

This report presents detail relating to projects that have carried out one or more value testing exercises. This first few pages present this data summarised as charts and tables.

You can view information relating to specific projects and value testing exercises by clicking on the navigation tree on the left and drilling down through the options.

Last updated - 29/10/2009

Figure 1 - The table below details how often the projects within the sample are due to value test under the terms of their contract and the number of value testing exercises that have already taken place .

	Frequency - Yrs	No. of Exercises Completed
Accommodation		
Abingdon Area District Police Headquarters	4	1
Bournemouth PFI Library Project	5	1
Cleveland Police and Durham Constabulary Firearms Facility	5	1
Cornwall Fire Stations	5	1
North Wales Police Central Divisional Headquarters	5	1
Nottinghamshire Police Traffic Wing and Vehicles Services	5	1
Sheffield City Council - Heart of the City Offices	5	1
Education		
Chapel-en-le-Frith and Tupton Hall Secondary Schools	5	1
Debden Park High School	5	1
Derbyshire County Council - Reconfiguration of Long Eaton & Newbold Schools	5	1
Essex County Council - Clacton-on-Sea Secondary Schools & Joint Service Centres PFI	5	1
Essex County Council - Tendring Schools	5	1
Falkirk Schools PPP1	5	1
Haringey Group Schools Projects	5	1
Highland Schools PPP1	5	1
North Wiltshire Schools	5	1
North Yorkshire Group Schools Project	5	1
Parklands High School & Lifelong Learning Centre	5	1
Sheffield Group NDS/PPP Pilots - Phase 1	5	1
Sir John Colfox County Secondary School	5	1
St Genevieve's High School	5	1
Swanscombe Community Schools	5	1
The Cruciform Building	5	1
Wellington College and Balmoral High Schools	5	1
Health		
Barnet General Hospital Modernisation	5	1
Chichester Priority Care Services NHS Trust - Re provision & Development of Locally Based Mental Health Services	7	1
Darent Valley Hospital	5	1
Gloucester Royal NHS Trust - Residences Project	5	1
Highland Primary Care NHS Trust - Craig Phadrig Psychiatric Unit (New Craigs)	5	1

Horton Park Centre	4	1
NHS Greater Glasgow - Southern General Hospital Geriatric Medicine & Assessment Facility	5	1
Norfolk & Norwich University Hospital	5	1
Prospect Park Mental Health Facility	5	1
Queen Elizabeth Hospital, Greenwich	5	1
University Hospital of North Durham	5	1
West Middlesex University Hospital DBFO	5	1

ICT

City of Edinburgh Council - ICT Services	5	1
Foreign and Commonwealth Office Telecommunications Network (FTN)	1	3
Vehicle Inspectorate - MOT Computerisation		1

Leisure Services

Amber Valley Borough Council - Quest for Leisure	1	1
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Figure 2 - The chart below groups the completed value testing exercises by the year that the exercise was completed.

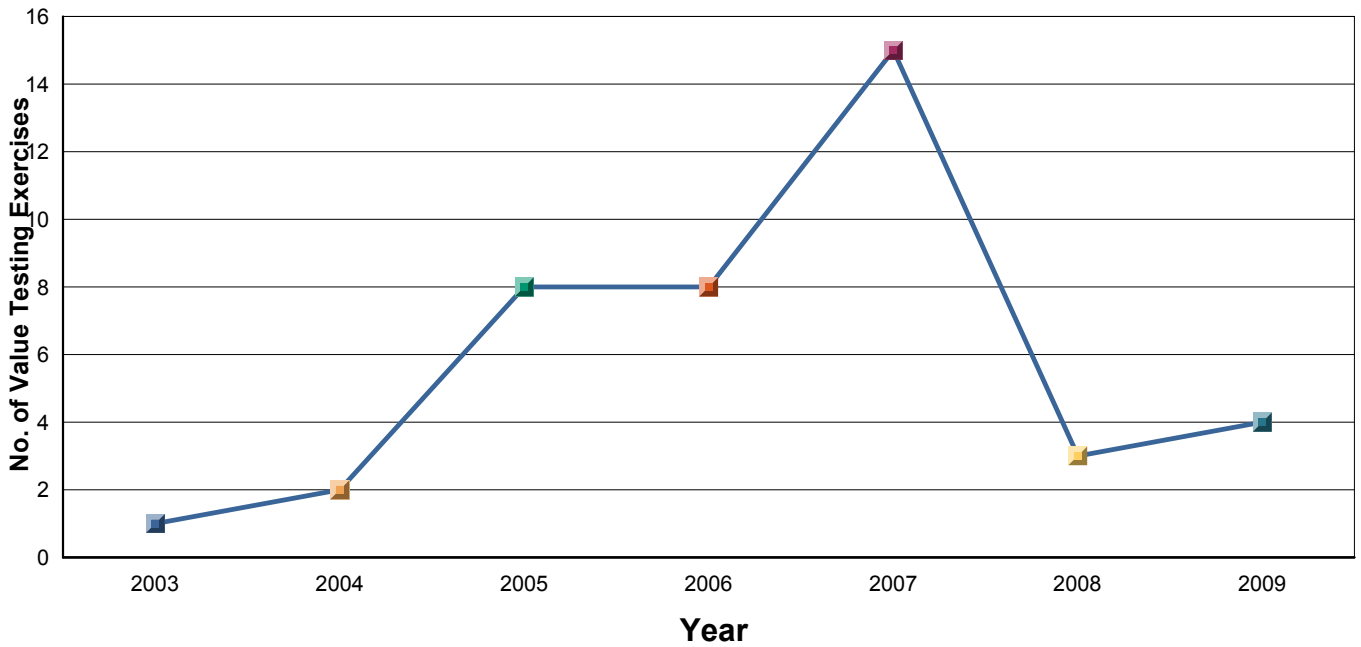


Figure 3 - The chart below illustrates the average duration in months of these completed value testing exercises. This is grouped by sector.

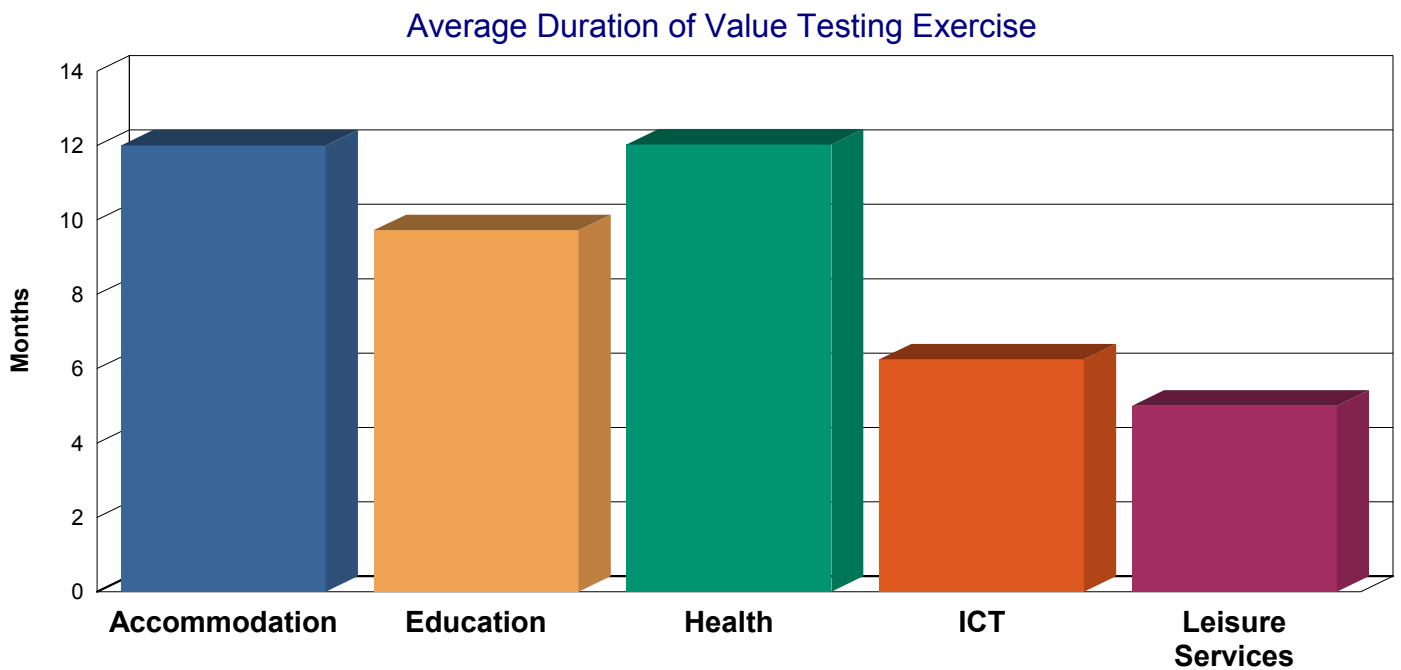


Figure 4 - This chart relates only to services which were subject to benchmarking. The respondents were asked **"Did the public and private sector agree on the results of the benchmarking"**

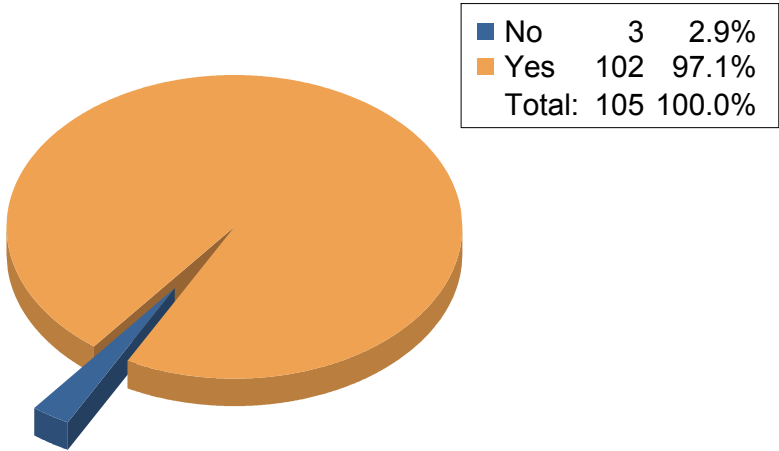


Figure 5 - This chart relates to services which were market tested. The respondents were asked **"Was market testing carried out because of a failure to agree benchmarks?"**

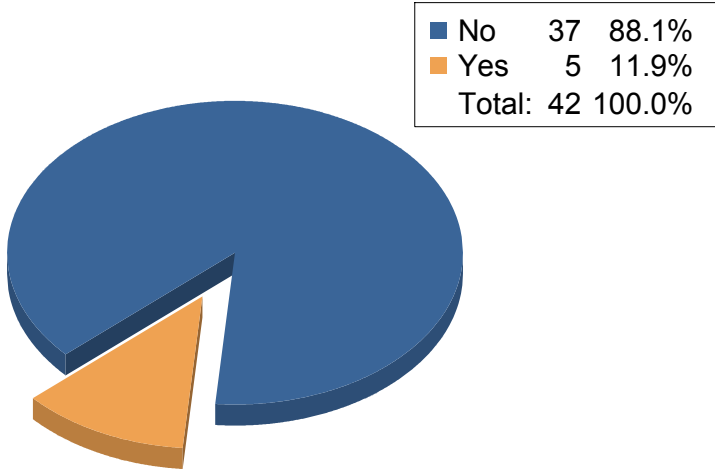


Figure 6 - This chart illustrates who was responsible for the service after market testing

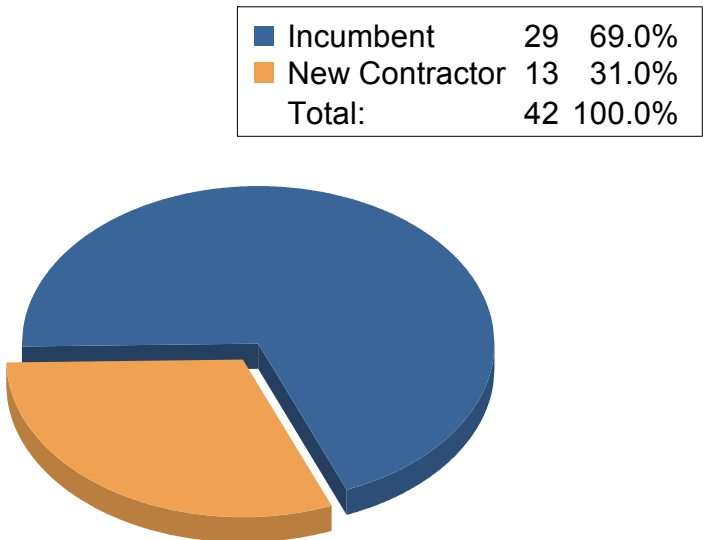


Figure 7 - The chart below illustrates how the cost of all the soft services included in the exercise was adjusted after value testing (benchmarking & market testing).

