

## Government Health & Safety Lead

# Using procurement to improve health and safety outcomes

MINISTRY OF EDUCATION

### BACKGROUND

By enhancing its procurement processes and actively working with its suppliers, the Education Infrastructure Service, part of the Ministry of Education, has been able to achieve step change improvements to health and safety outcomes over the last four years.

### WHAT THEY DID



Developed a **H&S system** with clear requirements



Focused on **sourcing suppliers** who met those requirements and **worked with others** to help improvements



Focused on **enhancing contractor performance**



Audited contractor **systems & operations**



Made **risk management** a key feature of their work

### KEYS TO SUCCESS

Using risk management as a key change agent

Commitment from the top and a positive H&S culture

Working with other Persons Conducting a Business or Undertaking (PCBU)

### BENEFITS

Enhanced H&S performance of suppliers

Improved management confidence in contractor capability, to keep people safe

Improved H&S conversations as part of business as usual activity

# Using procurement to improve health and safety outcomes

By enhancing its procurement processes and actively working with its suppliers, the Education Infrastructure Service, part of the Ministry of Education (the Ministry) has been able to achieve step change improvements to health and safety outcomes over the last four years.

## BACKGROUND

### Education Infrastructure Service

One of the Ministry's key objectives is for all students and teachers to be able to thrive in environments that support their success.

Education Infrastructure Service (EIS) manages the second biggest Crown property portfolio valued at around \$23.5 billion. This portfolio is made up of over 2,100 primary and secondary state schools, consisting of around 30,500 buildings and 8,000 hectares of land.



EIS invests around \$800 million annually in maintaining, improving and expanding the state school property portfolio. The procurement activity associated with this investment has the ability to drive better health and safety (H&S) practices.

## The challenges

Some of the key challenges that the Ministry is faced with in order to achieve high levels of health and safety include:

- > a large pool of contractors and consultants used to build and maintain school properties (for example over 120 different project management firms work on Ministry-led projects)
- > more than 4,000 school property projects, costing from \$10,000 to \$50 million, happening across New Zealand each year
- > multiple duty holders under the Health and Safety at Work Act 2015
- > demonstrable management of risk.



Consultants, contractors and their workers could be required to work in an environment surrounded by children and young adults, with building projects being undertaken within, or accessed through, an operating school site.

This requires a high level of consultation, coordination and cooperation between the Ministry, school management, building contractors, project managers and other technical experts to ensure the safety of all.

## KEYS TO SUCCESS

The Ministry's success in using procurement to improve H&S outcomes can be attributed to four initiatives (Figure 1).

Each initiative is underpinned by the need to build trust based collaborative relationships with suppliers. By developing a suite of communication tools and enhancing processes the performance of the Ministry's suppliers has shown improvement and therefore its ability to keep all workers and children safe during project delivery.

