



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR FINANCE

TOPIC – SPORT AND LEISURE CENTRE CONTRACTOR PROCUREMENT

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Legal Services Manager, the Chief Executive and the Strategic Director: Resources are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Friday 26 January 2018.

Contact Officers:

Case Officer: Andy Hickman, Head of Programme Tel: 01962 848105 Email: ahickman@winchester.gov.uk

Democratic Services Officer: Nancy Graham, Senior Democratic Services Officer Tel: 01962 848235 Email: ngraham@winchester.gov.uk

SUMMARY

At its meeting on 13 November 2017 Cabinet (CAB2972) agreed the procurement route for the proposed contractor to build the new Sport and Leisure Centre and this was endorsed by overview and Scrutiny, including that the appointment of a construction contractor to build the new Sport and Leisure Centre follows a two stage design and build process and that the Corporate Head of Asset Management in consultation with the Portfolio Holder for Health and Wellbeing be authorised to appoint a contractor from the Southern Construction Framework in accordance with the rules of the framework and to then obtain a competitive construction cost which will then be reported back to Cabinet as part of the approval of the Full Business Case.

This Notice seeks some further more detailed approvals in relation to the agreed process.

It should be noted that Hampshire County Council procurement team is supporting this procurement process and giving their advice to support it.

PROPOSED DECISION

To agree:

- (1) to utilise a 60% quality and 40% cost split in the evaluation of contractors through a mini competition within the Southern Construction Framework.
- (2) that the formulation of quality questions be used in the mini-competition be delegated to the Corporate Head of Asset Management in consultation with the Portfolio Holder for Health and Wellbeing.
- (3) that the NEC Option A Contract will be utilised.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Details and guidelines for the Southern Construction Framework (SCF) are appended to this Notice. This framework does not allow use of the cost/ quality threshold which the Council's procurement rules normally require hence the need to approve the cost quality thresholds proposed. It should be noted that cost considerations were fully taken into account in order for the contractors on this framework to be eligible. All of the contractors were also fully vetted for financial stability.

The Southern Construction Framework permits quality and cost scores as follows:

- Cost 20% to 50%
- Quality 80% to 50%

The weighting for the mini competition proposed for the Sport and Leisure Centre project is proposed to be 60% quality, 40% cost. The SCF tender return through a mini-competition within the framework will see contractors price the project preliminaries, overheads and profit only (as per two stage tendering process). On benchmarked data for similar schemes this would be in the region of 15-20% of the total construction cost. It is advised that higher emphasis on the quality of the contractor's submissions is used to ensure that contractors are scored on key relevant experience and personnel, demonstration of a sound understanding of the project requirements and the client's key deliverables as opposed to the lowest commercial tender. This is to ensure that an appropriately skilled suitable construction partner can be selected to work with WCC throughout the second stage

of the tender to assist developing the design and reaching a contract value for the construction works.

It should also be noted that NEC Option A Contract will be utilised. This is a fixed price / lump sum contract which requires the contractor to agree a fixed fee for a defined scope of works prior to entering into the contract allowing greater confidence when forecasting cash flows through the project duration and also mitigating cost certainty risks to the Council.

RESOURCE IMPLICATIONS:

The cost of the procurement exercise will be met from the existing project revenue budget.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

The Portfolio Holder for Health and Wellbeing and the Leisure Centre Cabinet Committee members has been consulted.

FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE

N/a

DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED

None.

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

n/a

Approved by: (signature)

Date of Decision

Councillor Guy Ashton – Portfolio Holder for Finance

APPENDICES:

Appendix A - Southern Construction Framework Guidelines

Guidelines
and
Working
Practices
2017

Introduction to Southern Construction Framework

Two Stage Open Book Project Management

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1. The two stage open book process

The greatest barriers to successful construction projects include insufficient detailed knowledge, lack of agreement, uncertainty and risk leading to delays and additional cost – characteristics of traditional fixed price lump sum tendering.

SCF achieves effective teamwork through common understanding and agreement with complete transparency at every stage.

Every discipline contributes positively to the project, working in harmony as they play their part in delivering the agreed outcome, clients have a programme to be confident in and outcomes to satisfy the stakeholders.

This is an explanation of the SCF two stage open book – and needs to be read in conjunction with the Quick Start Guide, and the Mini Competition Guidance notes. Further detailed guidance, case study and learning is available from SCF.

Traditionally, projects are developed to an advanced stage - RIBA 3 or 4 - before bidding contractors are invited to respond to drawings and specifications bound by Planning.

With little chance to influence the project or design, the contractor's profit depends on delivering the project at the minimum or lowest cost, while pursuing every opportunity to increase margin.

