

THE NORTH TYNESIDE PARTNERING AGREEMENT (NTPA)

Paul Biddle • David Greenwood • Mark Mawhinney

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S U S T A I N A B L E C I T I E S
R E S E A R C H I N S T I T U T E

Abbreviations

BDA – Building Design Agency

CCT – Compulsory Competitive Tendering

DLO – Direct Labour Organisation

DPI – Detailed Performance Indicators

KPI – Key Performance Indicators

NTMBC – North Tyneside Metropolitan Borough Council

NTPA – North Tyneside Partnering Agreement

UNN – The University of Northumbria

This report “The North Tyneside Partnering Agreement” (NTPA) discusses and analyses how the NTPA was established and it covers the following areas:

- A background discussion of partnering to place the NTPA in the wider context.
- Why partnering is relevant in construction.
- Why North Tyneside Metropolitan Borough Council (NTMBC) decided to adopt partnering.
- The placing of partnering within the policy framework set by the government - Best Value, Key Performance Indicators and Benchmarking.
- The selection process NTMBC used to choose partners – including a discussion and analysis of this process.
- How the NTPA was developed, in workshops, with facilitation from the University of Northumbria (UNN) and the allocation of works.
- A discussion of issues identified in the analysis of the selection procedures and workshops.

This report is the first of five with the other subsequent reports being:

“Comparison of Performance pre and post NTPA” – This report will be a feasibility study of the comparative analysis of pre and post NTPA projects. This will include data analysis on performance.

“Inter Project Reviews and Continuous Improvement Report” – This report will focus on benchmarking across the Partnering Agreement itself.

“Performance Of Partnering In Local Authorities” – The performance of the NTPA will be compared to similar local authority and public sector construction projects.

“Final Report” – This report will be a best practice guide.

Executive Summary Of This Report

- Partnering was advocated by The Divisional Manager of Design and Construction (subsequently the Council Champion) within NTMBC. It was successfully promoted to the authority which adopted it as a policy. This was a result of the work of The Divisional Manager of Design and Construction.
- The selection process, involving two questionnaires and an interview/presentation, was well organised and well executed. The research carried out indicates no major problems were met by any of the parties involved. It was a rigorous selection process that achieved its aim of selecting effective partners.
- For potential partners past experience of working on school projects and with NTMBC seems to have been important. All the successful contractors had previous experience here and felt this to be significant. However it should not be drawn from this that those companies which had past experience of working for NTMBC were automatically chosen, to be a part of the NTPA, due solely to this experience alone. Companies which did have past experience were not chosen. Past experience was just one of several factors that decided selection. The various issues covered by the Primary Questionnaire were important in deciding selection. The answers given here decided the ranking which, in turn, narrowed down selection. Those companies that were successful in the interview stage were chosen largely on the basis of their presentational style and how they put themselves and their company over to the selection panel. Past experience was a factor but it should not be seen as the single deciding factor in the selection of partners.
- The workshops to develop the NTPA were effective and well received. They generated a sense of ownership (through the process of developing performance indicators (the DPI's), a range issues to focus on and performance indicators to measure these and illustrate Best Value.
- The target date for the NTPA "going live" was only marginally exceeded. The Charter was produced around two weeks beyond the target date for the NTPA "going live". Furthermore the timescale between deciding to establish the NTPA and the commencement of works under it was felt to be considerably shorter than if a traditional tendering approach had been adopted. It could be argued that "going live" ought also to constitute an established set of performance indicators as well as a charter. NTMBC did

not envisage this. For them “going live” referred to the formulation of the Charter. Therefore the date for “going live” was broadly met.

- The conflict resolution procedure in the NTPA appears to be weaker than the kind recommended by best practice. NTMBC argued they wished to avoid a detailed, quasi legalistic approach to dispute resolution. This approach has, to date, worked perfectly well. The potential weaknesses of the conflict resolution procedure have been recognised and a consultation document is now being produced with a view to strengthening the procedure. There is a likelihood conflict resolution could become more formalised in the near future.
- This report highlights that the facilitation, involved in establishing partnering, is more complex and ambiguous than is often supposed. Facilitation necessarily strays into advocacy in order to propel partnering forwards in the workshops phase.
- On certain occasions NTMBC did not follow existing perceptions of how to undertake partnering (often for reasons specific to the authority which made this necessary). Generally however currently existing prescriptions were followed. The selection process and establishment of the NTPA was successful and this validates the approaches followed as effective tools to help implement partnering. Thus this validates the texts on best practice which promote such approaches. In some instances, where suggested practice was not followed, this had benefits of its own. For example the brevity of the information contained in NTMBC’s desire to partner advertisement allowed the scope for issues to be mutually agreed which fits well with the ideology of partnering.
- The NTPA includes several innovative developments – most notably the appointment of a Partnering Manager, a focus on a strategic approach by a local authority, the waiving of standing orders and liaison with outside bodies.

This report describes the establishment of the NTPA which, generally, was thorough and followed current perceptions of how to set up partnering, with only a limited number of specific deviations. These appear to have had no significant negative impact on the overall process. The problems and issues noted, whilst important, should not deflect from the overall view that the establishment of the NTPA was professionally and successfully carried out.

Research Methods

As will become apparent to the reader, the primary research for this document , was carried out by the use of semi structured interviews. That is there were questions or areas that were included on the schedule created for each interview but, within this context, the respondent was free to discuss other related issues. This was designed to a fuller account of the development of the NTPA. See “Interview Details” in appendices for full information about these interviews – including dates and locations.

Introduction

In recent years Partnering has received significant attention within the construction industry because of the purported benefits this approach brings to the parties involved in to the wider community (see for example Bennett and Jayes, 1995, Ogulana, ed, 1999). Furthermore Partnering is a means through which the recommendations of the Egan Report – a client driven, target focused, integrated approach that is based on alliances rather than confrontation – can be achieved. Partnering also is a mechanism through which Best Value may be achieved. The potential of Partnering to do all of this will become clear subsequently. This is the reason for analysing the North Tyneside Partnering Agreement (NTPA) - to see the extent to which the potential of partnering is being realised in the British construction industry.

The first in a series of reports about the NTPA, this report focuses on the selection of partners and the establishment of the NTPA. It is designed to provide a narrative account of this stage that explains how partnering was established and developed and what and who was involved. Furthermore the report is also designed to analyse pre -partnering to highlight strengths and weaknesses in the case of the NTPA compared to suggested practice. This report, based on the evaluation of the selection process and the development of the NTPA, can become a useful guide for others to refer to when setting up a Partnering Agreement. In addition it adds to existing literature and can be compared with this with regard the practices and insights they provide. Below is a box summarising following reports:

****Comparison of performance pre-&-post NTPA*** – Using a number of performance indicators comparison will be made between performances before and after the establishment of the NTPA.

****NTPA Inter-project reviews and continuous improvement report*** – This will focus on benchmarking across the partnering agreement itself.

****Performance Of Partnering In Local Authorities*** – This report will view the performance of the NTPA in the context of achievements of other local authorities.

****Final Report*** – This will be a best practice guide for strategic partnering in the public sector.

What is Partnering?

Partnering has a range of broadly similar definitions which vary slightly. (see Construction Task Force, 1998, Loraine and Williams, 2000) Essentially Partnering is a generic term for a range of processes, practices and attitudes that form a new way of working between clients and contractors.

The main elements of Partnering are:

***Two or more organisations working, co-operatively together, to achieve mutually agreed objectives in a cost effective manner.**

***A focus on continued improvement, quality and effective conflict resolution.**

***These elements are, themselves, underpinned by an attitude of goodwill, commitment, trust and fairness**

Partnering can be project specific or strategic (encompassing several projects). NTMBC have adopted the strategic version

(European Construction Institute, 1997, Construction Task Force, 1998, Loraine and Williams, 2000).

Commitment is of vital importance for successful Partnering for it is this that drives the process forward. Without commitment to the ideas of Partnering it will not succeed. This will become clear in the subsequent discussion of the NTPA. This only became operational and meaningful because of the committed input of all those involved. This commitment is achieved through a set of procedures that are designed to make Partnering function on the ground. For example, workshops, team building, brainstorming and performance monitoring to ensure that mutually agreed objectives are reached. (Loraine and Williams, 2000). These procedures, the values and cultures associated with Partnering are discussed more comprehensively later in the report's discussion of the NTPA. The importance of these procedures will become obvious in the section of the report dealing with the establishment of the NTPA.

Why is Partnering Relevant?

This Partnering approach has been championed by the government and by many in UK construction because, as stated, is it argued that it can overcome the problems associated with construction in this country (see for example Construction Task Force,1998).