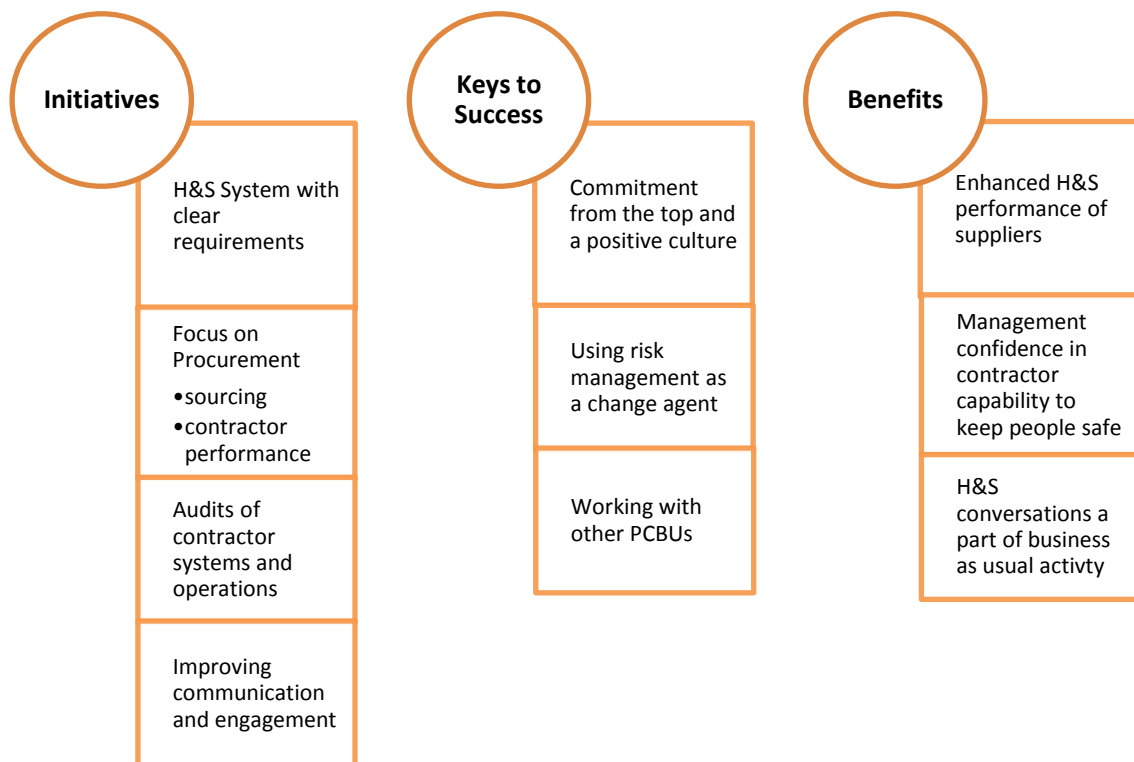


Figure 1: Developing Positive Health and Safety Outcomes

## INITIATIVES

### A H&S system with clear requirements

In developing the H&S system, the Ministry focused on three key objectives.

- > Management and positive influence of the contractor/supplier chain through consultation, communication and engagement.
- > Supporting school boards of trustees on school property related health and safety through guidance and information.
- > Safety and wellbeing of all involved.

In order to achieve these three objectives, a set of clear requirements was developed to create certainty and clarify each PCBU's expectations in health and safety. The clarified requirements covered the following.

- > Sourcing and assessing contractors health and safety capability.
- > Contractor management performance measures.
- > Communication and engagement channels for high risk matters.

These requirements ensured each PCBU knew what was expected of them while their roles and responsibilities during a project were clarified.

### Focus on procurement

The Ministry has lifted the H&S performance in its sourcing and contractor management through deliberate efforts and initiatives across procurement systems, processes and requirements in the following areas:

- > Sourcing, including
  - prequalification
  - detailed H&S assessment.
- > Contractor performance management.

### Sourcing

#### Prequalification

The Ministry uses a number of reasonably practicable steps during the procurement of projects to ensure the H&S of all involved are considered.

One of these steps in the tendering and contractor selection process is contractor prequalification to determine competency to undertake the work safely. The prequalification process involves verifying that the contractor has proven ability to undertake H&S activities. Contractor prequalification forms a key part of the contractor selection process for the Ministry.

A number of New Zealand industry providers offer a prequalification accreditation service that examines and verifies H&S matters aligned against the Ministry's requirements for school property. These include the following.

---

#### **PREQUAL**

 [www.impact.co.nz/prequal](http://www.impact.co.nz/prequal)

---

#### **SitePaSS (Hazardco Ltd)**

 [cmshazardco.e3learning.co.nz](http://cmshazardco.e3learning.co.nz)

---

#### **SiteWise (SiteSafe Inc)**

 [www.sitesafe.org.nz/products-and-services/sitewise](http://www.sitesafe.org.nz/products-and-services/sitewise)

---

#### **SHE (SHE Software NZ Ltd)**

 [www.shesoftware.com](http://www.shesoftware.com)

When the Ministry established its professional services panels<sup>1</sup>, an independent specialist undertook an assessment of all tenderers H&S information. Along with other evaluation criteria, this initial assessment enabled around half of suppliers to be immediately eligible for various service panels.

Rather than simply turn away unsuccessful suppliers, the Ministry adopted a detailed assessment approach, where gaps were identified and advised to suppliers in an effort to encourage investment in H&S practices.

---

<sup>1</sup> These panels are a list of pre-approved construction contractors with capabilities to perform work of a particular specialisation or scale. The Ministry has the following five panels.