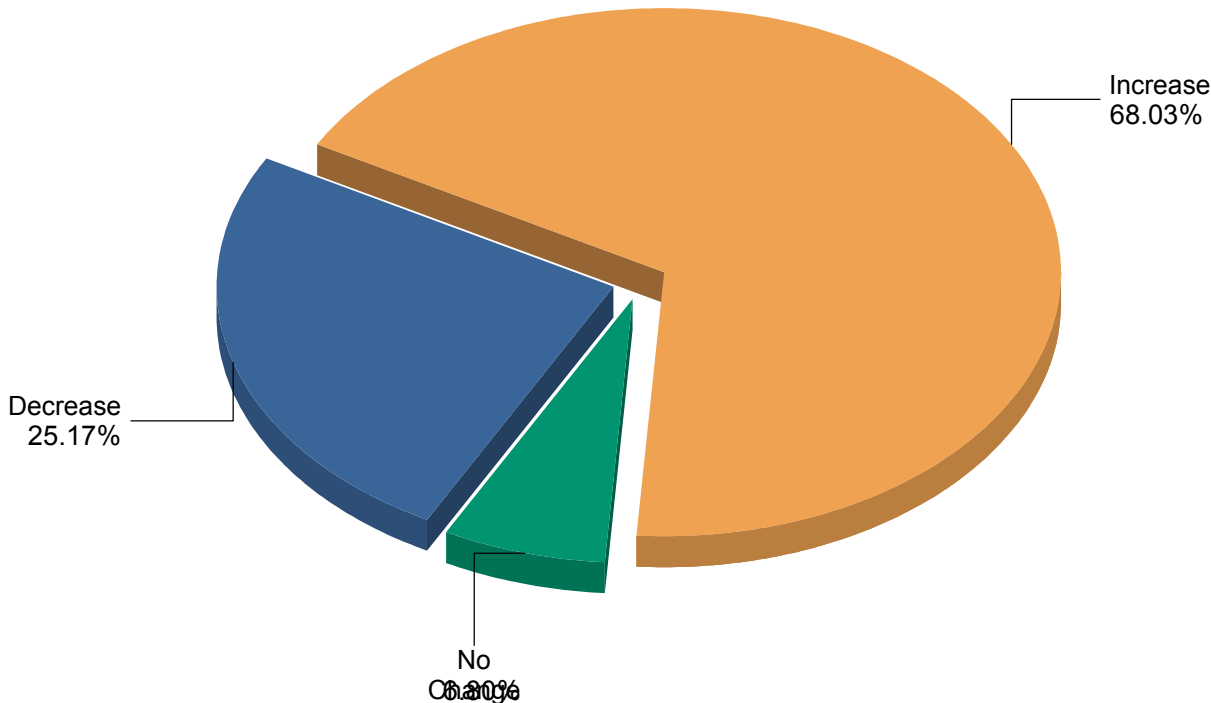
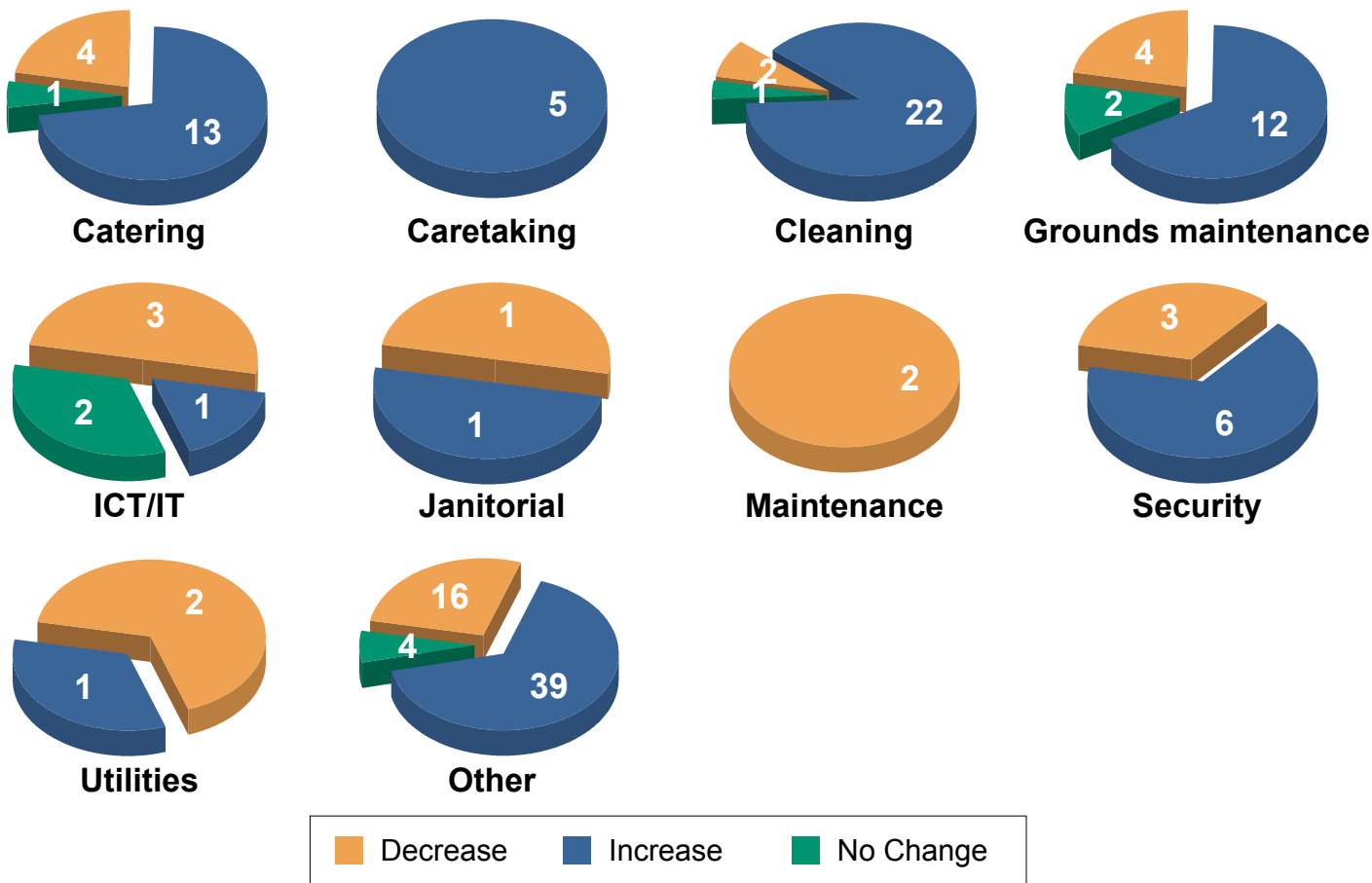


Figure 8 - The chart below breaks the data down by service and details how the price was affected.



Value Testing Detail - Benchmarking

Figure 9 - The chart below illustrates how the cost was affected where the services were subject to a benchmarking exercise.

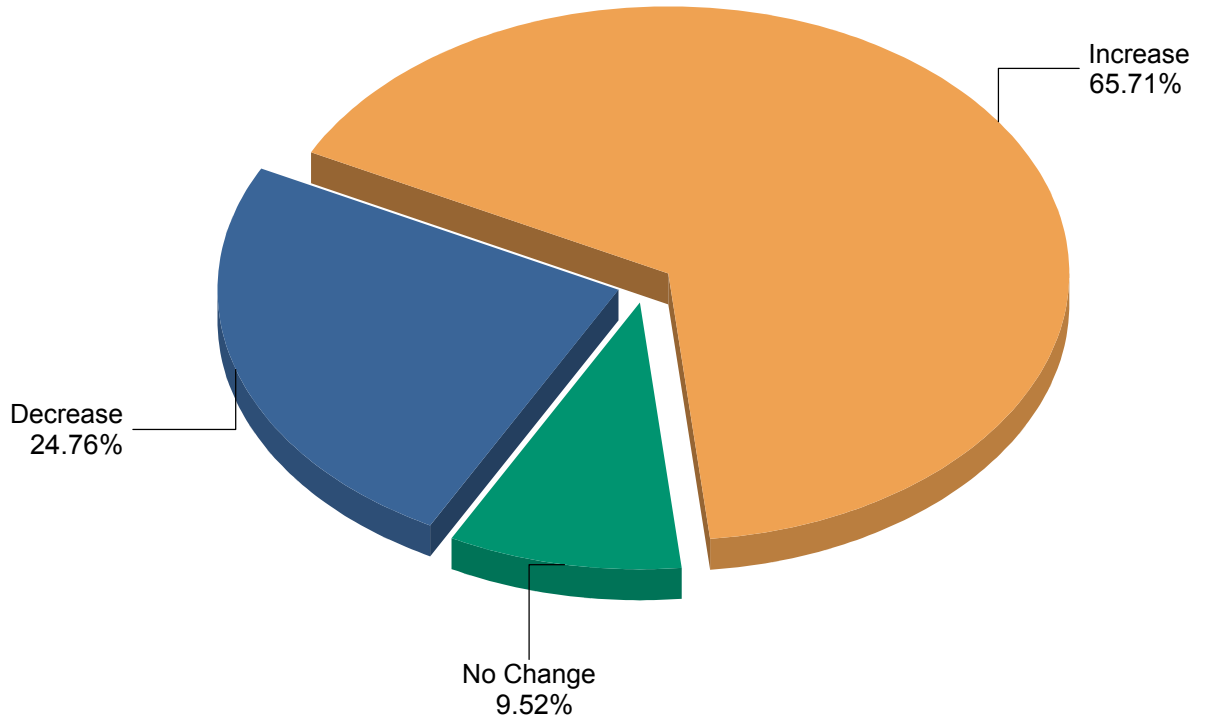
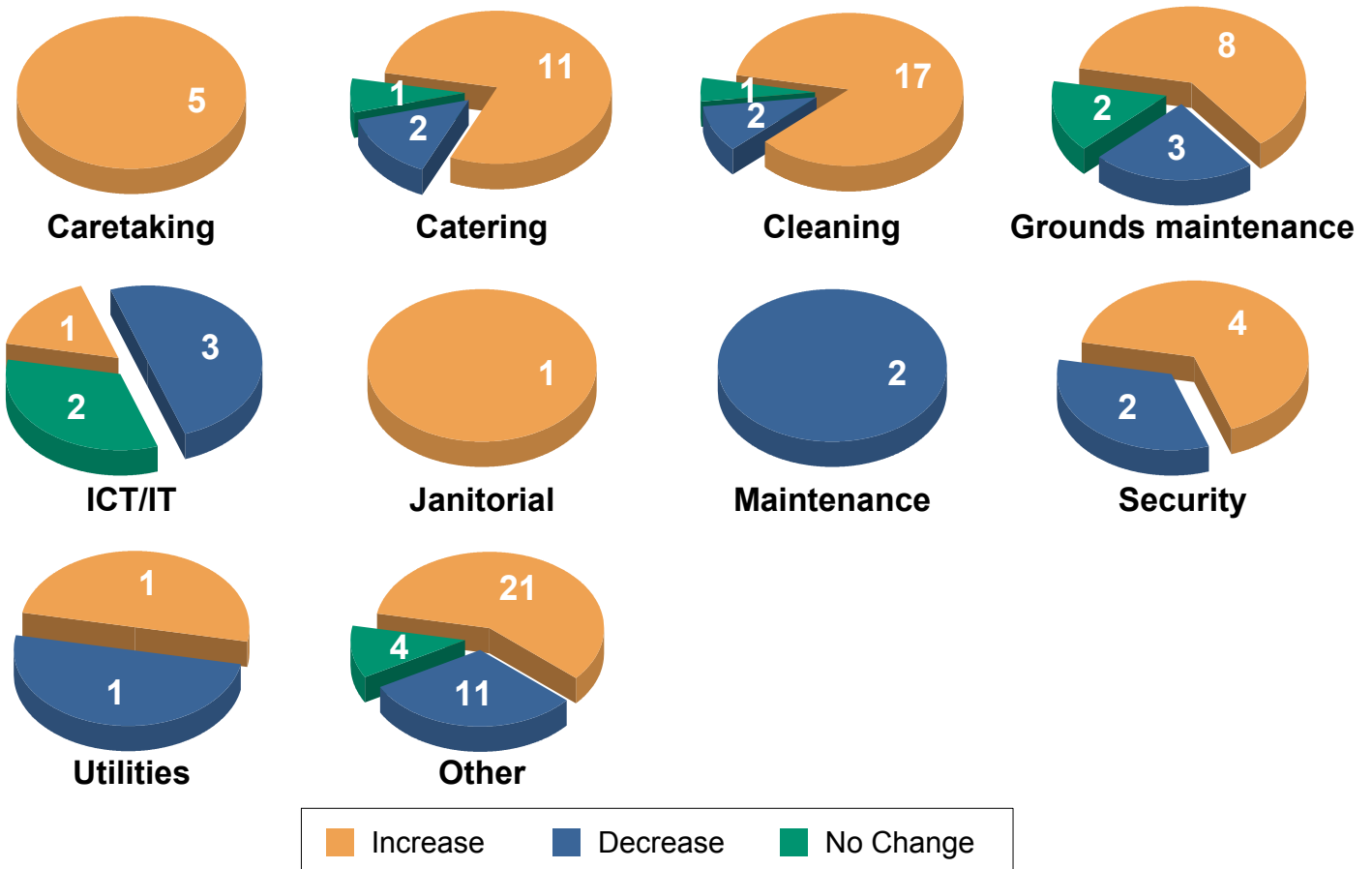


Figure 10 - The chart below groups the data by service and details how the price was affected.



