

25 June 2014

**SCHOOLS REPAIRS & MAINTENANCE PROGRAMME – EVALUATION OF
QUALITY FEEDBACK**

Report of the Director of Children's Services

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1. Purpose of the Report

- 1.1. At the last Schools Forum it was requested that a further breakdown of the capital programme feedback was reported together with an initial view on the challenge around whether consultants in particular are offering value for money.

2. Recommendations

- 2.1. This report is for information and comment.

3. Background

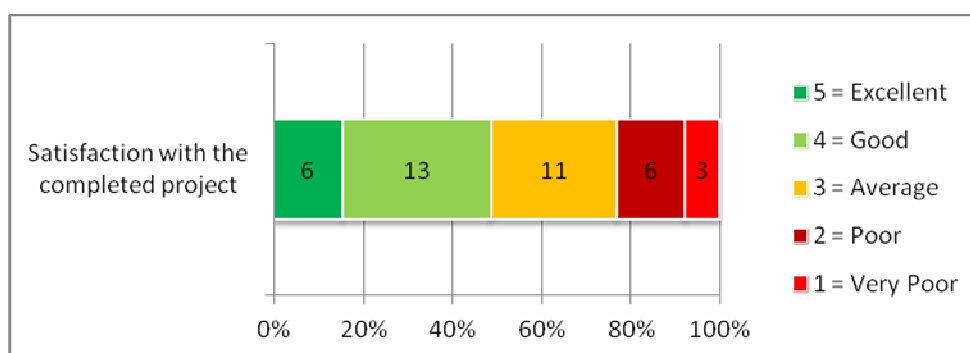
- 3.1 At the last meeting of the Forum it was explained how the current framework for procuring Construction Related Project Management expertise was introduced in 2011 for a period of four years. The new arrangement replaced a long standing contract with Mouchel and Mace which in turn had replaced a longer standing arrangement with Amey Property Services. The new arrangement known as the CRPM framework provided regular competition amongst consultants competing for Hertfordshire work and has saved significantly on costs, thus enabling more work to be done within the funding available for schools.
- 3.2 Feedback since CRPM was introduced has been critical of the value (quality) provided by consultants in overall project performance and the recent survey was designed with this in mind. The focus here is on consultant performance, on the basis that effective consultants can drive improvements throughout the project. It should not be presumed that consultants are singularly responsible for any negative experience. There is also criticism of contractors and to some extent HCC's involvement.

- 3.3 Work requiring consultancy support is commonly tendered in batches and there have been 55 call-offs from the new framework since it began. The majority of these relate to schools (capital maintenance or expansion works) and the total value is in excess of £3m. The same mechanism however applies to all non-routine work across HCC's property portfolio and the framework can be used by others including schools and other Hertfordshire authorities.
- 3.4 Analysis of the costs of consultancy as a percentage of the total works costs indicates that of the most recent 16 batches of schools work (£37.8m of works) the fee costs vary from 2% up to 5%. The highest fees are levied for those batches with only one or two schools in. In absolute terms this represents a value between £750k and £1.89m split between three different consultants over two years. It is a large amount of money and worth probing its value.
- 3.5 It is however important to set this in context and, by comparison, analysis of earlier schemes managed under previous arrangements indicates a fee percentage of between 7% and 15%. On the face of it this would have cost Hertfordshire between £2.646m and £5.67m. In simple terms therefore the new arrangements have saved a minimum of £750k and arguably nearly £5m.
- 3.6 The challenge raised by the Forum however asked how the costs compare with those projects managed by schools. £16m of projects were managed directly by schools. The mean fee rate was 4.2%. From time to time we have offered additional support to schools where fee levels appeared to be unacceptably high. Nothing is known however about the Academy or VA sector where capital projects are funded through other channels. It would be interesting to seek some data from these projects to compare with.
- 3.7 We are aware, though, that in bidding guidance to Academies the EFA stipulates that *“Maximum limits (not allowances) for professional fees including any in-house project management costs are:*
- *minor works projects (e.g. windows, roofs) – 10% of total project cost “*
- 3.8 Whilst it is likely that individual projects procured in isolation will be more expensive to deliver both in terms of fees and works costs than batched projects of similar works, it is nonetheless interesting that EFA regards as acceptable fee levels more than twice as high – up to 5 times as high -- as those we achieve locally. This does suggest that the general experience nationally of projects run by individual Academies is that their fee costs are much higher than those we achieve in Hertfordshire.