SCF builds collaborative working. Contractors are selected early (typically by RICS Stage 2, no later than Stage 4) so they and their supply chain can help to shape the project and add value. Together the contractor and client team collaboratively develop the design, programme, cost and procurement strategy.

Uniting the intellect and experience of contractors, suppliers and the professional team delivers “right first time” solutions with predictable cost, time, buildability and operability.

Developing the **Cost Plan** with the contractor early in the design builds ownership and agreement of preliminaries and work packages. The contractor confirms the cost plan with their suppliers.

Risk is identified during the collaborative design to ensure ownership and agreed mitigation.

Work Packages are openly procured, preliminaries costed and risk contingencies agreed to build the agreed contract sum.

The success of this type of project management is well proven and depends upon everyone in the team understanding and delivering their contribution in full cooperation with colleagues.

This document introduces SCF's highly successful Two Stage Open Book Project Management, describing how it delivers excellent results.

SCF in Outline

		Pre contractor appointment	Pre construction		
Integrated Team – Contractor, Consultants, Client	Leadership	<ul style="list-style-type: none"> Appoint PM & Cost Manager Draft Mini-Comp Qs Sign SCF User Agreement 	Agree <ul style="list-style-type: none"> Objectives & brief Roles Programme Cost Plan Design & Procurement strategy Project governance Stakeholder communications 	Sign off <u>Gateway 2</u> or review Gateway post contractor appointment inc baseline project in	
	Consultant	<ul style="list-style-type: none"> Validate Budget 		Agree WP strategy	
	Planning		Collaborative Planning <ul style="list-style-type: none"> Detail design prog Detail const prog 	ID milestones, approvals, planning	
	Supply Chain		ID early Supply chain engagement	Agree site investigations to eliminate risk	
	Cost	<ul style="list-style-type: none"> Review cost & budget using info at Mini Competition 	Cost Plan, WP strategy	Market intel, benchmarking	Demo pre-construct added value
	Project Management		Initial Gateway review align cost, time & brief. Gap analysis. Protect data. Review CTB. (Gateway 1.5 – 2.5)	Appoint Risk Manager Conduct Risk Review	Mitigation, cost & owner for each risk
		Roles & Responsibilities	Start up workshop	SCF Passport to Work training all staff	

	Construction	Post hand over
<p>Attend & participate at <u>Gateway 3</u> / Performance Review</p> <p>Sign off performance and project data</p>		<p>Attend & participate at <u>Gateway 4</u> / Performance Review</p> <p>Sign off performance and project data</p>
<p>Agree WP awards</p>		
<p>Requirements for relevant experts @ relevant time</p> <p>Ability advice efficient build S</p>		
<p>Any further discounts passed to client</p> <p>Appoint agreed sub-contractors Change needs client approval</p>	<p>Fair payment No re-tendering</p>	
<p>Contract Sum</p> <ul style="list-style-type: none"> • WP tenders • Costed risks • Prelims 		
<p><u>Gateway 3</u></p> <ul style="list-style-type: none"> • CTB • Performance review • Project data <p>ESS plan</p> <p>Monthly dashboards</p> <p>Transition plan to construction</p>	<p>Monthly project data</p> <p>Manage risk</p> <p>Deliver ESS</p> <p>Deliver to cost & time</p>	<p><u>Gateway 4</u></p> <ul style="list-style-type: none"> • CTB • Performance review • Project data

2. Integrated teamwork

The SCF creates a fully integrated team working to a common objective, making best use of all the available expertise, encouraging positive contributions to the project.

Effective, positive communication and conversation is essential with no assumed understandings. It also means treating everyone in the team as equals, including the contractor and the professional teams.

Clients align their consultants to the two stage open book process, deciding who leads the collaborative process. The SCF team can advise if necessary.

The basic principles of SCF projects to integrate the wider team are:

- Set project objectives
- Fully understand roles and responsibilities
- Establish a common plan

2.1 Project objectives

The entire team should be pursuing the same objective. Everyone requires a common understanding of what success looks like for the customer. Initially each team member is bound to have a personal view, so it is vital that the start-up workshop ensures that everyone is aligned and heading in the same direction.

There are many tools available to do this, and the SCF has no preference as to which to use. The only requirement that SCF has is that the whole team is involved, and that everyone is in agreement as to the output.

2.2 Roles and responsibilities

Everyone involved in a team has a role to play, and key deliverables that others will rely on. It is risky to assume that team members know what is expected of them. At start up, everyone in the team should set out what they expect of each other. Responsible, Accountable, Consulted and Informed (RACI) is a useful way of identifying accountability and responsibility. SCF can provide project set up consultancy services.

