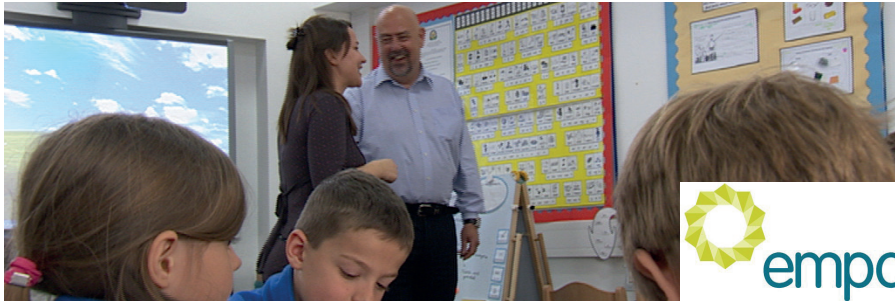


Good Practice Case Study

empa: A portal to a healthy local economy ▾



East Midlands
Improvement and
Efficiency Partnership



Alan Coole, Development Manager of empa at Arnold Mill School, Nottingham

empa: Building on solid foundations ▾

Just two years after it was established East Midlands Property Alliance (empa) has already built itself a solid reputation for delivering results. Formed by local authorities in the East Midlands, empa's role is to improve the delivery of property services; providing guidance on best practice and efficiency savings.

With 14 original members on inception, empa's value has quickly been recognised and currently 36 local authorities in total have now joined. After initially introducing the Framework contracting model to improve procurement, empa has now developed a supply chain portal (buildeastmidlands.co.uk) and project management software designed to help small and medium enterprises (SMEs) develop, as well as boosting the local economy. In the six months

since it was launched, over £95 million pounds worth of construction projects have been undertaken by member authorities using this system successfully.

"100% of the contractors used on the Red Lion Quarter project in Spalding are registered on the empa portal. Having such a great database of local business has been an enormous help in assisting us in employing local companies on the contract. In fact it has been so successful we have already exceeded the targets we set ourselves by £130,000, and we have not finished the procurement for the scheme yet. It's simple and effective to use, an incredibly useful tool."

Lucy Swale
Senior Project Surveyor
Willmott Dixon Construction

Construction: More than just bricks and mortar ▾

Each year local authorities collectively spend £16.2 billion on construction goods and services; £650 million is spent in the East Midlands alone.

These construction projects within local authorities can differ hugely in size and shape; from a £10,000 project to one worth £30 million. This huge variation brings its own complexity and as such, empa's original remit was to facilitate local authorities working together collaboratively to extend and share knowledge, improve procurement, increase efficiency and to manage assets. Basically, to help local authorities deliver an excellent property service to their communities.

However, construction is not just about 'making' new buildings, it is also an opportunity to help bolster the community by injecting money into the local economy and creating jobs. It is calculated that for every 40 pence spent on a new project by a local authority, it creates £4.50 of wealth within the local economy. With the onset of the recession, a focus on supporting local companies and employment is an imperative that needs to be delivered. With empa's connections and skill set it was recognised that it was perfectly placed to champion this strategy, as it would be a natural extension of its existing remit. Indeed, empa is successfully delivering this requirement on all of the projects in the framework.

The (supply) chain of events ▾

Supply chain and project management are two essential elements for collaboration and developing investment in the local economy.

For example, on average, 80% of any contractor's costs for a project are related to costs from the supply chain. The other 20% are more likely to be attributed to fixed overheads such as head office costs and less can be done to influence these. However, if the 80% can be controlled then there is room for significant savings, plus the

opportunity to influence where those costs are spent.

Project management and the supply chain process are intrinsically linked; when you consider that in a £5 million project there are on average between 30 and 50 companies involved in the supply chain it is easy to see why effective project management of the supply chain is vital.

With the renewed focus on injecting investment in the local economy, companies contracted to undertake

local authority projects are now charged with maximising the amount of money spent within a concentric geographical radius of the project; for example 25% of the cost should be spent with suppliers within a 20-mile radius.

The challenge was how to help contractors deliver this within framework contracts with a measure of uniformity and consistent quality. Thus, the empa supply chain portal and project management software was born.

The empa framework portal (called G02 Live) is a web-based system that operates in 'real time.' Data can be found on companies within the supply chain, allowing contractors to find good quality local organisations that have met certain criteria, that can help deliver projects they are working on, whilst meeting their target for using local resource.

It was designed specifically for use by empa, whilst there is similar existing 'off-the-shelf' software, it is generally complex in design and very expensive. empa recognised that many companies would find a complex system a barrier to entry and therefore specifically required a simplistic design to encourage as many companies as possible to use the tool.