Value Testing Detail - Market Testing

Figure 11 - The chart below illustrates how the cost was affected where the services were subject to a market testing exercise.

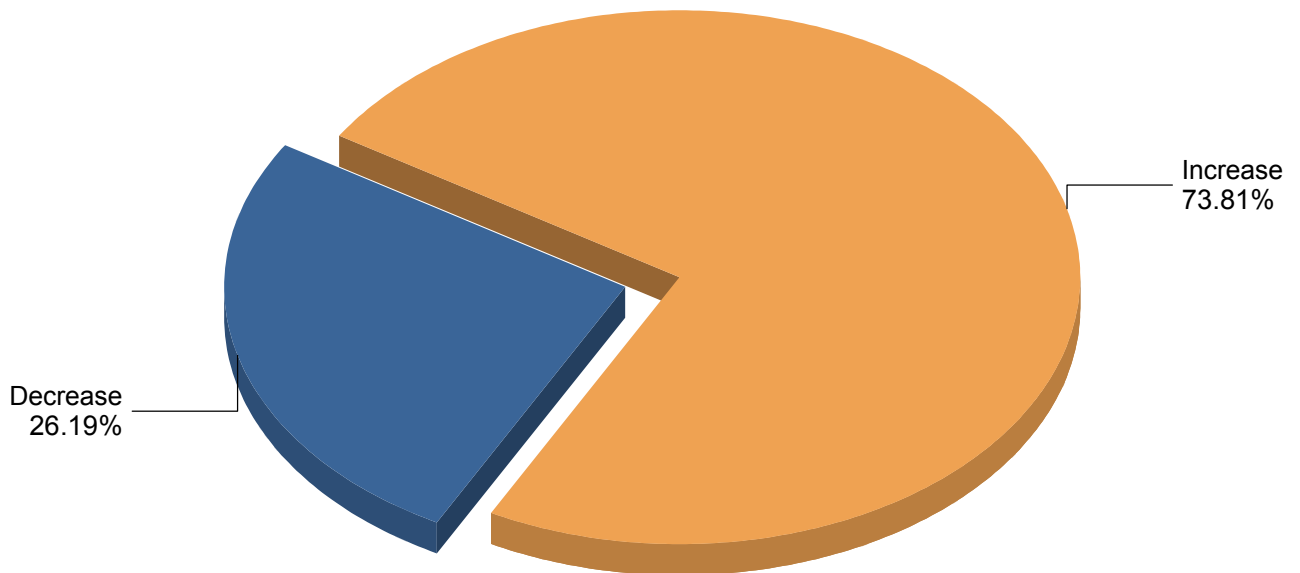
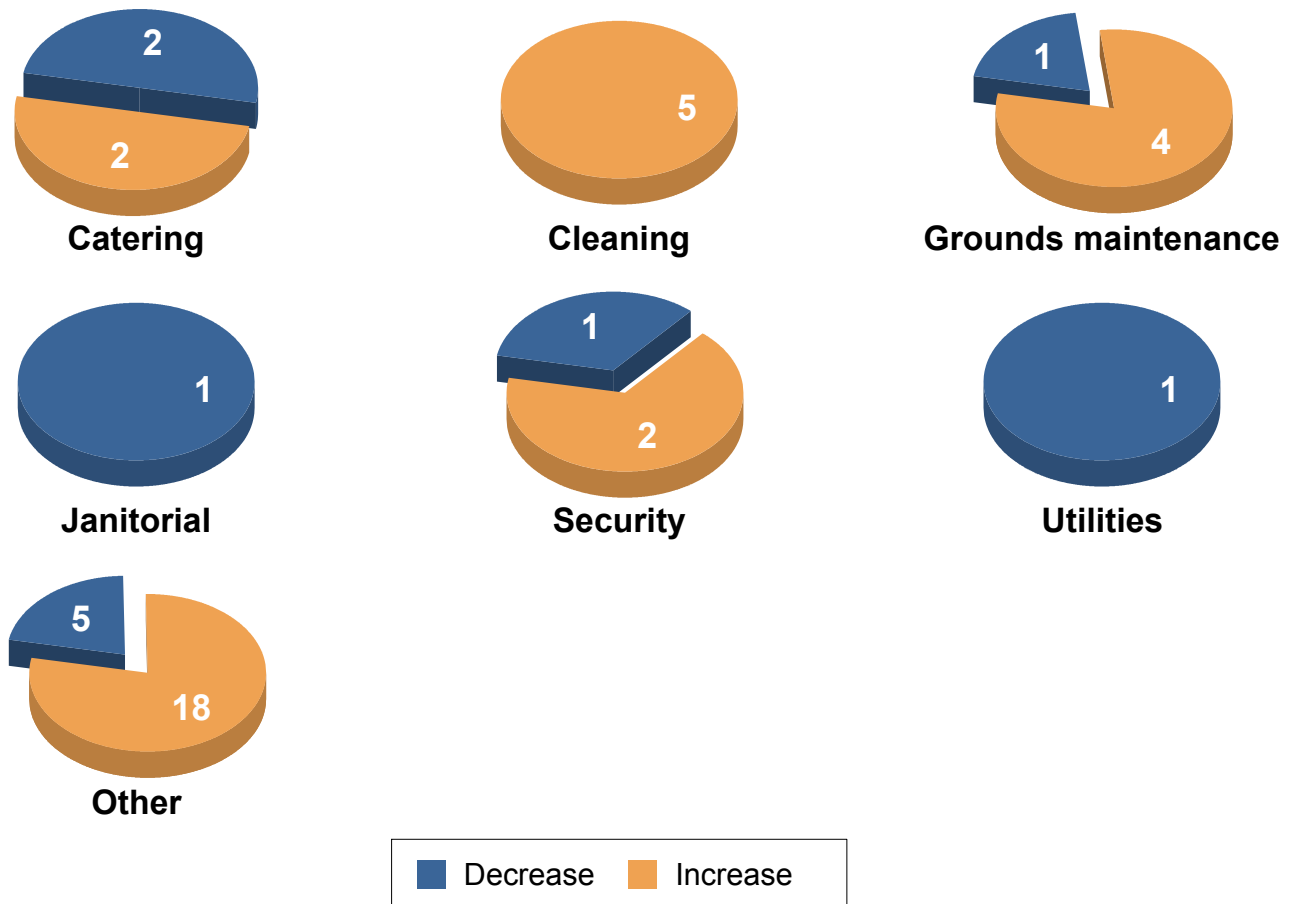


Figure 12 - The chart below groups the data by service and details how the price was affected.



Project Details

The procurement of fully serviced accommodation for a Traffic Base, Area HQ and a Sector Station at Abingdon, Oxfordshire

What worked well?

Not known. Exercise carried out by provider.

What problems were encountered?

Not known. Exercise carried out by provider.

What recommendation were made to improve the process?

Not applicable. Exercise carried out by provider.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No adjustment was made to the Price Thames Valley Police pay.

Benchmarking Details

Public Sector Data Source	Correspondence with alternative suppliers.
Private Sector Data Source	Not known
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	Services benchmarked: > general cleaning > window cleaning > pest control > waste management. No adjustment was made to the Price Thames Valley Police pay.

Benchmarking Details

Public Sector Data Source	Correspondence with alternative suppliers.
Private Sector Data Source	Not known
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No adjustment was made to the Price Thames Valley Police pay.

Benchmarking Details

Public Sector Data Source	Correspondence with alternative suppliers.
Private Sector Data Source	Not known
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

ICT/IT

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	IT/ICT services benchmarked: > photocopier maintenance. No adjustment was made to the Price Thames Valley Police pay.

Benchmarking Details

Public Sector Data Source	Correspondence with alternative suppliers.
Private Sector Data Source	Not known
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project involves the long term operation of leisure facilities and incidental equipping refurbishment and new build of 3 leisure centres. In the Amber Valley BC, area in Derbyshire, namely: Alfreton Leisure Centre, Church Street Alfreton and Heanor Leisure Centre, Hands Road Heanor and Ripley Leisure Centre, Derby Road Ripley. The Amber Valley PFI Project will redevelop three existing leisure centres in Amber Valley:

Ripley, where the whole existing centre will be demolished and replaced by new facilities

Heanor, where the existing swimming pool and ancillary facilities will be demolished and replaced by new facilities and the existing sports hall refurbished.

Alfreton, where the existing pool will be demolished, and replaced by a 25m competition pool, new fitness facilities and squash courts. The existing sports hall, practice hall and bowls hall will be retained and refurbished.

Other Value Testing Details

Value Testing Scheduled to take place: A) Every year (by election) for Utility Cost B) Every five years from Full Services Commencement Date for Net Income (by election) C) On notification (after three years from Full Services commencement) for Special (competing facility) Benchmarking. Value Testing Next Due on: A) Utility Cost – 1 October 2007 B) Net Income - 2013 (date subject to issuing of service availability certificate for full services in Feb 2008) C) Special Benchmarking – on notification but not before 2011

What worked well?

a) Partnership approach to undertaking the review. b) Transparent process including the supply of all relevant information including tenders.

What problems were encountered?

a) Timing of the review did not coincide with end date for the various utility contracts. b) Water supplies from a single supplier (no choice). c) Interim services demand difficult to benchmark due to build programme and phased development of existing buildings d) Council option for a Market Test if agreement un-negotiated difficult to volatile market

What recommendations were made to improve the process?

a) Schedule to be reviewed by both parties on anniversary of Full Services

Tested Services

Utilities

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change in service provision. Cost passed through to the Council through adjustment of the Annual Unitary Charge.

Benchmarking Details

Public Sector Data Source	Comparison of tariffs negotiated for other Council properties.
Private Sector Data Source	Competitive tendering.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Barnet General Hospital Modernisation

Project Details

Formerly Wellhouse NHS Trust. Modernising Barnet General Hospital.

What worked well?

Private sector partner managed the process well.

What problems were encountered?

Impact and interpretation of Agenda for Change guidance.

What recommendation were made to improve the process?

More time for negotiations following the completion of the benchmarking exercise may have assisted us in reaching agreement without recourse to Market Testing.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The overall annual cost of the Patient Catering Service increased following the undertaking of benchmarking and Market Testing. However, it should be noted that a number of changes were made to the service specification.

Benchmarking & Market Testing Details

Public Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Private Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	No

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Ecovert	Yes	Yes	Yes	No
GSL	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	No	Yes	Yes	No
Medirest	No	Yes	Yes	Yes
OCS	No	Yes	Yes	No
Operon	No	Yes	No	No
Sodexho	No	Yes	No	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	A number of additions were made to the Domestic Service Specification immediately prior to Market Testing, this is reflected in a minor increase in service cost.

Benchmarking & Market Testing Details

Public Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Private Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	No

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Ecovert	Yes	Yes	Yes	No
GSL	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	No	Yes	Yes	No
Medirest	No	Yes	Yes	Yes
OCS	No	Yes	Yes	No
Operon	No	Yes	No	No
Sodexo	No	Yes	No	No

Janitorial

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Some changes in service classification from Portering to Domestic/Catering Services, this is reflecting in the reduction in service cost for Portering Services.