SCF avoids basing RACI on pre-formed templates as they tend to be used without adequate discussion.

Each project should use its programme, considering each activity in turn, to decide as a team who is to be accountable or responsible for each activity, and who needs to be consulted or informed.

	A	R	C	I	Client Sponsor	PM	Lead designer	Cost Manager	Contractor
Accountability	A								
Responsibility		R							
Consult			C						
Inform				I					
Pre-construction activities									
Design Programme						A			
Buildability Report									A
Option evaluation						A			
The budget					A				
The cost plan								A	

A complete set of contractor pre-construction duties is included in the framework tender for the contractors to fulfil as a minimum. As not every team member will have seen or read these duties, the RACI session enables everyone to review responsibilities for every activity together.

The contractor will typically contribute to:

Design

The contractor advises on the practical implications of the design proposals. This may involve specialist sub-contractors and supply chain partners.

Buildability

The contractor assesses the project in general and buildability on an elemental basis. This can impact many aspects of the project such as design, lead times, construction sequence, health and safety, and site arrangements.

Cost management

The cost plan is developed jointly and openly by the project team and expressed in package allowances. The contractor adds preliminary costs and benchmark data, including from specialist suppliers.

In this open process the cost consultant shares the cost plan with the whole team, engendering a team approach and avoiding later conflict as costs are built-up.

Package procurement

The contractor is expected to advise on the supply chain strategy and execution of advance works or advance orders. This includes assembling suitable packages, managing subcontractor enquiries and tender evaluations on an open book basis.

The client team and contractor

Having agreed on the selection of subcontractors, the contractor and client team collaborate in building up the agreed contract sum, prior to entering into contract.

Programmes

Throughout the pre-construction period the contractor reviews the project programme, identifying where specialist design input is needed. Based on this work, the contractor provides a detailed construction programme.

Logistics

The contractor maintains a continuous view over site logistics and constraints.

Pre-construction

The Pre-Construction Activity document lists many outputs. As a minimum, the contractor produces a pre-construction report summarising their input, the benefits this has generated, and sets out the Construction Execution Plan.

2.3 Stakeholder management / communication

The Roles and Responsibilities analysis specifies who is accountable for communicating with stakeholders, and how communications are captured and used in the development of the project brief or change control.

Experience has shown that uncontrolled reaction to stakeholder requirements leads to cost escalation and delay, so it is worth dedicating some effort to a communication plan and committing to it.

2.4 Joint timetable

The programme is more than a list of contractors' tasks for physical construction. It drives all activities, risks and opportunities throughout the project. It is therefore a vital project tool covering pre-construction, construction and completion through to handover.

A programme that successfully informs all team members of their inputs, outputs and deliverables requires the proactive collaboration of the team. SCF therefore requires that every project holds a collaborative planning session at the contractor engagement stage and before each project stage. This may be supplemented by a "last planner", an industry recognised process to plan, review, and assess weekly progress and productivity. Collaborative planning is always mandatory.

Collaborative Planning

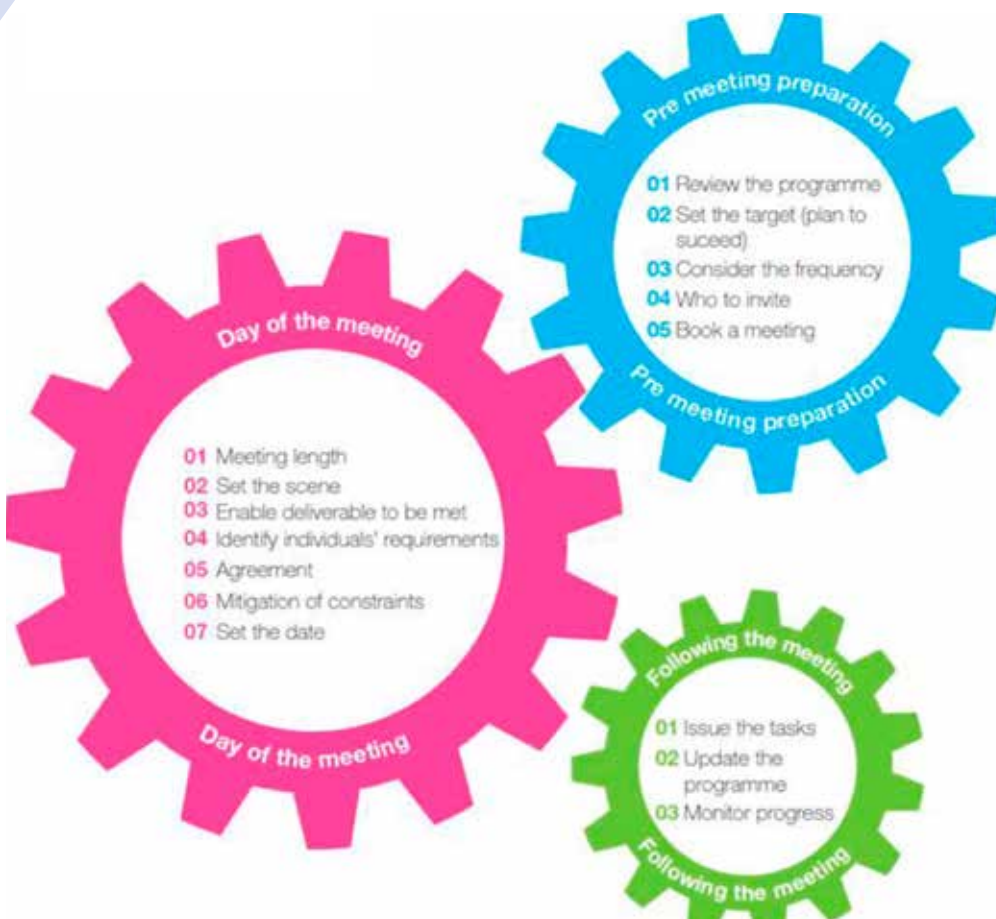
A collaborative planning workshop is held at the start of the project (or at contractor engagement), focusing on delivering the next major milestone or the next 3 months, whichever is more appropriate. For each deliverable within that period, the following sequence is applied:

- Ensure that all delivery areas are represented and involved.
- Outline the scope of works.
- Apply lessons learned from similar schemes; often overlooked when work plans and programmes are developed without effective collaboration.
 - Map all tasks assigning individual ownership with time to complete.
- Challenge assumptions and processes.

Last Planner - Optional

The system is based upon integrated team meetings to monitor and review progress:

- 15-30 minutes weekly to record detail project status, with cost and time savings
- Task completions recorded using the task schedule. Tasks are either 100% complete or incomplete. Reasons for lack of progress are entered into the schedule for future root-cause analysis.
- New tasks are allocated to team members while identifying incomplete tasks to be progressed.
- When reliable delivery one week ahead is achieved, the team looks further ahead i.e. early delivery for tasks in week one can lead to an early start.



2.5 Effective governance

Good faith and mutual cooperation are built on trust and respect. They cannot be enforced or mandated through a contract. They rely on committed leadership of the team. The SCF strongly recommends that each project is led by a Core Governance Group comprising:

- Client
- Designer
- Project / Cost Manager
- Constructor

The Core Governance Group supports and facilitates close integration of the team to deliver the optimum result for the budget.

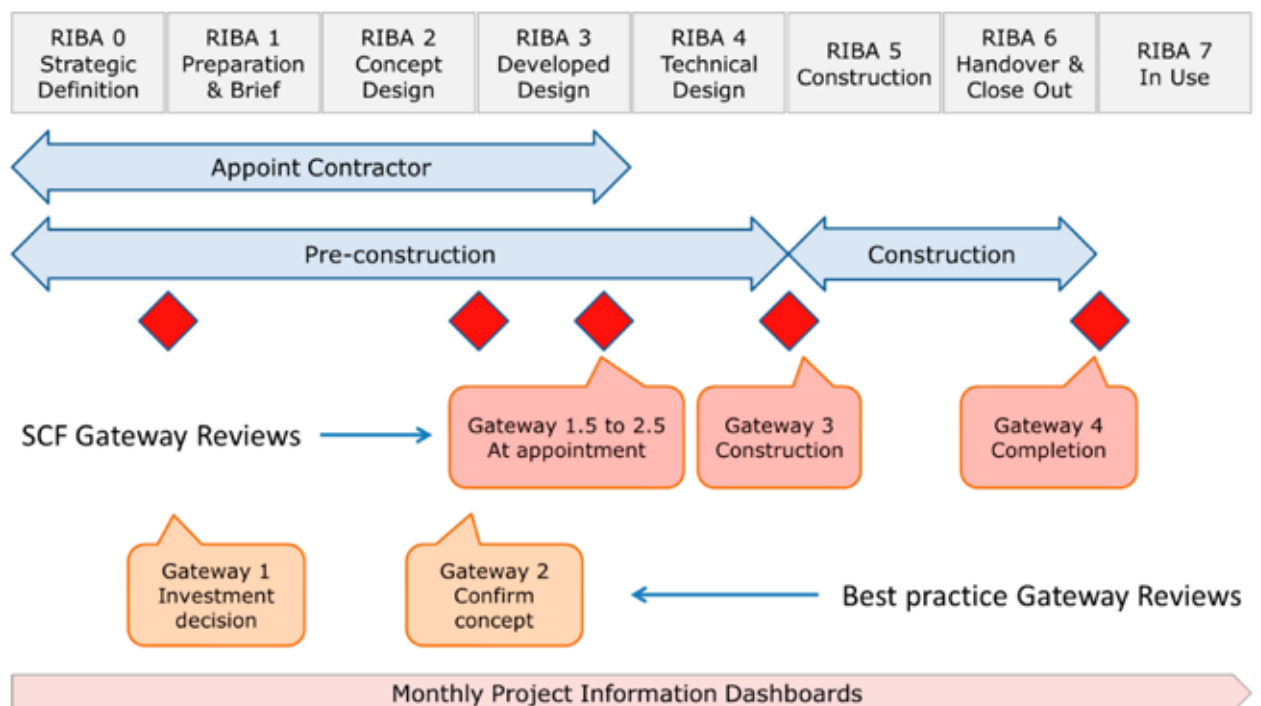


High Wycombe Leisure Centre

3. Assurance and performance

The effectiveness of the SCF working arrangement for each project is monitored via a mandatory quality procedure of Gateway Reviews at key project milestones and regular performance reviews by all members of the team.

This is the Quality Process in outline.



SCF places straightforward requirements on the team which can be supplemented by client or consultant quality assurance procedures or gateway reviews if required. Here are the minimum requirements:

- a) An Assurance and Performance review is held when the contractor is appointed, any time between RIBA Stages 0 and 3. The review ensures that the brief, quality aspirations, budget and programme are aligned and agreed by the complete team. This would be in addition to the best practice Gateway Reviews at the end of RIBA Stages 0 and 2 (Strategic Definition and Concept Design).
- b) A Gateway Review is held at the end of pre-construction to agree design, quality, cost and programme prior to signing the lump sum contract.

- c) A Gateway Review is held after the project is handed over to review the project as delivered in terms of design, quality, cost and time.

A significant benefit of using the SCF is the availability of comparable information. Project elements can be benchmarked, not only in terms of cost.

At each Gateway Review, and at contractor appointment, the contractor provides cost and time information using the standard SCF Cost Time Benefits form. This tracks contractor performance and measure the success of the project.

SCF requires the contractor to provide cost and time information at each stage which the client is invited to sign off at Gateway Reviews. This establishes an audit trail of information that the contractor has provided and that the client has agreed.

