4 and MSF1) collectively continue to be the largest contributors to the return on investment and efficiency total. Members that use these frameworks avoid individual scheme procurement costs and therefore can benefit from savings of up to £100,000 per scheme.

In the Commodities work stream, a framework for street lighting lanterns was established. Lighting columns are also being looked at as another possible source of savings, once the national debate on specification is complete.

Under the Professional Services work stream, the 3CAP arrangement generated £1.1million efficiency savings on a £12.7million commissioned throughput in the first three years.

In Term Maintenance, best practice contract documentation is now in development. Once the model toolkit is in place, there are clear savings to be made in procurement costs estimated to be between £150,000 and £200,000 per authority for those authorities looking to renew their term maintenance arrangements.

There have been many notable highlights throughout the year:

- A pioneering, new harmonized specification for all highway, civil and municipal engineering work was developed in summer 2009. MHA members and contractors alike are already accruing financial benefits from working to one specification, rather than the previous multitude of standards from across the region and beyond. By manufacturers and materials suppliers focusing on a more reduced selection of products, plant efficiency gains can arise, as can more consistent single commodity production.





EMCBE Award Winners -
Innovation Business

- October 2009 saw the appointment of the new Alliance Manager, Peter Barclay. Peter very quickly embedded himself into the ethos of the MHA and has already made great strides towards delivering the core objectives of the Alliance.
- The MHA continues to be in the public eye, receiving national recognition for its ground-breaking work. 2009/10 saw great success with award wins in the Constructing Excellence Awards, Government Opportunity Awards and ICE East Midlands Merit Awards to name but a few. This built up on previous recognition, including the Constructing Excellence 'Demonstration Project' status in 2008.
- The future for the MHA continues to be positive with the introduction of a sixth work stream in the Skills Academy (a pilot for the entire highways sector) and the replacement of the highly successful Three Counties Alliance Partnership (3CAP) with the MHA's new "Professional Services Partnership" (PSP1) just around the corner.



In line with the timings of the annual report on the 3CAP arrangement, this annual report on the MHA reflects the achievements up to the end of June 2010. With the replacement of the contract targeted to come into effect at the beginning of April 2011, the 2010/11 report will more closely aligned to more traditional financial years.

The ambition for the 3CAP arrangement was to become "best in class" and, in terms of its achievements, it could rightly aspire to that form of recognition. However, the MHA is a much broader configuration, one that embraces and necessarily goes beyond 3CAP whilst pursuing - and arguably achieving - a best in class status. The current economic climate certainly brings a degree of national and global uncertainty but the MHA has already provided a blueprint for how to face this uncertainty head on. Certainly, all MHA members had the vision to realize the benefits of collaborative working and, in the difficult times ahead, the partnering principles of the Alliance will be the way forward across may public sector services. We should endeavour to keep the momentum flowing and continue to build on the good work achieved in 2009/10.

Matthew Lugg - Chairman

Overarching Aims and Objectives of the Midlands Highway Alliance

At the heart of this venture is the regional procurement and delivery of highways maintenance, professional services and capital works through framework agreements.

The aim is for procurement excellence, as well as sharing best practice, making efficiency gains, and delivering exemplary schemes.

The three objectives of the Midlands Highway Alliance are to:

- Establish and develop collaborative procurement frameworks to secure the delivery of major highway capital schemes, medium size highway schemes and professional services;
- Establish, implement and develop a continuous improvement model for highway term maintenance to achieve convergence to best practices;
- Embed partnering principles and construction best practice in all its work and throughout the supply chains, to optimise commodity acquisition.



Governance & Membership

The Midlands Highway Alliance (MHA) is the first organisation of its type in the UK and is a pioneer in collaboration in highways. Its aim is to achieve efficiency savings by collaboration.

It is an **Unincorporated Association by Agreement**. The original eleven members all signed an agreement pledging their ongoing commitment to the work of the Alliance. Since then, three other local authorities have joined taking the total membership to fourteen, and there is every likelihood that this growth will continue, with increasing interest being expressed by other authorities in the Midlands Region.

Leicestershire County Council acts as the lead authority, and employs both the Alliance Manager and Skills Coordinator, and also manages the Alliance's finances and public relations. The other members of the Alliance are:-

Derby City Council
 Derbyshire County Council
 Highways Agency
 Leicester City Council
 Lincolnshire County Council
 Milton Keynes Council
 Northamptonshire County Council
 Nottingham City Council
 Nottinghamshire County Council
 Peterborough City Council
 Rutland County Council
 South Derbyshire District Council
 Staffordshire County Council

Strategic governance of the Alliance is provided by a director-level Executive Board which meets twice a year and receives high level performance reports. It sets targets and agrees the Alliance Annual Business Plan.

Operational direction is given by the Programme Board which meets quarterly and monitors the performance and delivery of the six work streams. Each member is entitled to a representative on each of these boards.

