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Norwich Bus Station

## Strategic Partnership by Norfolk County Council

<b>Contractors:</b>	Mott MacDonald, May Gurney
<b>Client:</b>	Norfolk County Council
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<b>Region:</b>	East of England
<b>Sector:</b>	Local Government, Infrastructure
<b>Contract value:</b>	£40m
<b>Themes:</b>	Integrated teams, cross-authority collaboration

### Consultees:

<b>Tony Palmer</b>	<b>Business Manager, NCC Planning &amp; Transportation, Highways Operations Business Development Manager &amp; Constructing Excellence Project Manager</b>
<b>Stewart Parnell</b>	<b>Mott MacDonald Divisional Director</b>
<b>Alan Loughlin</b>	<b>May Gurney Partnership Director</b>

### Leadership provides the starting momentum

Possibly the most difficult but most important step in the improvement process necessitates a leader recognising an opportunity.

Tim Byles, Chief Executive, Norfolk County Council (NCC) led Rethinking Construction in local government at a national level on the LGTF Board. As part of NCC's Highways Best Value Review, a project was initiated to investigate how to deliver the £170m per annum that the Planning and Transportation Department spend on services including roads, bridges, transport planning, passenger transport, waste, environment and planning.

### Investigation that sells the case

The second key initiative was the thoroughness of the study and the degree of consultation with both internal and external stakeholders. NCC conducted an investigation of a range of procurement models and possibilities analysed using the Mixed Economy Procurement Toolkit, an in-house process developed by NCC and the LGTF.

A management away day started the study work, helping to deepen support and acceptance of the need to look at the whole range of services provided by P&T rather than just the highway services.

Interviews with all the interested parties took place, starting the process of change. Importantly, those interviewed included contractors, sub-contractors and suppliers.

Uniquely, the study made a case for a combined organisation working in partnership fully adopting 'Rethinking Construction Principles'. NCC wanted to retain its own in-house contractor and design teams working within the Partnership. Norfolk County Council competitively tendered in the OJ combining the Council's Planning and Transportation department in a single organisation with a 'Works Contractor' and a 'Design Consultant'. Contracts were awarded to May Gurney and Mott MacDonald and the partnerships commenced in August 2004.

Each organisation provides resources for those parts of the work best suited to their capabilities but share resources with joint delivery teams and joint detailed work plans. In all cases, team selection comprises best person for the job and elimination of all forms of man-to-man marking. An audit process ensures the probity for the County Council. A Strategic Partnership Board oversees the Partnership with an Executive Management Team, with representation from all three organising, co-ordinating and running the Partnership on a day-to-day basis.

At the time of the study, few other County Councils had attempted anything as ambitious as an integrated team partnership between in-house personnel and external partners. Most partnerships involve a Consultant & Contractor with Council employees normally being TUPE transferred to those organisations.

Compulsive Competitive Tendering (CCT) rules ended at the right time to allow NCC to take full advantage of the Best Value concept to integrate teams in single partnerships.

## Tender Evaluation process

Evaluation of tenders involved a number of P&T teams with other NCC representatives, each analysing a section (Financial, H&S, Quality, Resources etc) and scoring a range of pre-selected parameters given weightings with 60% assigned to non-cost quality elements and 40% to tender cost related parameters).

## Form of contract that enables change

Crucially, the contract includes incentives. There is an initiative sharing process where each party takes a share of any savings with 50% to NCC and 50% for partners – this is split 40/10, 10/40 or 25/25 depending where the idea comes from. This has recently been extended to May Gurney's supply chain, where they will share the partners' proportion 50/50 for any initiatives they generate.

The NEC suite of contracts provides the basis for the contract documentation, with Professional services as the basis of the Design Contractor and Option 'C' target cost pain and gain sharing for the Works Contract. However, the new NEC 3 contract has even more benefits and the partnership may adopt that in the future.

In addition, for 2006/07 the in-house highways operations DLO and May Gurney have developed a fully integrated team resulting in over £500k of savings. A single business plan incorporates financial targets based on the original contract pricing and in-house requirements. Any savings against the tightening year on year budget are shared 50/50, driving efficiencies.

### Joint plans to improve

A joint management plan details milestones for the 10-year partnership. This includes a detailed risk register. All individual projects require a risk register assigning risks to the partner best able to mitigate that risk. Plans also include detailed resource needs to meet the following milestones:

**Milestone 1** – Single Management Arrangements – Achieved Nov 04

**Milestone 2** – Single Management Plan – Achieved April 05

**Milestone 3** – Demonstrable Savings – Achieved during 2005/06 – £1m saved

**Milestone 4** – liP for Partnership – Achieved 2006

**Milestone 5** – 70% of Subcontract work including in Partnership KPIs – Continues, currently around 50%

**Milestone 6** – Fully Integrated Systems – Continues – most systems included 50%

**Milestone 7** – Single Culture for whole Partnership – On-going – 2006/07 150 managers sent on 3-day or 2-day culture change training, ½ day for all other employees including the work force

## Create the culture

A team of senior managers across the partnership, championed by P&T's new Director Mike Jackson, identified the required behaviour and values



Great Yarmouth – Marine Parade

expected within the Partnership. The Partnership Vision and these behaviours and values were communicated through meetings to every employee within the partnership.