Benchmarking & Market Testing Details

Public Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Private Sector Data Source	As required by the terms of our Project Agreement, the Soft FM Services were benchmarking against the cost of Soft FM Services at an agreed Comparator site.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	No

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Ecovert	Yes	Yes	Yes	No
GSL	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	No	Yes	Yes	No
Medirest	No	Yes	Yes	Yes
OCS	No	Yes	Yes	No
Operon	No	Yes	No	No
Sodexho	No	Yes	No	No

Security

Effect of Value Test on annual net cost of this service	
Results of the benchmarking / market testing exercise.	Security was added as a new service to the PFI process in the market test.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Ecovert	No	Yes	Yes	No
GSL	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	No	Yes	Yes	No
Medirest	No	Yes	Yes	Yes
OCS	No	Yes	Yes	No
Operon	No	Yes	No	No
Sodexo	No	Yes	No	No

Bournemouth PFI Library Project

Project Details

The Library opened in April 2002 and provides services for the residents of Bournemouth. It is a two storey building which covers an area of 3,850 sqm. with extensive IT provision (50 public access PCs), a meeting suite, gallery/exhibition space and designated zones for music, children, teenagers and local heritage. The Library was built on a former derelict site. It is constructed above a retail development and has made a significant contribution to the regeneration of the Triangle area of Bournemouth.

What worked well?

All parties were trying hard to reach an acceptable agreement. Relationships were amicable throughout the exercise. Neither side really wanted to go to Market Testing, so the incentive to reach an acceptable agreement was strong. It was helpful to look at the outcomes of the benchmark process for other PFI projects.

What problems were encountered?

No real benchmark partners were available, as Bournemouth was the first PFI Library to undertake this process. Most of the time, comparisons could not accurately be made. Challenging Efficiency targets for libraries required by the Council did not leave us much room for negotiation, and therefore forced us to find other alternatives to reach an acceptable compromise agreement. The length of time it took for the whole process and to reach an agreement.

What recommendations were made to improve the process?

Remove the requirement for benchmarking and just use the RPI as a guide to fair FM increases for the private partner. A fixed price may not always be in the interests of both parties. If the process is repeated, allow more time for preparation and finding more suitable Benchmark partners so a more accurate comparison can be made. However, in my opinion, this will never be really accurate as no two services and PFI schemes will ever be close enough to be accurately compared.

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	A cleaning contractor was appointed who did not accept the PFI risk agreement. A subsequent temporary amendment was made to the definitions, and Best Value clause, in the PFI Contract. It was agreed that if the cleaning contractor defaulted before the second Benchmark date, a Market Testing exercise would be undertaken. This amendment would be deleted after the second benchmark exercise if applicable. A reduction in the level of service provision was considered and rejected.

Benchmarking Details

Public Sector Data Source	Other library services agreed as benchmark partners. 7 partners were sent requests for information. 4 partners participated. These were Brighton, Hillingdon, Poole, and Southampton. Richmond also sent data at a later date after a second appeal as we felt the partners who responded were not a representative enough sample to compare like for like.
Private Sector Data Source	None
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Caretaking, Security & Maintenance (Bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes made. Increase due to staff costs accepted.

Benchmarking Details

Public Sector Data Source	Other library services agreed as benchmark partners. 7 partners were sent requests for information. 4 partners participated. These were Brighton, Hillingdon, Poole, and Southampton. Richmond also sent data at a later date after a second appeal, as we felt the partners who responded initially, were not a representative enough sample to compare like for like.
Private Sector Data Source	The private partner submitted it's own revised benchmark price taking into consideration "...the service specification and the costs that are actually being expended to deliver the level of service required...for comparison against the costs submitted by the Authority's Benchmark Partners."
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project rebuilt and replaced unsuitable and poor condition buildings at Chapel -en-le-Frith and Tupton Hall Secondary Schools and provided places for pupils with Special Educational Needs in an integrated facility on the Chapel-en-le-Frith site.

What worked well?

a) The honesty and transparency of all parties seemed apparent. b) It was useful for all parties to revisit the contract and reflect on the original contract position.

What problems were encountered?

a) Lack of a comprehensive knowledge database. b) The impact on TUPE staff and the implications of their leaving after service commencement needed some clarification.

What recommendation were made to improve the process?

a) It would be beneficial to have a public sector database. b) Whilst we did not undertake market testing, the implications on resources and associated financial risks were of concern.

Tested Services

Caretaking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As per original service levels with an increase in cost. Reasons for a price increase included the cost of staff, materials and insurance. There had been an error in the original bid model.

Benchmarking Details

Public Sector Data Source	Internal comparisons.
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Factors in the price increase included staff and materials costs.

Benchmarking Details

Public Sector Data Source	DSO Catering
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As per original service levels. Factors in the price increase included staff and materials costs. Waste management was not included in the original bid model.

Benchmarking Details

Public Sector Data Source	DLO & APSE
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	As per original service levels with an increase in costs. Factors in the price change included staff and materials costs. Charges for salt and grit were reduced. A new sub-contractor was employed.

Benchmarking Details

Public Sector Data Source	DLO & APSE
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

Reprovision of acute services within the grounds of the old Graylingwell Hospital. This involved the redevelopment of Summersdale House and the construction of new facilities on site.

Other Value Testing Details

NOTE - Value testing completed Jan 06, services brought in house, so exercise will not be done again under the PFI contract.

What worked well?

All parties committed to making the process work.

What problems were encountered?

a) Difficult to find a reliable benchmark b) Too many variable in terms of service specification and quality. c) Contract definition of market testing not explicit enough.

What recommendation were made to improve the process?

Agree the benchmark to be used in the contract.

Value Testing Detail - Responses

Chichester Priority Care Services NHS Trust - Re-provision & Development of Locally Based Mental Health Services

Tested Services

Other - Soft FM

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Service brought in house

Benchmarking & Market Testing Details

Public Sector Data Source	In house data plus anything else that we could find, e.g. ERIC, studies of costs in Wales, etc.
Private Sector Data Source	In house data plus anything else that we could find, e.g. ERIC, studies of costs in Wales, etc.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	Yes

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
In-house	No	Yes	Yes	Yes
Mitie	Yes	Yes	Yes	No

Project Details

Information and Communications Technology Services

Other Value Testing Details

Full benchmarking takes place every five years, while partial benchmarking occurs up to five times a year.

What worked well?**What problems were encountered?**

a) A lack of granularity over contractual service descriptions meant that the scope of the services had to be agreed during the process. b) Held stakeholder sessions and found it difficult to keep users to comments about the Services being evaluated.

What recommendation were made to improve the process?

Tested Services

ICT/IT

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No increase in costs as prices were seen as fair value. However, service levels which were being attained but not contractually binding will be raised. This service data includes Desktop.

Benchmarking Details

Public Sector Data Source	Some sanity checking of figures against SOCITM, but mainly relied on Thrid party consultants peer set data.
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleveland Police and Durham Constabulary Firearms Facility

Project Details

Joint project between the two constabularies. Tactical training centre and firearms facility

What worked well?

THE RELATIONSHIP BETWEEN THE PARTIES WAS MAINTAINED COMPARISONS WERE MADE TO NATIONAL INDICES (BCIS)

What problems were encountered?

ERRORS WERE MADE IN THE CALCULATIONS THE BENCHMARKING COMMENCED LATE IN THE PROJECT NOT MANY OTHER SIMILAR BUILDINGS TO COMPARE AGAINST

What recommendation were made to improve the process?

PLAN EARLY APPLY OPEN BOOK PRICING LOOK BEYOND QUICK METHODS SUCH AS NATIONAL INDICES

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended accept changes There were other considerations other than just benchmarking which the force reviewed before accepting the benchmark result

Benchmarking Details

Public Sector Data Source	BCIS
Private Sector Data Source	BCIS, NHS pay scales, Local Authority's pay scales
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended accept changes There were other considerations other than just benchmarking which the force reviewed before accepting the benchmark result

Benchmarking Details

Public Sector Data Source	National indices (BCIS) used to reach benchmark figure
Private Sector Data Source	BCIS
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Janitorial

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended accept changes There were other considerations other than just benchmarking which the force reviewed before accepting the benchmark result

Benchmarking Details

Public Sector Data Source	BCIS
Private Sector Data Source	BCIS
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Waste

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended accept changes There were other considerations other than just benchmarking which the force reviewed before accepting the benchmark result

Benchmarking Details

Public Sector Data Source	BCIS
Private Sector Data Source	BCIS
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended accept changes There were other considerations other than just benchmarking which the force reviewed before accepting the benchmark result

Benchmarking Details

Public Sector Data Source	National indices (BCIS) used to reach benchmark figure
Private Sector Data Source	BCIS
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

Full estates and facilities management of 31 fire stations including rebuilding of 10 and refurbishment of 21.

What worked well?

a) Good to start the discussions early.

What problems were encountered?

a) Nothing significant.

What recommendation were made to improve the process?

a) Involve all the parties from the beginning.

Tested Services

Grounds maintenance

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No change in the Unitary Charge as a result of benchmarking this particular element of the service.

Benchmarking Details

Public Sector Data Source	Internal.
Private Sector Data Source	Not known.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Cleaning & Waste Management (Bundled)

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No change in the Unitary Charge as a result of benchmarking this particular element of the service.

Benchmarking Details

Public Sector Data Source	In house.
Private Sector Data Source	BICS Reference Data.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Courier & Mail Service

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No change in the Unitary Charge as a result of benchmarking this particular element of the service.

Benchmarking Details

Public Sector Data Source	In house.
Private Sector Data Source	Automobile Association.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Hydrant Inspections

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Changes in H&S requirements for traffic management. Clarification of hydrant location and accessibility. This resulted in an increase in the Unitary Charge. Changing the service provision was not an option.

Benchmarking Details

Public Sector Data Source	Consultants carried our specific work as this is quite a specific area.
Private Sector Data Source	Not known. Very specific area.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This was the first major hospital contract to be let under the Private Finance Initiative (PFI). Under the contract, the consortium designed, constructed and financed a new 400 in-patient bed hospital, maintained the facility and provided a range of non-clinical support services. As the first PFI hospital contract, it played a leading role in developing the necessary primary legislation for such projects and helped to shape subsequent PFI hospital projects. The PFI route enabled capital to be made available for this project sooner than would have been possible under a publicly funded approach.

Other Value Testing Details

Switchboard, Laundry, Domestic, Pest control, Waste, Portering & Accommodation were all benchmarked in October 2006

What worked well?

a) The detail which was lacking in the contract was worked through by all parties in consultation.

What problems were encountered?

a) The contracting company used a different basis for their quotation resulting in difficulties in making like for like comparisons.

What recommendations were made to improve the process?

a) Allow twice as much time as you would expect b) Consider possible variations before the process begins instead of as a way to reduce the final cost.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Although the overall price increased, the increase was limited as a result of incorporating ward closures into benchmarking (ie reduced number of patient meals served and reduction in food service staff) and the negotiation of £50k income from staff restaurant along with increase in pay costs over and about RPI.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Accommodation Management

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in costs due to increased pay costs over and above RPI during the contract period.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Cleaning & Waste Management (Bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in costs due to increased pay costs over and above RPI, changes in bed occupancy and the inclusion of agreed variations during the contract period

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Domestic

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Price was reduced through negotiation using consultant expertise/comparison with other Trusts using ERIC data. Further savings were achieved because of ward closures, change in specification of consumables and reduction in frequency of cleaning in non-patient areas.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Although the overall price increased, the increase was limited by reducing linen requirement because of ward closures. Change in price due to increased pay costs over and above RPI during the contract period and changes in bed occupancy.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Pest Control

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	No change in cost

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Portering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Although the overall price increased, the increase was limited by reducing the specification (reduction in number of dedicated porters and overall number of patient moves due to ward closures). Price increased due to OtherReasonDet Increased pay costs over and above RPI, changes in bed occupancy and the inclusion of agreed variations during the contract period.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Portering Other (Non patient transport & postal service)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in costs due to increased pay costs over and above RPI during the contract period and changes in bed occupancy.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Switchboard

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in costs due to increased pay costs over and above RPI during the contract period and changes in bed occupancy.

Benchmarking Details

Public Sector Data Source	ERIC
Private Sector Data Source	PSP did not declare data source
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This is a new secondary school in Loughton. The contract was signed with Jarvis Projects in March 2000 and the project became operational on 4 September 2001.

Other Value Testing Details

A) Cleaning, Catering, Caretaking & ICT were benchmarked in April 2004. B) Grounds maintenance was market tested.

What worked well?

a) Communication was good and information was clear. b) Benefits from the existing long-term relationship with the private sector partner

What problems were encountered?

a) Initially defining objectives and deciding what information was required was difficult due to a lack of previous experience. b) Grounds Maintenance went to market test c) Needed advise to get the process going.

What recommendation were made to improve the process?

a) Layout clearly what is required and to what level. b) More dialogue. c) Clearer advise required, always seek advise from bodies such as PUK and 4ps. d) Ensure that the exercise has been carried out robustly and a clear process has been followed.