Building the database of SCF information means that many reports and trends are available so that the client is fully informed throughout the project.

Sharing this information makes for better informed clients as they become part of a large construction community that can compare their projects and programmes.

Project data is recorded at key decision points. Team performance is measured at the end of pre-construction and after the handover of the project through face to face reviews. The client team scores the contractor, and the contractor scores the client team.

For consistent data, set criteria are used to compare contractor performance across the framework. We ask that these reviews are considered mandatory so that performance information is gathered from all SCF projects for the benefit of the whole SCF project community. We are happy to share performance data with SCF clients.

This approach encourages the positive behaviours that support transparency and collaboration throughout the project.

3.1 Gateway reviews

Gateway Reviews are a mandatory part of the SCF process, though clients may use their own review formats. We have well developed template agenda forms with suggested review content. Key aspects for discussion and agreement include:

- Project Objectives
- Project Risks and Opportunities
- Project Brief and Quality Aspirations
- The Design
- The Costs
- The Programme
- The Decision to proceed

Gateway Reviews monitor all aspects of the project, and cost and time predictability through the project life cycle. Strict project change control with the client, consultant and contractor is essential for reliable cost predictability and analysis.

3.2 Performance reviews

Performance reviews are carried out at Gateways 3 and 4 or at the end of pre-construction, and after the project is handed over.

The contractor and client team meet to carry out a mutual scoring exercise, recording a set list of scores against standard evaluation criteria. Template forms are used for all performance reviews.

Scores for both client and contractor are agreed and returned to the SCF management team by the contractor. Specific reasoning for the scores given can be recorded and are invaluable for observing trends.

3.3 Added value benefits – collaboration and transparency

As part of promoting effective assurance and performance on the project, SCF enables informed, intelligent and timely judgements to be made in a positive atmosphere that is transparent and collegiate. One of the major benefits of the two stage approach is giving contractors the opportunity to contribute an expert construction view over the design, ensuring it can be built efficiently and safely.

The value of these benefits is captured on the Cost Time Benefits form under specific headings.

We ask the client or client agent to verify and sign these so that they are agreed and therefore available for audit and reporting purposes.

This is one of the very few things we ask clients to consider as mandatory. Committing to this approach gives the project a robust basis to see how well the contractor and the project team are performing. There is no compunction to verify the benefits unless they are agreed.