The leadership of the work streams is spread across the members of the Alliance to ensure that each improvement activity is owned and embedded within member authorities themselves and that the learning and practices are sustainable. A working group exists for each work stream, and each of the working groups includes the activities of the other groups on its agenda to ensure full communication. Working Groups are made up of people of all levels from across the member authorities who have the relevant skills and experience to contribute to the work of the group.



3CAP (Professional Services) Strategic Board



The Alliance has continued to produce significant savings now estimated to total £11.6m to up to the end of June 2010.

The six work streams are:-

- **Major schemes** (projects costing between £12 million - £50 million) led by Lincolnshire CC
- **Medium schemes** (projects costing up to £12 million) led by Leicestershire CC
- **Term maintenance** (contracts covering a variety of services for a period of time) led by Derby City Council
- **Professional services** (e.g. engineering design services) led by Nottinghamshire CC
- **Commodities** (e.g. salt) led by Derbyshire CC
- **Skills Academy** (learning and development) led by Derbyshire CC

In October 2009, Peter Barclay took up the role of Alliance Manager and assumed control of the overall day-to-day management of the Alliance, including managing the budget, providing support to the Executive and Programme Boards as well as assisting the working groups.

From that point onwards, the MHA has been able to place itself on a solid financial and organisational footing with self-sufficiency and self-sustainability key aspects of its future resilience.



Financial Highlights

The Alliance has continued to produce significant savings for its members - including the Highways Agency - which are now estimated to total £11.6m to up to the end of June 2010.

Savings by type	£
Procurement	3.8m
ECI and innovation	4.2m
Commodities	0.44m
Professional Services	£1.1m
Total	£9.54m



The largest contributors to that are the two medium schemes frameworks Midlands Works Framework 3 and its successor Midlands Works Framework 4. Using these frameworks, members have avoided the cost of individual procurement, saving around £100k per scheme. After around 30 months of operation, these frameworks have delivered 35 schemes with a total value of £84 million. By employing early contractor involvement, greater cost certainty is being achieved (with savings of an estimated ten per cent potentially realised) and innovative solutions can be explored.

Whilst the current MWF4 framework will continue to be used by the Highways Agency, the local authority members are (as respective schemes come forward) switching to the jointly developed MHA contract, Medium Schemes Framework 1 (MSF1) from May 2010 onwards.

Commodity savings are generated by the procurement of road salt using a salt supply framework set up in conjunction with ESPO. Fourteen local authorities (across the West and East Midlands) now use this framework for their salt supply and the total predicted savings are £700,000 over a three year period.



Professional services savings continue to accrue from the “Three Counties Alliance Partnership” (3CAP) top-up design service being provided by Scott Wilson. As this contract was jointly procured by and usage effectively restricted to Derbyshire, Leicestershire and Nottinghamshire, greater savings could arise from wider usage of this type of framework - hence the MHA’s drive to establish the Professional Services Partnership 1 contract.

Sources of Funding

The Alliance has three main sources of funding. These are members’ subscriptions, levies on the work through the works frameworks, and grants from the East Midlands Improvement and Efficiency Partnership (EMIEP). In 2009/10, this grant was £150,000. As the MHA has committed to share its Medium Schemes Framework 1 documentation (including the harmonized specification) with other regions, EMIEP is waiving the original need to repay this grant.

Initial predictions of total income for the year were £438,000, with the actual level of income due, being £484,000 when accruals are taken into account. Of this, £257,000 was due to levies on the savings generated by the works frameworks.

Further income will arise in future years due to the application of a levy for the use of the Professional Services Partnership 1 contract and the application of a levy for savings accrued via the Commodities work stream.

Distribution of Funding 2009/10

The Executive Board approved an initial budget for the year, in the Business Plan of £270,323. However, due to the large amount of development work being undertaken, this was increased to £483,000.

The majority of this increase was necessary to cover the work carried out by the Medium Schemes Working Group to prepare and procure the replacement to the Midland Works Framework 4 which accounted for costs of £270,000 against an initial budget of £75k (partially offset by the aforementioned £150,000 EMIEP grant). Included within this cost was the development of the harmonized specification.

An allowance of £95.5k was made to fund the role of Alliance Manager. This function was initially undertaken by the Collaborative Working Centre (CWC) - which helped establish the MHA on a formal footing - until the Alliance Manager took up the post in October 2009.