Tested Services

Caretaking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended to change cost. Increase in cost and no change to level of service provision.

Benchmarking Details

Public Sector Data Source	Audit Commission on Secondary Schools Comparison with other County schools
Private Sector Data Source	BMI Special report: reviewing occupancy costs 2003
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended to change cost. Small increase in cost but no changes to level of service provision

Benchmarking Details

Public Sector Data Source	Audit Commission on Secondary Schools Comparison with other County schools
Private Sector Data Source	BMI Special report: reviewing occupancy costs 2003
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Small reduction in costs with no changes to level of service provision.

Benchmarking Details

Public Sector Data Source	Audit Commission on Secondary Schools Comparison with other County schools
Private Sector Data Source	Not available
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended to change cost. Increase in costs and no changes to level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	Yes			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Contour Landscape Ltd	No	Yes	Yes	No
Ground Control Ltd	No	Yes	Yes	Yes
Hew Pearl	No	Yes	Yes	No
Jarvis	Yes	No	No	No

ICT/IT

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Recommended to change cost. Small increase in cost but no changes to level of service provision.

Benchmarking Details

Public Sector Data Source	Audit Commission on Secondary Schools Comparison with other County schools
Private Sector Data Source	BMI Special report: reviewing occupancy costs 2003
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This involves the rationalisation of two split-site schools (the Long Eaton School and Newbold Community School). Each school will be replaced with a new build on one of its existing sites. The contract includes the provision of replacement schools and facilities management services for a 26 year period for the following: - A new build 7 form entry 11-18 secondary school with an integrated SEN facility (replacement for Long Eaton School) providing 1,220 places. - A new build 6 form entry 11- 18 secondary school with an integrated SEN facility (replacement for Newbold Community School) providing 1,160 places. The schools were selected as part of the Derbyshire County Councils strategy for raising standards in schools. The contract was signed with Babcock & Brown on 6 August 2004 and became operational in February 2006.

What worked well?

The honesty and transparency of all parties was apparent. All parties found it useful to revisit the contract and reflect on the original contract position. Previous benchmarking experience obtained Phase 1 of the Derbyshire Schools project was useful.

What problems were encountered?

The impact on TUPE staff and the implications of their leaving after the service commencement needed some clarification.

What recommendations were made to improve the process?

It would be beneficial to have a public sector database. Whilst we did not undertake market testing, the implications on resources and associated financial risks of the process were of concern.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Change in service provision due to legislation. Factors in the price increase include staff and materials costs.

Benchmarking Details

Public Sector Data Source	DSO Catering.
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As per original service levels. Staff and materials costs were factors in the increase. In addition, furniture maintenance was included in the cost after being omitted previously. Window cleaning costs were reduced by a new method of working.

Benchmarking Details

Public Sector Data Source	DLO & APSE
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As per original service levels. Staff and materials costs were the reasons for the price change.

Benchmarking Details

Public Sector Data Source	DLO & APSE
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Caretaking & Security (bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As per original service levels. Factors in the increase included staff costs, central overheads, an increase in insurance costs and decrease in security.

Benchmarking Details

Public Sector Data Source	Phase 1 benchmark, internal comparisons.
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project will provide a new 900 place secondary school in Clacton – on – Sea, and extend and refurbish a further two secondary schools in the town. In addition, the project will provide three purpose built Joint Service Centres (funded by the ODPM) at each of the three secondary schools. Specifically, the Project will deliver serviced accommodation for: - A new 900 place secondary school for students aged 11-16 in west Clacton; - The two existing secondary schools in Clacton- Colbayns High and Clacton County High Schools- which will improve their current condition and suitability. - The wider community. The new facilities will support the regeneration of Clacton town and the wider Tendring District. - Joint Service Centres facilities at each of the three secondary schools for the local community, these to include 2 nurseries, public library, a police office, a healthy living centre, Sure Start office and cyber cafes. These facilities will assist the Council in raising Educational standards in Clacton – on – Sea and, as part of the wider strategy in the Tendring District, support regeneration in the area. The new secondary school will be a community school to provide a wider range of choice for parents than currently exists in the area. The children of Clacton - on - Sea attending the PFI schools will be able to learn in schools equipped for the 21st century.

What worked well?

Lessons learnt and experiences gained from other benchmarking exercises proved useful.

What problems were encountered?

Lack of data from contractor. Occasional lack of focus from contractor during process

What recommendation were made to improve the process?

Involve the schools in the process from the outset.

Tested Services

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	> Cost went up. > Redesign some external areas to reduce maintenance costs. > Remove litter picking from contract. > Revise KPI's Factors in the price increase included staff and materials costs as well as central overheads.

Benchmarking & Market Testing Details

Public Sector Data Source	Comparative school data in County
Private Sector Data Source	Schools in other contracts
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	Yes

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Contour Landscape Ltd	No	Yes	No	No
Countywide Grounds Maintenance	Yes	Yes	Yes	No
Gavin Jones	No	Yes	Yes	No
Pinnacle	No	Yes	Yes	Yes

Project Details

This was an innovative project as the LEA successfully reached contract signature with Academy Services (Tendring) Ltd in October 2001, without the benefit of PFI credits. The provider is a joint venture between the Kier Group Plc and Dexia Public Finance Bank. The DfES contributed £1 million of NDS grant towards the scheme. The project was for the DBFO of facilities at 12 primary schools in NE Essex and had a capital value of £14 million. Ten of the schools were operational by April 2003 and the last 2 schools should be operational by September 2004.

What worked well?

> Cooperation between LA/SPV > Transparency of information

What problems were encountered?

> Lack of understanding of process between LA and schools > Disparity of pricing between bids benchmarked price

What recommendation were made to improve the process?

> Ensure all understand process between LA and schools. > Start process earlier & adhere to timetable. > Keep communication as open as possible. > Database of relevant information needed which is kept up to date between benchmarking dates. > National benchmarking database

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Price Increase – level of service remained same. Respondent cited staff costs, material cost and central overheads as reason for increase in price

Benchmarking Details

Public Sector Data Source	Internal database
Private Sector Data Source	Davis Langdon external benchmark data – against similar sized schools
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Price Increase – level of service remained same. Note - Respondent cited staff costs, materials costs and central overheads as reasons for increase in price.

Benchmarking Details

Public Sector Data Source	Internal database
Private Sector Data Source	Davis Langdon external benchmark data – against similar sized schools
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project involves the construction of five new schools in the Falkirk Area; Bo'ness Academy, Graeme High School, Larbert High School, Woodlands High School (Braes) and Dawson Park Special School. providing modern educational facilities for up to 5000 pupils.

Other Value Testing Details

Apart from Catering, combination of fixed price and indexed price(indexed price subject to RPI)

What worked well?

Communication between Class98 and Council Clearer understanding of specification Reduced cost to the Council

What problems were encountered?

None

What recommendation were made to improve the process?

None

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Reduced price per meal to the Council with no reduced specification.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No
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Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Compass Group(Scolarest)	Yes	Yes	Yes	Yes
Cost Effective Catering	No	Yes	Yes	No
Falkirk Council Catering Services	No	Yes	Yes	No

Foreign and Commonwealth Office Telecommunications Network (FTN)

Project Details

To provide voice data and messaging links for Foreign Office worldwide

Other Value Testing Details

Benchmarking on yr 4 (2004) and annually thereafter until 2009 The 2006 exercise was neither benchmarking nor market testing. The FCO took an assertive line of require a significant reduction in our costs against the real threat of premature termination of the contract. The net result was a 19% (£6M pa) reduction in our Unitary Payments and a further 20% (£6M) of non-cashable benefits pa.

What worked well?

This was the FCO's first major Bench Marking exercise. The engagement of consultants with relevant experience greatly enhanced both our internal knowledge and our negotiating position with supplier.

What problems were encountered?

Few suppliers were able to offer a global networking capability at that time (no longer the case). Word soon circulated that we were market testing and, consequently, the suppliers were reluctant to commit resources to the pricing exercise

What recommendations were made to improve the process?

Recommendations The situation has now changed and many suppliers are now in the marketplace.

Foreign and Commonwealth Office Telecommunications Network (FTN)

Tested Services

ICT/IT

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	An annual reduction in Unitary charged of £1.6M (2005/06), £2.1M (2006/07), £2.5M (2007/08). Service levels remained as per original contract. Price reductions to be made in the form of credits against unitary payments.

Benchmarking Details

Public Sector Data Source	Approaches to multiple suppliers for information
Private Sector Data Source	Not Known - information not available.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

What worked well?

Good This was the second Value For Money review of the contract. The engagement of consultants was not considered necessary as it was deemed that the FCO had sufficient knowledge from the previous exercise to complete the task.

What problems were encountered?

None

What recommendation were made to improve the process?

Flexibility in approach is important as is being realistic about expected outcomes. Continuity of staff with detailed knowledge of the contract and its history is most important.

Value Testing Detail - Responses

Foreign and Commonwealth Office Telecommunications Network (FTN)

Tested Services

ICT/IT

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	An annual reduction in Unitary charged of £2.1M (2006/07), £2.5M (2007/08) and £3M (2008/09). Service levels remained as per original contract. Price reductions to be made in the form of credits against unitary payments.

Benchmarking Details

Public Sector Data Source	Approaches to multiple suppliers for information
Private Sector Data Source	Not Known - information not available.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	Yes
Details of dispute (if applicable)	

Project Details

Residences

Other Value Testing Details

The first market test carried out April 2005 for cleaning, grounds maintenance & window cleaning 2 years after completion / handover of the new building. Market testing is then scheduled to take place every 5 years.

What worked well?

Got an accurate cost for the services. Certain aspects of the service improved – particularly window cleaning. Provided evidence that required service was being provided

What problems were encountered?

Market testing was performed too early as the date was fixed in advance. The commencement date should have been flexible and 2 years after the actual project completion date not the estimated completion date. The initial costs to provide the services were under-estimated.

What recommendations were made to improve the process?

Make the commencement date flexible and dependant on the actual handover date of a new building not the estimated/expected handover date. Get a better initial estimate of the cost or quote for the services

Gloucester Royal NHS Trust - Residences Project

Tested Services

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Change in cost due to initial under estimation

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Countywide Grounds Maintenance	No	No	No	Yes
Cyril Sweett	No	Yes	Yes	No
MW Zander	No	Yes	Yes	No
Nature First	Yes	Yes	Yes	No
NJ Landscaping	No	Yes	Yes	No

Other - Pest Control

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Eagle Pest Control	Yes	Yes	Yes	Yes

Other - Window Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Change in cost due to initial under estimation

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Eclipse Window Cleaning	No	Yes	Yes	No
Independent Contract Window Cleaning	No	Yes	Yes	Yes
Sheldon	Yes	Yes	Yes	No

Project Details

This project provided one new secondary school and refurbished seven existing secondary schools. The contract was signed with Jarvis Plc in October 2000. All schools were operational by September 2003 with final construction work finished on the Sports Hall at one site in May 2004.

Other Value Testing Details

Value testing exercise completed for cleaning and grounds maintenance September 2006

What worked well?

We had good co-operation from the FM provider who acknowledged their own lack of experience in this field.

What problems were encountered?

Lack of credible external benchmarking data

What recommendation were made to improve the process?

Collect and disseminate up to date benchmarking data

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase of 56% in cost of service

Benchmarking Details

Public Sector Data Source	Initially the contractor used data from Teachernet and from the BMI. These diverged widely and the contractor simply split the difference. The authority felt this approach fundamentally flawed. We agreed with contractor to review actual service costs on an open book basis. We checked wage rates, workload and materials costs. In addition we looked at cleaning costs at the only non PFI secondary school in Haringey. This work resulted in an agreed price.
Private Sector Data Source	Initially the contractor used data from Teachernet and from the BMI. These diverged widely and the contractor simply split the difference. The authority felt this approach fundamentally flawed. We agreed with contractor to review actual service costs on an open book basis. We checked wage rates, workload and materials costs. In addition we looked at cleaning costs at the only non PFI secondary school in Haringey. This work resulted in an agreed price.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	An increase of 38% in the costs of the service

Benchmarking Details

Public Sector Data Source	We were unable to find useable external benchmarking data. The main FM contractor provided this service through a specialist sub-contractor and was in any case re-tendering the work. We examined the tender returns and agreed with the main contractor the result of that exercise.
Private Sector Data Source	We were unable to find useable external benchmarking data. The main FM contractor provided this service through a specialist sub-contractor and was in any case re-tendering the work. We examined the tender returns and agreed with the main contractor the result of that exercise.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Highland Primary Care NHS Trust - Craig Phadrig Psychiatric Unit (New Craigs)

Project Details

Highland Primary Care NHS Trust has entered into a PFI partnership with Craig Phadrig Healthcare Ltd. to reprovide Mental Health and Learning Disability in-patient facilities. The trust explored PFI approach to replace its large and outdated buildings, currently providing Mental Health and Learning Disability in-patient care for the Highlands. The new facilities will support the latest government Health policies and philosophies which work in partnership with the patient. The costs of running an over-provided large Victorian institution also impacted on the need to reprovide facilities within a tight timescale. The PFI process identified a partner who is able to provide a cost effective and responsive solution to the Trust's need for new domestic style in-patient facilities.

