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| Report to: | CABINET |
| Report of: Date of Decision: | ASSISTANT DIRECTOR CORPORATE PROCUREMENT 20 th September 2016 |
| SUBJECT: | CONSTRUCTING WEST MIDLANDS FRAMEWORK EXTENSION |
| Key Decision: Yes | Relevant Forward Plan Ref: 002027/2016 |
| If not in the Forward Plan: (please "X" box) | Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/> |
| Relevant Cabinet Member(s): | Cllr Majid Mahmood, Cabinet Member, Value for Money & Efficiency |
| Relevant O&S Chairman: | Cllr Mohammed Aikhlaq, Corporate Resources and Governance |
| Wards affected: | All Wards |

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| 1. Purpose of report: |
| 1.1 To seek approval to the proposal to extend Lots 1-4 & 7 within the CWM framework agreement with effect from 1 st October 2017 for a period of 24 months. |
| 1.2 The report on the private agenda contains confidential information in relation to the proposal. |

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| 2. Decision(s) recommended: | |
| That Cabinet: | |
| 2.1 Notes the contents of the report | |
| Lead Contact Officer(s): | Richard Tibbatts |
| Telephone No: E-mail address: | Head of Contract Management Corporate Procurement Services Economy Directorate 07827 367245 richard.tibbatts@birmingham.gov.uk |

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| 3. Consultation |
| 3.1 <u>Internal</u> |
| Acivico Ltd has been involved in the preparation of and supports the content and recommendations within this report. Education and Skills Infrastructure (EDSi), Birmingham Property Services, City Finance, Corporate Procurement Services, and Legal and Democratic Services have been involved in the preparation of this report. |
| 3.2 <u>External</u> |
| Officers from Corporate Procurement Services and Acivico Ltd have held a series of dialogue meetings with Contractors and Council Clients on the CWM Framework in order to determine the benefits or otherwise of extending these agreements. |

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 This consideration will support the Council Business Plan and Budget 2016+ priorities to create a fair, prosperous and democratic city. This arrangement will support the primary objective of a Strong Economy and more specifically the following sub-outcomes;

- An enterprising, innovative green city delivering sustainable growth, meeting the needs of the population and strengthening Birmingham's global standing.
- A living wage that generates value locally, prosperity shared and the distinct and different strengths of our communities harnessed.
- Working in partnership with our neighbouring councils.

In addition, all CWM Contractors on Lots 1-4 and 7 have submitted their detailed action plans to deliver the Birmingham Business Charter for Social Responsibility and these have been appraised and approved by Acivico and Corporate Procurement Services.

4.2 Financial Implications

This contract extension does not commit the Council to any particular level of spend. The cost of works delivered under this extension will be met from directorates' and schools revenue service budgets for repairs and maintenance and capital budgets for construction projects.

As part of an offer to support the remaining 2 year extension option, all Contractors have agreed to hold their 2011 tendered rates (plus agreed RPI) against a rising market for the duration of the proposed extension through to 30th September 2019.

This will further support the mitigation of upward movement in costs within the Hard FM & Construction Industry which is extremely buoyant at this moment in time and contributing to increased costs from both Principal Tier 1 Contractors and their Tier 2/3 supply chains.

There would also be an internal cost to re-procure now should the Council decide not to extend and choose to go out to tender.

As part of the first contract extension approved by Cabinet on 16th February Contractors presented and agreed a suite of efficiency measures that would be implemented between April 2015 and 30th September 2017. Throughout the term of the extension to date CWM Lots 1-4 & 7 Contractors have continued working collaboratively with the Council to deliver the agreed 2015-2017 Efficiency Delivery Programme as well as improve current operational processes via a streamlined 'Lean' approach. All Contractors are also performing to an acceptable standard against their contractual commercial & operational KPI's. This partnering approach has supported the successful ongoing delivery of the agreed efficiencies (where practical) which will continue through to 30th September 2017. These are detailed further in Appendix 1.