The British construction industry has been beset by a range of problems which cannot continue unchecked because construction is a significant part of the UK economy. For example the industry is responsible for 10% of GDP and employs around 1.5 million workers. (Construction Task Force, 1998, P9). Therefore it cannot be allowed to stagnate. Also it needs to adopt strategies, that place it in a strong as possible position, to deal with what could be an uncertain mid-term economic outlook. Major problems include low profitability, poor investment in Research and Design, a training crisis (the number of apprentices has declined by 50% since the 1970's), client dissatisfaction over costs, timescale and the quality of the end product. The dissatisfaction of clients is discussed in greater detail below. Furthermore studies indicate that labour efficiency is only 40-60% and that at least 10% of materials are wasted. (Construction Task Force 1998. P 10 &18).

Relationships between client and contractor are often adversarial, with claim and counter claim continuing long after project completion. Such defensive and adversarial postures, based on contracts and liabilities, adds up to 25% to costs (Construction Task Force, 1998, P10 & 18, Loraine and Williams, 2000, P12, Bennett and Jayes, 1998, European Construction Institute, 1997). None of this is conducive to the timely, co-operative completion of projects or for the reputation of the construction industry. Partnering constitutes a move away from these kind of relationships based on property rights, contracts and legal remedies, replacing this with trust and the kind of practices and procedures mentioned above. (Wood, G & McDermott, P in Ogulana S, ed, 1999). This is beneficial because no contract can be comprehensive enough to cover all the potential eventualities in a construction project. (Wood, G & McDermott, P in Ogulana, S ed, 1999).

Clients, in particular, as noted above have been dissatisfied with the service they have received from the construction industry. A 1997 survey by The British Property Federation found that one third of respondents were unhappy with contractor's performance, whilst a study by The Design Build Foundation found clients wanted greater value, improved quality and the integration of design and construction (Construction Task Force, 1998. P11).

It was problems such as these which led to the government commissioning reports to recommend changes to improve the British construction industry. The Constructng The Team Report (Latham Report) recognised and promoted partnering arrangements as a valuable means of generating improvements in the industry. (European Construction Institute, 1997). The Construction Task Force recommended new ways of working to promote improvements in the industry – including demonstration projects to test these approaches.

Key recommendations of the Task Force were:

The development of an integrated project process.

Changes to the culture and structure

That the client should be the driver of change

The replacement of competitive tendering with long term relationships based on performance measurement.

(The Construction Task Force 1998)

These recommendations have been noted because partnering is a strategy through which these aims may be achieved. Furthermore, as will be evident subsequently, the NTPA fulfils some of these recommendations. Namely a move away from competitive tendering and a move towards long term relationships and performance measurement.

The government has set up a number of bodies to aid the implementation of the reports recommendations and to improve the performance of the construction industry; The Construction Industry Board, Movement For Innovation and The Construction Best Practice Programme (see Loraine and Williams, 2000 for the roles of these organisations). Based on its investigations The Construction Industry Task Force believed there was scope for substantial performance improvement. For example a 10% annual reduction in capital costs and construction times and a 10% annual increase in profitability and productivity. (Construction Task Force, 1998. P19). Therefore such unimpressive performance and its consequences do not have to be the case. Partnering, it is argued, can dramatically improve all aspects of construction.

The kind of problems mentioned above have been experienced, in the past, by NTMBC and this are described more fully below in the section “Partnering and NTMBC”.

It is argued, with empirical support, that Partnering directly contributes to improved productivity, enhanced innovation, better project management, fewer disputes and increased quality of end product.(European Construction Institute, 1997, Loraine and Williams, 2000).

There is growing evidence to support the view that Partnering can overcome the problems outlined above. Partnering can result in cost savings of upto 40% and timeframe savings of as much as 50% (Bennet and Jayes, 1998. P4). More specifically following a move to Partnering Sainsburys have seen their stores completed around 10 weeks quicker and at 5-10% below estimated costs. In 1996 The Construction Industry Institute Of The USA published a report showing Partnering had reduced project costs by 10%, schedules by 20% and claims by 87 % (Loraine and Williams, P13, 2000). In the design stage productivity improvements have been known to reach upto 200% (Bennett and Jayes, 1995. P13). Individual cases back up these generalised findings as to the benefits of partnering for the UK. NatWest have seen their design costs fall by 25%. (Barlow J, et al, 1997.P.45). McDonalds have reduced construction time from upto 20 weeks in the 1980’s to as little as 13 days, whilst the St Pancras Housing Association now has its minor repairs carried out within half a week of being notified of them rather than the 1 week prior to Partnering (Barlow J et al, 1997, P45. Loraine and Williams, 2000, P63).

All of the above *indicates clearly the potential of partnering* type arrangements to bring the benefits required for the construction industry to improve performance and meet customer demands. This is because it appears to resolve the problems, discussed above, which have characterised the UK construction industry (see Partnering: The Benefits for a discussion on the realisation of this potential).

Issues To Keep In Mind

These examples should be treated with a degree of caution because, although they are indeed impressive, it is not always totally clear that they are the direct result of partnering. Also the role of Partnering, in the construction industry success, can sometimes be overstated. It can be given prominence whilst other important factors that contribute to success are not focused upon.

For example much is often made of the role of Partnering as a means of explaining the success of the Japanese construction industry. However it is just as likely to be proactive government policy in Japan that accounts for these successes. (see for example Lamming, R in *Partnering For Profit 2000*, who touches on the importance of the Japanese government in construction there).

Others have noted that there are potential problems that could undermine partnering such as: impatience, arrogance, a view that one size fits all, the unwillingness of senior managers to allow the project team its independence (see below), reluctance, over dependency and confidentiality (*Partnering For Profit, 2000*, Akintoye & Black in S Ogulana, ed, 1999). The centrality of trust in partnering has already been noted but this does not just occur. It needs to be worked at. Partners need to show competence, keep promises, communicate effectively and show reciprocity for trust to develop. (see Wood, G & McDermott, P in Ogulana, S 1999 for a good introduction to the issue of trust in construction).

There is also a cultural barrier that needs to be overcome for successful partnering to occur. For example individual attitudes need to change as do the power relations in an organisation. Many organisations tend to be hierarchical which means power is restricted to the top level of these organisations. (Loraine and Williams, 2000). Yet partnering requires devolved authority. For example the partners to resolve disputes at the lowest level.

Some who have built up power, as a consequence of their knowledge, under existing ways of working are, of course, likely to be reluctant to want to change ways of working which will weaken their position. (Loraine and Williams, 2000).

Furthermore there is a body of literature critical of partnering which focuses on the supposed negative aspects of partnering. (see, for example Green, S.D in Ogulana, S, ed, 1999). This critique argues that contractor's are forced into

partnerships by the large collective buying power of certain clients, that suppliers and customers often receive a bad deal and that the prescriptive tone of partnering represents “technocratic totalitarianism”.(Green, S.D in Ogulana, S, ed, 1999). The dominance of the client has also been noted. This dominance has often led to demands on the supplier that can be virtually impossible to meet. Asda moved into partnering arrangements due to a desire to return to profitability (Langworth, D in Partnering For Profit. 2000). Such an aim is going to put pressure on the other partners. Indeed Partnering is not primarily designed as a mechanism through which to restore one partner to profitability.

Clearly there are potential difficulties and problems with partnering. Therefore further study of Partnering, such as the evaluation of the NTPA, will help it to become clearer whether such critiques are well founded and the way in which the potential difficulties mentioned are overcome and the extent, to which, partnering does bring benefits.

Partnering: The Benefits.

Having noted this however the new ways of working that characterise Partnering can lead to the kind of improvements mentioned above. For it is the different behaviours, structures and processes that flow from the decision to partner that, if properly organised, bring benefits.

The focus on sharing information and close co-operative relationships being a case in point. This is exemplified by the following example. Beefeater Travel Inn Restaurants had problems over the phasing of their new developments and so put together a task force, which working together, came up with a new timber frame design which not only solved this problem but also reduced costs by 20% (Bennett and Jayes, 1998, P67). In the mid 1990's BP opened up a new oil field and as a result of Partnering held regular brainstorming sessions and shared information. There was a resultant saving of £160 million from projected costs (Barlow J et al, 1997, European Construction Institute, 1997, P31). As a part of its Partnering Agreement, Safeway allowed its partners to use its training centre to carry out workshops to improve phasing. Boots holds quarterly meetings and seminars to improve communication and generate ideas. Additionally Boots also trains foremen so they know exactly what is required of them on site. (Barlow et al, 1997, Bennet and Jayes, 1995).

Working together like this, through a Partnering Agreement, can clearly bring about the kind of benefits outlined above.

Working together is facilitated by workshops involving all relevant parties . For example there is an initial workshop for all partners. Monitored by a facilitator these should establish the common aims, conflict resolution mechanisms and select Partnering Champions to drive the process forward. Methods of monitoring performance should also be established as should the training needs of those involved (European Construction Institute, 1997). Subsequent regular workshops are then vital throughout the lifetime of the Partnering Agreement so that the arrangement may be monitored. For example the aforementioned St Pancras Housing Association holds weekly meetings with its partners to monitor performance, set new targets and to resolve any issues. (Loraine and Williams, 2000). A discussion of the NTMBC workshops will take place later in the report. This will make it clear to what extent the NTPA workshops followed the outline noted here.