The empa framework portal is simple to use and understand. Companies can register in just a few minutes as long as they meet some basic criteria around the areas of health and safety,

risk management and equalities. For those rare instances where companies do not meet the criteria, they can be referred to Business Link or East Midlands Development Agency (emda), which can then help them develop so that they do meet the criteria.

Once accepted, a company can input a profile of its business, from the basics of registered address, contact details and areas of expertise, through to supplementary information it might wish to share with potential clients, such as the size of company, previous projects and any certification it has achieved. This information means contractors can use the system to easily identify companies that fulfil their needs in terms of skills, but also in terms of proximity to the project.

The project management element of the system then allows information to be included on the projects companies are working on, for example where the project is and the value of the contract in relation to the total spend on the project. These two factors then allow a picture of local spend to be built up.

Another useful, but incredibly simple element of the tool is storage of documentation. Often the files that need to be shared between contractor and the supply chain are huge in size. Rather than having to email or post, these files can be uploaded into the system so that both parties can view them easily.

Already, just six months after launch, the value of this tool to companies within the supply chain has been recognised; over 1,200 companies are now registered on the portal. Companies have learnt about it simply through a series of Meet the Buyer events in each of the five East

Midlands subregions, or by word-of-mouth.

On the contractor side, 14 are currently utilising the system, all of which have been given training by empa to ensure they are getting maximum value from the tool.

The empa portal in action ▾

The Red Lion Quarter Project in the centre of Spalding is an exciting new community project for South Holland District Council. Being constructed by Willmott Dixon, it has multiple stakeholders, including South Holland District Council, Boston College and emda, to name but a few. Work began in November 2009 and the project is due to be completed in January 2011.

The Red Lion Quarter was the first project to be procured on the empa framework and so was the first to put the empa portal through its paces. Each of the contractors on the empa framework has their own database of sub-contractors, which by the nature of being specific to each business is naturally limited. The empa portal has allowed all of the contractors to combine their supply chains in one place and provide a vetting tool for new contractors too.

As Lucy Swale, Senior Project Surveyor explains; *“Without the empa portal, finding as many local contractors as we have used would have involved a huge amount of*

legwork on my part. The pre-vetting facility is particularly useful as I know that a contractor who is approved is reputable and has the right accreditation and processes in place. If they are approved on the portal I know that they have passed the first stage of our approval process and this has saved so much time. The results speak for themselves, we set a demanding target of placing at least £1.3 million of the orders within 20 miles of the site which we have already exceeded having placed £1.5 million of orders locally already.”

Lucy continues; *“The empa portal works hard for everyone; I have been freed up to focus on other areas of my job, local contractors have won work, the local economy has been bolstered, and my stakeholders are delighted.”*



Red Lion construction in Spalding

A work-in-progress ▾

In a short space of time, empa has already helped provide a framework and tools as part of an infrastructure to promote successful collaboration, generate savings for its member authorities and support the local economy. Just six months after its launch, Go2Live has already been improved with added functionality. However, this is just the first phase of the journey, with some ambitious plans ahead. These include:

- All 46 local authorities actively engaging in the development and use of empa's services
- Seeing 100% of construction projects utilising the supply chain portal and project management software
- To build in further functionality to the portal to help SMEs develop. For example, it would be advantageous in the future to be able to drill down to the skill sets of individuals, not just companies, as this would allow a real picture of employment possibilities to be identified
- To increase the reach of the supply chain portal to encompass local manufacturers as well as the current contractors and service providers. For example the vast majority of composite windows are currently imported; but by supporting and helping local manufacturers develop, there is no reason why these windows could not be sourced in the East Midlands
- Delivering £15 million worth of benefits for its members by 2013



Pupils from Arnold Mill School, Nottingham

This photograph is taken from our short video case study about empa. Visit the EM IEP TV section of our website at:

www.eastmidlandsiep.gov.uk

Notes ▾

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East Midlands Improvement and Efficiency Partnership Case Studies

The East Midlands Improvement & Efficiency Partnership (EM IEP) has sponsored the creation of empa, and the benefits that have flowed for participating East Midlands Councils. The level of sponsorship has been £500,000 since March 2008, is repayable, and based upon an invest-to-save basis.

The EM IEP Support Team publish case studies showing how East Midlands councils are improving services, and delivering significant improvements and efficiencies.

The case studies are intended to inspire councils in the region, and indeed nationally, to transform services and benefit from the processes developed by those councils that have pioneered the way forward.

For all the latest news, guidance, good practice case studies and video case studies visit our website:

www.eastmidlandsiep.gov.uk