

REPORT OF THE DEPUTY LEADER OF THE COUNCIL**ARC PARTNERSHIP UPDATE AS AT Q3 2018/2019****Purpose of the Report**

1. To update the Committee on Arc Partnership's performance as at Q3, 31 December 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 Q3 Operational and Financial Performance

5. For Arc Partnership employees, the Accident Incident Rate (AIR) as at Q3 was zero. Similarly, the All Accident Incident Rate (AAIR), and the Near Miss Incident Rate (NMIR) was zero. Management, delivery and review of Construction Design and Management (CDM) Regulation requirements, pre-construction, design risk management recommendations, with regard to both projects and programmed works, continues to progress well, with 100% monitoring between NCC and Arc Partnership in train. During the quarter we had no Enforcing Authority visits.
6. Revenues at Q3 are behind forecast, with a major element of this simply related to the phasing of Major Projects. At the end of Q3, Arc Partnership's cash position was positive, and all contractor payments are being managed in line with credit terms, and there are no significant overdue debtors. Whilst this represents a good news story the impact on in-house resources has been considerable with regard to commissions from both NCC and external third parties arriving simultaneously, with additional external design support being brought in through our supply chain partners. The projects to which these commissions relate are ongoing and therefore this has a continuing effect through the remainder of this financial year. Revenues and profit to year end are in line with forecasts.
7. The work To Be Obtained (TBO) target for 2018-2019 has been exceeded, and focus remains on securing work for 2019-2020 and beyond. We have secured 68% of TBO for 2019-2020 with good visibility of opportunities to secure the remaining TBO. Similarly we

have 13% of 2020-2021 secured, again with some visibility of opportunities. However, it is important to note that we only report secured TBO when orders are received from both NCC or third parties.

8. Operational performance as at Q3 remains positive and we have good visibility of future works from Nottinghamshire County Council, new work streams from NCC Inward Investment and Growth Team, and third party growth remains positive and sustainable.
9. The table below summarises, by value band, current live projects commissioned with Arc Partnership from NCC as at Q3.

Value Band	Total Budget	Number of Projects
£0-50K	£2,417,418	160
£50-100K	£2,127,656	29
£100-250K	£4,020,127	29
£250-500K	£4,491,603	13
£500K-1M	£5,677,917	9
£1-3M	£2,657,150	2
£3M+	£27,704,444	5
Total	£49,096,316	247

Progress with Major Projects

10. The £5.8m replacement of Hawthorne Primary School in Bestwood, with a new 315 Primary School with a 39-place nursery, capable of expansion to at least 420 places, commenced on site 28 August 2018. The completion date is 30 August 2019, our delivery partner is Kier Group, and the project is currently on programme.
11. A new £3.7m primary school on the former Rolls Royce site in Hucknall, the Hucknall Flying High Academy, and again delivered by Kier Group, is a 210 Primary School with a 26-place nursery, capable of expansion to at least 315 places. The project commenced on site on 24 September 2018, with a completion date of 30 August 2019, and is currently on programme.
12. Planning permission has recently been granted for the replacement of the Newark Orchard School which entails a 140-place new school capable of expansion to 170 places. The overall £15.6m project also includes the demolition of the existing day service building and relocation of the existing day service into temporary accommodation in Woods Court, and subsequent construction of a new day service facility on the former leisure centre site. The projects are being delivered by Willmott Dixon and GF Tomlinson respectively.
13. The completion of Woods Court reconfiguration is scheduled for early March, and the day service relocates to the building on 9/10 March 2019
14. The provision a new vocational block (Phase 3) at Clayfield House Secure Unit commenced on site 16 July 2018, with a completion date of September 2019. The project is being undertaken by Kier Group, and represents the final element of the three-phase project. Phases 1 and 2 were undertaken by Wates Group and Arc Construction Services respectively, with a total scheme value of £9.228m.
15. The new Primary School, at Sharp Hill, Edwalton comprises a 315 place primary school with a 26 place nursery. The school is to be capable of expansion, in the future, to at least 420 primary places and is funded through Section 106 monies. The school is scheduled to open in September 2020, and detailed designs and planning applications are being currently prepared.

16. Work continues in collaborating with NCC's Regeneration and Growth Team, through Arc Partnership's Regeneration Team to bring forward a number of key regeneration, inward investment and growth 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. NCC's Programme Director is heading up the interface between NCC and Arc.