Exercising the option of a second extension will provide the opportunity to embed the benefits and efficiencies set out as part of the initial extension period, undertake further leaning of the processes and exploration of new and additional opportunities to deliver benefit, for example through Early Contractor Involvement (ECI) and better works scheduling / transparency.

4.3 Legal Implications

The works and services carried out under this framework extension will be in relation to Council owned buildings and schools across the Council's area. Because of the numerous Council services and functions carried out from such buildings it is not practical to include, in this report, details of all relevant legislation enabling those services and functions to be carried out. Subsequent reports seeking approval to specific projects called-off under the framework will list the relevant legal powers in relation to that particular project / building.

4.4 Public Sector Equality Duty

The stage 1 assessment which was undertaken on 13th December 2010, did not highlight the need to undertake a stage 2 assessment on the basis that an EINA was undertaken as part of the original Constructing West Midlands (CWM) tender. This EINA was reviewed on 10th August 2016 and was still considered appropriate and relevant. All Public Sector Equalities duties are embedded within this Framework and the actions and principles will continue to be applied throughout the extension period.

5. Relevant background/chronology of key events:

- 5.1 On 25th July 2011 Cabinet approved the appointment of contractors to the framework contracts, commonly referred to as Constructing West Midlands (CWM). These frameworks commenced on 1st October 2011, as 4-year contracts with 2 options to extend exercisable by the Council for up to 2 years in both cases.
- 5.2 On 26th February 2015 Cabinet gave approval to extend CWM Frameworks Lots 1-4 and Lot 7. The report set out the potential efficiencies that could be delivered by the Council and Contractors throughout this initial 2 year extension period until September 2017.
- 5.3 The CWM Agreements require that Contractors are provided with 12 months prior notice on any decision to take up the contract extension options. As such the Council must advise Contractors on the decision to take up the 2nd extension period (2017-2019) by 30th September 2016.
- 5.4 In considering whether to extend for the remaining 2 year option, officers from the Council and Acivico Ltd also undertook a review of Contractor performance over the last 12 month period. The outcome of this review is set out in Appendix 1.

5.5 Rationale for Extending

Extending the framework provides the Council with a consistent DCFM delivery vehicle for Lots 1-4 & 7 thus enabling the Council & Acivico to fully explore and determine the procurement strategy for the CWM Future Operating Model (FOM) which needs to be fully operational by Sept 2019 latest.

There is zero risk in extending Lots 1-4 & 7 as the CWM Framework Agreement is non-exclusive with zero commitment to volume or spend.

The extension will provide operational cover and consistency of approach in this area whilst the Council develops its alternative delivery vehicle(s) for its DCFM services the process for which is outlined in Appendix 2. If the FOM in full or in part is delivered prior

to September 2019 the Council may elect to migrate from the extended CWM arrangements (in its entirety or by Lot) without any operational or commercial risk to the Council.

Extending will allow the Council to continue with a robust evaluation of all FOM options including the following as a minimum:

- A full review of all alternative delivery options in this category area (internal & external)
- A detailed Options Appraisal approach based on selected key delivery criteria from the BCC Commissioning '13 Service Delivery Options'.
- End User Consultation – Including BCC Clients & other Local Authorities / Public & Private Sector Bodies
- Engage in profiling of the Councils requirements over the next 2-3 years through pipeline / programme transparency from Clients to support market engagement activity as required
- Market Engagement /Testing & Industry Best Practice Evaluation – Who is doing what and why.
- Completion of a full review of all Specification, Scope, Commercial & Operational Deliverables.

5.6 The proposed 2 year extension agreement with each Contractor will require them to support a structured continuous improvement programme through ongoing contract review meetings which allows for additional efficiencies and client expectations to be agreed, identified and implemented. Delivery of these improvements will also be monitored in accordance with their contractual terms and conditions. This learning / industry best practice approach will then be carried forward into the development of the Future Operating Model (FOM) as required.

5.7 A Cabinet report setting out the FOM Procurement Strategy will be presented to Cabinet in spring 2017. The plan setting out the development of this strategy is set out in Appendix 2.

