

empa Business Case 2011

£13.5 million saved by East Midland's public authorities



Foreward by Chris Allison, Director, East Midlands Regional Improvement & Efficiency Partnership

"The economic outlook remains turbulent with local authorities planning significant service changes in response to reduced government grant funding over the next 4 years. Local authorities will need to do considerably more with shrinking resources; taking difficult decisions in order to make vital efficiency savings. In such challenging times, we can't just wait and see what happens; we must act now to improve and strengthen public services, collaborate and work better in partnership with other providers.

The empa collaborative construction programme, supported by the East Midlands Improvement and Efficiency partnership, (EM IEP) is making a real difference for local communities by enabling the procurement of high quality public buildings in partnership with experienced contractors, resulting in significant efficiency savings, value for money for the taxpayer and active engagement of the substantial skills of local businesses.

The EM IEP is proud to have been involved with the creation of the empa between 2006/08 and providing continued support for the development of a range of property frameworks and other products. It is anticipated that this relationship should continue post March 2011, when the EM IEP becomes part of the East Midlands Councils (EMC) organisation, the representative body for local authorities in the East Midlands.

I commend this business plan to all local authorities in the East Midlands, those who are active members of empa and for those who are about to dip their toes for the first time in the partnership work surrounding collaborative framework arrangements with a range of high calibre construction companies."

Headline Statements

- £13.5 million saved by East Midland's public authorities
- Big improvements in delivering projects to time and to cost
- Defects minimised or removed altogether
- Excellent Health & Safety record on projects
- Local expenditure maximised
- Training in progress for local apprentices, clients and small companies (SMEs)

empa Construction & Asset Management Benefits

The East Midlands Property Alliance (empa) provides collaborative procurement arrangements through framework agreements for all public bodies in the East Midlands. This approach has enabled empa to secure collective buying power from the market and deliver better services than can be obtained via one off or individual contracting.

Savings through partnership



“93% of public bodies now use framework agreements which had always, or often, resulted in better value for money”

(National Audit Office (NAO), May 2010)

Public bodies are incurring unnecessary administration costs by duplicating procurement activity. Many public bodies continue to undertake expensive procurement exercises rather than using existing framework agreements.

“In 2008 we estimate that more than 2,500 public sector OJEU tendering exercises were unnecessary”

(Audit Commission and Office of Government Commerce (OGC), 2010)

Regional frameworks across the country have been or are in the process of being set up. This is in conjunction with the national improvement and efficiency partnerships (NIEP) and the OGC.

“7.5% cost saving can be achieved”

(National Improvement & Efficiency Partnership (NIEP), 2010)

The OGC have reviewed the projects procured by empa and its regional partners through the RIEPs and identified a 7.5% saving on project costs by using best practice processes.

Breaking News!

Repairs and Maintenance framework now live!

Economic regeneration and local employment are key drivers of empa framework agreements. This is demonstrated by local spend targets being exceeded and employment opportunities being created through empa's unique skills academy.

empa are leaders in collaboration providing cost effective solutions for the public sector using a tried and tested process that is simple, easy and stress free. £13.5m cost savings have already been identified whilst delivering an inclusive engaging experience for empa members and the communities they serve.

“Currently 38 of the 46 East Midlands Authorities are engaging”

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empa Skills Academy

Approved by the National Skills Academy (Construction Skills) and through the strategic collaboration with the Skills Emporium, this new model of Skills Academy looks at how it can effectively deliver its targets, as outlined in the Employment and Skills Plan (ESP). For example, working with member authorities to bring opportunity to disadvantaged groups to enter the skills training cycle, and helping to complete training for those who are only part way through their training and/or have recently lost their jobs.

The latest results are:

- Currently there are six, and soon to be 12, School Agreements in place.
- School activities (resource days) have increased awareness of the opportunities available within the industry to 600 individuals and have offered an overview of the breadth of skills required to deliver job roles within the construction sector.

