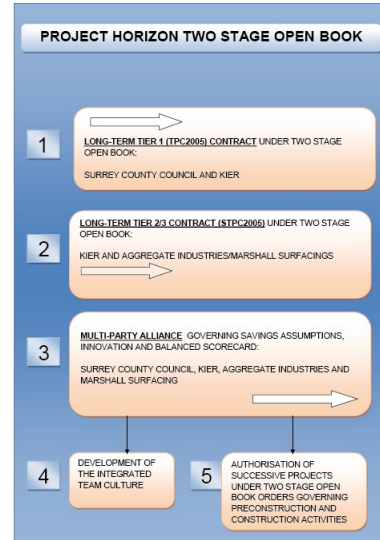


# Project Horizon

## Procurement route

# Two Stage Open Book under TPC2005



## Project details

<b>Client</b>	Surrey County Council
<b>Project value</b>	£100m
<b>Form of project</b>	Highways repair & Improvement programme
<b>Main contractor</b>	Kier
<b>Lead designer</b>	Kier
<b>Key suppliers</b>	Aggregate Industries Marshall Surfacing

## Procurement route description

The Two Stage Open Book is a system of preconstruction phase project processes governed by the early appointment of a full project team. This procurement model sees the Client invite prospective team members, whether for a single project or under a framework or alliance, to bid for a project based on an outline brief and cost benchmark. The Two Stage Open Book model reduces industry bidding costs and enables faster mobilisation. It provides the opportunity for Clients to work earlier with a single Integrated Team, testing design, cost, and risk issues ahead of commencement on site following full project award at the end of the second stage.

Surrey County Council set up a term alliance with main contractor Kier and supply chain members Aggregate Industries and Marshall Surfacing. This alliance helped in achieving substantial savings, improved quality, a range of social value, and an integrated team culture in the delivery of capital highways repairs and improvement across Surrey. An integrated team of subcontractors and contractors has been selected by Kier with support from Surrey County Council. This enabled early collaboration with the selected Tier 2 & Tier 3 supply chain members to maximise benefits. The Two Stage Open Book and Supply Chain Collaboration enabled a culture of collaborative working at all levels of the supply chain, and the creation of integrated project teams with better-defined roles for individuals employed by the client, main contractor, and other supply chain members.

## Key outcomes delivered via the procurement approach

-  substantial cost savings - total of 33.4% over five years
-  collaborative working helped increase recycling and reduce landfill
-  improved employment and skills outputs via the Employment & Skills Plan in accordance with the CITB Client-Based Approach
-  no major health & safety incidents with additional improvements to the project
-  improved whole-life value, including agreement of ten-year warranty for material and pavement design
-  time savings through lean programming of individual tasks
-  improved quality control through joint risk assessments
-  environmental responsibility & low carbon emissions

## Lessons learned

### training provision

In addition to the training and support required to implement Two Stage Open Book & Supply Chain Collaboration, extra training was needed for the creation of the integrated team. The additional training ensured the parties do not revert to previous working methods.

### embracing the change

Cultural transformation is at the heart of creating sustainable change. This requires a combination of strong contractual foundations and clear contract-led processes. It also involves the development of new delivery systems and embedding of new attitudes and commitments.

### knowledge sharing

It is important to share the knowledge and lessons learned to the wider industry. Investment by Surrey, Kier, Aggregate Industries & Marshall Surfacing in Project Horizon means that their new systems and techniques are now readily available to other clients and their project teams.

# Key challenges

## supply chain collaboration

The primary challenge was to clarify how the client would support strategic Tier 2 supply chain engagement without disrupting the Tier 1 contractor's supply chain management.

## personal leadership

To successfully implement this project, personal leadership was required. The client needed to take the lead in demonstrating its commitment to creating and supporting an Integrated Team with a collaborative culture. The recognition of different stakeholder interests in client and contractor organisations needed to be identified, consulted and persuaded.

# Positive opinions



### Cabinet Minister of Efficiency

“Project Horizon is the way the industry should, in the future, be working together.