6. Evaluation of alternative option(s):

6.1 The Council could elect not to extend these Frameworks and explore the possibility of accessing another nationally available framework. This option was rejected for the following reasons;

- Officers are currently developing the CWM FOM and as such the time and effort required to mobilise a new contract for a relatively short period would not be beneficial.
- The income Acivico and the Council currently receives from external clients in the form of the CWM Framework access fee would be lost.

7. Reasons for Decision(s):

7.1 To enable the Council to extend the agreements with contractors on the CWM framework from 1st October 2017 – 30th September 2019.

Signatures

Date

Nigel Kletz: Date.....
Assistant Director - Procurement

Cllr Majid Mahmood..... Date.....
Cabinet Member, Value for Money & Efficiency

List of Background Documents used to compile this Report:

- Public Cabinet Report of 25th July 2011 entitled Appointment of Contractors to the 'Constructing West Midlands' Construction Framework.
- Cabinet Report 16th February 2015 entitled Constructing West Midlands Framework Extension

List of Appendices accompanying this Report (if any):

Appendix 1 CWM Contract Efficiency Delivery Status Report – July 2016
Appendix 2 – FOM Development Plan

Appendix 1 CWM Contract Efficiency Delivery Status Report – July 2016

1. EXECUTIVE SUMMARY:

The current contract term for Lots 1-4 & 7 within the Constructing West Midlands (CWM) Framework Agreement expires in September 2017. The Council has one remaining option to extend for a further 2 year period through to September 2019.

For information Lots 5&6 (Minor Works <£500k) were not extended in 2015 and therefore, no longer operate as part of the CWM Framework.

2. EFFICIENCY STATUS OVERVIEW:

Tangible and positive progress is being made in this area as outlined below which demonstrates the value of this ongoing work to date. In addition, all CWM Contractors are performing consistently and meeting their operational KPI delivery targets.

The CWM Extension approval timelines are driven by the Council's contractual obligation to inform the CWM Contractors of the Council's decision relating to the 2nd extension period by 30th September 2016 (12 months prior to the expiry of the 1st extension).

3. BACKGROUND:

Lots 1-4 & 7 consist of the following Contractors and scope:

| Lot No | Scope of works | Area of City | Contractor |
|--------|---|---------------|---|
| 1 | Legionella Inspection and Servicing | North | Integrated Water Services |
| 2 | Legionella Inspection and Servicing | South | Carillion |
| 3 | Reactive/Planned Repair and Maintenance (Electrical & Mechanical) | North | Carillion |
| 4 | Reactive/Planned Repair and Maintenance (Electrical & Mechanical) | South | Trios* |
| 7 | Capital Projects Framework, Major Construction Projects and Major Programmes of Work of £500k upwards | North & South | Willmott Dixon Community Solutions West Midlands Balfour Beatty Regional Construction Limited** Thomas Vale Construction PLC |

**Middleton Maintenance Services Ltd was appointed to the Lot 4 framework; subsequently the name of this company was changed to Trios.*

***Mansell Construction Services Ltd was appointed to the Lot 7 framework; subsequently the name of this company was changed to Balfour Beatty Regional Construction Limited.*

The extension review process undertaken by the Council and Acivico for both the 1st and 2nd extension options has been welcomed as a truly collaborative Contract Management approach by all parties involved. This has resulted in the staged and ongoing delivery / implementation of the efficiencies agreed as part of the first extension period underlining the Council's, Contractors and Acivico's commitment to this process.

It should be noted at this point that the identified efficiency savings were not as a result of a reduction in the Contractors' Schedule of Rates items and/or fees but are being achieved via the introduction of smarter 'leaner' processes, working methods and practices which drive out unnecessary costs and operational waste. The benefit to the Council is the ability to re-shape the current CWM model to deliver these services more effectively.

This 'LEAN' approach is also enabling the ongoing re-alignment of the current CWM framework with current market best practice i.e. Central Government Construction Strategies 2016 - 2020 endorsed by Lord Bridges (Parliamentary Secretary) and Central Governments Construction 2025 Strategy which sets out a clear mandate by working in a collaborative partnership and adopts a fresh approach to delivery of works in this area. This style of approach is outlined in more detail within this report and will also support the development of the Councils FOM for this area.

