

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES**ARC PARTNERSHIP UPDATE QUARTERS 1 AND 2 2018/19****Purpose of the Report**

1. To update the Committee on Arc Partnership's half-year performance for the period 1 April 2018 – 30 September 2018.
2. To inform the Committee of progress with a number of major construction projects due to be delivered by Arc Partnership on behalf of the Council.
3. To allow Committee to consider whether there are any actions required in relation to the detail contained within this report.

Information**Organisational Context**

4. Arc Property Services Partnership Limited, trading as Arc Partnership, is a Joint Venture Company formed by Nottinghamshire County Council (NCC) and Scape Group (SG) on 1 June 2016, focused upon the delivery of property design, programme management, planned and reactive maintenance services to NCC.

Arc Partnership Half-Year Update

5. The County Council has nominated and appointed Councillor Reg Adair as a Board Director, and as the NCC Shareholder Representative for the purposes of the Shareholders' Agreement between the Council and Arc Partnership.
6. For Arc Partnership employees, the Accident Incident Rate (AIR) at half-year was zero. Similarly, the All Accident Incident Rate (AAIR), and the Near Miss Incident Rate (NMIR) was zero. During the quarter Arc had one Enforcing Authority Visit (Health and Safety Executive - HSE), with no actions required.
7. Management, delivery and review of Construction Design and Management (CDM) regulations pre-construction, design risk management recommendations, with regard to both projects and programmed works, continues to progress well, with 100% monitoring between the Council and Arc Partnership in train.
8. Current major project commissions from the Council in 2018/19 include five new schools in design/delivery, phase 3 of the refurbishment/redevelopment of Clayfields secure children's home, and four basic need school extension projects.
9. Calls to Arc Assist have reduced in Quarters 1 and 2 2018/19 as compared to the same period in 2017/2018. Work continues to analyse the relationship between calls to Arc Assist and the planned servicing programme undertaken on behalf of the Council.

10. Work continues in collaborating with the Council's Regeneration and Inward Investment Teams to bring forward a number of key opportunities for the benefit of the County. Within this relationship, Arc Partnership will become both a direct deliverer and enabler, drawing on the wider resources of its supply chain as 'virtual teams' handpicked to suit the needs of each individual project.
11. Arc Partnership's establishment stands at 75.6 FTE, a reduction from 78.4 FTE at the end of Q1. Arc is currently recruiting a new Head of Design and a Mechanical Design Engineer, in order to further strengthen the Partnership's capability and capacity.
12. Attached as Appendix A is the Arc Partnership's Key Performance Indicator Summary (KPI)/Performance Report for the first half-year of 2018/19. All KPI's are positive, and now incorporate a number of additional KPI's, such as local spend. A joint approach to KPI monitoring and development has now been implemented with Council commissioning officers.
13. Robust resource, cash, budget and profit forecasting on major projects and programmes is in place with monthly reviews, in order to provide timely reporting to both commissioning officers and the Finance and Major Contracts Committee.
14. Positive progress has taken place through Arc Partnership's Procurement Team in establishing a detailed procurement register for all supply chain arrangements. This details current supply chain contracts and identifies the timescales for replacement contracts, mitigating inherited weaknesses on supply chain contractual arrangements at the point of transfer.
15. Arc Partnership continues to develop its organisational capacity and capabilities to undertake multi-disciplinary design for third parties. Growth needs to be sustainable, and sits within the context of the need for a more planned commissioning programme from the Council over a longer period.
16. Significant third-party works secured includes multi-disciplinary design services to Walton High School in Grantham (£1.7m), Pye Green School in Staffordshire (£3m), and Kisimul Group (£3m).
17. To complement Arc Partnership's business development activity work continues with the Council to deliver a number of high profile projects across the County, whilst promoting Arc Partnership to the wider market in pursuit of third-party growth, with the introduction of a new website and signage over the next quarter. The Council's ongoing Library Refurbishment Programme was shortlisted in the Regeneration and Restoration Project of the Year category at the East Midlands Property Awards 2018.
18. The table below summarises, by value band, current live projects commissioned with Arc Partnership from NCC:

Value Band	Total Budget	Number of Projects
£0-50K	£2,827,649	178
£50-100K	£2,634,254	35
£100-250K	£4,537,155	29
£250-500K	£2,435,443	7
£500K-1M	£8,780,314	13
£1-3M	£2,409,931	2

£3M+	£26,840,100	5
Total	£50,464,845	269

Current Major Projects

Hawthorne Primary School, Bestwood Village

19. The primary purpose of the project is to construct a new 315 place primary school with a 39 place nursery. The new school is also required to be capable of future expansion to 420 primary places. The County Council has acquired a site within the proposed Langridge Homes housing development off Moor Road, Hucknall. The school follows the baseline design guidance and output specification utilised for the Priority School Building Projects recently delivered in the County by the ESFA.
20. The project commenced on site on 28 August 2018, with a forecast completion date of 30 August 2019. The project is on track.
21. Kier Group is the building contractor for the project. The budget for this project is £5,792,466.

Hucknall Flying High Academy (former Rolls Royce Site)

22. The primary purpose of the project is to construct a new 210 place primary school with a 26-place nursery. The school is to be capable of expansion in the future to at least 315 primary places. The County Council has acquired a serviced site within the new Rolls Royce housing development of Watnall Road, Hucknall.
23. As a newly established school it will be a Free School operated by the Flying High Academy Trust (FHAT). Arc are engaging directly with FHAT.
24. The project commenced on site on 15 October 2018 with a forecast completion date of 30 August 2019. The project is being delivered by Kier Group. The Delivery Agreement with the contractor provides controlled access to the Academy to assist move-in from 1 August 2019.
25. A delivery agreement has been entered into with Kier Group. The budget for this project is £3,731,049. The project is on track.