Other Value Testing Details

First Benchmarking date was 14 July 2005. However, we require to Benchmark against 6 agreed comparable UK Healthcare Facilities Sites. We could not find any comparable UK Healthcare Sites and therefore we agreed to a short term negotiated settlement, pending the market maturing, hopefully by 2008. We will Benchmark again then for the period to 14 July 2010 and revert to 5 yearly thereafter.

What worked well?

Following the process as laid out in our PFI Agreement

What problems were encountered?

Couldn't find comparable UK Healthcare Facilities. The timetable as set out in PFI Agreement was too tight

What recommendation were made to improve the process?

Begin the process earlier (we were dealing here with two willing parties where the relationship is very good)

Tested Services

Other - Bundled Services

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Payroll increases beyond RPI £160k Increased Insurance Premium £46k Interim agreements consolidated £50k Facilities Costs in marketplace increase £16k

Benchmarking Details

Public Sector Data Source	
Private Sector Data Source	
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	No

Highland Schools PPP1

Project Details

Two secondary schools and two primary schools. Spean Bridge Primary School; Ardnamurchan Secondary School; Tomatin Primary School; Glen Urquhart Secondary School

What worked well?

Negotiation

What problems were encountered?

The cleaning costs in the Project Agreement were compared to three other Local Authority PPP Cleaning costs, one in particular in which costs appeared much higher. Our response to this was "is this a result of poor original negotiations by that Authority?" This appeared to be accepted! No other problems.

What recommendation were made to improve the process?

None really – our private sector "partners" provided all the information necessary to the process. Our relationship is a good one – perhaps that is the key.

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to level of service.

Benchmarking Details

Public Sector Data Source	Used our current in-house costs for the same service, and the increase in these costs over the same time period.
Private Sector Data Source	3 Local Authority school cleaning contracts in Scotland, two urban and one rural similar to Highland Council location.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

Horton Park Centre - range of primary and community services

What worked well?

Once we had chosen the services to market test, the rest of the work was administered by the management company and this process went very smoothly.

What problems were encountered?

Problems with the cycle/timescale of benchmarking and market testing meant that we were only able to carry out the market testing element.

What recommendation were made to improve the process?

Horton Park Centre

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Integral Cleaning	Yes	Yes	Yes	Yes
Northern Industrial Cleaning	No	Yes	Yes	No
Office Cleaning Services	No	Yes	Yes	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to the level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Countywide Grounds Maintenance	Yes	Yes	Yes	Yes
Gordon English (Landscaping) Ltd	No	Yes	Yes	No
SPA Landscapes	No	Yes	Yes	No

Other - Feminine Hygiene

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to the level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Armada Hygiene	No	Yes	Yes	No
Cannon Hygiene	No	Yes	Yes	No
PHS	Yes	Yes	Yes	Yes

Other - Lifts

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Otis	No	Yes	Yes	No
Schindler's Lifts	Yes	Yes	Yes	Yes
Thyssen	No	Yes	Yes	No

Other - Pest Control

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to the level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Healthguard	Yes	Yes	Yes	Yes

Other - Water Hygiene & Testing

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change to the level of service provision.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	Eoi Submitted	Bid Submitted	Successful Bidder
B & V Water Treatment	Yes	Yes	Yes	Yes
Wells Water Treatment Services	No	Yes	Yes	No
Western Environmental	No	Yes	Yes	No

Value Testing Detail - Responses

NHS Greater Glasgow - Southern General Hospital Geriatric Medicine & Assessment Facility

Project Details

This project involves the provision of a geriatric medicine and assessment facility at the Langlands building on the Southern General Hospital site.

What worked well?

Good communication between two parties

What problems were encountered?

None

What recommendation were made to improve the process?

Process ran smoothly.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change in service provision

Benchmarking Details

Public Sector Data Source	Board compared the benchmarking data provided by Concessionco with the cost of in house provision elsewhere in the Board area. Comparison was also made with the NHS Scotland Cost Book.
Private Sector Data Source	Current costs with RPI uplift
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Benchmarking Details

Public Sector Data Source	Board compared the benchmarking data provided by Concessionco with the cost of in house provision elsewhere in the Board area. Comparison was also made with the NHS Scotland Cost Book.
Private Sector Data Source	Current costs with RPI uplift
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Portering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes were made to service provision

Benchmarking Details

Public Sector Data Source	Board compared the benchmarking data provided by Concessionco with the cost of in house provision elsewhere in the Board area. Comparison was also made with the NHS Scotland Cost Book.
Private Sector Data Source	Current costs with RPI uplift
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

The new Norfolk & Norwich University Hospital has brought together staff and services from the Norfolk & Norwich and the West Norwich hospitals. With 989 beds this is the main site of the Norfolk & Norwich University Hospital NHS Trust. It is also an undergraduate teaching hospital of the Trust's Medical School.

Other Value Testing Details

Cleaning, Catering, Grounds maintenance, Security, Laundry, Portering, Car parking market tested in May 2006

What worked well?

What problems were encountered?

What recommendation were made to improve the process?

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The service output specification was maintained. Innovations identified and applied in retail catering operations provided some return for the Patient catering costs.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	Yes	Yes	Yes	Yes

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The service was maintained at the same output requirement with the introduction of several new technologies such as microfibre and C4C patient environment monitoring.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	Yes	Yes	Yes	Yes

Grounds maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	BMMTResult The output service requirements were maintained.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	Eoi Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	Yes	Yes	Yes	Yes

Other - Car Parking

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The incumbent brought the service in house. There was no change to the output service requirement.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	Eoi Submitted	Bid Submitted	Successful Bidder
Chubb	Yes	Yes	Yes	No
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	No	Yes	Yes	Yes

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The service provider was changed and the basis for the provision of the service changed from a capped activity level to a rental only service. The output service requirement remained unchanged.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	No	Yes	Yes	Yes
Sunlight	Yes	Yes	Yes	No

Other - Portering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No amendment was made to the output specification.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	Yes	Yes	Yes	Yes

Security

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The service was taken in house by the incumbent. No change to the service output specification was made.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	Eoi Submitted	Bid Submitted	Successful Bidder
Chubb	Yes	Yes	Yes	No
Initial Services	No	Yes	Yes	No
ISS Mediclean	No	Yes	Yes	No
Serco	No	Yes	Yes	Yes

North Wales Police Central Divisional Headquarters

Project Details

This new 9,500m² development is located on St Asaph Business Park, Denbighshire. It comprises two, three storey buildings and a custody suite. The buildings will be home to the Central Division headquarters, together with an operational police station, offices and bespoke force-wide scientific support and major incident units. The 32 cell Custody suite will provide centralised detention facilities for the Central Division.

What worked well?

The open book approach assisted greatly in the process.

What problems were encountered?

The original tender was vastly underestimated and the contractor had been losing money for 5 years. This meant that when realistic figures were inserted during the benchmarking exercise the cost increase to NWP was significant. It was eventually agreed at £81,441.76, with an RPI increase on 31st March each year. This agreement was reached after costs were negotiated downwards in several areas after North Wales Police's market research on specific areas.

What recommendation were made to improve the process?

Financial consultants acting on behalf of clients during the financial appraisal stage of the PFI bids should be more thorough to ensure that the bid reflects a realistic market price. It clearly was not the case in this instance and although NWP got the benefit for the first 5 years it has resulted in a significant increase for the next 5 years.

Tested Services

Caretaking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Costs increase due to underestimate in initial bid and also the need to pay higher salaries to attract good quality candidates.

Benchmarking Details

Public Sector Data Source	Trade journals used for comparing salaries for Facilities Manager and Caretaking Staff to assess the market rate.
Private Sector Data Source	Actual cost of providing the service provided on a spreadsheet.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The amount included in the original bid for vending was inadequate and NWP also required a wider range of catering provision. Factors included in the price increase included staff costs, materials costs and central overheads.

Benchmarking Details

Public Sector Data Source	Comparison to catering provision elsewhere within the Force.
Private Sector Data Source	Actual cost of providing the service provided on a spreadsheet.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The cleaning times and inputs were amended to reflect the operational requirements which had changed since the premises opened. The original bid underestimated the cleaning input required. Factors involved in the price increase included staff costs, materials costs and central overheads. However, an alternative contractor was used for laundry services, with a reduced cost.

Benchmarking Details

Public Sector Data Source	Analysis of cleaning staff hours and hourly wages rates compared to NWP in-house cleaning staff. Costs elsewhere in the Force.
Private Sector Data Source	Actual cost of providing the service provided on a spreadsheet.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Cost reduced due to use of local contractor.

Benchmarking Details

Public Sector Data Source	Comparison with cost of other contracts for other NWP premises.
Private Sector Data Source	Actual cost of providing the service provided on a spreadsheet.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project combined the building of a new school in Chippenham, the replacement of Wotton Bassett School and the replacement on a single site of Malmesbury Primary School. The contract was signed with the White Horse Education Partnership in October 2000 and the scheme became fully operational in March 2002.

Other Value Testing Details

Benchmarking will occur in the ninth, fourteenth, nineteenth and twenty-fourth years of the operational phase. Utilities charges are market tested / benchmarked every 3 years. Benchmarking/market testing is due for 1/9/09 for Utilities and 01/10/10 for soft services. A proportion of the annual payments due from the Council to WHEP (the provider) are subject to changes in the Retail Price Index.

What worked well?

The Provider has proficient Energy Advisers

What problems were encountered?

None

What recommendation were made to improve the process?

Early sharing of usage figures to enable us to start Benchmarking the figures against our other contracts. Sharing data, as the data gained allowed us to question the efficiency of our energy contract with the OGC.

Tested Services

Utilities

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	To be determined but expected to rise significantly due to the dramatic changes in Energy charges (March 2008). Subsequent reduction on testing the market in August 2009.

Benchmarking & Market Testing Details

Public Sector Data Source	OGC Rates Existing Wiltshire County Council contracts
Private Sector Data Source	WHEP (Provider) using specialists Energy Advice sources
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No
Was market testing carried out because of a failure to agree benchmarks?	No

Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
British Gas	No	No	No	Yes
EDF	Yes	No	No	No

North Yorkshire Group Schools Project

Project Details

This was a project to replace a group of four primary schools (Barlby County Primary School; and Brotherton & Byram Primary School.; Kirby Hill CofE Primary School; Ripon Cathedral CofE Primary School). The contract was signed in March 2001 with Accord Plc and became fully operational on 8 April 2002.

Other Value Testing Details

Benchmarking applies only to soft services.

What worked well?

A willingness on both sides to reach a pragmatic solution.

What problems were encountered?

The PFI contractor arguing that their costs were inevitably higher than the equivalent cost of providing services to the remainder of North Yorkshire schools; mainly linked to diseconomies of scale on, for example, catering.

What recommendation were made to improve the process?

No specific recommendations. There are so many "issues" which arise during a 5 year period which either change the nature of the service required (e.g. healthy eating on catering) and/or the cost base e.g. the knock on impact of job evaluation which means that inevitably each benchmarking exercise will have its own peculiar features.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No material change other than the need to respond to the revised statutory requirements on the healthy eating agenda.

Benchmarking Details

Public Sector Data Source	Comparative costs of providing the service elsewhere in the County (mixture of in-house provision and external contracts).
Private Sector Data Source	Information from other PFI contracts as provided by consultant who specializes in these arrangements.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	Yes
Details of dispute (if applicable)	By straightforward discussion between the two parties to reach compromise position

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No change in the service.

Benchmarking Details

Public Sector Data Source	Comparative costs of providing the service elsewhere in the County (mixture of in-house provision and external contracts).
Private Sector Data Source	Information from other PFI contracts as provided by consultant who specializes in these arrangements.
Did the public and private sector agree on the results of the benchmarking exercise?	No
Was dispute resolution necessary?	Yes
Details of dispute (if applicable)	By straightforward discussion between the two parties to reach compromise position

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No significant change in either service provided or underlying costs.