- Curriculum support events have supported 94 individuals who are pursuing the Construction GCSE, the Construction and Built environment Diploma or activities which offer alignment with any other curriculum activity such as enterprise, mathematics, science, technology or engineering.

“On behalf of the students and myself we were truly grateful for yesterday's trip. The students are still talking about it now. I believe that we took two hours of you and your company's time and human resources, but believe me it will change those lads' lives. So thanks again”

Teacher in reference to a site visit by 23 pupils

- There are now 18 Ambassadors trained (15 from the professions such as construction managers, project managers, site managers etc. and 3 from the crafts such as bricklayers, roofers, plumbers etc.)
- There have been six apprentices start with a further 16 soon when registration documents are received and there are a further four apprentices who have completed their training.
- Supply chain briefings have been held with 43 individuals to provide the opportunity to update sub-contractors on the priorities for the project.
- There have been 1,399 individual skills profiles completed to date which address the skills needs of individuals as they enter the National Skills Academy for Construction environment.
- Three graduates employed by regional partner contractors and 25 jobs advertised through Job Centre Plus.
- 100% of those employed on framework projects have CSCS cards.

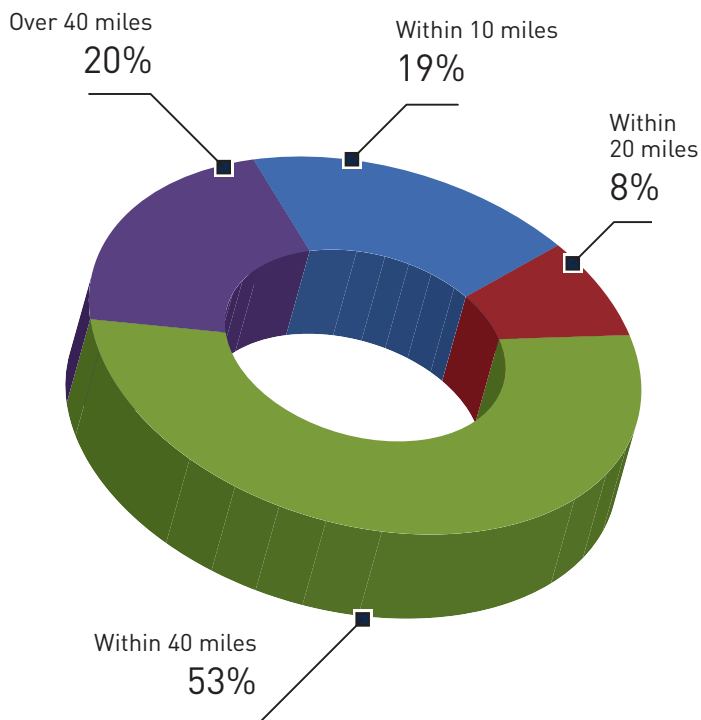
Social & Economic Sustainability

Sustainable construction is a cornerstone of empa and has been built into every project. This includes sustainability workshops, health checks, whole life costing, life cycle analysis and site waste management plans. A series of performance measures are analysed on a regular basis.

KPI 6a: **WASTE**

85% of site waste recycled; nationally over 20% of construction waste is sent straight to landfill without any form of recovery or reuse.

KPI Special: **LOCAL SPEND**



Various community events have taken place including students attending design team meetings, careers events at schools, visits by students to site, engagement of students to design a restaurant.

At a Leicester primary school employees from the construction contractor took a day off from their normal duties and spent the day helping the school meet its sustainability objectives by constructing 12 raised beds for pupils to plant vegetables; assisting with building bird boxes to encourage wild life to use the school grounds; planting trees with the pupils; taking part in indoor visual activities on how electricity and wind provide energy and how this is used in the construction industry.

“Staff were both engaging and highly professional, enabling a smooth running and enriching day for all concerned. The day was a wonderful example of partnership working, involving the school, Client, associated sub-contractors working on the project, along with all the design consultants. I only wish we could have a community construction day every term! A big thank you to all who made the event so successful!”