4. Capital Project Evaluation

Overall Satisfaction

- 4.1. A total of 38 responses were received to the survey which ran from 4th April to the 25 May 2014. This represents approximately half of those schools surveyed and provides a representative sample from the programme.
- 4.2. Encouragingly 50% of those responding described the experience as good or excellent. Comments include: “What a difference the new windows and doors have made to the school”, “a huge improvement on what we had previously”, “we love it!”.
- 4.3. Rather less encouraging were the 24% who found the experience to be poor or very poor. This is characterised by the following comment: “I would say it has been the most stressful (project) and required significant amount of intervention on my behalf – disappointing” and a number relating to the “huge number of defects still outstanding”.
- 4.4. The following chart provides a summary of the feedback:

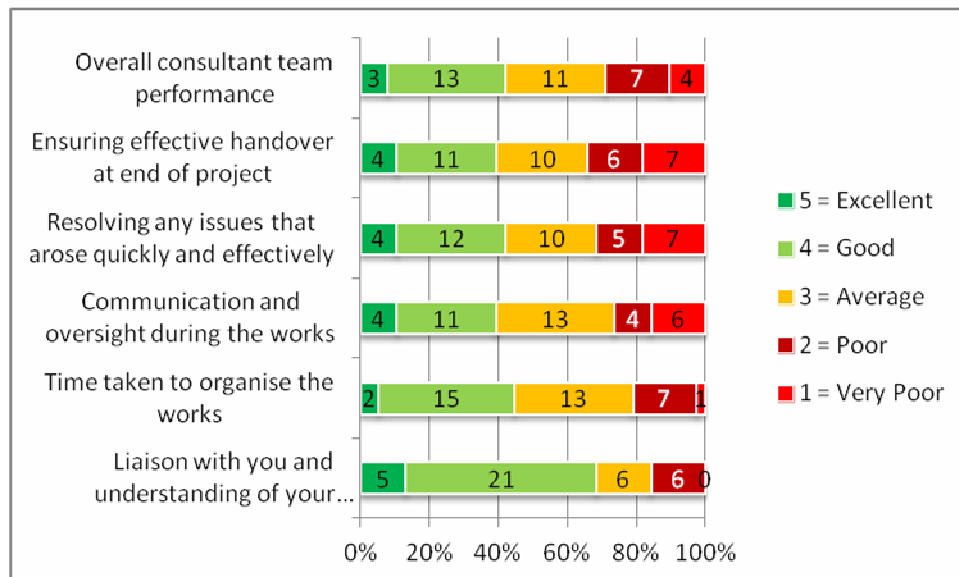


Consultants feedback

- 4.5. One of the most striking observations is the confusion between the roles of consultant, contractor and HCC. Many of the comments are therefore centred on this lack of clarity.
- 4.6. Feedback was provided in respect of four separate consultants. Artelia (formerly known as Appleyards), Atkins and Ingleton Wood who secure work through the CRPM framework and Mouchel who manage the majority of schools managed projects.
- 4.7. Overall the consultants performed disappointingly with just over a third (37%) considering them to be good or very good. They also attracted the most negative responses with 29% considering their performance to be poor or very poor. It is not possible to provide a meaningful breakdown against individual consultants and there is no strong bias in favour of any one of them. Each attract a similar level of criticism and praise.

4.8 Consultants performed well in relation to 'liaison and understanding of schools requirements prior to project' with over 68% considering them to be good or very good. Even so 15% still considered them to be poor in respect of this. 'Resolving issues quickly' during the project and 'ensuring effective handover' at the end of the project also let them down.

