

**HAMPSHIRE COUNTY COUNCIL**

<b>Committee/ Panel:</b>	Buildings, Land and Procurement Panel
<b>Date:</b>	12 October 2010
<b>Title:</b>	Procurement Initiatives
<b>Decision Reference:</b>	1619
<b>Report From:</b>	Director of Property, Business and Regulatory Services

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**1. Executive Summary**

1.1. The purpose of this report is to:

- Obtain approval to the selection and appointment of a contractor through the Improvement and Efficiency South East (IESE) Tier 1 Framework to provide pre-construction services for the project at Havant Academy
- Report on the progress with Improvement and Efficiency South East (IESE)
- Report on the progress with National Improvement and Efficiency Partnership for the Built Environment (NIEP)
- Report on the progress with the procurement of an Asset Management System (AMS)

**2. Contextual information**

2.1. The Executive Member for Policy and Resources approved on 14 April 2010 the annual review of construction related procurement for 2009/10 and a series of new initiatives to be implemented during 2010/11 and beyond.

2.2. A summary of the performance analysis for construction projects completed in 2009/10 and examples of construction costs for projects undertaken during 2009/10 were reported to the Panel on 27 May 2010.

2.3. The completion of projects and programmes of work through framework arrangements ensures that schemes and programmes of work are delivered in a cost-effective way, involving closer working and collaboration with the construction industry which ensures continuous improvement in

the County Council's services and enhances the quality of place in Hampshire.

### **3. Development of Procurement Model**

3.1. The Property Services Procurement Model is based on the procurement of projects and programmes of work through a range of general and specialist frameworks and other collaborative arrangements. As previously reported to the Panel, further frameworks were being procured during 2010/11.

3.1.1. OJEU tenders have been completed for a framework for electrical testing and inspection, which is due to commence in October 2010.

3.1.2. Further details on the scope of this framework and the successful tenderer are provided at Appendix 1.

#### **3.2. Projects and Programmes of Work**

3.2.1. It is proposed to select and appoint a contractor through the IESE Tier 1 framework to progress the proposed project at Havant Academy on a develop and construct basis (see section 7 below for further details).

3.2.2. To meet the anticipated Procurement construction programme as requested by Partnership for Schools (the DfE's Capital programme management agency), approval is sought for the selection and appointment of a contractor to provide pre-construction services prior to approval of the project appraisal and formation of the construction contract later in the year. The estimated maximum value of the contractor's fee for pre-construction services is £250,000.

### **4. Improvement and Efficiency South East (IESE)**

4.1. IESE is undergoing an organisational change moving into the third and final year of its funded programme. The current 10 "Themes" of work are being replaced by 4 "Functions":

- Market Leverage
- Business transformation
- Information systems
- Shared services.

4.2. Hampshire County Council (HCC) has been asked to lead the Market Leverage function to utilise its expertise in the establishment of complex regional procurement arrangements in relation to buildings and to support similar arrangements in other areas such as waste and social care. The new organisation was put in place at the end of September 2010.

4.3. A review of all projects in the original 10 themes has resulted in a number being curtailed, but the vast majority in the construction theme are major

contributors to the delivery of regional efficiencies, and will be funded to June 2011. The framework arrangements have now delivered over £55 million efficiency benefits to the region. A summary of the key projects is set out below:

- The regional construction framework is being renewed. Following publication of OJEU notice, a Pre Qualification Questionnaire (PQQ) was sent out using the electronic tendering system on 22 July 2010 for the IESE South East and London Construction Framework for Major Projects. From an initial interest of 156 suppliers, 32 PQQs were returned and opened on the 23 August 2010. The evaluation team is currently scoring submissions prior to issuing the Invitation to Tender to no more than 20 contractors by mid October 2010. The new framework is being established on a self financing basis via the use of small tariffs on the contracts procured and will be in place by July 2011.
  - Sub regional frameworks have been established in Hampshire, Sussex, and Berkshire, and are now being procured in Surrey. The Hampshire arrangements are due to be renewed in 2011, and it is intended to procure the next generation on a self financing basis, as the major regional framework.
  - Other projects include the regional consultancy framework, which encompasses a range of professional services including design projects and asset management, and a highways professional services regional framework which is being used by 5 authorities including Kent County Council.
- 4.4. The IESE experience is proving attractive to others who are planning their own arrangements, and discussions are being held to provide support to other regions such as London and the North East.