Benchmarking Details

Public Sector Data Source	Comparative costs of providing the service elsewhere in the County (mixture of in-house provision and external contracts).
Private Sector Data Source	Information from other PFI contracts as provided by consultant who specializes in these arrangements.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

New traffic management facility at Riverside, Nottingham

Other Value Testing Details

Please note every five years there is a Repricing Exercise. However on anniversary dates there is indexation @ 94% of RPI

What worked well?

Understanding the critical elements of how the financial model worked and its sensitivities.

What problems were encountered?

A lack of clear benchmarking information in the Police Service as ours is the only project of its kind.

What recommendation were made to improve the process?

Review the integral parts of the repricing exercise on a regular basis by the provision of management information.

Tested Services

Other - Vehicle services

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The above increase was agreed but at no change to the level of service.

Benchmarking Details

Public Sector Data Source	Manufacturer vehicle parts and prices costs. Dealership labour rates. Industry data re maintenance and servicing. Management information re mileage.
Private Sector Data Source	In house costs
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

Speke/Garston Lifelong Learning Centre. This project involved the replacement of a secondary school and the provision of a Lifelong Learning Centre, together with new and enhanced community facilities. Jointly funded by DfES (£10.8m) and ODPM (£9.6m). The contract was signed in April 2001 with Education Solutions and all services were fully operational by October 2002.

What worked well?

There was continual dialogue throughout and after the exercise and all issues were resolved amicably between the parties concerned

What problems were encountered?

What recommendation were made to improve the process?

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Benchmarking Details

Public Sector Data Source	Asked 12 North West Authorities to supply us with comparative data
Private Sector Data Source	Report from Currie & Brown via their national database
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Benchmarking Details

Public Sector Data Source	Asked 12 North West Authorities to supply us with comparative data
Private Sector Data Source	Report from Currie & Brown via their national database
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Benchmarking Details

Public Sector Data Source	Asked 12 North West Authorities to supply us with comparative data
Private Sector Data Source	Report from Currie & Brown via their national database
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Caretaking & Security (bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	

Benchmarking Details

Public Sector Data Source	Asked 12 North West Authorities to supply us with comparative data
Private Sector Data Source	Report from Currie & Brown via their national database
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Prospect Park Mental Health Facility

Project Details

This 30 year project redeveloped the Prospect Park Hospital site in Reading. Two of the original Prospect Park Hospital buildings were refurbished into office accommodation; the remainder were demolished and replaced with a new purpose-built 203 bed adult psychiatric hospital. This new hospital replaced the Victorian Fairmile Hospital, which was located in an isolated rural setting 15 miles from Reading. The project provides a total package of hard and soft FM services, allowing the Trust to focus on the provision of clinical service.

What worked well?

Keeping track of changes since the original Project Agreement enabled service changes to be identified and enabled Schedule 14 to be readily amended.

What problems were encountered?

There were no significant problems. It was a straightforward process for a best value cost to be submitted, the proposal to be benchmarked and a final cost negotiated.

What recommendations were made to improve the process?

Commence the process to conclude the commercial aspects (legal issues) at the commencement of the benchmarking process. A readily accessible table of like for like sites that could be used for benchmarking.

Prospect Park Mental Health Facility

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. The results of the exercise include: - A reduction in weekend service and weekday evening services in the hospital restaurant. - An increase in the beverage and food vending service. - Enhancements to the patient menus and the ability to choose.

Benchmarking Details

Public Sector Data Source	Eric returns and Peat outcomes for mental health hospitals.
Private Sector Data Source	NHS PFI schemes that have had their FM services benchmarked or market tested.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The cleaning services benchmarked included general cleaning and window cleaning. As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. The results of the exercise included changes in the following areas: - ADDTL supervision hours. - ADDTL hours in three wards. - A reduction in service to office areas. The exercise resulted in the negotiation of a reduction in cost with the window cleaning sub-contractor.

Benchmarking Details

Public Sector Data Source	Eris returns and Peat outcomes for mental health hospitals. Comparison with the cost of window cleaning contracts elsewhere in Berkshire.
Private Sector Data Source	NHS PFI schemes that have had their FM services benchmarked or market tested.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Prospect Park Mental Health Facility

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. Results of the exercise included: - Reduction in the cost per linen piece and the number of pieces per week. - Reduction in the patient personal laundry service - facilities are provided on each ward.

Benchmarking Details

Public Sector Data Source	Eric returns and Peat outcomes for mental health hospitals
Private Sector Data Source	NHS PFI schemes that have had their FM services benchmarked or market tested.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Management & Administration

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. The results of the exercise included the apportionment of site management and changes in administration costs.

Benchmarking Details

Public Sector Data Source	None for this component.
Private Sector Data Source	None for this component.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Prospect Park Mental Health Facility

Other - Portering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. The exercise resulted in minor changes around delivery and collection times.

Benchmarking Details

Public Sector Data Source	Eric returns and Peat outcomes for mental health hospitals.
Private Sector Data Source	NHS PFI schemes that have their FM services benchmarked or market tested.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Reception & Switchboard (bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI.

Benchmarking Details

Public Sector Data Source	None in this case.
Private Sector Data Source	None in this case.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	As the post-benchmarking costs were adjudicated on 01/04/07, when the new service is implemented on 01/04/08, the cost will be increased by the agreed RPI. There were no service changes. The cost of the service increased to reflect the market rate for employing security-trained staff.

Benchmarking Details

Public Sector Data Source	None used in this case.
Private Sector Data Source	NHS PFI schemes that have had their FM services benchmarked or market tested.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project involves the redevelopment of a former Military hospital including the design, construction and financing of new buildings and extensions, the refurbishment of existing ones and the maintenance and operation of the entire hospital.

What worked well?

SPV carried out an effective tendering exercise. The Trust involved clinical representatives and incorporated site visits so that there was general agreement on the "new contractor" –the incumbent provider. Trust insisted on an open book tender and participated in review of costs, labour deployment etc.

What problems were encountered?

The costs although achieved in a fair tender had to be renegotiated by the Trust as the SPV do not have any obligation to negotiate on the price.

What recommendations were made to improve the process?

Ensure that the contract has provision for the client can step in to the process where local issues arise (unaffordability etc)
Presentation of SPV benchmarking data must enable the client to interrogate the costs, reviewing standards, service inspections etc when necessary.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexo	No	Yes	No	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years. Trust also increased hours by adding an extra hour to each ward.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexo	No	Yes	No	No

Other - Accommodation Management

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Car Parking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Helpdesk

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Non Patient Transport

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Pest Control

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Portering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Telecoms

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexho	No	Yes	No	No

Other - Window Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexo	No	Yes	No	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	General increase to reflect contract increases had been below labour increases during the last 5years

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Aramark	No	Yes	No	No
Cyril Sweett	No	Yes	No	No
Initial Services	No	Yes	No	No
ISS Mediclean	Yes	Yes	Yes	Yes
Medirest	No	Yes	Yes	No
Mowlem	No	Yes	Yes	No
Sodexo	No	Yes	No	No

Project Details

Provision of New fully serviced Council Offices including a "One-Stop-Shop" at Ground floor level. In total 85,000 sq ft of office space accommodating up to 675 staff. The building allows transfer of staff from existing out-dated council accommodation, freeing the site for a major commercial development in tandem with a major programme of regeneration in the Heart of the City, including a Millennium Gallery, a Winter Garden, and creation of several new public spaces

What worked well?

Process facilitated detailed analysis of service provision. Final result represents clear value for money.

What problems were encountered?

Lack of understanding by soft FM contractor of benchmarking itself. Difficulties of obtaining detailed information from contractor.

What recommendation were made to improve the process?

Start process earlier. Don't underestimate difficulties of obtaining appropriate benchmarking data.

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in staff & material costs

Benchmarking Details

Public Sector Data Source	G.D.P. A.B.S.E. B.C.I.S.
Private Sector Data Source	GDP Invoices to support increased costs of materials
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Decrease in cost but no change in service.

Benchmarking Details

Public Sector Data Source	Comparative quotations
Private Sector Data Source	Comparative quotations
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Waste Management

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Increase recycling/reduce disposal. Also changes in staff costs, central overheads taxes resulted in the change in cost

Benchmarking Details

Public Sector Data Source	National statistics service price index Landfill tax data
Private Sector Data Source	Comparative quotations
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Increase in cost of service.

Benchmarking Details

Public Sector Data Source	National Statistics service price index Minimum wage data
Private Sector Data Source	Comparative quotations
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project was one of the five large grouped PPP pilots supported through the New Deal for Schools. Sheffield's scheme involved the rebuilding/operation of four secondary schools and two primary schools (Mosborough Primary School; Owler Brook Nursery and Infants, and Fir Vale Secondary School; Ecclesfield Secondary School; Tapton Secondary School and King Edward VII Lower School). The contract was signed with Tilbury Douglas in April 2000 and all schools have been operational since September 2001.

Other Value Testing Details

Cleaning & Waste Management have been market tested (Completed Feb 07). The value testing exercise for grounds maintenance & catering has not yet been completed. It should have been benchmarked in September 2006 but which it was decided by both parties it would be better market tested spring 07.

What worked well?

Face to face discussions definitely were more productive than emails or written communications.

What problems were encountered?

Exercise was originally meant to be benchmarking for the three relevant services but difficulties in finding comparative data ended with one service going to market testing, one being benchmarked and one being deferred to a market test in the next financial year.

What recommendation were made to improve the process?

More sharing of information so as to make comparisons easier.

Tested Services

Other - Cleaning & Waste Management (Bundled)

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	There was no change to the service provision, but the increased cost has been accepted.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	Yes			
Market Test Participants	Incumbent	Eoi Submitted	Bid Submitted	Successful Bidder
ICS Cleaning	No	Yes	Yes	No
Interserve	Yes	Yes	Yes	Yes
RGS Cleaning Services	No	Yes	No	No

Project Details

Provision of a new replacement 1000 place Sir John Colfox County Secondary School in Bridport, Dorset by Jarvis Colfox Limited. The deal was the first DBFO schools project to be completed. Designated as a PFI Pathfinder. Dorset County Council and Jarvis (Colfox) Ltd signed the PFI contract on 18 November 1997 and the new school services started in September 1999.

Other Value Testing Details

Contract specified benchmarking to take place three years after commencement of contract and then scheduled for every subsequent five years thereafter. Originally scheduled for completion October 2002 but ultimately did not commence until October 2003.

What worked well?

Working with the local managers and getting agreement to the methodology. Commitment to resolve issues

What problems were encountered?

This was the first exercise performed on a PFI school therefore no reference points for help and guidance. Senior Managers within Jarvis did not support the local management and tried to use benchmarking as a method of significantly increasing the payment. Difficulty obtaining meaningful data from Jarvis to support their case for increases. Fundamental difference in interpreting the clauses of the original Agreement in respect of benchmarking and consequence of the outcomes. Unrealistic timetable for completion and underestimate of resource implications. Lack of commitment from internal colleagues to provide meaningful support.

What recommendations were made to improve the process?

As per the recommendations contained in the new PUK guidance – allow enough time and resource to complete the exercise. Ensure that the negotiators have the authority to agree. Warn budget holders well in advance of possible outcomes of benchmarking. Ensure 'buy-in' from experts in the particular activity being benchmarked. Talk to other parties and develop support mechanisms with colleagues from other relevant public sector bodies. Keep client involved in the process and aware of implications for benchmarking particular services. Need to buy-in to the outcomes.

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Just a change in cost due in main the an underpricing of the original submission and effect of National Minimum Wage

Benchmarking Details

Public Sector Data Source	Other DCC Secondary Schools where cleaning services had been contracted out through a central contract organized by DCC.
Private Sector Data Source	Their actual costs
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Change in cost only mainly due to National Minimum Wage

Benchmarking Details

Public Sector Data Source	DCC costs in other similar secondary schools
Private Sector Data Source	Their actual costs
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Utilities

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Reduction in costs

Benchmarking Details

Public Sector Data Source	Their original costs
Private Sector Data Source	Other similar secondary schools in Dorset
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

This project includes the provision of a new build school and related support services.

What worked well?

It was important to have a reputable company like KPMG taking this forward on behalf of the School Authority/Trustees. It gave weight to the negotiations with the Project Company. Recognition by Project Company of affordability constraints on School Authority.

What problems were encountered?

Nothing specific.

What recommendation were made to improve the process?

Ensure that the next Benchmarking/Market Testing Exercise is initiated and completed within timescale set out in Project Agreement. For reasons outside the control of the School Authority/Trustees, Project Company and their appointed advisors, the first Benchmarking Exercise was not initiated until the Sixth Payment Year (one year late).