Our approach to project delivery uses collaboration and effective team work to deliver real commercial benefits. The whole team is responsible for contributing benefits to the project, the contractor's task is to realise these benefits, with the client agreeing that the benefits have been delivered by signing the Cost Time Benefits sheet.

3.4 Project bank accounts

SCF contractors have committed to providing a Project Bank Account for any client who may wish to use it for their projects, included within their framework contract. Clients should speak to the framework management team to discuss their requirements.

3.5 Building information modeling (BIM)

BIM is a powerful tool that aids excellence in delivery, assurance and performance. SCF contractors have committed to providing a BIM service to any client who may wish to use it for their projects, included within their framework contract. Clients should speak to the framework management team to discuss their requirements.



University Centre Farnborough

4. Performance criteria (KPIs)

All SCF KPIs have targets designed to demonstrate that stated objectives are being achieved. Some targets have been converted into minimum performance standards as described below.

4.1 Performance indicators

The following two KPIs are mandatory minimum standards for maintaining availability on the framework:

CORE KPIs

	Performance Measure	What is measured?	When	How collected (report/scorecard)	Target
1	Minimum Standards	EXOR Gold	Ongoing	Santia Consulting	Gold
2	Minimum Standards	Outstanding data reporting	Monthly	SCF web based database	<20% reports outstanding

These KPIs are minimum standard targets that contractors must maintain to ensure their continued availability through SCF. Contractors with KPI scores below minimum standards risk suspension (see suspension criteria on page 19).

CORE KPIs	Performance Measure	What is measured?	When	How is it collected (report/scorecard)	Target
3	Cost Predictability	Predictability of Cost (Pre-Construction Gateway 2 to Gateway 3)	Gateway 3	Cost Time Benefit	0%
4	Time Predictability	Predictability of Time (Pre-Construction Period Gateway 2 to Gateway 3)	Gateway 3	Cost Time Benefit (CTB Pro-forma)	0%
5	Collaborative Approach	Contractor Pre-Construction Team Performance Reviews	Gateway 3	Team Performance	75%
6.1	Client Satisfaction	Detrimental impact on the end user at handover that either leads to a single incident resulting in facility being unable to open on time at handover or affects the operability of the building.	Gateway 4	Team Performance	Nil occurrences
6.2	Client Satisfaction	Detrimental impact on the end user during the defects liability period that either leads to a single incident resulting in facility being unable to open on time or affects the operability of the building during the defects liability period.	Between Gateway 4 & Gateway 5	Team Performance	Nil occurrences
7	SME Spend	Percentage of construction contract value	Project On Site up to Practical Completion	Monthly site	>65%
8	Meeting Government Initiatives	Appointment of mandatory apprentices SCF Supplier and Supply Chain Apprentice Requirements as described in the Employment and Skills Strategy (E & SS)	Framework Start Date & Anniversary of Framework	SCF ES & S Method Statement web based database	100%

CORE KPIs	Performance Measure	What is measured?	When	How is it collected (report/scorecard)	Target
9	Reportable (RIDDOR) Accidents	Number of reportable accidents	Project On Site up to Practical Completion	Monthly site	Nil
10	Fair Payment	Payment within timescale from: SCF Contractor to Tier 2 and 3	Project On Site up to Practical Completion	Monthly site	100%

These KPIs are targets to achieve – not minimum standards - to demonstrate the achievement of framework objectives.

KPIs	Performance Measure	What is measured?	When	How is it collected (report/scorecard)	Target
11	Time Predictability	Predictability of Time (Construction Period GW 3 to GW 4)	Gateway 4	Cost Time Benefit	0%
12	Time Predictability	Predictability of Time (Entire Project GW 2 to GW 4)	Gateway 4	Cost Time Benefit	0%
13	Cost Predictability	Predictability of Cost (Construction GW 3 to GW 4)	Gateway 4	Cost Time Benefit	0%
14	Cost Predictability	Predictability of Cost (Entire Project GW 2 to GW 4)	Gateway 4	Cost Time Benefit	0%
15	Client Satisfaction	Client Satisfaction - End User	Post Gateway 4	End User	80%
16	Client Satisfaction	Client Satisfaction - Service	Post Gateway 4	End User	80%
17	Health and Safety	Accident Incident Rate (AIR) per SCF Lot	Project On Site up to Practical Completion	Monthly site	Working towards zero
18	Apprenticeships	Employment and Skills Plan (ESP) All projects > £5m	Gateway 3	Monthly site	100%
19		Predictability of ESP (Construction GW 3 to GW 4)	Project On Site up to Practical Completion	Monthly site	90%
20	Local Employment	Local employment within the catchment area of an Authority	Project On Site up to Practical Completion	Monthly site	65%