- 10 Year Property Planning (10YPP) Consultants – used by Schools
- Project Management Services – (Minor Construction Works – project value up to \$500,000)
- Project Management Services (Major Construction Works - project value over \$500,000)
- Strategic Partners – Construction Consultancy Services
- Directory of Construction Suppliers (from July 2018).

### Detailed H&S assessment

Where suppliers were unable to meet the Ministry's H&S accreditation requirements, they were asked to provide information and practical examples to enable the independent specialist to undertake an evaluation of their H&S policies, systems and processes. This information included the following.

Health & Safety Capability	Verified by
 <b>H&amp;S system in place</b>	<ul style="list-style-type: none"><li>» Third party accreditation that aligns with NZS 4801:2001.</li><li>» H&amp;S policy and procedures in place.</li></ul>
 <b>Site specific safety management</b>	<ul style="list-style-type: none"><li>» Examples of Site Specific Safety Plan (SSSPs) used for previous projects; and/or</li><li>» H&amp;S policy and procedures examples that will be relevant for the project involved.</li></ul>
 <b>Hazardous work and risk assessment management</b>	<ul style="list-style-type: none"><li>» Examples of Task Analysis (T/As) used for previous projects – or JSAs, SWMs</li><li>» Hazard identification and risk assessment process examples</li><li>» Hazard reporting process in place and used</li></ul>
 <b>Incident management</b>	<ul style="list-style-type: none"><li>» Incident register in place</li><li>» Procedures for reporting and investigating incidents</li><li>» Procedures for reviewing investigation findings and applying remedial measures</li></ul>
 <b>Site inspection and monitoring</b>	<ul style="list-style-type: none"><li>» Evidence of site inspections undertaken with processes and checklist</li><li>» Evidence of site inspections on previous projects</li></ul>
 <b>Competency and training</b>	<ul style="list-style-type: none"><li>» Competency and training register in place and used</li><li>» Competencies and supporting training identified for specific risks (T/As)</li><li>» Examples and topics of toolbox talks or other site H&amp;S briefings or meetings</li></ul>
 <b>Sub-contractor management (if required)</b>	<ul style="list-style-type: none"><li>» System used to induct subcontractors to the site</li><li>» SSSPs or T/As provided by subcontractors and aligned to site SSSP</li><li>» Consultation between PCBUs – site meetings, joint tool box talks, sharing information on hazards</li></ul>

This detailed assessment, enabled a total of around 95% of suppliers who submitted a proposal to meet the Ministry's requirements.

After contractors had been assessed and approved for one of Education's panels, all works were tendered through a secondary procurement process.







This secondary process also tests H&S criteria as an important evaluation criteria, but focusses the assessment specifically on the works being tendered.

## Contractor performance management

A key feature for membership to these panels was the introduction of a performance framework to assess a supplier's performance in delivering projects. The framework provides:

- > a standardised approach to assessing the performance of suppliers
- > a basis for ongoing dialogue with suppliers, with a focus on encouraging continuous improvement in contract delivery
- > a demonstrable history of supplier performance that can support panel operation and membership decision making and can be applied in future Ministry led tender evaluations
- > visibility on the top performing suppliers in each region.

The performance measures include:

Criteria	Measure
 <b>Management</b>	
Competency	Competency of the 10YPP Consultant to effectively deliver the 10YPP and progress all necessary tasks.
Creating no surprises	Ability to keep the client informed on all relevant issues
Innovation	Innovative ideas turned into reality in design and management
Proactiveness	Effective management and resourcing to produce the 10YPP to allow the BoT to submit the final version to the Ministry no later than 30 June of the 5YA year.
Responsiveness	Provides Provision of efficient and timely responses and exception reporting
 <b>Production</b>	
Timely Output	Effective management and resourcing to produce the required outputs on time
Accurate Output	Standard and quality of output in relation to contractual obligations
Defect Management	Ability to identify and rectify non compliances and errors
 <b>Health and Safety</b>	
Safe Work Practices	Effort focus and proactive management of safety
 <b>Administration</b>	
Reporting	Accuracy and relevance of Progress Reports
Financial	Effort and proactive management of the project budget, cash flow and its accuracy
Handling of Variation	Necessary changes being incorporated effectively and managed satisfactorily.