Case Study

A recently undertaken case study illustrates the benefits that a strategic partnering arrangement can bring. In 1997 leisure operator, Cannon, embarked on a major expansion. However in recent years it had, as a client, suffered from the kind of problems discussed above. Essentially the inability of its contractors to complete works on time, within budget and at the level of quality required. Furthermore the company used fixed price tendering which led to claims. To overcome such problems Cannon moved into an informal partnering arrangement which grew over time. (Gray et al 2001).

To date this has produced many benefits. Generic design was introduced which allowed a common layout to be designed for changing rooms and crèches. This facilitated standardisation and saved time as it was not necessary to re-design on every project. A detailed cost model was established to allow quicker feasibility studies and the supply chain was improved to ensure that vital components were on site when required. The number of stages to a project was reduced from 8 to 4. Improved liaison with subcontractors led to a better construction process for the Plant Room. Cannon has been able to open its premises earlier to sell membership and this has reduced costs because, as a result of earlier opening, it does not have to hire portacabins. Costs have remained static and construction times reduced by 8 weeks due to standardisation and other initiatives mentioned (Gray et al 2001, Pp 40-42). The liaison, which is an integral aspect of partnering, brought significant benefits to the client. This case study indicates the benefits that accrue from partnering and the behaviours and procedures which are a

part of it. Partnering does indeed have the potential to bring benefits to construction if well executed – and this is shown by this case study.

Best Value

In relation to the public sector (and so the NTPA) Partnering has to take place within the context of the Labour Government's policy of Best Value. The government's replacement, since April 2000, for Compulsory Competitive Tendering, Best Value requires that local authorities show continued improvement in the efficiency, effectiveness, economy and quality of their service provision through regular audits (Local Government Act 1999, Lorraine and Williams, 2000, Total Quality Management Ltd, 1999). To do this local authorities are required to set performance plans, targets and evaluate these against a number of centrally set Key Performance Indicators (KPI's). These KPI's are based on industry wide data. These KPI's then allow performance to be audited and benchmarked against that of others as a means of promoting improvements. (for a good introduction to benchmarking and how it fits with Best Value see Audit Commission, 2000). The KPI's, for the construction industry, cover client satisfaction with service and product, defects, cost and time predictability, construction cost, construction time and profitability.

The KPI's:

**Client Satisfaction –product*

**Client Satisfaction –service*

**Defects*

**Cost Predictability*

**Time Predictability*

**Construction Cost*

**Construction Time*

**Profitability*

**Productivity*

**Safety*

(KPI Working Group, 2001).

At the present time, however, there is no KPI information (graphs, charts etc) specifically designed around in Schools construction and this is problematic. For it means that any comparisons made between the NTPA and the KPI's are not comparing like with like. The success of a partnership focused on schools is being measured against criteria for construction as a whole and not school construction. The overall performance in construction, which the KPI graphs are based on, may be different from just overall school construction performance, but as no data exists for school construction performance it is not possible to know.

Partnering, it is clear from the above, is one strategy through which Best Value may be achieved as the aims of both are very similar. Partnering sits well with Best Value because, in common with it, partnering requires performance monitoring and auditing to encourage performance improvement. Such monitoring and auditing, to achieve improvements over time, can be related to the KPI's. In turn this can show Best Value by highlighting any improvements and comparing the NTPA with nationwide performance.

Partnering and NTMBC

Strategic Partnering was initiated by NTMBC, during 2000, to carry out £80 million worth of work on a schools programme over 4 years. (Construction International, May 2001). The flow chart below highlights the key processes gone through and the time frame which is now discussed in more detail.

The initial impetus to partner came from two sources. The Manager of the council's Building Design Agency felt that whilst existing arrangements were adequate and worked in a perfectly satisfactory manner there did exist scope for improvements which partnering would bring (Interview 1). Partnering would result in having contractor advice on complex phased projects in advance, thus overcoming phasing problems. At the same time, but independently, The Design and Construction Manager within Building Services was aware of certain shortcomings with the traditional approach to construction and, having read Rethinking Construction (Construction Task Force, 1998) and feeling that there was strong backing from central government (as indicated by the bodies set up to help implement the reports proposals), decided that Partnering was the way forward. This knowledge that central government was committed to reform in the construction industry was vital as it gave NTMBC the confidence to move ahead with partnering. The Divisional Manager Of Design and Construction was aware of the problems that had been experienced with cost and timescale predictability, a "rush to tender" which led to problems of communication between architects and quantity surveyors and external parties, contractors bidding at unrealistically low rates and the, sometimes, adversarial relationships, mentioned earlier, where the client and contractor were "fighting each other all the way through" (Interview 3). Furthermore partnering offered the chance for the authority's Direct Labour Organisation (DLO) to secure work and show Best Value in carrying it out subject, of course, to the organisation proving itself during the selection process (Interview 3). Partnering also represented a significant risk for the DLO. There was a chance it would not be selected as a contractor to join the NTPA and this would have placed the organisation in some difficulty. The DLO was taking a risk by trying to become a partner.

Equally important was the end of year by year funding and its replacement by The Medium Term Financial Plan. Together with The Strategic Review of Schools, and the injection of funds that flowed from this, a situation was created that was conducive to embarking on a strategic partnering arrangement. Combined with the abolition of Compulsory Competitive Tendering (CCT) this created a greater degree of financial predictability and a more predictable workload to allow strategic partnering. Subsequently,

working together, the BDA Manager and the Divisional Manager Of Design and Construction decided to press for the adoption of Strategic Partnering.

The Manager of Design and Construction then “drove the process” forwards (Interview 1). Directors, the Chief Finance Officer and key Councillors were contacted and convinced of the probity and auditability of Partnering – which was a vital pre-requisite for acceptance as this was required by Best Value - during January and February of 2000 (see appendices for exact dates). It was vital that these councillors were contacted and that they had partnering explained to them as this made them see how Partnering would fit well with Best Value which they were taking on board. Also these key individuals had influence over others whose support was vital if NTMBC was to embrace partnering (Interview 3).

A report was then produced by the Divisional Manager of Design and Construction (see appendices for a copy of this report). This report outlined the benefits the authority would gain from a partnering agreement and how it would be implemented through a Management Committee (Report, John Hollingsworth, Interview 3). This report acted as a mechanism for the council to waive the relevant Standing Orders to allow partnering to proceed.

The report was presented to the Policy and Resources Committee in March 2000. In it were stated the aims of strategic partnering – such as improved quality, with zero defects as an aim, improved construction timescales, costs certainty, value for money, cost savings and better flexibility of resources to be better able to respond to needs. The early briefing of councillors, mentioned above, resulted in them having an advanced understanding of the issues involved in partnering and this led to a unanimous vote of support for the report. (Interview 3). So the dialogue started by the Divisional Manager Of Design & Construction was clearly successful and should be seen as an important factor in ensuring the authority adopted partnering.

Prior to this, also in March 2000, the report was put before the Scrutiny Committee which scrutinises upcoming reports. It was argued by one member of this committee that the recommendations of the report constituted a change in policy. This would have required a much greater debate within the council and of course this would have taken time and delayed partnering. The Divisional Manager of Design and Construction successfully argued that a change in policy was not being proposed. Rather, he argued, it was a case of defining best value in terms of cost, quality and time. The policy would still be to obtain best value but this would now have a broader definition than simply lowest cost. It was the means of achieving Best Value that would change. This argument was accepted (Interview 3).

The Selection Of Partners

This section focuses on the pre Partnering process – in particular how this ought to be carried out and how it has actually carried out in the case of the NTPA. (See the flow chart below for a summary of the selection process).

As discussed above selection process (eg the production of the questionnaires, the interview schedule and scoring matrix) was driven by the Building Design Agency (BDA). The next stage is, according to prescriptive texts on Partnering, for the client to ensure that all relevant parties in the organisation are informed about partnering and what this will involve. (Loraine and Williams, 2000). Here a senior member of the organisation should give the reasons for partnering to all those who will be affected by it. An explanation of the type of partnering envisaged should be made, the process of partnering and how the organisation will advertise for partners should also be explained. These requirements were largely fulfilled in the case of the NTPA. The Divisional Manager Of Design and Construction liaised with all relevant parties as noted above. Additionally the Policy and Resources Committee were, as discussed above, made aware of partnering, its aims and also broadly how selection would take place. The committee was also informed about how continued improvement would be sustained by the use of performance measurement and targets. Therefore the authority followed suggested practice in this aspect of pre-partnering.

Furthermore, as is discussed below the authority's Legal Services Department was also co-opted into the process. This enabled the department to ensure that European Union (EU) Procurement Directives were not breached. This too fits with suggestions on partnering that argues that it aims and ideas should be fully discussed by the client organisation before moving forwards (Interviews 1 & 4).