### Manufacturer & supplier of building materials

“From the outset we recognised that building an effective partnership was essential to success. Through collaborative practices financial savings have been realised in terms of improvements to safety, the environment and pavement quality. These practices on Project Horizon have been recognised by the Highways Excellence Magazine Awards 2014 - winning 'Highway Partnership Award'.



### Construction & infrastructure services provider

“Working with Surrey County Council and the supply chain to deliver £120m of work for £100m on the fourth busiest road network in the UK, dramatically improved the condition of the roads in the country. It drove down the cost of materials and increased investment in new techniques and equipment.



# Client objectives & vision

Surrey County Council had already developed systems for Early Contractor Involvement in its previous work with Carillion Highway Maintenance and Ringway Infrastructure Services under the TPC2005 form of contract. It had achieved significant savings through the development of a joint Tier 2 supply chain initiative with the contractor. It has established its vision as to how this should be taken forward following the Two Stage Open Book selection of Kier as its new Tier 1 contractor. Surrey also trialled new approaches to Tier 2 & 3 engagement through its work with the SE7 group of local authorities.

Surrey was aware that the efficiency of the highway works would have been limited if contractors did not have visibility of the full details of the work schedule. Moreover, the entire supply chain needed to be involved at an early stage in planning the work schedule. To overcome these problems, Surrey developed a five-year capital programme for carriageway works and used Two Stage Open Book Supply Chain Collaboration processes to create an integrated supply chain. The integrated supply chain would enable the delivery of the programme for a significantly reduced cost.

The vision of the Surrey County Council is to demonstrate that the same techniques as those used on Project Horizon can achieve comparable savings and benefits for the SE7 group members and other local authorities. This would be achieved through the creation of a Supply Chain Collaboration Toolkit under the Highways Maintenance Efficiency Programme. This Toolkit was launched in June 2014 using lessons learned on Project Horizon to provide the basis for other highway authorities to achieve comparable savings and improved value.

## The reason for this approach

Surrey used the TPC2005 standard form of contract which describes the processes for the Two Stage Open Book procurement and Supply Chain Collaboration. These were adopted by Kier, Aggregate Industries, and Marshall Surfacing through a series of predefined activities. Kier, with support from Surrey County Council, ran an agreed process to select Tier 2 subcontractors and Tier 3 suppliers to create an integrated team that helped in delivering the five-year programme of capital highways and repair works. This enabled early collaboration with the selected Tier 2 & 3 supply chain members while maximising savings, added value, and joint identification of opportunities.

The TPC2005 form of Term Partnering Contract underpins Two Stage Open Book and Supply Chain Collaboration as it sets out clear communication, design development, cost, and risk management systems. It also provides contractual timetables for all Supply Chain Collaboration activities. It has been used with minimum amendments and with no liquidated damages, retentions, general liability caps, or performance bonds. Pursuant to the TPC2005 contract, the parties entered into a four-way Alliance Agreement to establish supplementary arrangements for joint working on Project Horizon.

In 2016, the TPC2005 contract form was updated and republished as the 'TAC-1' term alliance contract. The four way Alliance Agreement was a prototype for the published 'FAC-1' framework alliance contract, and in 2017 FAC-1 was used by Surrey and Kier on an additional highways Supply Chain Collaboration which achieved further savings of 8% and new social value commitments by multiple Tier 2 trades.

## The difference from traditional approach

- this approach shows how client-led collaborative contractual systems can help reducing design and construction risks for all team members
- the Two Stage Open Book procurement route encourage early exploration and agreement of improved economic, social and environmental value
- it provides innovation through collaborative working, for example to increase recycling and reduce landfill
- this procurement route supports the creation of an integrated project team with better defined roles and tasks for individuals employed by the client, Tier 1 contractor and Tier 2&3 supply chain members

## Client's observations

### Surrey Council

“The Two Stage Open Book enabled a culture of collaborative working at all levels of the supply chain, as well as the creation of integrated project teams with better defined roles for individuals employed by the client, Tier 1 contractor and Tier 2/3 supply chain members.

Project Horizon was a joint client/main contractor initiative leading to creation of new long-term relationships with Tier 2 and Tier 3 supply chain members. Its objective was to bring the Surrey local roads network to its optimal state, to reduce operating costs and provide wider economic benefits.

For more information on the case study click [here](#)