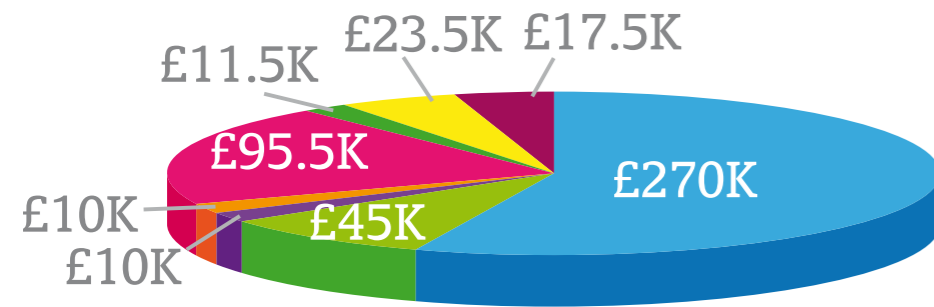
The Term Maintenance Working Group was given £45k to continue work on a best practise survey to inform the development of a collaborative term maintenance contract.

To allow work to begin on the MHA’s development of a Skills Academy, funding of £11.5k was provided by Construction Skills.

Funding was also assigned to “project management” and “performance management”. This was for the identification and collation of cashable and non-cashable efficiency savings information, as well as the recording and sharing of innovation.

Distribution of Funding 2009-2010.

Function	£K
Medium Schemes Working Group	270
Term Maintenance Working Group	45
Commodities Working Group	10
Performance Management	10
Alliance Manager	95.5
Skills Academy	11.5
Project Management	23.5
Publicity etc	17.5
Total	483



Recordable Savings

Shown on the following page are details of the recordable savings from the medium schemes and professional services frameworks. These are agreed by and shared with all Alliance members.

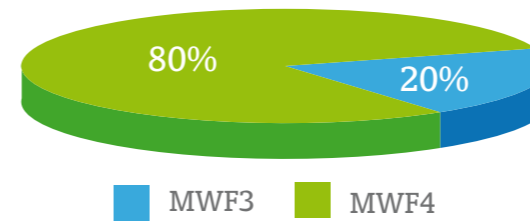
June 2009 - June 2010

	Turnover	Procurement Saving	Other Savings*	Total Savings	Savings % of Turnover
MWF3	9.30	0.53	0.75	1.28	13.75
MWF4	36.50	1.38	1.61	2.98	8.18
TOTAL £M	45.80	1.90	2.36	4.26	9.31

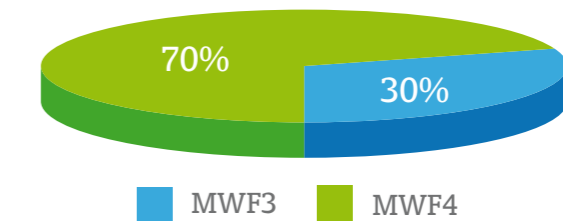
Procurement savings are included for projects starting during the period. Other savings are shown pro-rata over the duration.

*Other estimated savings include are ECI; Innovation etc.

Turnover MWF3 & MWF4 (06/09 - 06/10)



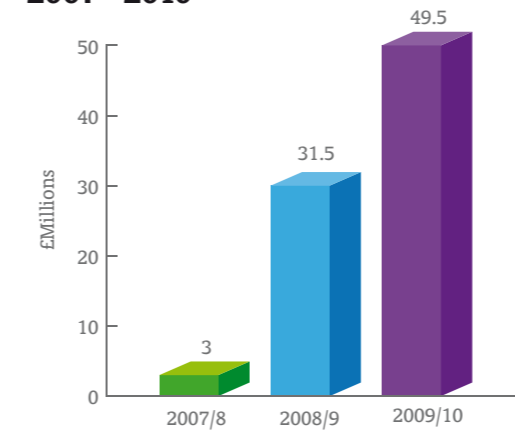
Total Savings MWF3 & MWF4 (06/09 - 06/10)



