

Showcasing Excellence

The adoption of fair payment practice



"Eliminating retentions in contracts cannot alone ensure that we achieve greater efficiencies, but it does have an important role to play as part of an overarching approach. Efficiency is not about short-term cost-cutting but rather about ensuring long-term improvement of public services. By removing retentions from contracts we not only ensure a greater trust and as such improved delivery, but we also oil the wheels of local business, including SMEs, ensuring more sustainable communities."

Mike Foy, Assistant Chief Executive, St Helens Council

Ensuring fair payment practices: zero tolerance on contract retentions

Nestled between Liverpool and Manchester, St Helens has seen significant investment in regeneration over recent years, spending around £20 million annually on construction contracts. A relatively small council, it is important for St Helens to retain a mixed economy of contracts both partnering, and traditional, but it has committed to a Procurement Review Process, to ensure the best procurement route is chosen for every project.

Like so many other councils across the UK, St Helens is under pressure to deliver maximum efficiency gains, but it has steadfastly refused a focus on lowest cost as sole success criteria. 40% of its total spend on construction projects is currently via partnering projects, all of which are subject to a no retentions policy, encouraging reciprocal trust throughout the team. They hope that this figure will increase significantly over the next 12 months, thanks to the widening of the application of partnering arrangements and the letting of their first framework contract. This method of open-book working is playing an important part in the council's overall efficiency drive – both for cashable and non-cashable efficiencies.

The policy aims to instil confidence and trust across the project team while improving predictability in terms of time, cost and quality.

Stamping out retentions: key benefits gained:

- Cost is not the initial focus, and an 80% quality, 20% cost policy is adopted in the evaluation and appointment process.
Benefit: Focus on the wider project objectives which include greater trust across the project team, ensuring a strong collaborative working ethos that delivers added value and a commitment to achieving goals.
- An open book environment, ensuring greater degrees of trust and confidence by offering reciprocal guarantees as to the cost reimbursement model.
Benefit: Reduced risk from the outset of the project and access to the supply chain in an open manner ensuring value engineering processes are meaningful and accurate as to their outcomes.
- Contractor involvement early on in the project.
Benefit: Contractors input as to supply chain access and buildability of design providing non-cashable benefits, including improved predictability on time, cost and quality.
- Actively encouraging the involvement of local businesses, through facilitating links between contractors' partners and the Chamber of Commerce.
Benefit: Supporting of local businesses, including SMEs, to ensure a vibrant regional economy and sustainable communities with long term relationships being established to grow beyond the immediate project.

The facts

Partnering which includes a no-retention policy pays:

- Up to 20% cost savings
- Up to 33% time savings
- Up to 95% overall client satisfaction

"This method of working cements a trust between the Contractor and Client. It also promotes good team work, which ultimately benefits the whole process."

**Peter Grieve, Divisional Construction Director,
Shepherd Construction**



Project snapshots:

Projects procured under a partnering contract, with a non-retention policy have achieved the following benefits:

Bleak Hill Primary School, St Helens:

- Cost saving: 16.57%
- Time saving: contract period reduced from 78 weeks to 52 weeks, giving a 33% reduction on time
- Satisfaction: 88%

City Learning Centres at Rainhill and Haydock High Schools:

- Cost saving: 20%
- Satisfaction: 95%

Lansbury Bridge Special Educational Needs School, Parr, St Helens:

- Cost saving: 17%
- Time saving: contract period reduced from 78 weeks to 65 weeks giving a 17% reduction.

Next steps:

The next step for St Helens Council is the implementation of its far-reaching procurement strategy that will extend the use of partnering arrangements. This will involve setting in place a range of strategic framework agreements within prescribed work values and work content – broadly divided

between Major Capital projects; Planned Works projects; Repairs, Maintenance and Alteration contracts and a Partnered Facilities Management Contract for Building Engineering Services.

How does your project measure up?

To share your success please contact:

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