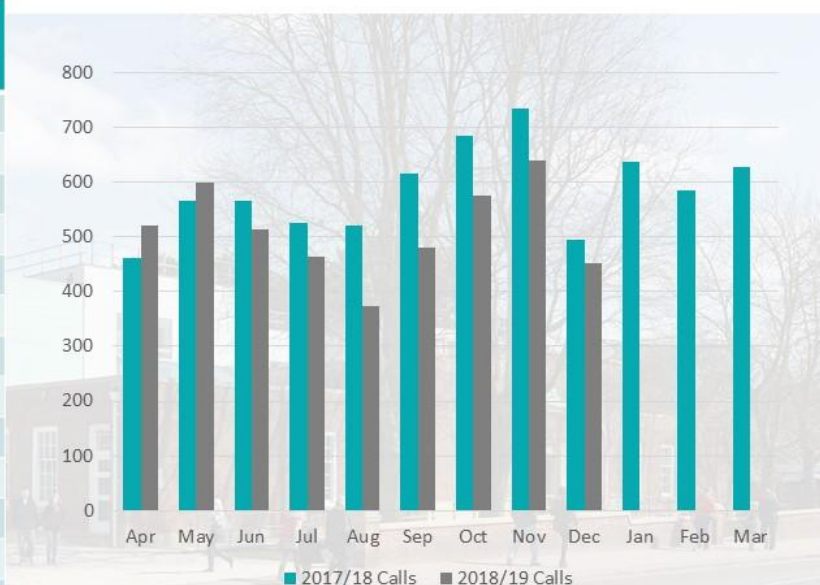
Repairs and Maintenance Works

17. The table below summarises calls to Arc Assist, Servicing and Responsive Repairs for Q3, as compared to the same period in 2017/2018.

Calls to Arc Assist – December 2018

arcpartnership

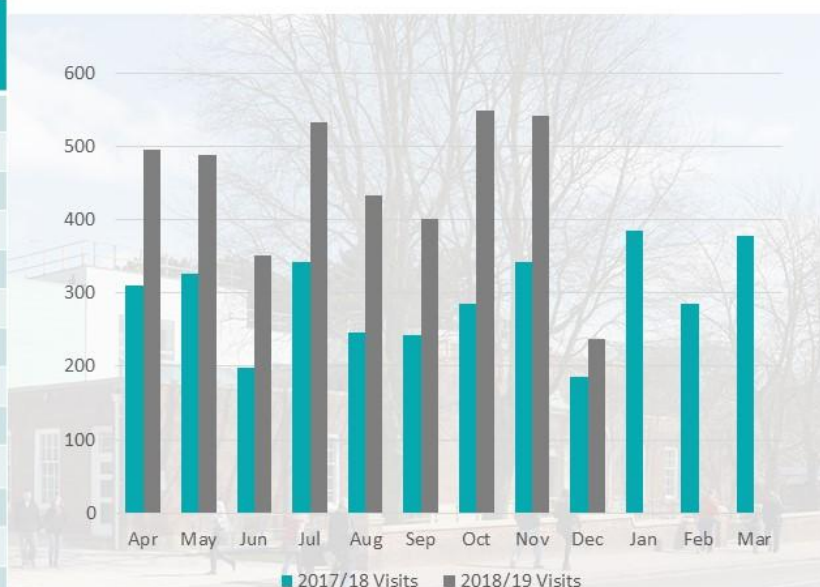
Month	Calls Received 17/18	Calls Received 18/19
April	462	522
May	567	599
June	567	513
July	525	464
August	521	373
September	615	480
October	684	576
November	734	640
December	494	452
January	637	
February	585	
March	629	
TOTAL	7020	4619