The Advertisement Procedure

The selection of partners had to satisfy European Union (EU) Procurement Directives. As such an advertisement, stating the wish of NTMBC to partner, had to be placed in an official EU journal. The advertisement was placed in the EU journal and locally during late March 2000. The advertising period lasted until late April. Also, to fall with in EU directives, NTMBC had to ensure that the awards made were based on the “most economically advantageous offer”. (Loraine and Williams, 2000, P32). Again good practice was followed here too. The desire to partner was advertised as required and The Authority's Legal Services Department was called in to ensure the

procedures would fall within the parameters of EU Directives (Interview 1). Having met these requirements NTMBC proceeded to advertise their desire to enter a partnering arrangement. This gave a general indication of the type of works required. For example the construction of buildings, alterations and renovations. (see appendices for advertisement details). Those firms interested were requested to write to qualify and were, in addition, informed that they would be required to complete a questionnaire that would include giving information about financial standing and technical expertise.

It should be noted here that, in this instance, NTMBC did not strictly follow practices suggested by some writers on the subject. It should also be pointed out that this was sometimes a positive thing. For example it is recommended, by some writers on the subject of partnering, that the information contained in the invitation to bid, disseminated by the client, includes a description of the proposed agreement, how long it is envisaged the agreement will last, ideas about conflict resolution and cost control.(Bennett and Jayes, 1995). In the case of the NTPA this is not exactly what happened. Rather these issues were raised in the subsequent selection process in the questionnaires and interviews. Having said this however the issues were comprehensively covered (see below) and in this advert itself was a contact for further information.

Also it can be argued that NTPA process was better fitted to the ideas of co-operation and joint decision making, which are fundamentals of partnering, in that it did not, as suggested in Bennett and Jayes (1995), propose the substance of the agreement. Rather this was mutually agreed further along in the partnering process. This sits more comfortably with the co-operation and negotiation that is a part of partnering. Additionally this allows for partnering contractors to have an input based on any experience they may have.

The Questionnaires

There were thirty two responses to this advertisement and each respondent was given a Primary Qualification Questionnaire to complete by late April. Twenty six of these were returned (see appendices for a copy of this questionnaire). Later in this section is a table noting the companies that responded, their ranking and those selected for interview. This questionnaire, according to prescriptive texts on the subject, ought to cover a range of issues summarized in the box below.

Subjects Questionnaire should cover:

- *Potential partners knowledge of Partnering*
- *Customer Care Record*
- *Health and Safety Record*
- *Design and Engineering Capabilities*
- *Innovation*
- *Managerial Competence*
- *Financial Standing*
- *Profits & Turnover*
- *Human Resources*
- *Organisational Culture of the potential partner*

NTMBC'S Primary Qualification Questionnaire asked for financial information about any partnered projects the contractor had undertaken, for information about works on school projects and of working with NTMBC. This of course, indicated contractor experience of partnering. Details of profits and turnover were also requested as were the numbers involved in management, professional, technical and supervisory roles and those actually involved in site work. This gave an indication of capabilities. Respondents were also requested to draw up a contract management chart for a project for £1,000,000. This gave NTMBC information about the organisation of the contractor. Information was also requested for Health and Safety issues and the equal opportunities. It is evident that NTMBC followed suggested best practice.

These questionnaires were analysed by a group of technically qualified individuals chosen by the BDA Manager. This was done to allow the candidates technical competency to be assessed by those who had to the requisite experience and knowledge to do so. The final selection was carried out by the Management Group. Consisting of elected councillors, Heads Of Function, school representatives and senior officers, and numbering seven, this specially convened panel interviewed the short listed candidates. Here again suggested best practice was followed as it recommended that selection is carried out by a specially appointed panel. (Bennett and Jayes, 1995). Each of those who marked each questionnaire according to a weighted scoring matrix (see appendices for a copy of the matrix) that was produced in the time between the questionnaire being sent out and the final date for the return of completed questionnaires. These scores were aggregated and ranked and a short list of seven contractors was drawn up. These seven were then interviewed by The Management Group where they were required to answer a set of pre-prepared questions.

The seven short listed candidates then completed a Secondary Qualification Questionnaire. This gave those short listed more information about the agreement. For example the number of projects it would include and their value. This questionnaire asked for further financial information, such as audited accounts for example, banking information, details of financial standing, quality management accreditation, references and further details about health and safety policy.

The table below shows the rankings for the companies that completed the Primary Qualification Questionnaire (rankings 1-7 selected for interview):

Company	Ranking	Company	Ranking
1	21	14	4
2	7	15	1
3	Aborted	16	Aborted
4	17	17	16
5	Withdrawn	18	18
6	14	19	13
7	12	20	11
8	5	21	6
9	9	22	8
10	20	23	15
11	10	24	3
12	Aborted	25	19
13	2	26	Aborted

These candidates were interviewed by the Management Group during early June 2000. The interview was based around a schedule drawn up by the BDA Manager which contained five primary questions that asked about the contractors understanding of Partnering, the anticipated structural changes they would envisage making if selected, how they would ensure a harmonious relationship with other partners, their supply chain management and their client focus. There were also secondary questions to elicit more detailed information. This interview schedule also contained a list of responses those on the selection panel should look for from contractors. For example a knowledge of Best Value, a commitment to continued improvement, clear, open communication and a focus on minimal disruption to the client. (See appendices for copy of Interview Schedule).

This tested contractors understanding of the consequences of partnering – such as the need to devolve decision making and establish dedicated teams to deal with the partnership. Basically their understanding of the organisational and cultural consequences of partnering was tested.

This led to the selection of three contractors to become partners who were notified of their success later in June 2000. These were *Gordon Durham and Co Ltd, Ballast Plc and NTMBC's Construction Group*.

A further contractor was placed on reserve in case any of those chosen should prove unable to fulfil the requirement of partnering. This reserve partner is a spur to the three chosen to partner because, if one proves inadequate, they can be replaced (Interview 3). It was felt that the firms selected, individually and collectively, had the ability to undertake the projects planned under NTMBC's Capital Plan of which The Strategic Review Of Schools was a part.

In this area NTMBC did not strictly follow suggested practices in the selection of candidates in as much that the Management Committee itself did not produce the questionnaires, interview schedule and scoring matrix. Rather this was done by the BDA manager who used suggested practice and the information required to make selection as a guide in formulating the questionnaires and interview schedule. The BDA Manager took on this role as he had the requisite technical experience (Interview 1). Whilst the organisation of the selection process did not follow prescriptive texts exactly it did, nevertheless, cover all the substantive areas that are acknowledged to be important if selection of the best partners is to be assured. Furthermore the successful contractors and those selecting them are very positive about the selection process. This is made clear below. Furthermore the ability of NTMBC to follow suggested practice was limited by the fact the no other local authorities had carried out a similar exercise. Thus there was no best practice, specifically related to local authorities, to follow.

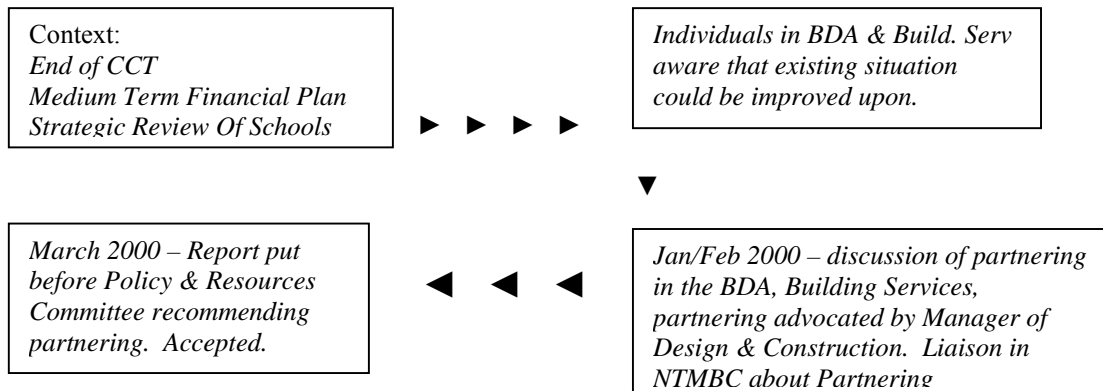
At this point it is important to mention what is implicit in the above. Namely that the selection process was driven forwards and managed by just a few individuals – in particular the Manager of The BDA and the Divisional Manager of Design and Construction. Without the preparations made by the BDA Manager and his role in selection process it could not have occurred. The successes of the selection process (its speed and organisation for example) are the result of the work of competent people carrying out relevant tasks effectively. This supports the view that it is the involvement of able individuals that makes for the successful development of partnering.