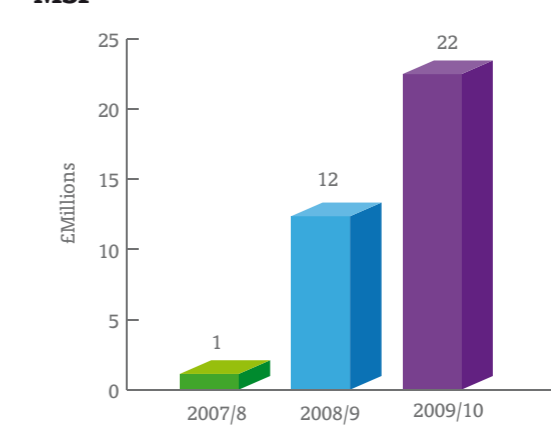
Cumulative Medium Schemes turnover

FY Year (April-April)	Turnover £M
2007/8	3
2008/9	31.5
2009/10	49.5
Total	84

Medium Schemes Turnover 2007 - 2010



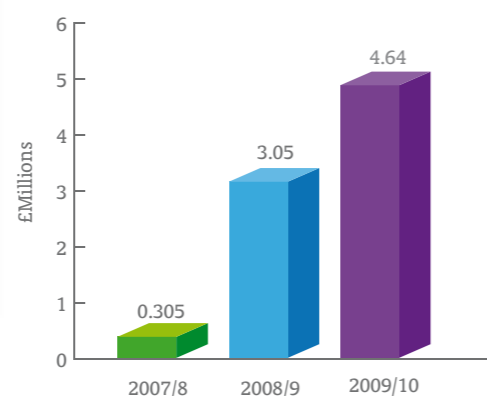
Number of schemes put through MSF



MSF Total recordable savings

FY Year (April-April)	£M
2007/8	0.305
2008/9	3.05
2009/10	4.64
Total	7.995

Medium Schemes Framework - Total recordable savings



3CAP - Recorded Savings

Date	Brief Description	Partner	Efficiency Area	Cost Saving (£)
Feb-08	Review of Code of Practice for the Traffic Management at Road works.	Collective	Efficiency	£21,000
Feb-08	3CA Procurement of Consultancy Services	Collective	Efficiency	£21,000
Feb-08	Impact of Climate Change on Highways Policy	Collective	Efficiency	£21,000
Feb-08	NRSWA Investigation Works	Collective	Organisation	£10,000
Feb-08	Developers Design Manual	Collective	Organisation	£210,000
Feb-08	Graduate Recruitment	Collective	Sustainability	£6,570
Feb-08	3CAP Management Structure - Meetings	Collective	Organisation	£191,000
Feb-08	LCC Waste Management PFI	Leicestershire County Council	Organisation	£70,000
Apr-08	DCC Design Benchmarking Club Forms	Derbyshire County Council	Efficiency	£225
Jun-08	Joint Training - Road Restraint Systems	Collective	Efficiency	£1,040
Jul-08	6C's TIF	Leicestershire County Council	Delivery	£130,900
Jul-08	Critical Friend - Highway Works Alliance Tender Process	Leicestershire County Council	Delivery	£2,478
Jul-08	Safety Audits	Leicestershire County Council	Efficiency	£6,000
Jul-08	Earl Shilton Bypass Cat 2 Bridge Design Checks	Leicestershire County Council	Delivery	£1,825
Mar-09	3CAP Joint Graduates Recruitment Fairs	Collective	Efficiency	£7,749
Feb-09	3CAP Cost Saving NCC/DCC PCN Processing	Derbyshire County Council	Efficiency	£255,000
May-10	Harmonisation of Highway Specifications & Standard Details	Collective	Efficiency	£110,223
Dec-08	High Friction Surfacing	Nottinghamshire County Council	Delivery	£1,000
Jul-09	Leapool Park & Ride Study	Nottinghamshire County Council	Efficiency	£3,375
Jul-09	Highway Inspectors Training	Nottinghamshire County Council	Efficiency	£15,500
Apr-10	Joint Training – Euro codes	Collective	Efficiency	£4,575
May-10	3CAP Climate Change Phase 2	Collective	Community Impact	£15,562
TOTAL =				£1,106,022



Performance Management

To ensure that the performance of the Alliance is recorded in an objective and consistent way, the Executive Board agreed a savings evaluation method for the construction frameworks in 2008.

Forecasts are quantified on the basis of an agreed cost of procurement per scheme and an estimated percentage saving against the value of the project. This percentage was developed through analysis by Peterborough City Council, and compared rates in the cost models submitted by successful contractors with rates submitted in a completed benchmark scheme. Then, using the outturn data collected from the framework contract, savings were calculated between the average difference between targeted and actual final costs displayed in the framework and the actual outturn cost to budget (discounting any variations) in the benchmark contract. This generated a best-case scenario of savings of 29% and a worst-case scenario of 9%. Even using the lowest potential savings figure, the savings (when applied to the Alliance overall) will run to several million pounds.

Both of the works frameworks (i.e. MWF3 and MWF4) have been supported by “Framework Community Boards”. These Boards have drawn membership for the framework contractors, the Highways Agency (and its managing agent contractors” - “MACs”) and the local authorities, and are logged at the Members of the Framework Community Board have been tasked with quantifying and logging

the savings and efficiencies of works that have been carried out under the frameworks. All savings in the resultant register have been scrutinised by the Framework Community Board and signed off by the client body, to ensure total robustness.

Each project carried out under such frameworks is also monitored against a “Motivating Success Toolkit”, containing a series of key performance indicators. A post-project review is carried out to make sure all the lessons that have been learnt are passed on to the other framework contractors.

The Collaborative Working Centre (CWC) was commissioned to ensure the reliability of the Midland Works Frameworks savings and efficiencies register. CWC looked at the savings being accrued on a representative sample of six schemes being carried out under the frameworks during the year. This report looked at the savings generated by each project due to early contractor innovation and efficiencies. These savings were examined to ensure they were robust and that they had been verified by the client body. The conclusion of the report was that, savings of at least 10% were being achieved, which, given the climate of strong budgetary restraints and the introduction of ‘fiscal stimulus’ monies, is impressive.

