

Client – North Tyneside  
Metropolitan Borough Council  
Partnering Contractors – Ballast  
Construction, Gordon Durham and Co.  
and North Tyneside Construction Group  
Designer – North Tyneside  
Building Design Agency

## North Tyneside Schools Programme

Movement for  
Innovation  
M<sup>4</sup>I



## Strategic partnering works in North Tyneside schools

North Tyneside Council has been selected as one of the BT sponsored 100 most visionary companies, winning the *Unexpected Special Award* for its North Tyneside Partnering Agreement (NTPA) that promotes savings in a continuing better value schools project. The challenge, arising from their asset management strategy, is a four-year, £80m programme of capital works to renew and refurbish schools.

Abandoning the traditional cost-driven, tender-led formula, they chose three building contractors on quality criteria alone. "Price didn't come into our thinking and the Council found that difficult to accept," explains Building Services manager John Hollingsworth. Under the North Tyneside Partnering Agreement, competitors and client together operate a procurement system that brings a radical improvement for all the stakeholders.

"Working with our contractors has been a liberating experience. Our architects now recognise that their role is enhanced, not undermined, and that contractors have a lot to add to the design," says Building Design Agency manager Andy Thompson.

Ray Atkinson, director of contractor Gordon Durham, reports: "The process of working in a 'team of contractors' has been a real success. Our other business is moving towards partnering becoming our principal source of work."

### Benefits so far

**Satisfaction** – Comparative analysis of early projects shows that customers are a lot happier. Satisfaction with the product rose from 7.1 to 8.9 while end user perception of service jumped two points from 7.3 to 9.3, putting the projects in the top 5% on the All Construction indicator.

**Best value** – North Tyneside is solving the problem of how to get the best value from the supply chain. They identified five substantial work packages with high cost sensitivity – roofing, mechanical services, electrical services, floor finishes, and external windows and doors. The best value suppliers are selected by collaborative value engineering using a model school design. The optimum solution supplier is vetted by the partners' Supply Chain Forum and becomes a preferred supplier to the strategic partnership.

North Tyneside is saving up to 50% on sensitive trade packages by offering long-term work and harnessing the trade contractor's design expertise. They are well on the way to cutting the overall construction cost by 15% during the programme.

**Recruitment and training** – "It's been a real eye opener," says North Tyneside's partnering manager Paul Conlin. "With a four-year programme, contractors can take on people and train them." Mark Taylor regional director of Ballast, the largest of the three contractors, confirms taking on nine apprentices and two technical trainees. "We wouldn't have done this had it not been for the stability of the partnering agreement," he says.

- ▶ Local Education Authorities
- ▶ Estate managers
- ▶ Contractors

Do you have problems with:

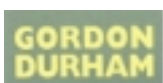
- Delivering multi-project works programmes?
- Getting the supply chain working for you?
- Partnering beyond single projects?



(from left) John Hollingsworth and Cllr. Rita Stringfellow (North Tyneside MBC), Ray Atkinson (Gordon Durham), Win Johnson (Ballast) and Norman Hurst (Construction Group)

### Lessons learned

- Don't be afraid to select construction partners initially on quality criteria alone
- Bringing more than one contractor into the partnership increases your buying power, capacity to get the work done and potential for partners to improve
- Focus on improving value in packages that historically show wide variations in prices and where specialist design by suppliers can be exploited
- Avoid excessive prescription of materials or systems.



## The Rethinking Construction Strategy Model applied to this innovation

5 Drivers	6 Processes	10 Targets for improvement
Leadership	Product development	Client satisfaction – product
Focus on the customer	Partnering the supply chain	Client satisfaction – service
Product Team Integration	Project implementation	Defects
Quality driven agenda		Cost predictability
Commitment to people		Time predictability
		Profitability
		Productivity
		Safety
		Cost
		Time

# Strategic partnering works in North Tyneside schools

## The challenge

The strategic review of nearly 50 schools in North Tyneside's in 1998 produced an £80m programme to renew or refurbish schools under the Council's capital plan. Of the Council's 30 building projects running at the time, many had claims and some had reached counter claim. Rethinking Construction offered answers, but with partnering in the public sector still in its infancy the question was how. The Council's 'Champion' and the Building Design Agency in association with the University of Northumbria's Built Environment Study Centre devised a trail-blazing procurement strategy that complied with EU procurement rules - strategic partnering simultaneously with multiple contractors.

## The solution

**Setting up the alliance** – North Tyneside's advertisement attracted 30 applicants. Following a two-stage qualification questionnaire, seven were invited to give presentations and three were selected. The whole process was facilitated by the University and culminated in a partnering workshop and charter.

**How the alliance works** – Two representatives from each partner - School Services (the client), the designer and the three contractors - make up an 11-member Core Group that steers policy and strategy. They also have a Supply Chain Forum to vet negotiated deals with preferred suppliers. The partners share the cost of the partnering manager and the supply chain co-ordinator.

The Core Group allocates projects to contractors according to their capacity and skills to do the work. Then a design and construct team is formed to run the project, from initial interview with the school 'client' through design, selection of suppliers, construction and commissioning. Design proceeds in consultation with selected potential suppliers until packages can be priced and a target cost agreed between the contractor's and the client's quantity surveyors. From that point, the contractor is paid a fixed (audited) fee for overheads and profit and there is a 50/50 share of cost savings and overspends. Best value negotiations with suppliers are gradually pulling down prices.

**Initial problems** – The team had to work hard under great political pressure to deliver. There were immense hurdles - limited designs, little cost data, planning approvals to be negotiated and what seemed like impossible deadlines. Head teachers were somewhat hostile clients because although the need was great, they feared the potential disruption. But project teams learned that it is possible to start on site without full consultation, costs and detail designs provided the client was impressed by early deliverables.

**Cutting out waste** - Strategic partnering has opened the door to waste reduction initiatives like larger volume ordering, specifying what is adequate for the purpose and no more, engaging specialist suppliers in design, exploiting the market place and flexibility of labour. The result is construction teams with more lean-construction savvy.

**How suppliers give better value** – NTPA set about to change suppliers' mindsets away from winning single projects at the best possible margin to negotiated best value prices. Package by package they explore who really wants to play ball. Becoming an integrated team member means sharing knowledge and experience, and creating solutions that are better value to the client, in exchange for a long-term relationship.

**Evaluation** – NTPA is assisting the university with data for a series of reports over the term of the partnership. They are examining how the partnership works and comparing performance with previous North Tyneside projects and current projects in other Local Authorities. They are monitoring four KPIs in particular - customer satisfaction with product and service, and predictability of cost and time to complete.

## Next steps

Having recruited a supply chain co-ordinator in 2002, NTPA is focusing on achieving better value with selected trade packages.

They are exploring Local Authority clusters to enhance their buying power even further.

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[www.gdurhams.demon.co.uk](http://www.gdurhams.demon.co.uk)

## Related topics

North Tyneside Partnering Agreement:  
[www.northtyneside.gov.uk/partnering](http://www.northtyneside.gov.uk/partnering)  
Reports on NTPA produced by Northumbria University are at:  
[www.sustainable-cities.org.uk/AspProcess/papersummary.asp?id=6](http://www.sustainable-cities.org.uk/AspProcess/papersummary.asp?id=6)

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## Our vision

is for the whole UK construction industry to create self-sustaining continuous improvement leading to **world class performance** and better profitability