By this point in the process the Corporate Finance Department had verified the profit information each firm had supplied and had agreed overheads profit level for the three companies that was “reasonable and realistic” for that particular company (Interview 4). One client representative interviewed noted that the profit levels proposed by NTMBC were realistic and so, as a

company, this was an issue they did not have to worry about. Instead they were able to focus on making the NTPA work. (Interview 8). Here NTMBC followed best practice which notes the importance of ensuring fair profit levels that allow works to be carried out effectively. (Bennett and Jayes, 1995). Furthermore this fits with the idea that, with partnering, profit levels need to be realistic and fair. NTMBC finalised the profits issue before appointments were made (Interview 3). The only problem was gaining regional accounts for Ballast but this was resolved (Interview 3).

Also in June 2000 a report on the outcome of the selection process was put before the Policy and Resources Committee.

Below is a flow chart summarising the process that led to NTMBC adopting Partnering:



Contractual & Financial Issues

Several contractual and financial issues also had to be resolved in order for the chosen contractors to know the basis on which they were entering the partnering agreement. Namely the savings and overspends split, liquidated and ascertained damages, loss and expense claims and retention. Therefore it was agreed by the Core Group and the Management Group that any savings generated by the Project Team would be split 50:50 between the client and contractor. (for information on these groups see appendices). Likewise any overspends would be split the same way. Liquidated and Ascertained Damages and Loss and Expense Claims, it was decided, would not be applied. Also a retention would not be held. These decisions were made to facilitate partnering (Interview 4). The successful contractors were informed of these matters prior to the first workshop (Interview 4).

It should be noted that, at the present time (November 2001) this 50:50 splitting arrangement is under review and could possibly change.

At first there was some degree of disagreement over some of the issues mentioned within the client organisation. There was, for example, initial disagreement over the 50:50 savings split. However those who were concerned were won over by the view that it was an important part of partnering. This initial difference of opinion should not be seen as something unique to the NTPA as this has been an issue in other local authorities that have embarked upon partnering (Interview 4). Furthermore the contractors accepted the split seeing it as a way of aiding motivation (Interview 6).

The Workshops

Once the aforementioned procedures had selected the above partners it was, of course, necessary to operationalise partnering by agreeing objectives, structures, performance monitoring, conflict resolution and how information would be communicated. This, according to suggested practice, is the role of workshops (Lorraine and Williams, 2000). See “Partnering: The Benefits” earlier in this report. Essentially the partners had to agree mechanisms to facilitate partnering; changing it from an idea to a reality

This change was achieved by NTMBC and its partners in a series of workshops which took place during the summer and autumn of 2000. Following the selection of the partners, NTMBC contacted the University of Northumbria (UNN) to organise the required facilitation needed to

operationalise partnering. See flow chart below for a summary of the workshops.

The First Workshop – July 2000.

The first workshop took place over 14/15th July 2000 and was attended by approx 30 representatives of the partnering organisations. This workshop was designed to “develop the partnering agreement” (Interview 2). This was achieved by a discussion to identify the issues that would effect the way the partners would work together. This was the basis for the charter which would guide all future developments. The workshop began with an outline of the workshop and its aims. This was followed by an exercise which is designed to raise awareness of what is required for the co-operation and teamwork that is so vital for successful partnering. There then followed a discussion of the objectives of the agreement and associated issues – customer focus for example – and problems that could arise and their resolution. This discussion led to a number of key points crystallizing which then were put into The Partnering Charter which, itself would, as noted, form the basis of the Partnership and structure future partnership development.

The Charter

The charter, based on the issues discussed at the first workshop, stated a commitment to work openly and honestly together to achieve the aims of identifying the requirements of the client, customer focus and continued improvement. Continued improvement would focus on time, cost, quality, client satisfaction, change orders, business performance, health and safety and paperwork reduction. It was clearly stated that a “no blame” culture would be adopted. A further objective was effective communication. It was also stated that performance would be benchmarked and measured by both quantitative and qualitative methods (thereby meeting the needs of Best Value and fulfilling a recommendation of the Construction Task Force). Additionally a commitment to training and education to facilitate effective partnering was stated (see appendices for copy of Partnering Charter).

The Second Workshop – September 2000

A second workshop was held on the 5/6th of September 2000. This workshop was designed to engender a sense of ownership of the agreement by getting those present to decide what factors to focus on and measure in the NTPA.

The aim was to establish agreed expectations and to generate performance indicators to see the extent to which expectations were being met as the Partnering Agreement moved forwards. This was done by splitting the group into sub groups to discuss the expectations of the role of the client, user, designer, contractor and the supply chain in the Partnering Agreement. To increase the likelihood of a sense of ownership the UNN facilitators suggested that the partners generate their own issues which they wanted to measure. These Detailed Performance Indicators (DPI's) to measure partnership success would replace the centrally generated Key Performance Indicators (KPI's). The DPI's would then be related to the KPI's (Interview 2). These discussions produced a substantial amount of issues and views which UNN then organised and summarised as a basis for the next workshop to move forwards with DPI development. (see below for summary of DPI's).

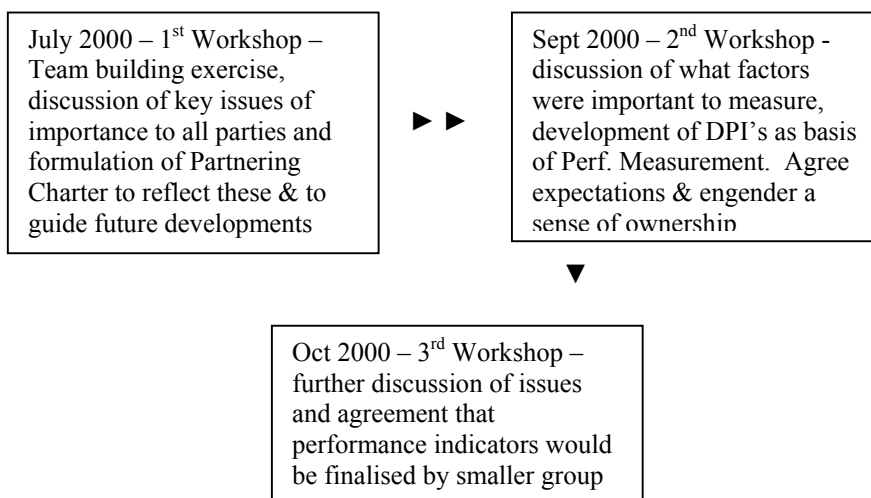
The Third Workshop – October 2000

The summary generated by the September meeting was introduced at a further workshop on 6th October 2000. This workshop included a further discussion of the issues and where they should be developed depending on whether they were strategic, project or multi project. The workshop was intended to finalise the DPI's but it became clear this was unrealistic due to time constraints and number of issues that needed to be discussed. It was, therefore, agreed that a smaller group should meet to finalise the DPI's which would be used to measure the success of the NTPA. The final agreed DPI's covered: communication, partnership success, client satisfaction, value improvements, health and safety, training, quality improvements, the management of project time, cost predictability and time predictability. These closely reflect the KPI's and so can be used by the NTPA to assess the extent to which Best Value is being achieved. The October workshop also agreed the structure through which partnering and performance measurement would occur.

The DPI's

- *Communication*
- *Partnership Success*
- *Client Satisfaction*
- *Value Improvements*
- *Management Of Project Time*
- *Cost Predictability*
- *Time Predictability*
- *Health & Safety*
- *Training*
- *Quality Improvements*

Below is a flow chart summarising the functions of the workshops and the timescales involved:



Discussion Of The Selection and The Workshops

The selection process and the development of the NTPA in the workshops discussed above was essentially very successful. All of the parties interviewed have, on the whole, been positive about both aspects. In regard to selection one successful contractor noted that it was “very professionally handled” and another stated the questionnaires were “very shrewd” (Interviews 6&7). The Gordon Durham representative interviewed felt that the way in which NTMBC went about selection was “sensible” (Interview 8). The BDA Manager believed the interview process “went very well” (Interview 1). No successful contractors mentioned any fundamental difficulties or problems with the selection process. This adds weight to the point, already made, that the process was well planned and executed.

Furthermore the comments of the successful contractors indicates the rigour of the selection process in that it achieved what it was designed to by making the contractors analyse themselves and think about what they could bring to the NTPA. It set contractors a challenge. The completion of the questionnaires required that the Construction Group liaise with other departments to gain and collate relevant information (Interview 6). When interviewed the representative of Gordon Durham stated that the questionnaires “set us a challenge” (Interview 8). It forced them to analyse themselves as a company and as a potential partner. For example how works under the NTPA would impact on their existing Business Plan (Interview 8). This interviewee noted that this forced the company, and others, to move beyond buzzwords and really think about how partnering would work and its impact upon them (Interview 8). This is a testament to the rigour of the selection process.

The selection process also required commitment from contractors. For example all the successful contractors set up a special panel to deal with the questionnaires and interview. Such commitment here indicates a commitment to partnering generally.

Each of the successful candidates felt that at the beginning of the process they were given adequate information on which to decide whether or not to proceed. One interviewee stated that “the information supplied was very good” and the representative of Ballast interviewed was happy with the information provided (Interview 7).