Achievements



2009/10 has seen noticeable progress in the development of the Alliance across its full range of activities, resulting in the winning of many prestigious awards and commendations. This has helped to boost the profile of the Alliance in local government, central government and the industry as a whole.

A new, quarterly, Alliance e-newsletter was introduced in Spring 2010, engaging members and non-members alike with information and updates. It also provides a further forum for sharing best practice from around the Alliance.

Medium Schemes Framework

Lead: Leicestershire County Council

This work stream acted as the original catalyst for the Alliance's formation in 2007 and continues to underpin the Alliance as it moves forward. It has been the single-most successful work stream and is already delivering huge financial benefits to the members.

In November 2007, the existing Highways Agency's Midlands Works Framework (MWF3) was made available to Alliance members and covered highways-related projects up to £8 million in value. The framework was established with four contractors:

- Tarmac
- Carillion
- Aggregate Industries / Geoffrey Osborne Ltd joint venture ("AIGOL")
- Balfour Beatty / Birse

The local authority members of the MHA were initially hesitant to use this contract as, for example, its contents (including the specification) were not fully reflective of how local authorities would deliver highways schemes.

As it was initially unclear which contractor might provide the "most economically advantageous offer" in delivering any scheme without pursuing a full-blown mini-tender, a more flexible and cost-effective mini-competition process was needed. Once established and agreed, all MHA members could use MWF3 with confidence that it was an entirely appropriate project delivery vehicle.

This framework was consequently a marked success, with significant projects delivered in very short periods of time, and the level of co-operation between the contractors and clients and each other a noted feature. In its first two formative years, the MHA was supported by the (CWC) whose assistance included the provision of an interim Alliance Manager until the MHA had confidence in its potential for longevity as an arrangement.

This interim Alliance Manager chaired, on the Highways Agency's behalf, an MWF3 Framework Community Board that drew its membership from the framework contractors, the Highways Agency (and its Managing Agent Contractors - "MACs") and the local authorities. This Board - as a support mechanism for the MWF3 Framework Board - comprising two Highways Agency representatives

Contractors were estimated to save £1.35m in tendering through using MWF3.

and the MHA's Programme Board Chair - recommended an allocation of workload, shared innovations and most importantly, the recorded and approved scheme-related identified savings and efficiencies.

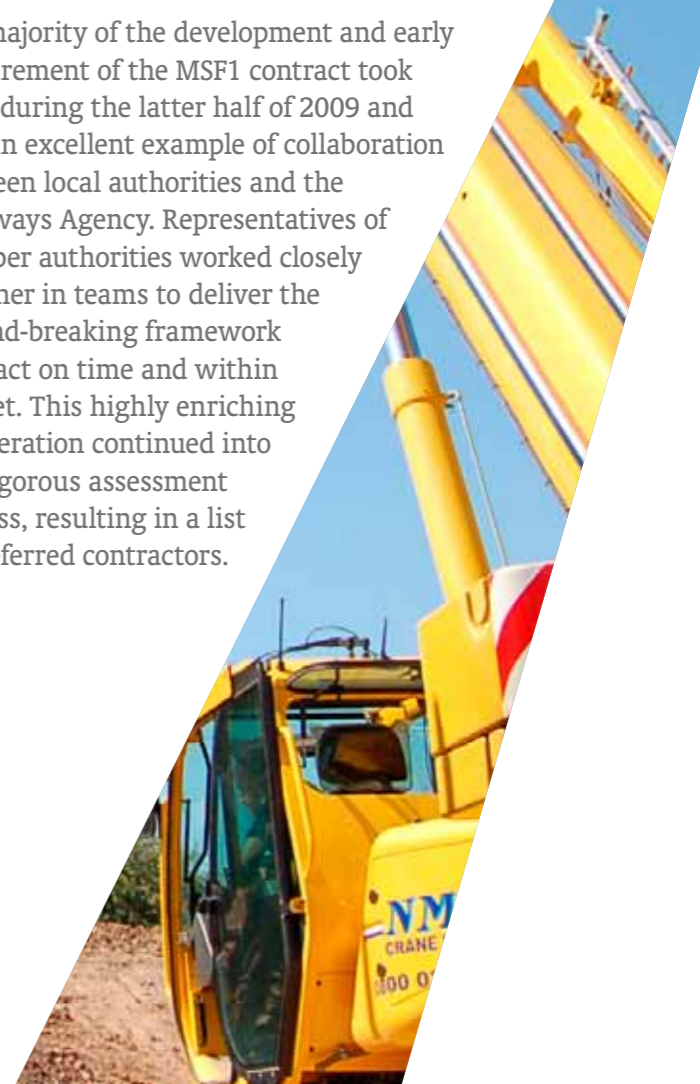
Whilst the MWF3 contract was a very successful joint venture, it nonetheless had its limitations. It became clear that use of the MWF3 would rapidly be constrained by a low OJEU limit (at £50million) and the contract specification's focus on trunk roads and motorways limited the range of schemes that local authorities could progress with this contract format. Indeed, much of the procurement savings were being lost by the need to renegotiate rates and prices.