In the early part of the partnership, over 500 employees and operatives attended seminars led by management, which explained the journey of change, including how everyone needed to be fully involved and the results expected.

- Senior management involvement ensured everyone understood the level of commitment and could see management walked the talk.
- Change champions work within the teams in each area and report to a Leadership Forum of senior managers and team leaders, which meets quarterly.
- Every six months staff surveys provide the basis of a continuing action plan.

Culture change progress has reached a stage now where it is difficult to tell which company a person works for – thinking is almost entirely partnership, with everyone wearing the one hat. Excitingly, financial gains and service delivery improvements can now start to be fully realised.

One lesson learnt from the NCC experience is to start the culture change process as early as possible, ideally as soon as the tender has been awarded before the official contract start. NCC had a period of six months implementation after the contract signing before the change process really commenced.

To reinforce the change process, regular social events take place, organised by each of the three partners in turn; at these events there is pressure between teams rather than between partners.

## Ensuring initiatives happen

An initiatives group promotes and manages initiatives to ensure maximum capture.

An initiative report available to everyone in the partnership shows the status of initiatives at all times. Totaliser are displayed on all notice boards.

Monthly initiative meetings are held to discuss issues and ideas. Not all ideas prove useful but the partnership happily trials ideas and accepts some make mistakes. Initiators can receive substantial financial rewards depending on whether the idea is successfully implemented.

Change takes time, gradually everyone in all three organisations have more and more understanding of the importance that savings really matter. With that commitment from everyone, savings of £1.1m achieved last year continue to grow with a target of a further £1.5m saving this year.

### Measuring performance

Facilitated workshops develop KPIs for use by organisations in the supply chain.

The partnership has taken the decision to use Constructing Excellence KPIs with their proven benchmarking opportunities, though they have yet to be fully implemented across all sections of the partnership. The partnership measures performance monthly within their element of work, aggregating them though proves difficult.

Frequent end-user surveys provide confirmation that the partnership works for the people of Norfolk.

### Developing people – management, team and individuals

Many of the Partnership's staff report to a manager from another company, consequently staff development must be jointly managed.

Confidence in the joint programmes means quality applies in the same way to everyone. Responsibility to do a good job rests with each person. Once understood, self-certification with minimum external audit for probity works well.

Every job includes a skills profile. At every annual appraisal, a gap analysis identifies individual training needs, resulting in a learning development programme for the whole organisation. A full training matrix for all staff and operatives is being finalised.

Full implementation of CSCS cards awaits a solution to outstanding grandfather rights for a portion of the workforce. Plans are in place to bring every employee who wishes to, up to at least a NVQ Level II.

### Develop common integrated systems and processes

The Partnership recognised the importance of processes and the need to have integrated systems for the best advantage of the partnership.

There are a number of teams working on the integration of partner systems. Each team comprises a project leader assisted by representatives from each organisation. The idea being to apply a common approach

across the Partnership to develop through the business mapping of each process. So far, improvement initiatives have occurred in many areas. However, a key lesson is that one must involve all interests including the councils' legal, risk and insurance, audit and finance departments.

Importantly improvements must encompass best use of ICT, skills, modern materials, mechanisation and automation.

### Rollout down the supply chain

The ideas and concepts developed in the partnership are gradually being rolled down the supply chain. There are several long-term sub-contracts in place with specialists including traffic signals, road markings, traffic management and surfacing organisations.

Co-location is encouraged with the traffic signal subcontractor located at County Hall and the road marking and street lighting sub-contractors working in May Gurney offices. All the Mott MacDonald designers are also located in the P&T offices. Co-location provides greater opportunity for hot-desking and gives seamless operation, helping with ECI and providing savings of over £100k per annum.

### Celebrating partnership success

The partnership conducts work for other bodies beyond those for which an obligation exists. One such success is the Norwich St Peter's Street Scheme (client Norwich City Council) and Great Yarmouth InteGREAT (client Great Yarmouth Borough Council). The Partnership acts as consultant on these schemes and the in-house design team works with Mott MacDonald on ECI together with the contractor May Gurney and skilled labour resource provided by the NCC in-house works department.

The partnership has also received awards for its LTP (best submission in the country), its new Norwich Bus Station (Civic Building of the year award) and Beacon Status for Rethinking Construction in 2003 and Road Safety in 2006.

Such performance encourages everyone in the team, while working through ECI and the target costing contracts give added savings to the external clients outside the partnership.

To ensure everyone knows what is happening within the partnership, newsletters and notice boards publicise successes as they occur and the whole team is encouraged to make outside presentations (locally and nationally) to further share the success and spread the learning experience.



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