Replacement of Newark Orchard School and Newark Day Service

26. The primary purpose of the project is to construct a new 140 place Special School to replace the existing Orchard School. The school is to be capable of expansion in the future to at least 170 places.
27. The new school will be located on the site of the existing Newark Day Service, London Road, and to facilitate this the Day Service will be temporarily relocated to the existing Woods Court building, an Adult Care facility, which ceased operation at the end of May 2018.
28. The County Council is also committed to providing a new, replacement Day Service, to be located elsewhere on the "Grove" site.

29. A series of stakeholder and public pre-planning information events took place in the week commencing 8 October 2018. These were positively received. The planning application for both the replacement school and Day Service has subsequently been submitted.
30. Planning consent for Change of Use for Woods Court has been gained and the works commenced on 7 November 2018.
31. The current programme is:
 - Day Service relocate to Woods Court April 2019
 - Start on site Replacement School April 2019
 - Start on site Day Service July 2019
 - New School opens April 2020
 - New Day Service opens April 2020
32. The current latest estimated cost is £15,543,290 covers the relocation of the day service, the replacement new day service, the replacement new school and the demolition of existing school buildings. The project is on track.

Clayfields House Secure Childrens Home

33. The purpose of the project is to provide a new accommodation block, demolish the existing accommodation block and provide a new vocational block.
34. Phases 1 (replacement residential block) and 2 (demolition of existing buildings) are complete. Phase 3 (new vocational block) commenced on site in July 2018.
35. Revised Programme dates to take account of a minor (2 week delay) are:
 - Section 1 – Completion of Vocational Block – 3 October 2019
 - Section 2 – Complete of Vocational Block Courtyard – 16 October 2019
36. The latest financial position remains within the overall budget of £9,228,362 for the project, which is funded mainly by the Department for Education. Final accounts for Phases 1 and 2 have now been agreed.

Financial Summary

37. Latest estimated costs associated with the major projects detailed above were reported to Finance and Major Contracts Committee on 19 November 2018, and all remain within approved budgets.

Other Options Considered

38. None

Reason for Recommendation

39. The Arc Partnership continues to show significant progress on delivering a range of complex projects to programme and within budget.

Statutory and Policy Implications

40. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Crime and Disorder Implications

41. There are no direct crime and disorder implications within the report.

Financial Implications

42. These are set out in the body of the report.

RECOMMENDATION/S

It is recommended that:

- 1) Members consider whether there are any actions required in relation to the detail contained within this report.

Derek Higton
Service Director, Place and Communities

For any enquiries about this report please contact: Mick Allen, Group Manager Place Commissioning, Tel: 0115 9774684

Constitutional Comments [CEH 22/11/2018]

43. The recommendation in the report falls within the delegation to Policy Committee under its terms of reference.

Financial Comments [RWK 19/11/2018]

44. There are no specific financial implications arising directly from the report

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

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KPI/Performance Report 2018/19

**Quarter 2 – July, August,
September 2018**

CONTRACTUAL KPIS:

No	DESCRIPTION	Target	Target	Result for Q2	Trend from Q1
1	PROJECT COST (TOTAL) < BASE BUDGET 50% projects below base budget	50%		94% (18 projects)	94%
2	PROJECT CONSTRUCTION COSTS < FORECAST 75% projects below forecast	75%		94% (18 projects)	100%
3	PROJECT FEE SCALES Below national average % rate	Below industry average		PASS	
4-6	PROJECT CUSTOMER SATISFACTION (END USER) 95% projects satisfactory or better	95% for KPI 4&5 90% for KPI 6		100% (Average score 4.9)	100%
7-8	PROJECT CUSTOMER SATISFACTION (CLIENT) 95% projects satisfactory or better	95%		96% (Average score 4.9)	100%
9	Withdrawn from performance scheme				
10	PREDICTABILITY OF PRE-CONSTRUCTION TIME <10% variance in >60% of projects	60%		81%	60%
11	PREDICTABILITY OF CONSTRUCTION TIME <10% variance in >75% of projects	75%		89%	96%
11a	PREDICTABILITY OF PROJECT TIME Proposed				
12	WHOLE LIFE COSTING	50%		N/A	

No	DESCRIPTION	Target	Target	Result for Q2	Trend from Q1
13	USE OF PROVISIONAL SUMS/RISK IN CONTRACTS	75%		N/A	
15	R&M RESPONSE TIMES 85% jobs responded to on time	85%		93%	93%
18	R&M REPAIRS COMPLETED ON TIME 90% jobs completed on time	90%		91%	93%
22	PLANNED SERVICING SCHEDULES 95% jobs completed on time	95%		96%	97%
16,17, 19,20	R&M CUSTOMER SURVEY DERIVED MEASURES Various – Insufficient data to report on at this stage	Various		N/A	
14	EMPLOYMENT OPPORTUNITIES OFFERED BY ARC Maintained at level above original transfer	71 FTE		75.6 FTE	78.4
21	RIDDOR REPORTABLE ACCIDENTS 0 Incidence	0		0	
23, 24	CLIENT PERFORMANCE MEASURES No client briefs returned for clarifications/ No client changes to projects	<20%		No data	

No	DESCRIPTION	Target	Target	Score	Trend from Q2
25	LOCAL SPEND Purchase orders raised within D2N2 area			76%	92%
26	WASTE – CONSTRUCTION SERVICES/DELIVERY PARTNERS Waste amassed by construction services/delivery partners diverted from landfill			97.78	97.52%
27	ZERO DEFECTS/SNAGGING Proposed				
28	COMPLIMENTS AND COMPLAINTS Proposed				