So, in line with one of its prime objectives, the Alliance determined it should invest £270,000 to develop and procure its own framework contract, known as "Medium Schemes Framework 1" (MSF1), with an increased upper value of schemes set at £12million. Concurrent with the ensuing MSF1 procurement process, the Highways Agency was obliged to effect a replacement for MWF3 (the Midlands Works Framework 4 - MWF4 contract) under the accelerated restricted procedure procurement process in order to respond to fiscal stimulus. Although this meant that, for a period of time, the Highways Agency was unable to participate in MSF1' development as much as originally perceived, the Agency still had a role to play.

MWF4 was launched in November 2009 and thus ensured the MHA continued to have a project delivery vehicle, albeit with the same limitations as MWF3 except that the MWF3-devised mini-competition process was apparent from the outset. The four framework contracts were (and still are):

- Tarmac
- Lafarge / Costain joint venture
- Aggregate Industries/ Geoffrey Osborne Ltd joint venture ("AIGOL")
- Balfour Beatty / Birse

The majority of the development and early procurement of the MSF1 contract took place during the latter half of 2009 and was an excellent example of collaboration between local authorities and the Highways Agency. Representatives of member authorities worked closely together in teams to deliver the ground-breaking framework contract on time and within budget. This highly enriching co-operation continued into the rigorous assessment process, resulting in a list of preferred contractors.





The contract was formally launched (albeit against a backdrop of concern over future funding of projects via the Coalition Government) at the beginning of May 2010. The four contractors are:-

- Balfour Beatty / Birse
- Bam Nuttall
- Ringway
- Tarmac/Carillion.

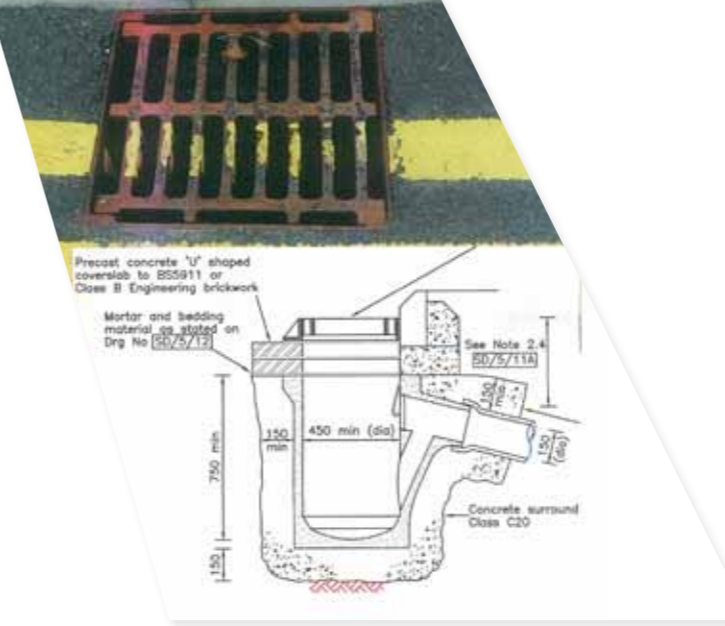
The use of MSF1 will produce significant procurement efficiencies, speed up project delivery and enable our members and contractors to work closer together to improve performance and develop best practice.

By retaining the principles of early contractor involvement, MSF1 clients can be confident of replicating the successes of MWF3 and MWF4 in terms of greater cost certainty and savings realised. For MWF3, there were not only savings in procurement costs of £1.75m for the Alliance members but also the contractors estimated they gained savings on tendering of £1.35m.

For effective governance, a “Framework Community Board” including contractors, clients and supply chain representatives is to be set up to share innovation; provide consistent performance evaluation; forward plan workload; and resolve commercial issues. This board will act as the ‘heart’ of the framework and will allow Alliance clients and contractors to build up relationships and develop a better

understanding of each others’ needs, and builds on the success of a similar board for the MWF3 and 4 frameworks. Although many of the objectives of MSF1 could be tackled through following the procurement process, many others could only be realised through this broader collaborative approach.