## **5. National Improvement and Efficiency Partnership for the Built Environment**

### **5.1. Background**

Building on the success of the HCC's leadership of IESE, Department of Communities and Local Government (CLG) requested that Hampshire's Chief Executive lead a national construction and asset management partnership. This has led to the creation of the National Improvement and Efficiency Partnership for the Built Environment (the NIEP). The NIEP is made up of senior representatives of CLG, Office of Government Commerce (OGC), each of the nine regional Improvement and Efficiency Partnerships (IEPs) and the private sector. Through sharing the best practice, Business Model Recommendations (BMRs) will be developed by five Workstreams for adoption by local government. In essence, the BMRs will offer a route to efficiencies to local councils and communities by

reflecting the best of local government practice, delivering reduced costs while still retaining local control. The NIEP forms part of a wider role for the Chief Executive in leading the new national Procurement, Capital and Shared Assets Productivity Workstream for local government.

5.2. General

Workstreams developed their thinking over the summer, with the goal to have compelling proposals ready for the NIEP Conference on 28 September 2010. To facilitate this, leads are being encouraged to identify Success Criteria in their BMRs. The NIEP have agreed a collective savings target of 20% on construction and 14.5% on assets. The first NIEP Private Sector Forum was held on 4 August 2010 and invited comment and best practice exemplars relating to all Workstreams. Key requests included the desire to reduce duplication and bureaucracy in procurement, support for a capital procurement strategy to be based on actively managed frameworks, as well as support for a total cost of ownership approach to procurement decisions, which will take into account the whole life cost and local economic benefit.

5.3. Workstream 1 - Procurement and Supply Chains

A Benefits Evidencing document has been produced to market the efficiency opportunities to Local Authorities in using collaborative procurement approaches. A Fair Payment Charter has been signed by all 9 IEPs. A best practice construction framework model is being developed to be used on new IEP procurements by October.

5.4. Workstream 2 - Client Leadership

Four key themes are agreed and being developed:

- IEP best practice sharing
- Top 10 attributes
- Risk Management
- Academic Research.

5.5. Workstream 3 - Asset Management

Three key themes are agreed and are being developed:

- IEP best practice sharing
- Practical guidance for clients
- Capital and Asset Pathfinders (CAPs).

A part time secondment of Patrick Blogg (Senior Programme Manager - External Clients and Shared Services in Property Services) to CLG is now in place and proving valuable. The Secretary of State for CLG approved

the continuation of the CAPs during July and the NIEP has a key leadership role in this.

5.6. Workstream 4 - Skills, Apprenticeships and Learning

This workstream has completed IEP research and is now working with the Government Office of the West Midlands in developing a charter to be incorporated into the new construction framework model highlighted above.

5.7. Workstream 5 - Highways

A national efficiency strategy proposal is being developed in conjunction with Department for Transport (DfT). This will cover the following key themes:

- Consultancy Frameworks
- Commodities
- Standardisation
- Asset Management
- LEAN Thinking
- Small to Medium Enterprises
- Social Inclusion.

5.8. Marketing

A key “one year on” Conference was arranged for 28 September 2010. It was held at CLG’s headquarters in Eland House, London and featured the Secretary of State and the Acting Permanent Secretary as key speakers from CLG. The audience was comprised of senior figures from across central and local government. The purpose of the Conference was to showcase and promote the NIEP proposals and to engage with stakeholders in their development.

**6. Procurement of the Asset Management System (AMS)**

6.1 Members were advised in June 2009 on a proposal for the implementation and procurement of the Asset Management System (AMS), and recommended to the Executive Member for Policy and Resources funding for the project. The AMS will store and provide access to a range of asset data and will also cover the range of operational areas of the Property Services’ business.

6.2 The County Council entered into discussions with Surrey County Council and it was agreed in June 2010 that the County Council would commence the joint implementation and procurement of the AMS with Surrey County Council, which is due to be signed off shortly. This proposal will provide an efficiency saving for the County Council, as the costs will be shared across each Local Authority.