Local SMEs & Employment

Working with local businesses is important to empa members as is the provision of employment opportunities through empa projects. Empa has invested in an infrastructure that enables local SMEs to access every project and bid for work packages, known as *buildeastmidlands*.

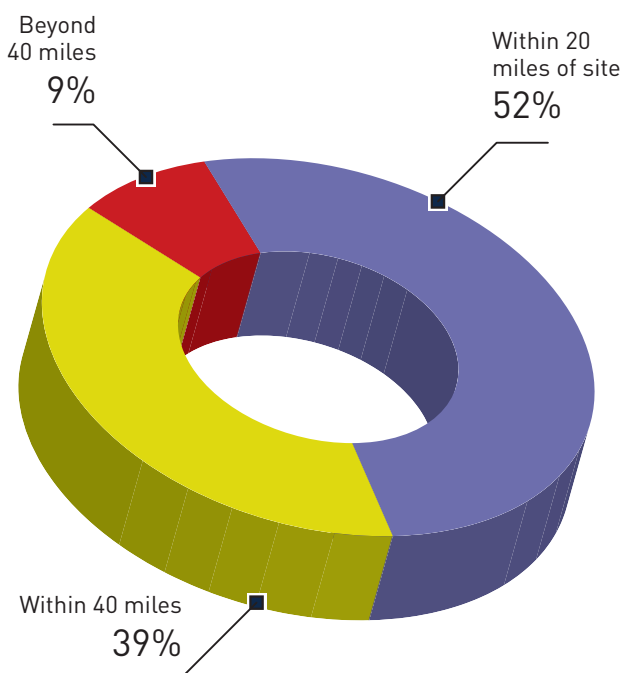
To date there are 1,007 suppliers registered on *buildeastmidlands* and available for selection by empa contractors for use on empa projects and to date 637 contracts have been issued to *buildeastmidlands*' registered suppliers.

Contractors have also been involved in establishing *buildeastmidlands* and in the organisation of seven 'meet the buyer' events across the East Midlands to promote *buildeastmidlands*. At these events, opportunity is taken to promote local supply chains and for Construction Skills to provide support to the Skills Academy.

Additionally, performance measures on travel to site are being measured to evaluate how far site labour is travelling to each site.

KPI 6b: TRAVEL

52% of site labour lives within 20 miles of site and 39% within 40 miles.



Key Performance Data on empa Frameworks (Jan 2011)

KPI 1: TIME



KPI 2: COST

Over 91% of projects are finished within budget.



* Actual costs closer to target costs because cost predictability has improved as a result of collaborative working.

KPI 3: DEFECTS

Average defects score at handover of 8.9, which means very few defects, all of which had no impact on clients.

KPI 4: SAFETY



KPI 5a & b: CLIENT SATISFACTION

Client satisfaction of 9.1 for product and 8.8 for service.

KPI 5d: FAIR PAYMENT

Fair Payment – 87% payments made within 30 days. It is estimated that widespread adoption of the principles and 'Fair Payment' practices set out in this guide would save the public sector some £200m rising to over £750m as the processes become embedded and the confidence in the system increases.

“save up to 2.5% on construction costs from the introduction of better payment processes.”

[OGC fair payment document](#)

Example Savings Made as a Result of Collaborative Procurement

Rolleston Primary School

- 4 weeks saved off the programme and £40,000. This was as a result of the contractor's early involvement within the collaborative contract. Changes proposed and accepted included adapting the design of the existing columns so they could be retained which saved disruption and the need to decant classrooms, amending the specification for elements of the building (roofing, windows, doors and rooflights).

Carlton Digby Special School

- £450,000 of value engineering items proposed to client on project.

Framework Facts & Figures

Cost efficiencies calculated using the OGC AEC quantification methodology.

Sub regional frameworks 9 x £150,000	= £1,350,000
Major OJEU projects 8 x £75,000	= £600,000
Major projects (not OJEU) 17 x £25,000	= £425,000
Minor projects 188 x £15,000	= £2,820,000
Repairs & Maintenance Sub-regional framework 9 x £150,000	= £1,350,000
Projected minimum* efficiency savings 5% x £139m	= £6,950,000
Total	= £13,495,000

*Projected minimum efficiency savings based on conservative view of recent NIEP figures.