The successful implementation of achievable efficiencies does require changes in behaviour, approaches to internal governance and culture across the Council at all levels, as well as with Acivico, CWM Contracting Partners and their respective supply chains. Activity to support delivery of improvements in these areas is currently ongoing.

4. EFFICIENCY STATUS OVERVIEW:

Lots 1&2 – Legionella

Operational efficiencies & improvements implemented to date include:

- Implementing a reduced testing regime at some low risk sites in line with Legionella guidance (ACOP LO8) and Council Client approval, i.e. based on asset complexity and user vulnerability
- Reduced service-specific testing at some low risk sites in line with Legionella guidance (ACOP LO8)
- Increased 'in-house' testing where possible on some low risk sites.
- Contractor training and risk assessments along with Acivico audits have and will continue to facilitate more in-house self-testing and reduce costs where possible.

In addition to the above, CPS has sought buy-in from all stakeholders through a formal Legionella Working Group including CPS, Clients, Acivico, Contractors, Water Hygiene Specialists and BCC Health and Safety and will continue to pursue additional potential efficiencies through the following measures;

- Legionella Working Group to conduct a full review of Corporate estate to allocate the following risk bandings:
 - A: High Risk Sites – Existing testing regime will remain as current frequency.
 - B: Medium Risk Sites – Review further to assess potential to adopt a reduced testing regime following this exercise.
 - C: Low Risk Sites - Adopt a reduced testing regime following this exercise
- Legionella Working Group to review and where necessary enhance existing risk management processes to ensure that any reduced testing complies with Legionella guidance and changes in testing regime reflected in all BCC Risk Assessment documentation and Duty Holder Log Books. This in itself will be a major operational win and drive further compliance across all identified sites.
- Order batching via the Council's Facilities Management database, (CAFM) system will create significant efficiencies in transaction and overhead costs (this follows best practice demonstrated by Housing – a single annual order is provided to the Contractor) and has been endorsed by Contractors.

Lots 3&4 – Mechanical & Engineering

Operational efficiencies & improvements implemented to date include:

- The Universal Infant Free School Meals (UIFSM) programme where 51 new Cooking Centre's (combination ovens) were required. Lean approach adopted including order batching through pipeline visibility enabling the Contractor to drive VFM through bulk and planned purchasing and works scheduling and streamlined operational installs.
- Benefits by obtaining agreement to work to Contract Instruction 'Briefing Note' issued by Contract Management and Performance (CMAP) and Acivico are now being realised.
- Reducing emergency call-outs through client education and improved communication flow via Acivico & Contractors Help Desks. Use of structured scripting has supported this area.
- Both Lot 3&4 contractors continue to support the development of the CAFM system and the accuracy of the data within it.
- Both Lot 3&4 contractors continue to support the asset verification process to ensure the property portfolio and equipment installed remains up to date.

In addition to the above, CPS has sought buy-in from all stakeholders through a formal M&E Working Group including CPS, Clients, Acivico and Contractors and will continue to pursue additional potential efficiencies through the following measures;

- Reduction of test-specific planned services (keeping an ad hoc reactive service only)
- Order batching/stacking of similar tests / skill sets and identical non-emergency orders across the Council, leading to possible reduction in transactional and overhead costs (order & invoicing processing costs, BACs payments etc.). Proposed benefits realisation in this space still to be verified by Acivico, BPS and CAFM Teams
- Increased visibility of the works pipeline to drive greater efficiencies in scheduling and planning of works (key issue). This is WIP and drives the batching and stacking of orders.

Lot 7 – Capital Projects, Major Construction & Work Programmes > £500k

Due to delays completing the externally commissioned Lean review conducted by C.W.Group coupled with tight EDSi project delivery deadlines, the identified efficiency opportunities could only be applied in part, resulting in a lower than initially anticipated % saving. However, all future Lot 7 projects, where appropriate, will embrace a fully leanned Early Contractor Involvement (ECI) approach with scheduled governance and progress gate reviews at various stages to ensure a true VFM and market leading lean best practice approach is implemented through to Sept 2017 and beyond.