Having noted this however it should be mentioned that past experience was a factor in these contractors knowledge of what would be required of them. This needs to be borne in mind because the initial advertisement was rather brief. One contractor respondent noted that they had “prior knowledge” of works as the company was currently working on school projects for NTMBC (Interview 8). The Construction Group also highlighted their past experience (Interview 6). Ballast knew the kind of requirements which NTMBC had due to works they had undertaken for the authority at Segedunum Roman Fort at Wallsend (Interview 7). Such knowledge was clearly advantageous for those companies which had it bearing in mind the limited information on the advert which, as noted, deviated slightly from suggested best practice. This knowledge gave them an understanding of what the client would require of them.

This experience was important, not because it directly resulted in these companies being selected as partners (other factors influenced selection as noted), but because they could draw on the past experiences to convince NTMBC of their competence in the selection process. It contributed to these organisations confidence when deciding to enter the selection process. In itself a past working relationship with NTMBC was not a prerequisite for selection. It was merely one factor amongst many and not the deciding factor.

None of the successful candidates had any problems with the timescale and deadlines that were a part of the selection process. The Construction Group representative interviewed said the deadlines “were fine” (Interview 6). Gordon Durham had no problems either due to experience of similar deadlines when they attempted to gain tendered works (Interview 8). Ballast believed the whole process could have been achieved in a matter of weeks (Interview 7). Although this indicates the strong capacity of this company to engage in partnering and fulfil the requirements to do this it does not recognise the timescale slippage that occurred later in the process when having to organise the workshops.

The selection panel focused on what the contractor could bring to partnering as indicated by the above discussion by the earlier discussion of the interview schedule (see also appendices for the schedule). As The Divisional Manager Of Design and Construction noted the successful contractors were those who showed that they would benefit from partnering only if the client did (Interview 3). The views of the successful clients, below, illustrate this point and so show the success of the selection procedure in this regard.

The Construction Group, for example, focused their presentation around the idea of “what have we got to offer the client” (Interview 6). They highlighted

their health and safety record, past experience (in regard to phasing for example), competitiveness and knowledge of Best Value (Interview 6). These were, of course, areas that the selection panel were interested in.

All three of the successful contractors were, to a certain extent, apprehensive about the interview. The Construction Group were concerned as to what exactly the panel would be expecting and Gordon Durham noted that these kind of occasions are “always a bit intimidating” (Interviews 6&8). Ballast were the least apprehensive citing past experience of presentations as why this was so (Interview 7).

The central function of the interviews/presentations seems to have been to allow NTMBC to establish the contractors who they felt they could work with effectively on a personal level. The fact that these contractors had been short listed proved that, generally, they were capable contractors. Indeed all of those who made presentations were very competent and the race was a close one (Interview 3). Those contractors who were successful adopted a style of presentation that the selection panel empathised with. They showed qualities the panel were looking for (see below)

Those contractors that failed to be selected tended to be those that gave rather mechanical presentations. Whilst these were comprehensive and perfectly competent they did not convey to the selection panel a willingness to promote cultural change and associated attitudes that, as discussed above, are vital for successful partnering (Interview 4). This is certainly borne out by the type of presentations given by the contractors. This is mentioned below. Those who were successful pursued a more down to earth approach, that showed they were practical workers, customer focused and able to bring benefits to the client. Additionally they made the panel feel they could work comfortably with them and that trust could be built up (Interviews 3 & 4).

“Human factors” were important in guiding selection (Interview 4). These encompassed trust, straightforwardness, customer focus and the practical approach of the contractor (Interviews 3 & 4). One successful contractor’s customer focus extended to giving pupils a tour of the site. Another would be the down to earth comment made by a successful contractor that with them “what you see is what you get” (Interview 3). This indicated a straightforward approach. Enthusiasm and commitment to the idea of partnering, in regard to how it would benefit the client, was also a factor in guiding the choice of partners. The aforementioned example of The Construction Group focusing on what they could offer the client is a case in point. As a consequence this contractor “came across as practical workers”(Interview 3). A further example of the success of down to earth

approach is the presentation by Gordon Durham. This eschewed computer generated presentation for example. This supports the view above that presentational style and pitch were important in deciding the contractors selected.

Also of importance to the selection panel was that the organisational structure (as opposed to the culture) of a contractor would not have to change substantially if they were selected. If they had to change, structurally, to a substantial degree then they would not be the firm that was chosen. NTMBC “did not want to re-invent the firm” (Interview 1).

The only issue raised, which could be construed, as a problem was by one contractor who noted a lack of spontaneity on the part of the selection panel. It was noted, by this contractor, that the panel did not deviate from a list of pre-prepared questions (Interview 7). This, no doubt, was due to the fact most of the panel lacked technical expertise to engage in a more spontaneous discussion. An answer to this would be to have included more technically experienced individuals on the selection panel. However the technical competency of the contractors was not under scrutiny at this point. It had already been established by the Primary Qualification Questionnaire. Furthermore the inclusion of more people on the selection panel could have made it too unwieldy to reach effective decisions. It can also be argued that the diversity of the selection panel was actually positive. Had the panel comprised technically qualified individuals they would have been more likely to have focused on technical issues that, at this point, were no longer relevant. There was no need to cover this issues again. The Primary Qualification Questionnaire had already ensured those short listed were competent. At this stage attitudes were important and the selection panel were more than competent to judge on these.

None of the other successful contractors mentioned this as an issue and so it must not be considered to be a major flow or detract from the successes of the selection procedure already mentioned.

These workshops ought to be deemed successful as they achieved all the aims they are supposed to according to writers on the subject. Furthermore The Divisional Manager of Building Services sent a letter to the University of Northumbria commending highly the facilitation that was provided by The School Of The Built Environment. Specifically the enthusiasm and skill was noted (Letter from Divisional Manager Of Building Services to Alan J Newell – see appendices for copy). In particular it was felt the workshops were well organised, “spread the team working message very well” and that the facilitators were adept at producing workable DPI’s which could be related to

KPI's and show best value (Interview 3). The Gordon Durham representative interviewed believed UNN were "good facilitators" (Interview 8). Ballast found the workshops "very useful" and the Construction Group found the workshops to be particularly good at establishing each parties objectives (Interviews 6&7). As a result it can be stated clearly that the facilitation required for partnering was excellent.

Furthermore the workshops were successful in that they promoted the aims of NTMBC. DPI's developed included ones for client satisfaction (which will pick up on defects) and time and cost predictability which are all areas the report, put before the Policy and Resources Committee, argued would improve under partnering. So these DPI's allow NTMBC to analyse developments in areas that are important to the authority. Additionally on the development of the performance monitoring also fulfils a key aim of the Report of The Construction Task Force.

An important factor in the success of the initial workshops was in liaison between UNN, The Divisional Manager of Design and Construction and The Partnering Manager. Their informal discussions before and during the workshops ensured these remained on track and were properly focused.

Facilitation Or Advocacy?

The workshops it is clear from the above discussion, were viewed as largely positive and did, indeed, draw up a Charter to guide the NTPA. Having emphasised this it is necessary to mention a number of issues that study of the establishment of the NTPA has highlighted.

The first issue is that of the facilitation role of UNN. To some extent UNN did not simply facilitate, in the neutral way, as discussed in partnering literature (see, for example, Loraine and Williams, 2000). This text treats facilitation as a simple task which should focus around an agenda. What this misses is the interaction between facilitator and other partners that occurs. It misses that point that rather than simple facilitation the facilitator must move into advocacy to push the partnering process forwards.

For example the use of DPI's was advocated strongly by UNN as a means of performance measurement. The other partners did not come up with these on their own. They were guided and this was done to promote a sense of ownership by UNN and on this level it was successful. For one contractor understood that the advocacy of DPI's was designed to do just this (Interview 8).

What the workshops to establish the NTPA indicate then, is the fact that facilitation is not straightforward and often necessarily crosses into the sphere of advocacy as this is vital for the further development of Partnering. The role of the facilitator is more complex than is often realised.

Linked to this issue of facilitation is another difficulty that UNN faces. Namely the possibility of being accused of a lack of consistency. For example UNN actively promoted DPI's but allowed subjective scoring to measure these to stand although not happy about this as a means of measurement (Interview 2). UNN therefore pursued both simple facilitation and more proactive advocacy simultaneously - therefore possibly opening themselves up to a charge of inconsistency in approach. This is especially so if there is a failure to understand the interaction of facilitation and advocacy discussed above.

This is quite a complex area in which the adoption of dual roles is vital. This should be made clear at the outset so all involved understand whilst, in general, discussion of facilitation ought to take more account of the kind of realities faced as the NTPA was established.