What is empa Delivering

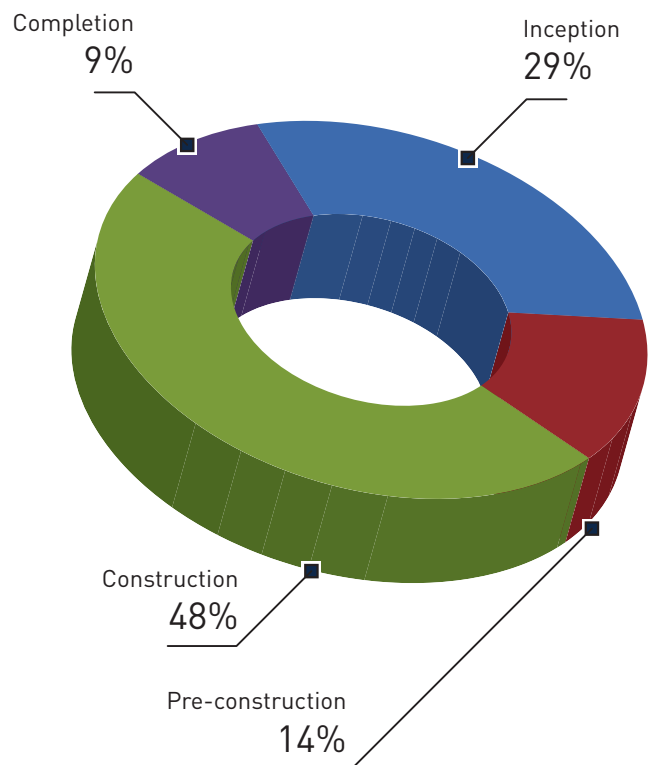
38 authorities in the East Midlands are benefitting from using empa. In the last two years 213 projects worth over £139m are saving the public sector £13.5m by collaborating on construction procurement.

“Local government revenue expenditure on procurement alone is over £50 billion and we could save millions through collaborative procurement models.” – RIEP the efficiency casebook.

“Public bodies are incurring unnecessary administration costs by duplicating procurement activity”... “value for money would be improved if public bodies worked together much more effectively than they currently do to maximise savings for the entire public sector.” – Audit Commission – a review of collaborative procurement across the public sector May 2010.

According to the OGC, the average IEP framework project generated a 7.5% saving, on the total value of work, when compared against the public sector benchmark.

Progress of Projects Being Analysed



Red Lion Quarter

CLIENT:	South Holland District Council
LOCATION:	Spalding, Lincolnshire
DESCRIPTION:	Town centre mixed-use building providing space for retail, training and meeting space Total GFA 3,660m ²
VALUE:	£5.75m
START DATE:	June 2009 (preconstruction) December 2009 (construction)
COMPLETION:	January 2011



Project Overview

The Red Lion Quarter will be a vibrant building with many and varied uses. Its key theme is that it is a local project, managed by local people for the benefit of the local economy.

The ground floor provides 3 retail units, a food court, a training kitchen and a restaurant. It is intended that the retail space and food court will be taken by local producers and the products used in the restaurant.

Boston College are funder and key tenant operating both the training kitchen and taking teaching space on the first floor.

A range of meeting spaces are being provided on the second floor for the use of local business.