4.9 The following chart shows the full breakdown of responses for the consultants:



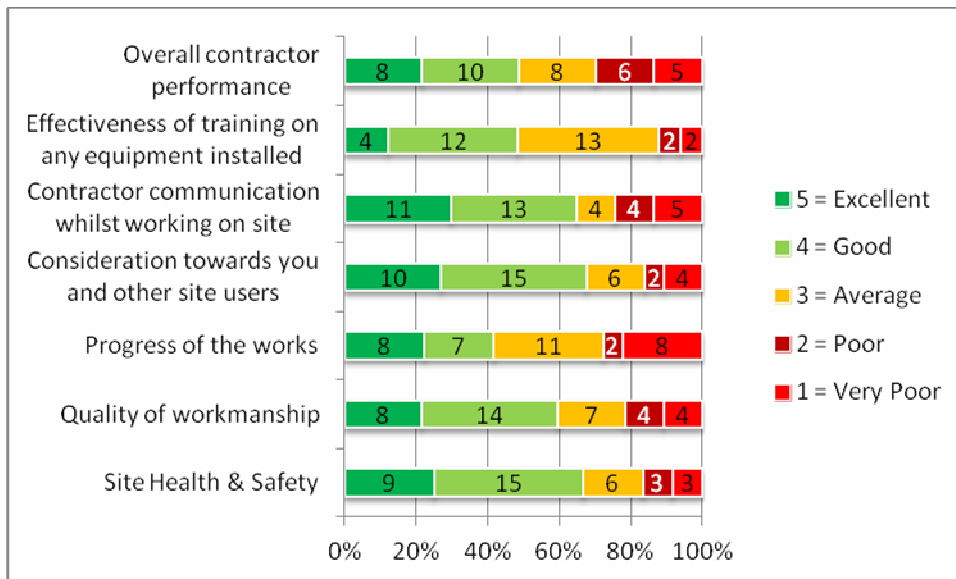
Contractor feedback

4.10 Feedback was provided on projects delivered by 16 different contractors.

4.11 Overall, the contractors performed better than the consultants, with nearly half (49%) considering their overall performance to be good or very good. There was still a high level of criticism though with 30% considering them to be poor or very poor.

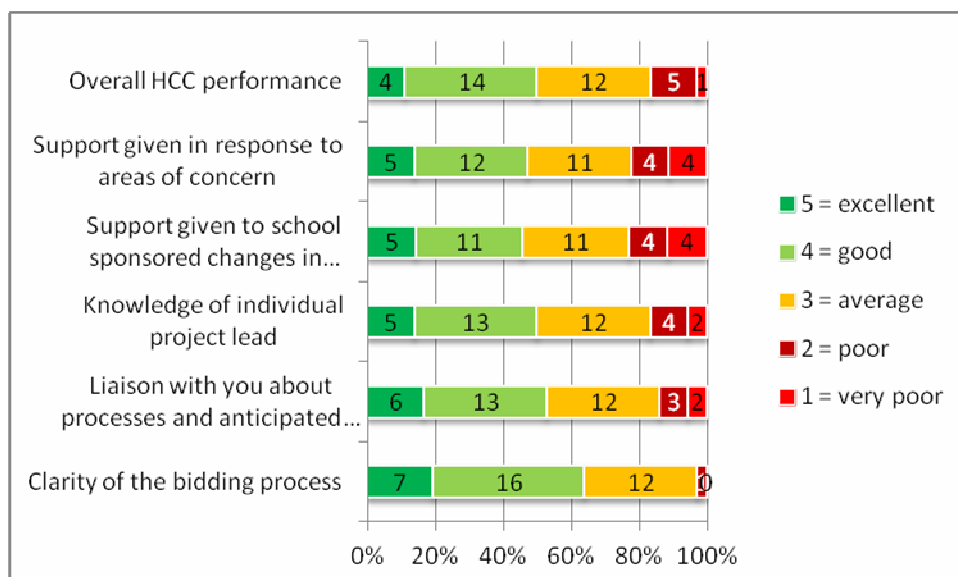
4.12 Contractors generally performed well in respect of 'effective training on equipment', 'consideration of site users' and 'site health & safety'. This is obviously encouraging but in all cases between 10% and 15% still found them poor or very poor. The greatest criticism was levelled at 'progress of works' where 27% found this to be poor or very poor.

4.13 The following chart shows the full breakdown of responses for the contractors:



HCC feedback

- 4.14 Feedback was provided on the HCC involvement in the project. This was provided by a number of different officers all within the Building Management Team.
- 4.15 Overall performance was generally positive with 50% considering our involvement to be good or very good. 16% still reported it to be poor with one considering it very poor.
- 4.16 The clarity of the bidding process for capital funding was universally supported with only one respondent considering it to be poor.
- 4.17 The greatest areas of concern relate to ‘support when things go wrong’ and support for ‘school sponsored changes’ with 22% considering this to be poor or very poor.
- 4.18 The following chart shows the full breakdown of responses for HCC:



5. Lessons to be learnt

5.1 The following are the key lessons that need to be taken on board:

- The need to provide clear expectations at the outset about the roles and responsibilities within each project;
- The importance of maintaining timely communication between all parties throughout the life of the project;
- The need to ensure that prompt action is taking to address poor performance by consultants or contractors within the frameworks;

5.2 It is broadly considered that the consultants are the key to improving quality of the experience. The broad strategy retains a reliance on them to be HCC's eyes and ears on projects and to provide assurance to schools. This relationship and our expectations of them needs to be more rigorously enforced.

6. Next steps and actions

6.1. The evaluation has proven to be very useful and a similar survey will be undertaken once a significant number of projects have finished.

6.2. HCC will be sharing the findings individually with consultants and using the opportunity to improve performance for current ongoing projects.

6.3. HCC are in the process of re-procuring the CRPM framework and will be engaging with the wider pool of consultants as part of this. This will provide the opportunity to clarify expectations and introduce more formal performance monitoring to enable swifter action when performance is below the standard we expect.

6.4. HCC is also developing further advice and training support to schools wishing to undertake works directly in the future.