Conflict Resolution

Conflict resolution is also an area where the workshops were, apparently, weaker in comparison to suggested best practice. It was decided that all disputes should be solved at the lowest levels possible or settled by the Partnering Core Group. This follows suggested practice. For example Bennett and Jayes (1995) argue that problems should be resolved at the lowest level possible so positions do not harden and lead to bigger problems. Beyond this however the situation is quite vague. This contrasts sharply with suggested practice. Such practice guides contain information about the timescale which each level has to solve a dispute before it moves to a higher level for consideration. (see Loraine and Williams, 2000, Pp 46-47). Of course so far there have been no disputes that have not been settled and so the procedures under the NTPA seems to be perfectly adequate. However a more detailed procedure would allow all parties to know where they stand and timescales involved so that expectations are not unrealistic.

It should be noted that at the present time (November 2001) a consultation document is being prepared about the conflict resolution procedure and this could lead to it becoming more formalised.

Project Workshops

Once these series of workshops had set up the framework to allow the Partnering Agreement to operate a series of Project Workshops followed. These involved each Project Team, which consists of client representative, consultants, contractors and supplier representatives, coming together for ½ day workshops to look at the DPI's and discuss how they would measure them for their specific project. This had led to different methods of measurement for different schools. For example, with regard to client satisfaction, Stephenson Memorial First School carry out regular subjective scoring exercises, whereas for works at Longbenton Community College satisfaction was based on more objective measures such as the number of complaints and the extent to which works are completed on time and within budget. In relation to quality improvements Willington High School used the relevant KPI score on the scale 1-10 The Seaton Burn Community College focus on the expected life of the building and the reduction in snagging.

These Project Workshops should be regarded as a positive aspect of the partnering process to the extent that they allowed those involved to have a direct input into performance measurement. This helps to create a sense of ownership. A second round of these Project Workshops is now underway with a focus on how to improve performance across the range of DPI's discussed.

However it is clear from the above that different measures are being used by different projects to measure the same DPI (client satisfaction for example). The problems this creates is that it makes accurate comparison difficult as the methods of measurement are different. This issue will be discussed more fully in the second report.

It is clear that to a large extent the aims of the Partnering Charter were realised by the subsequent workshops. DPI's were established so performance could be measured in the areas identified in the Charter and ways of measuring the DPI's were established.

The Budget

The overall budget for the partnered works was set the authority's Capital Plan, with most of the finance for the school projects emanating from the Department For Education and Employment (DFEE) as was. It has guidelines that dictate the amount of funding NTMBC can apply for. NTMBC put together details for each project into a bid which was accepted by the DFEE.

Finance from the DFEE fed into the Capital Plan which, in turn, funded the NTPA projects. The contractors were not involved initially because, at this time, the partnering process had not yet got underway. It is envisaged they would be now. However there is not that much point in their being involved as the budget is set by the guidelines mentioned so, therefore, their ability to change the budget would be negligible. Additionally a target cost has been worked out for each project by the BDA which involves costs of the work, profits and overheads and the contractor can give a view as to whether it is realistic (Interview 3).

Allocation Of Works

The allocation of works became an issue at the first Core Group meeting in June 2000. Prior to this NTMBC did not have a coherent idea, in detail, as to how allocation would proceed or by what criteria. The Secondary Qualification Questionnaire did make suggestions as to how projects may be allocated however. So some guidance was there. It was decided at this meeting that works would be allocated on a project specific basis by monthly Core Group Meetings. Prior to these meetings each contractor is made aware of the projects that are coming on to the council's capital plan. This includes a brief description of works, their value and the start date. (Interview 5) The BDA manager attends and informs the group of works that are coming onto the council's capital plan as well. Overseen by The Partnering Manager and Divisional Manager of Design and Construction the Core Group then allocates work.

A range of factors are taken into consideration by the Core Group when allocating works to contractors under the NTPA. For example their manpower, expertise, the timescale, managerial resources, their other commitments and the location of the project (Interview 5). For if the project is based close to where a contractor is already undertaking another project, for NTMBC then, all other things being equal, they are likely to gain the work because they have the site facilities nearby. On occasion the view of the client school can be a deciding factor in the choice of contractor (Interview 5). A further issue considered is the long-term well being of the partnership (Interview 5). The selection procedure has worked well to date, with no major disagreements (Interviews 3 & 4). Attempts are made to ensure each contractor feels that they have been treated fairly in the longer term, even though they have not been given individual projects. Credit must go to NTMBC here who also allocate works on the principle that all contractors should gain an equal share of problematic and less difficult work in order for fairness to be seen to prevail (Interviews 3, 4&6).

Timescale

It is important to discuss the timescale of the pre-partnering process as this, compared to the traditional tendering approach to selecting contractors, is one of the NTPA's greatest successes to date. See the graph below.

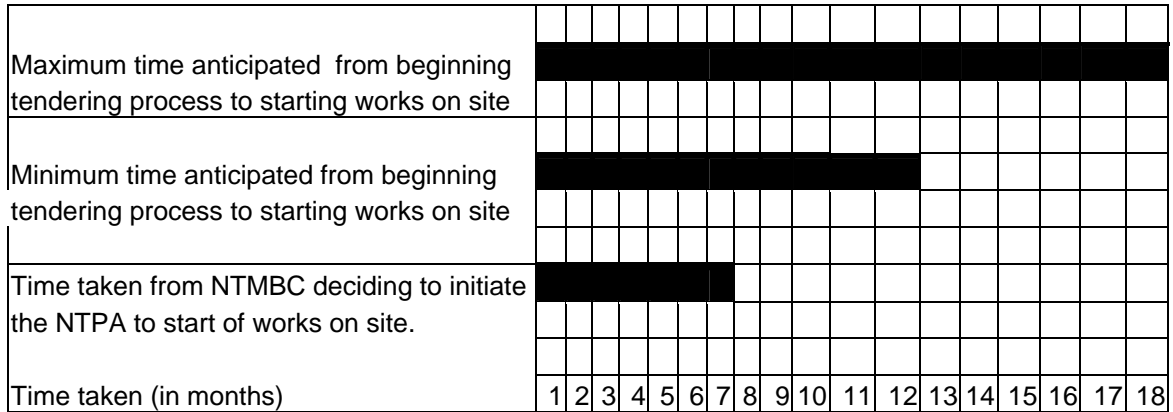
The period between the Divisional Manager of Design & Construction first liaising with colleagues to initiate partnering to works beginning on the first partnered project was seven months. Also of importance is that fact that the planned timetable and the actual timetable corresponded almost exactly up until the partners had been selected by NTMBC (Interview 3). Had the traditional tendering route been followed the tendering process could quite easily have taken between 12 and 18 months due to the enormous amount of documentation required to deal with every risk.

It could be argued that "going live" should mean not only a Partnering Agreement being established but also a set of performance indicators and means of measurement. However NTMBC always envisaged going live to mean the establishment of a charter – with performance measurement issues being agreed and put into place subsequently. Therefore the planned timescale for establishing a Partnering Agreement was broadly met.

It is important to remember that the process of establishing the NTPA, in contrast to traditional methods, took place over a "remarkably short time"(Interview 4, see appendices for proposed timetable details). Furthermore once the initial partnering selection procedure is complete it is not repeated whereas the tendering procedure would have to be repeated for every project. Therefore in the longer term the time savings, resulting from partnering, are even more substantial. Works at Wellington High School are a good example of how much quicker works may be completed under a partnering agreement. (Johansen, 2001).

As a result of all this the timescale taken to establish partnering must be seen as one of its significant success. (see appendices for timescale information).

The graph below show the anticipated timescale under a tendering process and the timescale of the NTPA:



(Data shown taken from interview with Council Champion)

Innovations

The NTPA includes several innovations that need to be mentioned as these represent positive aspects of the agreement:

The Waiving of Standing Orders is perhaps the most significant innovation linked to the NTPA. For the waiving of these standing orders represented a major change to the way the authority organised its construction activities. These orders prescribed that all works over a certain value were to be put out to tender. It was this tendering process which guided NTMBC's approach to construction. The waiving of these orders changed this by allowing tendering to be replaced by a partnering agreement.

Another innovation has been the appointment of a *Partnering Manager*. This role includes a number of functions designed to ensure the effective functioning of the NTPA. This post also reflects suggested partnering practice. For this role indicates a commitment to partnering and, as noted, commitment of individuals is vital for successful partnering.

The Partnering Manager's role is overarching and includes the following duties:

- To establish and maintain monitoring systems to evaluate partnership performance.
- To monitor targets regularly
- To liaise with all parties involved to ensure adherence to the NTPA
- To promote innovation within the NTPA
- To represent the authority internally & externally
- To promote the authority

Other key individuals within a partnering arrangement are "***The Partnering Champions***". These are senior individuals in the organisations concerned and they play a "central role" in ensuring the viability of partnering (Bennett & Jayes, 195. P 56).

In line with this the NTPA has such champions. For example a Council Champion. The functions of this role are vital in allowing the agreement to function. The Council Champion roles include:

- Agreeing the Charter
- Agreeing the targets
- Agreeing the allocation of works under the agreement
- Seeking spending approval for NTPA works.

Project Champions are appointed for each specific project by the each project team. Reporting to the Project Manager it is the role of the Project Champions to promote partnering on their project and monitor project performance.