Key Client Benefits

- Fast and effective start on site to achieve funding requirements
- Assistance with the legalities of neighbouring properties and boundary walls
- Commitment to procuring and employing locally
- Risk mitigation – Contractor took responsibility for discharging stringent planning conditions
- Early Contractor involvement to assist with Design and Value Engineering suggestions

Local Spend Profile (miles from project)



The Stakeholders



Community Engagement

Public Consultation:

- Public presentation day – 28th July 2009
- Project naming competition – Nov 2009
- Project website – Now Live (www.redlionquarter.co.uk)
- Time capsule burial – August 2010
- Topping out ceremony – September 2010

Education:

- Hoarding painting competition – Summer 2009
- Hoarding paintings on site – January 2010
- Students from Boston College are attending Design Team Meetings – Regular

Local Procurement:

- Meet the buyer – 6th November 2009



January 2010



18th August 2010



5th October 2010

Progress to Date

- Planning granted Christmas 2009 demolitions carried out 2010
- Piling and foundations completed February 2010
- Structural steel frame from D A Green of Spalding arrived 3rd March 2010
- Window installation commenced September 2010
- Final finishing trades including painting and tiling commenced October 2010

Key Facts

- 210 tonnes of steel included in frame
- 8 No. 6m² roof light brings natural light into building to reduce running costs
- 1,030m³ concrete in whole building
- Stone façade gives building presence and keeps maintenance costs down
- BREEAM: Very Good
- Green roof
- Solar hot water

“Willmott Dixon have worked very collaboratively to ensure that the project could commence in time. It is clear that the empa framework brings immediate construction and problem-solving benefits with additional involvement and engagement with the local community and with appropriate use of local contractors. The initial stages of the planning and construction processes have been very positive and the Council looks forward to continuing success.”

Richard Baggaley
Economic Development Officer
South Holland District Council



empoa
East Midlands Property Alliance

project case study



DERBY CITY COUNCIL

ASHE

Market Hall, Derby

CLIENT:	Derby City Council
LOCATION:	Market Hall, Derby
DESCRIPTION:	Roof repairs and ceiling refurbishment of a Victorian Covered Market in the centre of Derby
VALUE:	£500k
START DATE:	April 2010 (preconstruction) July 2010 (construction)
COMPLETION:	December 2010



Project overview

Derby Market Hall was opened in 1866 having taken two years to build. It is a fine example of Victorian building and at the time of its opening housed 180 stalls on the ground floor and the balcony.

Over the last 140 years the Hall has seen two major refurbishments, one in the late 1930s and the other more recently in 1989. This project was part of the planned maintenance, primarily to repair some leaks to the copper domed roof and the associated damage. Some of the timber substrate required replacement and the ceiling decoration had deteriorated therefore required renewal. The project also upgraded roof ventilation, external stone repairs and replaced sections of the copper roof.

The project has been completed successfully both on time, on budget and with minimal disruption to the stall holders trade.

The works have extended the lifespan of the building and improved the visual appearance of the current building while retaining the original Victorian features.

Key Client Benefits

- Assistance with various unknowns such as a underground voids located with ground penetrating radar
- Technical assistance with scaffolding design to value engineer down to budget – initial scaffold design was £1.2m
- Liaising with Conservation Officer to ensure works were compliant
- Completing scaffolding works overnight to ensure market remained operational at all times

The Stakeholders



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The Challenge

The brief called for 'The Market Hall' project to be completed whilst the market remained open at all times whilst ensuring the market stall holders were not being affected. This was achieved by working 12 hour shifts from 6pm to 6am over a 5-week period and constructed in a way that the scaffolding remained safe for the public over the entire duration. A deck was constructed over the market stalls to allow mobile towers to access the 18m high

level roof areas to complete the repairs and decorations. To add to the difficulty, voids (unchartered underground vaults) were rumored to be located within the existing building, so a Ground Penetrating Radar survey was carried out to ensure that the main column supports, taking 350 tonnes of scaffolding, were placed on firm ground. An external scaffold was needed to access the external areas of the project to enable the replacement of sections of the domed copper roof.

A smoke 'chute' was also constructed in the centre of the structure in order to maintain the existing buildings current fire/smoke controls. The 'chute' extended from the underside of the constructed deck up to the smoke vents, located in the centre spine of the roof. The deck was sealed with polythene to stop any dust and dirt falling below onto the public and market stalls.

Publicity

Due to the nature of the project it became of interest of the local media. The project appeared twice in the local press and also had a live broadcast from site on BBC Radio Derby.



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