## Audits and Monitoring

The Ministry has multiple levels of audits as part of their H&S risk management system. These audits contribute to the continuous improvement feedback loop that encourages and assists suppliers to improve their practices. Figure 2 illustrates the range of audits undertaken.

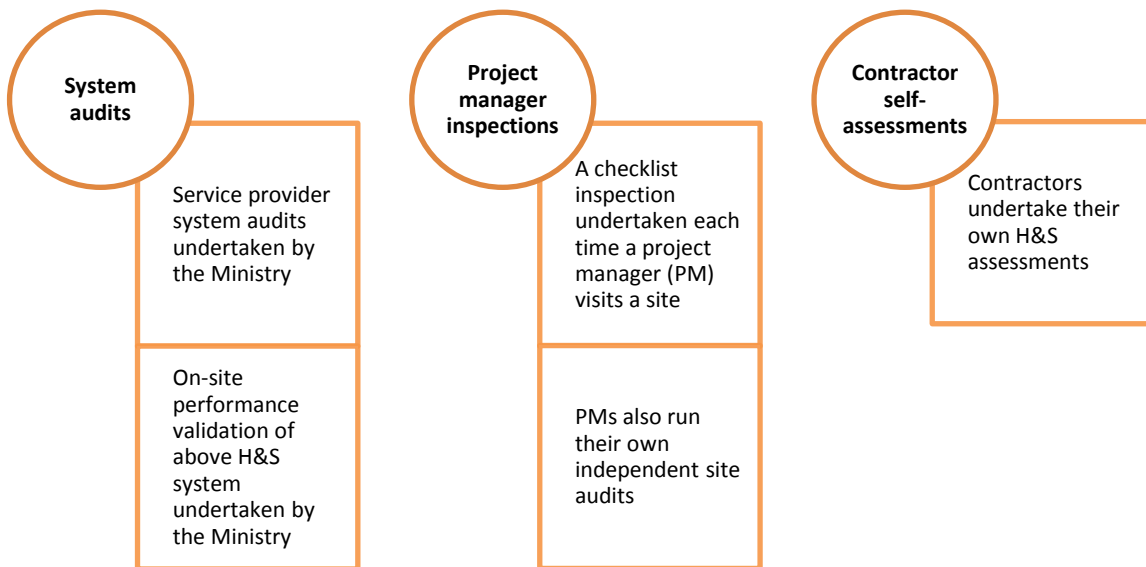


Figure 2: Health and Safety audits

### CRISIS MANAGEMENT EXERCISE: OPERATION DRAGONFLY

Operation Dragonfly was a simulation based on business as usual practice and was developed around one of the real risks the Ministry faces every day during a building project.

It was designed as a test of EIS' H&S system and its performance along with legislative and process vulnerabilities.

A commissioned independent report prepared by specialist H&S lawyers concluded that the Ministry had met reasonably practicable steps within its H&S system and that, in the opinion of the lawyers involved, no prosecution was likely to be brought, using the simulation as the typical example of the process.

The key finding from this simulation was the greater understanding of how EIS' H&S system and processes operated in a 'in real-life' scenario. It also highlighted the importance of the key relationships between contracting parties and identified opportunities to improve practices and to move beyond compliance.

## Communication and Engagement

It was identified that in order to lift the standards of the H&S on projects within schools, stronger communication channels between the Ministry and contractors and their workers needed to be developed.

These included the development of:

- > regular newsletters advising of risk trends from audits and incident investigations
- > on-site meetings
- > presentation at sector and industry forums
- > information and further support available on the Ministry's website.

The Ministry also established a H&S charter as a channel to share ideas. This charter can be found at: <https://education.govt.nz/school/property/health-and-safety-management/health-and-safety-charter/>

**“HRS Construction Ltd has had several projects over the past 18-24 months with the Ministry of Education where we have had dealings with the EIS Health & Safety team.**

**Education has been extremely efficient in elevating our health & safety documentation when submitted, suggesting changes to improve possible outcomes for themselves and contractors alike.**

**When difficulties have arisen the EIS team are there to provide help and guidance to ensure that all parties learn from the outcomes and therefore eliminating possible repeat occurrences.”**

**- Richard Gibb, Director, HRS Construction Ltd**

## Tools and Resources

The Ministry has developed easy to use tools and resources for their staff, schools and service providers. These resources help define roles and responsibilities, and support the management of contractors and critical risk activities.