The contractors’ performance is to be assessed against an upgraded version of the Highways Agency’s performance management toolkit (as used on MWF3 and MWF4). Assessment will be against ten quality parameters so that better account (including bonus marks) can be taken of high quality, innovation, traffic management, use of local small to medium enterprises (SMEs), carbon management and customer (i.e. the general public) interaction. There is ongoing linkage between tender stage scores and scheme performance so that high performance is rewarded by an improved potential for award of future work packages. The contract also contains a “harmonized specification” - a common set of standards applicable to all schemes. Further details on this is covered in the Professional Services work stream text.



Term Contracts

Lead: Derby City Council

This working group is charged with the task of identifying and implementing efficiency improvements in the area of term contracts. With a regional annual spend exceeding £200 million, even marginal improvements in performance will lead to enormous savings.

This working group previously developed a best practice model that can account for all delivery models from full in-house to fully externalised, and using the agreed model as a template, has carried out a gap analysis for each individual member of the Alliance. From this it has identified potential areas of improvement common across all the members. These are:-

- Cost Management Training
- Continuous Improvement
- Mobilisation
- Supply Chain
- Common Term Contract

A ‘route map’ of how the Term maintenance project will develop has been agreed and a series of workshops are planned to take place in 2010/11. Although this work stream’s activities have been reduced whilst the focus has been on creating MSF1, activity in 2010/11 and future years will heighten considerably as the need grows for a more consistent, cost-effective approach to term maintenance.

Professional Services

Lead: Nottinghamshire County Council

The three County Councils of Leicestershire, Derbyshire and Nottinghamshire jointly procured top-up design services through a professional services framework with one consultant (Scott Wilson). Known as the Three Counties Alliance Partnership (3CAP), the accumulated savings since the contract started in July 2007 rose to £1.1m. The 3CAP Annual report 2009/10 is available online at www.leics.gov.uk/3_counties_alliance_partnership

A large contributor to that total efficiency saving figure is the sharing of good practice between the three County Councils, which saved development costs on a number of strategic documents:

- A significant saving accrued through the harmonisation of highway standards and specifications across the Midlands Highway Alliance led to collective savings to the three counties of £110k.

3CAP recognised a single highways-related specification could be applied in all authorities rather than all authorities each using its own. It was agreed that bringing together the specifications of Derbyshire, Leicestershire, Nottinghamshire and Staffordshire would result in a cross-Midlands standard that would embrace civil, highway and municipal engineering works and thus be usable for any scheme to be progressed under MSF1.



The resultant harmonised specification was embedded in the MSF1 contract document for use by all MHA members using MSF1. MHA members also committed to undertaking further work on the harmonised specification so that it was usable for term maintenance work/contracts as well. Maintaining the harmonised specification will now be a key activity (as technology and the industry in general moves forward) and this task is assigned to the Commodities Working Group.

- The 3CAP joint study and further development work into the Impact of Climate Change led to collective savings this year of £15k, in addition to the £21k accrued last year.

The 3CAP Study on the Effect of Climate Change on the Three Counties' Highway Network Policies and Standards Studies and Research Project was Highly Commended in the ICE East Midlands Awards in October 2009.

The 3CAP Strategic Board is committed to continue the momentum and extend its reputation for delivering excellent services and improved value for money. A number of initiatives have already started that promise much for the next phase of the partnership.

Major Schemes

Lead: Lincolnshire County Council

Few authorities have schemes in excess of £12 million and when they do, the timing and feasibility of each project is uncertain at the outset. This group is looking at the potential for a joint framework for the East Midlands and at least one other region that will allow a build-up of a core base of work, ensuring the contractors continuity of work. Initial feasibility work by the working group identified clear benefits if just two authorities participate initially, ensuring that this project remains one of the Alliance's long term objectives. However, given the ongoing uncertainty about future funding for major infrastructure schemes, this working group awaits an appropriate opportunity to build on the work of the other working groups.

MHA members are estimated to save around £100k per scheme on procurement through using the medium schemes frameworks

Skills Academy

Lead: Derbyshire County Council

The MHA National Skills Academy for Construction was developed in 2009/10 in conjunction with ConstructionSkills.

The four contractors involved with the new MSF1 are committed to a learning and development plan, which will allow enhanced training opportunities for staff from MHA members, the contractors, their supply chain and the local communities. This, coupled with a strong commitment to collaborative training from MHA members, means that the benefits are likely to be significant.

The Alliance appointed a Project Skills Co-ordinator in March 2010 to monitor the performance of the Skills Academy, to ensure that it delivers its learning and development targets, and to develop a best practice learning management system for the Alliance, that can be used to manage training across the Alliance.



The National Skills Academy
CONSTRUCTION



Commodities

Lead: Derbyshire County Council

The Commodities work stream has had a fruitful year, with many notable achievements.