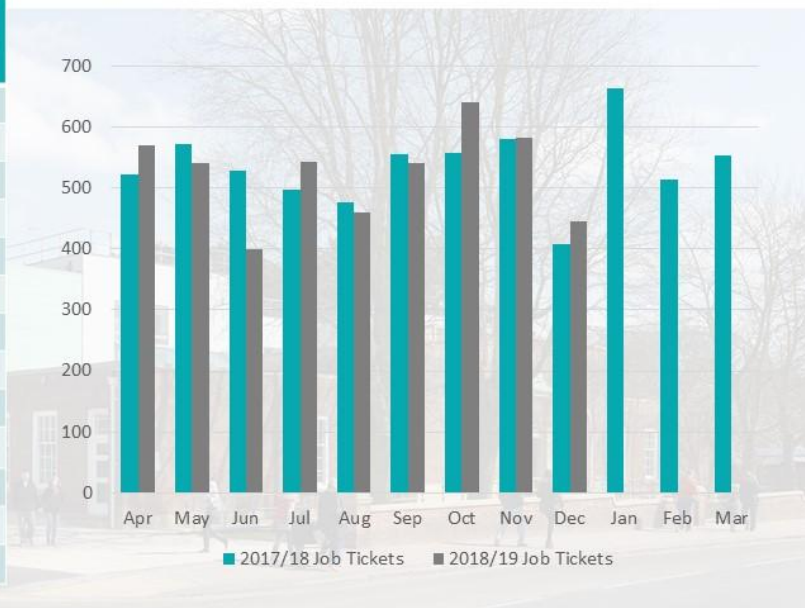
Servicing Schedules – December 2018

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Month	Number planned 17/18	Number planned 18/19
Apr	310	496
May	327	488
Jun	199	352
Jul	343	534
Aug	246	433
Sep	242	401
Oct	286	549
Nov	343	542
Dec	185	238
Jan	385	
Feb	286	
Mar	378	
TOTAL	3530	4033



Month	Arc Assist Job Tickets 17/18	Arc Assist Job Tickets 18/19
Apr	522	570
May	572	541
Jun	528	400
Jul	497	544
Aug	477	460
Sep	556	542
Oct	557	641
Nov	581	582
Dec	408	445
Jan	664	
Feb	514	
Mar	553	
TOTAL	6429	4725



18. Work is underway with the NCC Client to audit all properties to ensure that all fixed, and loose, equipment that require servicing is captured to ensure 100% compliance. There is a requirement for surveys to ensure all mechanical and electrical equipment is accurately captured on NCC's system (P2 – PPM Schedule).
19. Arc is commencing a process to develop highly time efficient, technology enabled site surveys. Working with partners from Aecom (part of Perfect Circle), and adopting technology used by large scale survey programmes for the Education and Skills Funding Agency (ESFA), Arc will be investing to develop ICT solutions and working practices. These solutions will also enable more efficient working once the anticipated transfer of the NCC Compliance Function (subject to agreement) is undertaken later in 2019/2020.

Performance Indicators and monitoring

20. The performance sub-group for the Partnership continues to meet monthly, with NCC participation, allowing agreement on performance but more importantly action planning for continuous improvement. Work continues between Arc Partnership and NCC on amending a number of KPI's in order that they are fit for purpose for 1 April 2019 implementation.
21. On major projects and programmes robust resource, cash, budget and profit forecasting is in place within monthly review, to provide timely reporting to both Major Projects Board and Finance and Major Contracts Committee. We have trialled a quarterly report using the team assessments of project out-turn costs, rather than using the P2 budgets to give a more accurate forecast of out-turns, and this will form part of our reporting to NCC. This information is effectively in advance of P2 forecasting, and gives both Arc and NCC a better, and earlier, appreciation of annual spend, carry-over, and potential funds that can be returned to NCC.
22. Positive progress continues 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.

23. During the period a new risk was added to the Arc Partnership Risk Register entitled **Long Term Viability of Contractors** – Risk score is currently 3/5 (likelihood/impact). There is a policy of intent in place to deal with the failure of a major contractor working on Arc projects. The concept of how this will be dealt with has been formulated and needs to be written up and formalised as a business continuity response in the event that the risk materialises.

Financial Summary

24. As noted in paragraph 6 above, revenues and profit to year end are in line with forecasts.

Other Options Considered

25. None

Reason for Recommendation

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

Statutory and Policy Implications

27. 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

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

Financial Implications

29. Arc Partnership continue to perform strongly, as do Scape Group.

Implications for Sustainability and the Environment

30. Arc have strong environmental credentials, and support the Council by delivering a wide range of sustainable building projects across the corporate estate and schools.

RECOMMENDATION/S

It is recommended that:

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

County Councillor Reg Adair
Deputy Leader of the Council

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

Constitutional Comments [AK 21/2/2019]

31. The recommendation falls within the remit of the Policy Committee under its terms of reference.

Financial Comments [RWK 21/02/2019]

32. 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.

- Arc Partnership KPI Performance Report Quarter 3 - October to December 2018
- Arc Partnership Risk Register – Quarter 3 - October to December 2018

Electoral Division(s) and Member(s) Affected

- All