Project management companies play a big part in the development and use of the resources due to the influence they hold as key individuals for operational safety.

Examples of the resources include:

- > a factsheet for consulting with other PCBUs

- > project manager checklists – items to consider when visiting a site
- > post-earthquake emergency response checklists for buildings and grounds
- > an asbestos management risk assessment checklist
- > H&S guidance for school property
- > H&S risk management templates for project use.

## KEYS TO SUCCESS

### Commitment from the top and a positive culture

The proactive H&S commitment begins for the Ministry with the Chief Executive and Leadership Team. Ministry leaders openly communicate both internally and externally to suppliers about the importance of H&S. The behaviours of the Ministry's leaders is then reflected by staff at all levels allowing greater awareness and benefits.

The Ministry recognised that a positive H&S culture is imperative to improved outcomes. H&S is seen as an opportunity to influence good behaviours in the workplace that keep staff and learners safe as well making a positive difference for the business and its people.

The Ministry has shaped a strong culture with a distinct focus on a risk based H&S approach. This approach has enabled the Ministry to become more consistent and deliberate around H&S in their sourcing and contractor management activities.

H&S is also fully integrated into the Ministry's risk management and reporting activities as a key contributor for improving overall business performance.

**"N-Compass has been involved in delivering Ministry projects for the last 12 years.**

**Over the last 4 years the focus and emphasis on H&S by the Ministry and strengthened collaboration with providers such as ourselves and other organisations, has led to a real focus on prevention and improvement in H&S outcomes. Part of these improvements has been more proactive focus on advice, guidance and prevention as opposed to a general reliance on consultants to do the right things along with requests for reporting.**

**With the Ministry more involved in H&S, we've seen greater coordination across the contracting chain, and a real understanding of the importance of H&S as well as a distinct shift towards a positive H&S culture."**

**- Brett Heaven, Director, N-Compass**

On the operational side, internal and external project managers have been more engaged and collaborative with EIS' H&S team, as demonstrated in asbestos removal projects (asbestos is a critical risk for buildings built before 2000) and increased reporting of near miss incidents (allowing increased analysis of the root cause of incidents meaning improved practices through the application of learnings).

### Using risk management as a change agent

By adopting a risk management approach, the Ministry is able to realise opportunities to positively influence H&S practice and also address any challenges through procurement activity and performance management of its suppliers.

The EIS H&S system is based within an enterprise risk management framework, where opportunities for improved outcomes are a key driver. These improved outcomes allow the Ministry to focus on critical risks in terms of elimination, mitigation or enhancement.

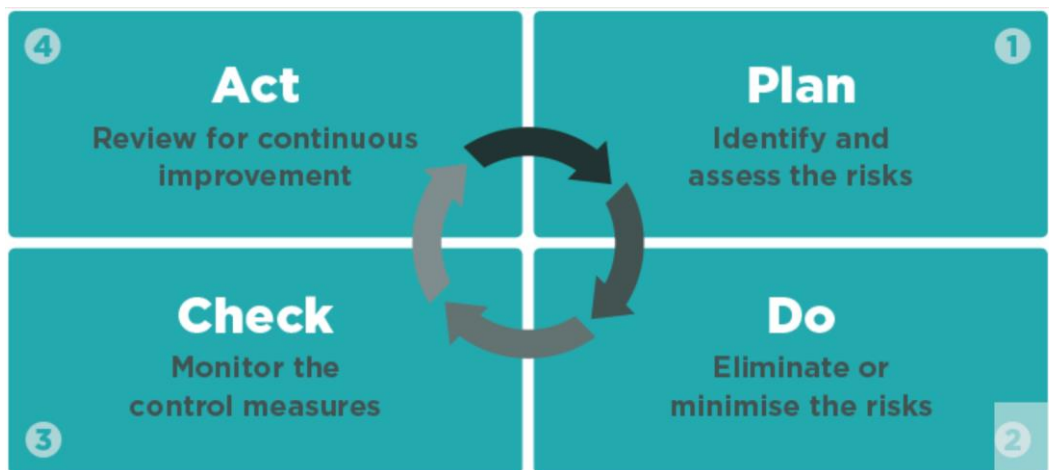


Figure 3: The risk cycle<sup>2</sup>

### Working with other PCBUs

As PCBUs, the Ministry and its suppliers consult, cooperate and coordinate activities with those who have H&S duties for the same matter. As Figure 4 illustrates, for the Ministry this can be a complex arrangement with not just the downstream contracting chain (for which Education would be Principal to the Contract) but also the upstream supply chain, for example, the design of a structure, and in terms of the supply of products and materials.