- The Eastern Shires Purchasing Organisation (ESPO), on behalf of the Alliance, carried out a major renewal of the joint salt contract which reflected the industry trend of local authorities seeing considerable rises in tender prices from the last tender exercise. This contract is being used by MHA members and non-members alike.
- Following the work with ESPO to procure a new lamps contract for street lighting, Alliance members now have the opportunity to take the advantage of placing their orders through the MHA's street lighting lamps framework, taking the benefits of the savings gained.
- As identified above, maintenance of the harmonised specification developed under the 3CAP arrangement now rests with the Commodities work stream. Authorities

are taking up the challenge of embedding this specification into their existing term maintenance contracts, so that the full supply chain across the region works to one specification no matter what scale of work is required. Assignment of this maintenance task was entirely appropriate, given its members ongoing involvement in the pursuit of street lighting standardisation, in conjunction with the Association of Directors of Environment, Economy, Planning and Transport (ADEPT). Recently, this has culminated in greater standardisation of street lighting columns.

- Finally, work is progressing on other collaboration opportunities in commodities, such as surface dressing chippings and binder, pre-cast concrete products and ironwork.



Recognition

The Alliance is an excellent example of many local authorities working closely together towards one aim. This success has been recognised by industry leaders, including the Highways Agency and the then Office of Government Commerce (OGC).

The MSF1 contract development is being promoted by the OGC, and both the East and West Midlands Improvement and Efficiency Partnerships as a national exemplar and copies of the documentation were passed to other regional efficiency organisations looking at developing their own frameworks.

In keeping with the need to share best practise, presentations on the procurement process have been given to many professional organisations and the KPIs developed in MSF1's performance management toolkit (as a successor to the Highways Agency version for MWF3) are being considered as the basis for national indicators by the Highways Agency.

The MHA in its entirety continues to go from strength to strength and has already received the following regional and national recognition:

- 2007 Highways Magazine Excellence Awards – Leicestershire County Council awarded most innovative authority for creating alliances
- 2008 4ps Awards 'Highly Commended' in the Efficiencies category
- 2009 Municipal Journal Local Government Achievement Awards - Public Private Partnerships Achievement of the Year (Commended: 3 Counties Alliance Partnership)



The Future

With the outcome of the election likely to have a major effect on budgets, it is pleasing to report that the MHA has a robust business plan in place for the year 2010/11 with its main focus on the development of the Term Maintenance Contract Toolkit, the Skills Academy and the replacement of the 3CAP arrangement with a much wider ranging Professional Services Partnership. Other areas for development are:-

- A standalone MHA website is to be developed to replace the web page currently hosted on the Leicestershire County Council website. This is intended to be more accessible for Alliance members, featuring a secure document store for minutes, financial reports and standardised contract documentation.

- **Medium Schemes Framework**
The MSF1 launch took place in May 2010 with the Loughborough Eastern Gateway and Birstall Park and Ride in Leicestershire already earmarked to be the first schemes to be procured through the framework contract. It is hoped that, even in the current economic climate, the new framework will ensure the continuation of the collaborative process and further regional savings.

- **Commodities**
The excellent work to date will continue with the working group identifying further commodities that can be procured through supply chain agreements.

The intention is to go to tender for a lighting columns framework, following the work done in the standardisation of specifications project. If sufficient interest is shown, other apparatus for street lighting (such as switch gear) will also be considered

With the need to keep the harmonised specification up to date, there is a drive towards developing central storage, protocols for specification changes (or a local authority's local specification retention) and the means of access through a website.



- **Professional Services**
The task for the professional services working group is to find a suitable successor to the '3CAP' arrangement. The single supplier framework, is a tried and tested formula which has worked well within the 3CAP framework in allowing innovation and continuous improvement, and so will continue to form the basis of the new framework, which will be called PSP1 (Professional Services Partnership).

Additional MHA authorities have expressed an interest in being involved along with the original 3CAP partners and funding has been secured from the 3CAP partners as well as a £90,000 RIEP top-up.

It is planned to invite tenders in the late summer of 2010 with the new supplier in place by April 2011.

- **Performance Management**
Key performance indicators and methodology for capturing savings and efficiencies are built into MSF1 and will be developed as the framework matures. The development of PSP1 will also include ensuring that the consultants' performance in achieving savings will be measured robustly. It is

intended that all savings should be agreed with the 'client authority' to ensure this robustness and a methodology, based on work done by CWC will be used. A key is the link between a supplier's performance and the ability to gain additional work. The local authority MHA members intend to work closely with the Highways Agency to develop their Motivating Success toolkit, with the aim of making it much more suitable for local authority work.

- **Skills Academy**
2010/11 will see the continuation of the development of the Skills Academy work stream with a launch event and supply chain workshops. This will be a major challenge for the MHA as this is the first, and only highways based Skills Academy in the UK.

Skills Academies are Government initiatives led by the Skills Funding Agency designed to drive up the standard of industry training, to improve productivity and tackle skills shortages across the UK. This will become increasingly important as the nation comes out of recession.



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