Operational efficiencies and improvements contributing to the delivery of the above by all parties (BCC, Acivico & Contractors) working collaboratively includes:

- Successfully managing to secure an agreed 'leaned' target cost for the 7 pilot projects (due to be completed Sept 2017) in line with Education Funding Agency industry benchmark rates of £1860 PM2 – 10% below the original target cost calculation. This methodology will be applied to all future Lot 7 projects where practical.
- EDSi has now approved the three Standardised EFA Specifications and consolidation of product ranges for Council owned / maintained schools, Academies & Special Schools as appropriate.
- Continued support to the BBC4SR through submitted action plans for each Contractor by project/programme and by doing so deliver employment opportunities through sponsored apprenticeship schemes which have been successfully supported and delivered throughout the CWM Framework since the launch of BBC4SR.
- Lot 7 Contractors have engaged and supported the efficiencies subsequently approved and validated by the independent Lean review by CW Group sanctioned by the Council. These

proposed changes to existing processes and associated governance will eventually remove the identified operational and commercial waste to deliver projects whilst controlling time, cost and quality elements.

- EDSi have now started to provide greater pipeline visibility resulting in projects being more collaboratively planned by the Client, Acivico & Contractors resulting in commercial & operational programme expectations being met.
- Implementation of the EFA benchmark rate of £1,860m2, further pipeline process developments along with additional ECI / lean methodology will increase the 10% savings figure, indicated for the pilot projects, nearer to identified market leaders delivering true VFM in this space.
- Gaining Cabinet approval to Programme Business cases i.e. batches of EDSi projects rather than one for each individual projects. Where implemented, the leaned ECI process has enabled EDSi, Acivico, Lot 7 Contractors and their 2nd / 3rd tier supply chains to drive VFM by moving from a piecemeal to a pro-active 'planned' environment reducing costs through de-risking.

Additional Operational efficiencies and improvements identified:

- BCC, Acivico and Contractors engaged in a continuous improvement process around project delivery streamlining, governance reviews (whilst still maintaining required levels of control) and behavioural change to further improve VFM delivery in this area.
- Contractors have offered additional funding to support marketing of CWM which will generate additional 3rd party income for BCC.
- Employing a Total Asset Management Approach and support whole life costing models i.e. taking a strategic view of the assets current and future requirements = reduced strain on maintenance budgets through other CWM lots and BCC delivery models for R&M etc.
- Improved end user engagement and satisfaction.
- Continued market testing / benchmarking to ensure all projects deliver a true VFM approach to the Council and remains competitive against external competition for Academies / non-funded BCC schools etc.

5. CONTRACTORS PERFORMANCE 2015 – 2016

Lots 1&2 – Legionella (Lot 1: IWS – North & Lot 2: Carillion – South)

| | | MONTH | | APRIL | MAY | JUNE | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | JANUARY | FEBRUARY | MARCH |
|-------------------|-----------|------------------|--|--------|-------|-------|--------|--------|-----------|---------|----------|----------|---------|----------|-------|
| LO2 LEGIONELLA | CARILLION | VISITS DUE | | 66 | 62 | 55 | 67 | 54 | 60 | 72 | 55 | 56 | 68 | 59 | 55 |
| | | VISITS COMPLETED | | 66 | 60 | 53 | 64 | 52 | 60 | 72 | 55 | 56 | 68 | 58 | 53 |
| | | %COMPLETED | | 100.0% | 96.8% | 96.4% | 95.5% | 96.3% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 98.3% | 96.4% |
| | | TARGET | | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% |
| | IWS | VISITS DUE | | 103 | 107 | 100 | 101 | 98 | 97 | 110 | 138 | 97 | 98 | 102 | 104 |
| | | VISITS COMPLETED | | 100 | 103 | 99 | 101 | 94 | 97 | 107 | 134 | 94 | 98 | 101 | 101 |
| | | %COMPLETED | | 97.1% | 96.3% | 99.0% | 100.0% | 95.9% | 100.0% | 97.3% | 97.1% | 96.9% | 100.0% | 99.0% | 97.1% |
| | | TARGET | | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% | 96.0% |

Both Carillion and IWS are meeting / exceeding their contractual targets for Visits due and % completed. Both Contractors are also engaged in ongoing workshops / efficiency forums with BCC Clients, BCC H&S, CPS and Acivico to further improve delivery to BCC whilst implementing industry best practice by ensuring at all times that mandatory H&S guidelines are adhered to and followed as mentioned earlier in this report.

