

The effectiveness of performance requirements in 'Building Schools for the Future' projects in England

An investigation of the key performance requirements for private sector organisations involved in the BSF programme

*D.M.M. (Daan) Vermeer MSc, BSc
Department of Architecture, Building and Planning,
Eindhoven University of Technology*

*A joint-project with the School of Construction Management and Engineering,
The University of Reading
Sponsored by BAM PPP UK Ltd, specialist investment company of Royal BAM Group*

ABSTRACT

This research discusses a perceived lack of clarity over the definition of Best Value for Money and Long-term Partnerships in relation to the performance requirements in the Building Schools for the Future (BSF) programme in England.

The BSF programme offers an 'exclusivity' period of 10 to 15 years to Local Education Partnership (LEP) joint ventures to complete the required programme of works and services in a local area. For local authority clients the 'exclusivity' is a method that can help them to incentive the LEP to provide Best Value for Money performance in BSF projects, through a Long-term Partnership with a Private Sector Partner.

The effectiveness of seven performance mechanisms is investigated in terms of measuring and assessing performance, setting out client's key performance requirements, and the delivery of the client's value objectives by private sector organisations. The data were gathered by a benchmark investigation in 2006, based on a survey of four key disciplines within the first four BSF projects that have passed the stage of preferred bidder. By the use of a Value Enhancement Matrix the data of the 16 respondents were both compared and related. The model benchmarks the ability of private sector organisations to meet or exceed the client's expectations about performance mechanisms. The output is a list of hypotheses, ranked on client's importance. This output helps to improve the working performance of LEP's because of the sharing by more key disciplines involved. Because of the higher number of shared opinions of key disciplines, a higher effect on the performance mechanisms is determined. The outcomes indicate that the effectiveness of seven performance mechanisms required in BSF is diverse.

The most effective performance mechanisms are the Partnering Services Specification, the Track Record & KPI test, and the Market testing Procedure. The Continuous Improvement Plan is also effective as it requires demonstrating long-term Value for Money to reflect best practice, knowledge and experience gained over time and across projects. A performance mechanism with a limited effectiveness is the Benchmarking Procedure because it works from a cost-competitive perspective for New Build only. Any refurbishment and ICT projects are excluded from benchmarking. In addition quality and KPI performance are not yet benchmarked. The Value for Money Assessment Tool is of limited effectiveness as it is only applicable for elements procured under Private Finance Initiative (PFI) arrangements and there seems to be a general lack of clarity about this instrument. Lastly, the Collective Partnership Targets are very subjective and aspirational, whereby private sector organisations cannot be fully responsible as they have a limited influence on some of these targets. Albeit, by working together with the local authority the Private Sector Partner is expected to contribute to the achievement of these targets.

Based on this, the research concludes that achievement of the requirements within these mechanisms can be a good basis upon which to estimate the effectiveness of performance in BSF projects.

Keywords: Partnering, performance, value for money, best value, strategic partnering