Tested Services

Caretaking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. Increase in cost partly due to the impact of Job Evaluation in N.I. and reclassification of costs across different Service categories.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. Cleaning comprised general cleaning, pest control, window cleaning and waste management.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. Original bid price for provision of tested service by Project Company priced competitively, below market rate.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

ICT/IT

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. ICT/IT comprised Helpdesk.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Maintenance comprised fire safety. Service levels unchanged since financial close. Change in price due to correct reclassification of costs across different Service categories.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Telecoms

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. Change in price due to reclassification of costs across different Service categories.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Service levels unchanged since financial close. Change in price due to reclassification of costs across different Service categories.

Benchmarking Details

Public Sector Data Source	Authority Benchmarks – Northern Ireland education accommodation PFI/PPP projects that have reached financial close (including both FE colleges and post-primary schools) – most applicable chosen from a database of 30 projects.
Private Sector Data Source	Project Company Benchmarks – prices bid by Project Company on similar Northern Ireland PFI education projects and one Scottish PFI project that the Project Company has bid for (including both FE colleges and post-primary schools).
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

The Project comprises the design and construction of the second phase of the existing Swan Valley Community School and a new Primary School at Craylands Lane, together with the finance, facilities management and operational services for the two schools for a 25 year period. Swan Valley Secondary School will be extended to accommodate 1050 pupils plus the construction of an integrated Life Long Learning Centre incorporating adult education rooms, library, youth centre, creche, gymnasium and café. The integration of community and school facilities will ensure the full use of the school facilities, notably the sports hall, gymnasium and floodlit all-weather pitch. The Craylands Lane Primary School will accommodate 240 pupils. The school is designed around a central library and circulation space and will serve a local housing development, feeding pupils into the Swan Valley Community School. The contract was signed in March 2001 with NewSchools and became fully operational on 1 September 2003.

What worked well?

Discussions with contractors went well, with open and honest dialogue.

What problems were encountered?

Lack of available data which could be easily compared with the contractor's details.

What recommendation were made to improve the process?

A standard contractual format of displaying services and costs that both the contractor and client can discuss and understand without adjustment, and which does not involve interpretation of figures.

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The increase in costs reflects the introduction of nutritional guide lines. Increases in staff numbers and costs and food quality accommodated changes in guidelines/legislation.

Benchmarking Details

Public Sector Data Source	PUK KCC contracts in similar Kent PFI and non-PFI schools.
Private Sector Data Source	Tender details from recent contract change. Profit and loss sheets from existing contractor.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Benchmarked cleaning services included general cleaning and waste management. An increase in costs reflects increases in national minimum wage requirements. Risk premiums increased due to potential future national minimum wage increases. The increase in waste management costs reflected increasing market rates, specialist waste disposal, and increased landfill tax. Taxes include the landfill increases and disposal of fluorescent lighting tube An increase in costs to reflect increases in national minimum wage requirements. Risk premium increase due to potential future national minimum wage increases. The increase in waste management costs to reflect increasing market rates, specialist waste disposal, and increased landfill tax. Taxes include the landfill increases and disposal of fluorescent tubes

Benchmarking Details

Public Sector Data Source	PUK Internal KCC contracts and services at similar Kent schools.
Private Sector Data Source	Data from the recent tendering exercise of the supplier. British Institute of Cleaning Science. For waste management, Atkins used their own costs database.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Grounds maintenance

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	The cost changes reflect market comparators, and include maintenance of the all-weather pitch which was not included within the original base costs. The secondary school achieved Sports College status which has required improved maintenance of the playing fields. The secondary school achieved Sports College status which has required improved maintenance of the playing fields.

Benchmarking Details

Public Sector Data Source	PUK discussions. Internal PFI and non-PFI contracts for similar Kent schools.
Private Sector Data Source	MITIE Lyndhurst Ltd Faithful+Gould E&FN SPONS Landscaping and External Works Price Book
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

The Cruciform Building

Project Details

Project to provide new medical and research facilities for UCL

What worked well?

> PFI partner brought in dedicated resource to manage process. > Opportunity to re-assess service levels after first 5 years of contract.

What problems were encountered?

> Changes in personnel prolonged the process. > Agreeing the interpretation of contract clauses. > Non-compliant tenders reduced choice.

What recommendations were made to improve the process?

> A more detailed initial specification. > Greater involvement of the FM provider at the contract negotiation stage. > The incorporation of intermediate benchmarking exercise between market testing dates in future contracts.

The Cruciform Building

Tested Services

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Changes to specification

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Complete Property Services	Yes	Yes	Yes	Yes
Initial Services	No	Yes	No	No
ISS Facilities	No	Yes	No	No
McDowell Cleaning	No	Yes	Yes	No
Mowlem Pall Mall	No	Yes	No	No

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Reduction in service required.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	Yes			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Initial Services	No	Yes	No	No
ISS Facilities	No	Yes	No	No
Sunlight	Yes	Yes	Yes	Yes

The Cruciform Building

Other - Pest Control

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Change in cost

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Cannon Hygiene	No	Yes	Yes	No
Countrywise Pest Control	No	Yes	Yes	No
SS Facilities	No	Yes	No	No
Standby Pest Control	Yes	Yes	Yes	Yes
Vermin-X	No	Yes	No	No

Other - Waste Management

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Changes in service level specification as a result of experience of first 5 years of contract.

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Biffa Waste Services	No	Yes	No	No
Bywaters	Yes	Yes	Yes	Yes
Cleanaway	No	Yes	No	No
PHS Wastetech	No	Yes	No	No
Safety Kleen UK	No	Yes	No	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	Changes in service level specification as a result of experience of first 5 years of contract (additional post)

Market Testing Details

Was market testing carried out because of a failure to agree benchmarks?	No			
Market Test Participants	Incumbent	EoI Submitted	Bid Submitted	Successful Bidder
Akwa Security	No	Yes	Yes	No
ASS Facilities	No	Yes	No	No
Chubb	No	Yes	Yes	Yes
Initial Services	No	Yes	No	No
Jarvis	No	Yes	No	No
Mitie	Yes	No	No	No

Project Details

New district hospital for North Durham

Other Value Testing Details

Second value testing exercise in progress. New price due 1/4/07

What worked well?

The exercise was considered generally unsatisfactory.

What problems were encountered?

Only one live site agreed to participate Confidentiality of the participating site meant that full detailed information was not disclosed to the Trust making audit of limited value. The PA only allows 20days to query the benchmarking report (insufficient Time). The process has the potential to prevent the Trust from sharing any efficiencies the Service Provider may have achieved. The process may result nationally in an upward spiral in Support Service costs. Accurate service comparison across participating sites is difficult and is inevitably based on opinion. Right sizing sites appropriately Is subjective, Lack of transparency of the existing Service Providers costs. The Key Performance Indicators (KPI) in many cases have little value.

What recommendation were made to improve the process?

Transparency of the existing Service Providers costs, The Service provider's costs to be used as along with participating sites as part of the evaluation. An agreed formula for calculating the final benchmark cost, (averaging the live sites does not work it leads to cost creep). The Trust need the right to request Market Test this helps ensure the benchmark cost is competitive. Independent cost consultant evaluation, (The SPV is part owned by the same company as the Service Provide therefore they have a vested interest in the cost increasing)

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Estates

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Portering

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Telecoms

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	No changes to service were as a result of the Benchmarking

Benchmarking Details

Public Sector Data Source	Department of Health ERIC DATA
Private Sector Data Source	One live comparator site plus an independent cost consultants historical data on 3 other sites, plus ERIC DATA
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Vehicle Inspectorate - MOT Computerisation

Project Details

The MOT Computerisation project will involve Siemens Business Systems creating a national database which will record the test status (pass/fail/reasons for failure) of every vehicle MOT tested and which will be sited on the Police National Computer. The new system will provide a communication network, linking the 19,000 MOT stations (and up to 50,000 MOT testers) with the Vehicle Inspectorate who will have front line responsibility for maintaining MOT testing standards. The project will also encourage Consignia (Post Office) to introduce electronic MOT status checks at counter re-licensing transactions as soon as possible after MOT computerisation is introduced. The aim of the MOT Computerisation project is to improve the standards of testing through making testing data and procedures more accessible for testers, enabling customers to enjoy a more flexible, efficient and reliable service. The links to the MOT Computerisation database will help Police to identify (and hence reduce the road safety risk from) vehicles being used without valid test certificates. Such links will also, therefore, reduce fraudulent testing and theft and forgery of certificates.

What worked well?

The employment of an 'expert' who at the very early stages gave an accurate estimate of likely savings and in joint meetings give an independent viewpoint

What problems were encountered?

Contractor resistance and delays.

What recommendation were made to improve the process?

Having jointly agreed the process ensure there is a mechanism in place to ensure timetable is adhered to.

Vehicle Inspectorate - MOT Computerisation

Tested Services

Other - Supply & delivery of additional documentation

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Benchmarking exercise resulted in contractors' subcontractor reducing prices to contractor which resulted in reduced prices to us. Retaining same contractor removed any transition risk with no changes to service levels etc.

Benchmarking Details

Public Sector Data Source	None
Private Sector Data Source	Print consultant employed used his experience and prices supplied through a tender exercise to print fulfillment companies likely to be able to service current contract requirements.
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

Refurbishment of school, new school premises and support services.

What worked well?

Preparation of a database of cost information for soft services initially and then managing the benchmarking process on three pathfinder PFI projects centrally, on behalf of three Authorities, worked extremely well. Engaging the services of KPMG and EC Harris to assist in the production of the Benchmarking Database and with the negotiations also worked well.

What problems were encountered?

After initially rejecting the proposed cost for caretaking and security on the basis that it was above market rate, a breakdown, was provided that included provision for out of hours security cover which was deemed to be an attempt by the Operator to transfer vandalism risk back to the Authority. After a number of negotiation meetings the Operator was requested to provide a further comparator, for the purpose of agreeing Caretaking and Security, as their Further Education College comparators were not deemed to be directly comparable to the Wellington and Balmoral project. A further comparator was provided which facilitated the agreement of a benchmark for Caretaking and Security.

What recommendation were made to improve the process?

The process worked well.

Tested Services

Caretaking

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	It was recommended that the increased cost arising from the benchmarking exercise was paid to the operator.

Benchmarking Details

Public Sector Data Source	Bangor Academy & Sixth Form College Nendrum College Holy Cross College
Private Sector Data Source	Lisburn Institute East Down Institute Ashfield Girls High School Boys Model High School
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Cleaning

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	It was recommended that the increased cost arising from the benchmarking exercise was paid to the operator.

Benchmarking Details

Public Sector Data Source	Bangor Academy & Sixth Form College Nendrum College Holy Cross College
Private Sector Data Source	Lisburn Institute East Down Institute Ashfield Girls High School Boys Model High School
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Maintenance

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	The reduced cost was agreed.

Benchmarking Details

Public Sector Data Source	Bangor Academy & Sixth Form College Nendrum College Holy Cross College
Private Sector Data Source	Lisburn Institute East Down Institute Ashfield Girls High School Boys Model High School
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Management & Administration

Effect of Value Test on annual net cost of this service	Increase
Results of the benchmarking / market testing exercise.	It was recommended that the increased cost arising from the benchmarking exercise was paid to the operator.

Benchmarking Details

Public Sector Data Source	Bangor Academy & Sixth Form College Nendrum College Holy Cross College
Private Sector Data Source	Lisburn Institute East Down Institute Ashfield Girls High School Boys Model High School
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Project Details

The 35 year deal for the redevelopment of the West Middlesex Hospital is for new buildings and maintenance services for all of the buildings on the site. The project involves the demolition and new build for most of the existing Victorian buildings. In the new 434 bed redevelopment a new central access point will be created with improved facilities for the disabled and, by focusing on the logical relationships between the services, the flow of care will be enhanced. Bywest will also carry out extensive refurbishment of newer, existing buildings, with a capital cost of some £12.2 million.

What worked well?

Good working relationships Commence benchmarking to allow time for discussion and negotiation

What problems were encountered?

Matching patient activity to PFI service provision – e.g. providing NEPT core service to meet demands of appointments and A&E activity

What recommendation were made to improve the process?

None.

West Middlesex University Hospital DBFO

Tested Services

Catering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Domestic

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Linen & Laundry

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Portering

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Switchboard

Effect of Value Test on annual net cost of this service	No Change
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Transport Services

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Other - Waste Management

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No

Security

Effect of Value Test on annual net cost of this service	Decrease
Results of the benchmarking / market testing exercise.	Independent evaluation by an external consultant indicated the benchmarked price to be at a level commensurate with costs for similar size hospitals.

Benchmarking Details

Public Sector Data Source	EC Harris LLP
Private Sector Data Source	Turner & Townsend LLP
Did the public and private sector agree on the results of the benchmarking exercise?	Yes
Was dispute resolution necessary?	No