<sup>2</sup> Taken from WorkSafe New Zealand

These complex arrangements need considered and consistent relationship management to ensure desired H&S outcomes for schools and children.

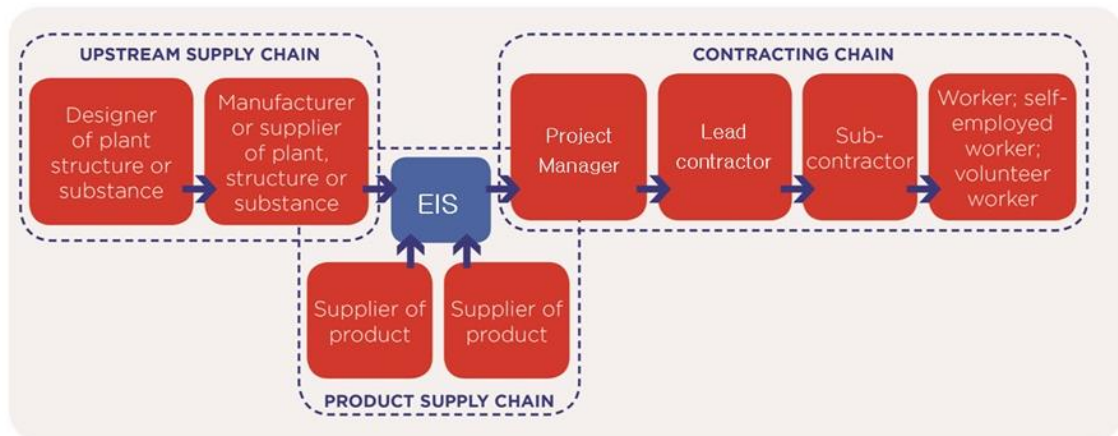


Figure 4: The EIS Supply Chain



## BENEFITS

The Ministry has experienced significant benefits as a result of its efforts to enhance H&S through its procurement activities. These include the following.

- > Positively influencing the H&S capability of suppliers.
- > Project managers, construction contractors and schools working effectively together to ensure the H&S of workers, students and schools staff and their communities.
- > Improved risk management through greater uptake of agreed processes across all stages of projects and the provision and use of H&S risk registers.
- > A better understanding of H&S opportunities and threats and the effectiveness of controls and enhancement actions.
- > Improved governance and H&S reporting to the Ministry's Leadership Team, Risk and Assurance Board, and other key stakeholders.
- > Increased engagement by all service providers to improve health and safety practices.



The Ministry's efforts have helped lift H&S performance in the construction sector and enhanced management's confidence in supplier capability.

An improvement in H&S maturity across New Zealand is being realised with many suppliers improving to, or exceeding acceptable levels as a result of the Ministry's influence.

Overall there is an enhanced H&S capability in the education infrastructure sector.

## FUTURE AREAS OF FOCUS

With a strong risk management focus, the Ministry considers continuous improvement to be a critical component of ongoing success.

Future areas of focus for improvement include:

- > performance reporting of service providers
- > refreshing the H&S strategy and system, ensuring the latest innovations and techniques are adopted and employed
- > understanding the underlying causes and factors in H&S incidents, and improving worker safety across all activities through greater collaboration and sharing of information and an increased involvement of all suppliers
- > embedding processes across the property work undertaken by schools in order to be consistent with Ministry led school property initiatives
- > developing and enhancing property risk registers for school led projects
- > improving understanding and application of risk share arrangements across all contracts, ensuring fair and reasonable apportionment of risk between the parties
- > greater use of the organisations signed up as Charter members, the Ministry's suppliers for professional services and building contracts, to further improve H&S outcomes.

## MORE INFORMATION

For more information relating to this case study please contact Neil Beattie, Education Infrastructure Services Director, Ministry of Education:

[Neil.Beattie@education.govt.nz](mailto:Neil.Beattie@education.govt.nz)