PLEASE NOTE: – No Legionella incidents reported to date through the lifetime of the contract.

Lots 3&4 – M&E (Lot 3: Carillion – North & Lot 4: Trios – South)

| Repairs & Maintenance (M&E's) | Carillion Score without Invoice within timecale | Trios Score without Invoice within timecale | Pass required |
|-------------------------------|---|---|---------------|
| Apr-15 | 98.92 | 98.4 | 95% |
| May-15 | 98.78 | 98.05 | 95% |
| Jun-15 | 99.25 | 98.46 | 95% |
| Jul-15 | 99.3 | 99.58 | 95% |
| Aug-15 | 99.68 | 99.69 | 95% |
| Sep-15 | 99.64 | 99.52 | 95% |
| Oct-15 | 99.73 | 99.79 | 95% |
| Nov-15 | 100 | 99.94 | 95% |
| Dec-15 | 99.84 | 99.81 | 95% |
| Jan-16 | 99.89 | 99.61 | 95% |
| Feb-16 | 99.87 | 100 | 95% |
| Mar-16 | 99.44 | 99.29 | 95% |

Both Contractors are performing to the agreed operational ‘on site’ standards required and as such are meeting their contractual KPI targets.

Lot 7 – Capital Projects Framework, Major Construction Projects & Major Work Programmes > £500k

| BCC Benchmark Quality Score | Contracting Partner | Overall Performance Score |
|---|---------------------|---------------------------|
| Performance Score Benchmark: 70.00 | Balfour Beatty | 84.00 |
| | Willmott Dixon | 73.90 |
| | Thomas Vale | 84.40 |
| | Community Solutions | 87.30 |

Please note that the KPIs measured are aligned to industry standard national KPI’s utilised by Constructing Excellence. The score is out of 100 and the minimum benchmark pass threshold is 70. This performance monitoring process undertaken by Acivico as part of their Contract Management activity, uses the performance data as part of the allocation process when awarding works via CWM through its Direct or Mini Comp processes. These KPIs in the main measure delivery in respect of the following:

- Project Cost Predictability
- Time Predictability
- Project Quality
- Health & Safety (i.e. RIDDOR etc.)
- Partnership Working
- BBC4SR

All Lot 7 Contractors will continue to support BBC4SR through submitted action plans for each individual project/programme awarded and by doing so deliver employment opportunities through sponsored apprenticeship schemes which have been successfully supported and delivered by all CWM Contractors since the launch of the BBC4SR.

6. Key Points / Considerations:

It should be noted that this paper provides an overview on current Contractor performance in order to support the decision making process around the approval of a second 2 year extension from September 2017 - 2019.

The following key points should also be considered:

- There is no risk in extending all remaining Lots as the CWM Framework Agreement is not exclusive with zero commitment to volume or spend. Therefore, the City Council can stop awarding work on any lot as required (through a managed process) throughout the extension period.
- Extending will not prevent the Council and Acivico from developing a CWM replacement FOM (this needs to happen by Sept 2019 as detailed in Appendix 2). If this replacement is in place before September 2019 the Council can switch without any operational or commercial risk.
- The Council still is also required to undertake an agreed and measured level of business change to enable the successful implementation of all of the efficiencies identified and this in part has delayed / reduced the level of commercial and operational benefits proposed to date. Many are still WIP but still achievable if all parties embrace the leaned / streamlined processes outlined.
- The rationale as to why some efficiencies have not / cannot be delivered is in the main down to the length of time it has taken to either;
 - Remove commercial & operational waste and specifically the streamlining and earlier allocation of the contractor via the ECI process and the discussion around allocation approvals process prior to contractor project engagement.
 - Adapt current systems / IT platforms to support recommendations. Acivico has put forward outline investment proposals aimed at addressing this issue in connection with its contract renewal / extension.
- The benefits of pipeline and programme transparency across all Lots (where applicable) should be acknowledged at all levels enabling both Acivico and Council to move from a reactive to a pro-active environment.
- The current rate cards for Lots 1-4&7 currently remain at 2011 levels (plus agreed RPI) and are considered to be extremely competitive in today's market. Therefore, there may well be a risk of not extending and going out to tender sooner in a volatile / upward facing market which may result in increased costs. This may well be mitigated by re-modelling under a revised 'leaner' delivery mechanism and/or pooling of multiple-buyer spending to benefit from economies of scale but in the short term this may be an issue.
- The extension period allows for additional efficiencies identified to be implemented and this learning / industry best practice can be carried forward into the FOM.

Conclusion:

This paper demonstrates that Contractors within CWM Lots 1-4&7 are continuing to support the delivery of the identified efficiencies / lean VFM processes as well as performing to an acceptable standard against their contractual commercial & operational KPI's.

Appendix 2 – FOM Development Plan

| CWM Future Operating Model | | 2016 (Jan-Dec) | | | | 2017 (Jan-Dec) | | | | 2018 (Jan-Dec) | | | | 2019 (Jan-Dec) | | | | | | |
|----------------------------|---|----------------|-----------------------|------------------|----|----------------|----|----|----|----------------|----|----|----|----------------|----|----|----|----|----|----|
| CWM Lots 1-7 | | | | | | | | | | | | | | | | | | | | |
| ACTION | INFORMATION REQUIREMENTS | DEADLINE | OWNER | % Complete / RAG | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 1 | DE & RT to agree key stakeholders to be involved in CWM review workshop sessions | May-16 | CPS | 100% | | | | | | | | | | | | | | | | |
| 2 | Kick off workshop with all identified key stakeholders | Jun-16 | CPS | 100% | | | | | | | | | | | | | | | | |
| 3 | Data gathering on historic forward looking budget and pipeline | Sep-16 | FW & Advice, Clients | 40% | | | | | | | | | | | | | | | | |
| 4 | Assessment and investigation of other existing frameworks | Aug-16 | CPS | 100% | | | | | | | | | | | | | | | | |
| 5 | Develop Market Consultation Document | Sep-16 | CPS | 0% | | | | | | | | | | | | | | | | |
| 6 | Issue Market Consultation Document | Sep-16 | CPS | 0% | | | | | | | | | | | | | | | | |
| 7 | Market Consultation Responses Received and Assessed | Oct-16 | AI | 0% | | | | | | | | | | | | | | | | |
| 8 | Engagement with other UKs to determine current contracting arrangements, future budget and strategic input for these services possibly via Questionnaire meetings | Sep-16 | CPS, Advice | 20% | | | | | | | | | | | | | | | | |
| 9 | Client / Stakeholder discuss and agree output KPIs from the Service | Sep-16 | AI | 0% | | | | | | | | | | | | | | | | |
| 10 | Undertake detailed options appraisal with stakeholders | Dec-16 | AI | 0% | | | | | | | | | | | | | | | | |
| 11 | Develop future business case and strategy | Jan-17 | CPS, Advice | 0% | | | | | | | | | | | | | | | | |
| 12 | Cabinet Meeting - Final Approval & Sign Off | Jun-17 | Cabinet | 0% | | | | | | | | | | | | | | | | |
| 13 | Tender Process | Mar-19 | BCC, Advice | 0% | | | | | | | | | | | | | | | | |
| 14 | Contract Award | Apr-19 | Cabinet, Advice Board | 0% | | | | | | | | | | | | | | | | |
| 15 | Mobilisation | Sep-19 | Advice | 0% | | | | | | | | | | | | | | | | |