## **7. Havant Academy**

### **7.1. Introduction**

- 1.1. As explained in the Major Projects Update report found elsewhere on this agenda, following the coalition Government's announcement on 5 July 2010 to stop the Building Schools for the Future (BSF) programme; the proposals for the creation of Havant Academy (previously referred to as Staunton Park Community Sports College), were put on hold.
- 7.1.1. However, following a further review of the project and funding, the Department of Education (DfE) confirmed on 6 August 2010 that Havant Academy will receive its capital allocation and Financial Close must be achieved with a contractor by April 2011. This is an extremely stretching delivery programme and one which the Directors of Children's Services and Property, Business and Regulatory Services are proactively resourcing to meet.

### **7.2. Capital Project and Environmental Improvement Works**

- 7.2.1. The Academy formally opened on 1 September 2010 and a grant of up to £145,000 was allocated by the DfE to carry out a "face-lift" to the buildings for the opening. Property Services have worked with the principal partners and contractors to procure and carry out these works, which comprise new banners, signage, cleaning/decoration works to toilet areas, external decoration works, alterations/refurbishment to reception and library, additional furniture and external canopies.
- 7.2.2. It is anticipated that the fully refurbished facilities will be completed by October 2012. The Academy is sponsored by South Downs College as lead sponsor working in partnership with the County Council as co-sponsor. In addition, the Academy will have the direct support of two education partners; the University of Portsmouth and Wildern School, one of Hampshire's "outstanding" secondary schools.

### **7.3. Funding and Affordability**

- 7.3.1. The anticipated funding of £10,086,000 is derived from the Funding Allocation Model (FAM) provided by PfS. It is based on anticipated pupil numbers of 665 and will include ICT equipment, furniture, fittings and equipment and fees.
- 7.3.2. Confirmation of project funding was subject to approval of the Outline Business Case (OBC) by the Partnership for Schools (PfS), which was then considered and approved at Cabinet on 27 September 2010. In addition, Cabinet approved the use of the Children's Services Capital Programme to meet the initial costs of the project.

7.3.3. Funding for the contractor's pre-construction services of up to £250,000 is available and the Panel are asked to recommend to the Executive Member that the selection and appointment of a contractor through the Improvement and Efficiency South East (IESE) Tier 1 Framework to provide pre-construction services to a maximum value of £250,000 be approved.

**8. Recommendations**

**That the Executive Member for Policy and Resources be advised that:**

- a) The selection and appointment of a contractor through the Improvement and Efficiency South East (IESE) Tier 1 Framework to provide pre-construction services to a maximum value of £250,000 for the project at Havant Academy in Havant be approved.
- b) The progress in connection with Improvement and Efficiency South East (IESE) be noted.
- c) The progress with National Improvement and Efficiency Partnership for the Built Environment (NIEP) be noted.
- d) The progress with the procurement of an Asset Management System (AMS) be noted.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	No
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Improvement plan link number (if appropriate):	
<b>OR</b>	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Procurement Initiatives, Performance Assessment and Building Cost Trends	1618	10 June 2010
Procurement Initiatives	1103	14 April 2010
Procurement Initiatives	998	21 January 2010
Procurement Initiatives	765	19 October 2009
Procurement Initiatives	682	30 June 2009
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **Race and Equality Impact assessment**

Race and equality impact assessment has been considered in the development of this report and no adverse impact has been identified.

### **Crime prevention issues**

The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

### **Climate Change**

#### **How does what is being proposed impact on our carbon footprint / energy consumption?**

All new build projects will meet current standards for carbon and energy consumption. Refurbishment projects will generally see a reduction in energy consumption through incorporation of higher design standards with particular emphasis on increased insulation, air tightness, thermal mass, passive ventilation and reducing solar gain in order to reduce the need for mechanical ventilation. Projects also seek to incorporate efficient building services equipment and controls.

#### **How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?**

Current design standards used by Property Services seek to reduce reliance on mechanical ventilation and therefore reduce energy consumption by using passive ventilation strategies with a focus on increasing thermal mass, insulation and air tightness and reducing solar gain. Efficient building services equipment and intelligent building services controls are used to support this approach. Approaches such as sustainable urban drainage (SUDs) and on site surface water storage are also considered in the design to address flood risk issues.

**OJEU tenders completed since April 2010**

Contract	Scope	Term	Successful tenderers	Available for use by
Electrical testing and inspection framework	Electrical testing and inspection of the fixed electrical installations to meet the requirements of the Electricity at Work Regulations.	2 years with option to extent by a further 2 years	Southern Electrical Contracting	Hampshire County Council, Hampshire Fire and Rescue Service and Aided Schools.