Also innovative is the fact that **strategic partnering** is also to be extended to the supply chain. The aim, in this area, is to use the existence of a long term programme of works to generate an overarching strategy, by pooling the knowledge of those involved, leading to standardisation of products and components and unified purchasing agreements. This is important as, if successful, it would generate economies of scale, reduced costs and shorter construction times. In turn this would contribute to the NTPA's ability to illustrate Best Value. Furthermore uniform products and components will, it is envisaged, lead to lower maintenance costs (Interview 10, Movement For Innovation).

A further innovative development associated with the NTPA is the **liaison with outside bodies**. The most obvious example of this is the relationship between NTMBC and UNN. UNN provided facilitation facilities and the University will monitor the NTPA, in the series of subsequent reports, previously described. NTMBC liases with the Local Government Task Force which aims to realise the principles contained in Rethinking Construction. The authority is also associated to the Construction Best Practice Programme. This government funded initiative, which it steers jointly with the construction industry, is designed to improve organisational performance through the use of case studies, fact sheets and business development tools.

Conclusion

This report has made it clear that the selection procedure for and the development of, the NTPA, was, largely, very successful. There are, however, a number of issues that have been uncovered by this report and these are summarized below. Having said this these should not detract from the fact that, overall, the selection process and the development of the NTPA was well executed.

- Clearly the ability of NTMBC to partner was facilitated by the adoption of the Medium Term Financial Plan and The Strategic Review Of Schools. Without these developments the foundations on which to base the *strategic* NTPA would have been less certain and less conducive to its success.
- Partnering was initially advocated by specific individuals, within NTMBC, who successfully got it adopted as council policy.
- An important point exposed by the report is that facilitation is not as simple, straightforward or as unambiguous as is often supposed. Facilitation necessarily strays into advocacy in order to move partnering forwards. This has not always been made explicit and this promotes a simplified view of facilitation – technical and unbiased – which, the NTPA indicates, is not entirely the case. This ambiguity could lead to an impression of inconsistency in the facilitation process undertaken by UNN.
- The dispute resolution procedure of the NTPA is less explicit and apparently weaker than those described in best practice guides. For example there exist no timescales to determine how long each organisational level has to resolve a dispute before it must move up to the next level. The view is that any dispute ought to be solved at the lowest level or by the Core Group. A more detailed guide – perhaps including timescales and who to contact – would make the situation clearer. To date the NTPA approach has worked well. During the course of carrying out research, for this project, no major unresolved disputes came to light. Time will tell whether the NTPA's approach to conflict resolution will prove as, if not more, effective than suggested best practice. A consultation paper about the dispute resolution procedure is being prepared currently and this could lead to changes here.
- The selection process was comprehensive and effectively carried out by competent and committed organisations and individuals. Equally the contractors selected illustrated a high level of commitment (For example

establishing specific groups to work on the questionnaires and prepare for the interviews). Profit levels were realistically set and, compared to traditional tendering, the selection process was quickly implemented.

- The planned timetable, to establish the NTPA, was exceeded slightly but it was still carried out in substantially less time than it would have taken to select contractors under traditional tendering approaches.
- All partners agreed the facilitation was effective. This is illustrated by the development of performance indicators (DPI's), in the workshops, covering all aspects of construction, that can be related to KPI's to show – as is vital for NTMBC – Best Value.
- The project workshops have developed different means of measuring the same DPI's. This means that it could be difficult to make comparisons since like is not being compared with like. This should be less of a problem as now standardisation is being encouraged.
- The workshops also safeguarded many of the aims NTMBC hoped to achieve by partnering. As noted earlier NTMBC desired improved construction timescales, cost certainty and zero defects. The DPI's developed covered such areas. For example there are DPI's for client satisfaction (which will encompass on defects) time predictability and costs. These are all areas that NTMBC wanted to focus on and improve.
- The NTPA also achieves the aims of the Construction Industry Task Force Report designed to improve construction. Specifically a move towards longer term relationships and performance monitoring as the Report advocated.
- The selection process did differ slightly from suggested approaches on specific occasions but, in general, it followed the kind of advice on selection noted throughout this report from best practice texts. As the suggestions of these texts were largely followed, leading to effective selection, the NTPA validates these texts as guides to establishing partnering. What is more when NTMBC did differ in its approach this was often beneficial. For example it is, as noted, argued by some that the advertisement to partner contain more detail than did NTMBC's advertisement. However the lack of prescription contained in NTMBC's advert left more areas to be mutually agreed with the subsequently selected partners. This fits more comfortably with the ethos of partnering than the prescriptive approach suggested by some.

- The NTPA includes a number of innovations – most notably waiving of standing orders, a strategic approach, liaison with outside bodies and the appointment of a Partnering Manager.

Perhaps the best illustration of the success of the selection process and the development of the NTPA is that it led to the selection of partners and a charter that has been the foundation on which several successes have been built. The project at Stephenson Memorial School is a case in point. Throughout there has been a positive attitude towards working together. Poor weather meant the contractor could have, quite rightly, requested extra time but this did not happen. Instead the time was made up and works completed on time (Interview 9). The Willington Project was completed a full year early. (Johansen et al, 2001) These benefits are testimony to an effective selection process and effective partnership development strategies.

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APPENDICES

Organisational Structure of the NTPA

Management Group
<i>Roles</i>
Selection of partners
Approval of charter
Approval of targets
Approval of principles guiding allocation of works
Determine future scope of NTPA
Approve any capital spend for benefit of NTPA
<i>Membership: Councillors, Executive Director, Head of Functions, Council Champion, Partnering Manager, BDA Manager, schools representative, UNN representative</i>
Partnering Core Group
<i>Roles</i>
Agree objectives of NTPA charter
Agree NTPA targets
Agree Partnering Champions
Promote NTPA and seek publicity
Arrange workshops
Dispute Resolution
Promote innovation, joint working and improvement.
<i>Membership Divisional Man. Of Building Ser. Representatives from contractors, BDA Manager, Partnering Manager</i>
Project Teams
<i>Roles</i>
Promote partnering
Deliver agreed targets
Exploitation of supply chain
Problem resolution
Cross project fertilisation
<i>Membership client/end user, consultants, contractor, subcontractor suppliers, asset managers.</i>
Partnering Manager
<i>Roles</i>
Ensure auditable systems to allow NTPA to be monitored
Monitor targets
Ensure all involved adhere to NTPA
Promote innovation
Promote partnering and seek publicity
Council Champion
<i>Roles</i>
Promote and drive partnering with all parties
Agree Charter
Agree targets]

Agree allocation of works
Seek spending approval
Act as spokesperson for the NTPA

North Tyneside Partnering Agreement Timetable

25/01/2000 – Chief Finance Officer briefed

15-25/02/2000 – briefing of key members (Executive Directors, Lead Members & Leader of Council)

14/03/00 - Report to Policy and Resources Committee

22/03/00 – Advertisement placed

23/03/00 -21/04/00 – Primary Qualification Questionnaire dispatched to applicants following end of advertisement period on this date.

28/04/00 – Deadline for return of Primary Qualification Questionnaire.

09/06/00 – Interviews of short listed candidates and selection made.
Secondary Questionnaire filled in beforehand.

26-30/06/00- Proposed date for first workshop. Actual date of workshop 14-1/07/00.

03/07/01 – Target date for Agreement “going live”. NTPA Charter actually produced 14-15/07/00 and performance measurement settled Autumn 2000.

24/07/00 – Works begin on 1st project.

Second Workshop – 15-16/09/00

Third Workshop – 06/10/00

Interview Details

Interview 1. With the Manager of the BDA at the BDA. 25/07/01. This was an initial meeting and an interview had not been planned. Therefore no schedule of questions was drawn up. The interview consisted largely of the BDA Manager giving a narrative account of why and how the NTPA was established. Written notes were made.

Interview 2. With Eric Johansen at UNN on 02/08/01. This began as a meeting to discuss the written information he had about the NTPA which would be of use for the purposes of this project. This was followed by a narrative account of the facilitation provided by UNN. Written notes made.

Interview 3 . With John Hollingsworth at the BDA. 16/08/01. See over for copy of interview schedule.

Interview 4. With Manager of the BDA at The Sustainable Cities Research Institute. University of Northumbria. 17/08/01. See over for interview schedule.

Interview 5. With Paul Conlin at Building Services, NTMBC. 31/08/01. See over for interview schedule.

Interview 6. With representative of The Construction Group at Building Services, NTMBC. 31/08/01. See over for interview schedule.

Interview 7. With representative of Ballast. At company offices, Billingham. 04/09/01. See over for interview schedule.

Interview 8. With representative of Gordon Durham. At company offices, East Boldon. 07/09/01. See over for interview schedule.

Interview 9. With Martin Stokoe of the BDA at the BDA. 05/09/01. See over for interview schedule.

Interview 10 – With Paul Conlin at Building Services, NTMBC. 19/10/01. See over for interview schedule.