KPIs	Performance Measure	What is measured?	When	How is it collected (report/scorecard)	Target
21	Local Engagement	Within 30 minutes of site or within the catchment area of an Authority	Project On Site up to Practical Completion	Monthly site	50%
22	Fair Payment	Payment within timescale from Client to SCF Contractor	Project On Site up to Practical Completion	Monthly site	100%
23	WRAP - halving waste to landfill initiative	Demolition waste diverted from landfill as a percentage of total demolition waste	Project On Site up to Practical Completion	Monthly site	90%
24		Construction waste diverted from landfill as a percentage of total construction waste	Project On Site up to Practical Completion	Monthly site	85%
25		Excavation waste diverted from landfill as a percentage of total excavation waste	Project On Site up to Practical Completion	Monthly site	90%
26	Use of re-cycled material	Minimum amount of materials BY VALUE are derived from reused or recycled content in new build projects	Project On Site up to Practical Completion	Monthly site	15%
27	SME Engagement	Percentage of the total number of suppliers	Project On Site up to Practical Completion	Monthly site	70%
28.1	Considerate Constructors Score	Industry standard score	Project On Site up to Practical Completion	Monthly site	38
28.2	Appearance	Score sub section	Completion	Cost Time Benefit	>6
	Community	ditto	Completion	Cost Time Benefit	>6
28.3	Environment	ditto	Completion	Cost Time Benefit	>6
28.4	Safety	ditto	Completion	Cost Time Benefit	>6
28.5	Workforce	ditto	Completion	Cost Time Benefit	8
29	Integrated Supply Chain Strategy i.e. SAVE	Engagement with SCF integrated supply chain	Project On Site up to Practical Completion	Integrated Supply Chain Scorecard i.e. SAVE	10%/£10
30.1	Collaborative Approach				

KPIs	Performance Measure	What is measured?	When	How is it collected (report/ scorecard)	Target
	Client Pre-Construction	Team Performance Reviews	Gateway 3	Team Performance	75%
30.2	Client Post-Construction	Team Performance Reviews	Gateway 4	Team Performance	85%
30.3	Contractor Post-Construction	Team Performance Reviews	Gateway 4	Team Performance	85%
30.4	Contractor Post-Handover	Team Performance Reviews	Gateway 5	Team Performance	85%

4.2 Employment and skills

An important criteria for many clients is Employment and Skills.

SCF has developed an Employment and Skills Strategy (ESS). While the strategy is constantly being improved, the underlying principals are to:

- Ensure that building projects provide training opportunities for local people
- SCF plays an active part in addressing skills shortages in the construction industry
- SCF provides opportunities for people to obtain building related qualifications through apprenticeships
- SCF provides a shop window to advertise the attractions of the building industry to young people.

The current strategy is based on three key strands:

1. Use Shared Apprenticeship Schemes (SAS) to train two technical apprentices / year / contractor through to qualified levels
2. SAS to train two trade apprentices / contractor / Lot through to qualified levels.
3. Use a project specific Employment and Skills Plan for projects over £5m to deliver identifiable training weeks.

The strategy may change as government policy and strategy moves, but will always focus on the key underlying principals above.

SCF currently works with the following SASs:



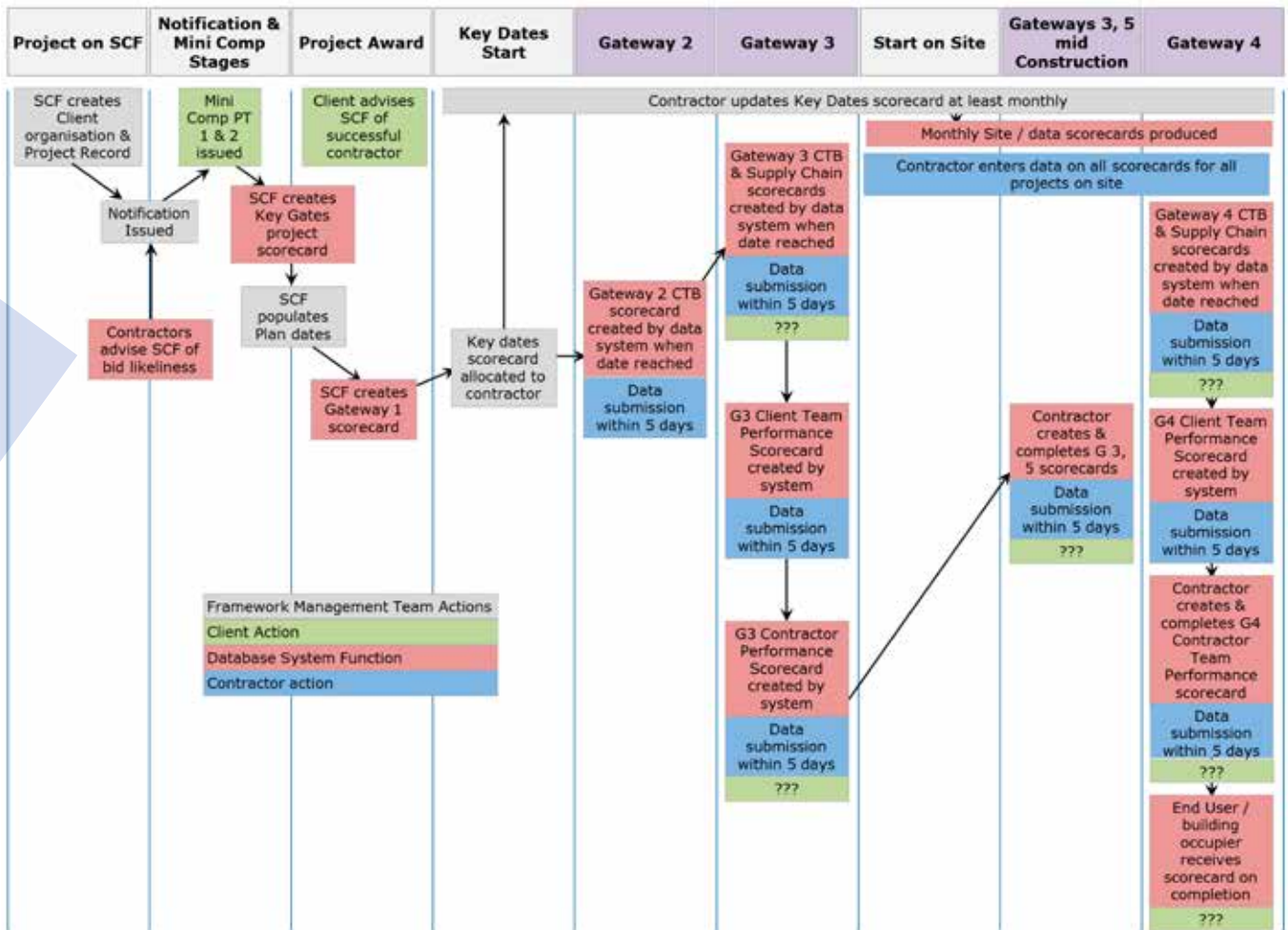
4.3 Suspension criteria

A contractor can be suspended from the SCF due to under performance on the Lot to which they have been appointed. The suspension criteria are:

KPI	KPI	Case for Suspension
1	EXOR Gold	Failure to maintain Exor Gold at any time
2	Outstanding data reporting	> 20% of the following reports: team performance, end user, and CTB forms not signed off and agreed within 10 working days of the relevant meeting, more than 3 monthly scorecards missing per project.
3	Cost predictability	> 5% cost over run on 2 projects, inclusive of Client change, or > 20% cost over run on a single project, inclusive of Client change.
4	Time predictability	> 20% time over run on 2 projects, inclusive of Client change, or > 50% time over run on a single project, inclusive of Client change
5	Contractor team performance at end of pre-construction	<70% average on contractors team performance on 2 projects <60% average on a single project
6.1 & 6.2	Client satisfaction	Score of <6 on Handover KPI on team performance report at pre-construction and construction stage on 2 projects Single incident resulting in facility being unable to open on time at handover or during the defects liability period
7	SME engagement by value	<70% average on 2 projects
8	Mandatory framework apprentices	Failure to make framework appointments
9	Reportable Accidents	1 Reportable Accident on projects within a rolling 6 months, or Fatality on a single project, or any HSE enforcement action
10	Payment within timescale from SCF Contractor to Tier 2 and 3	< 60% average within a rolling 6 months on 2 projects, or Serious malpractice not in the spirit of the framework

The process of collecting and reporting data is shown on the process flow chart below

Data collection process flow





Holly Hill Leisure Centre



Etchingam Primary School / Village Hall

5. Integrated design and procurement

5.1 Design, supply chain and procurement

The Design, Supply Chain and Procurement process is designed to:

- Map out the strategy for design and procurement activities
- Use market intelligence and early supply chain advice to validate budget / cost assumptions
 - Provide a working reference document for development by the team during completion of design, procurement and construction.
 - Assist the production of design information and cost allocation for the packaging of the works.
- Enable the Cost Plan to be converted to a Work Package Cost Plan.
- Enable the project and client teams to agree the selection of sub-contractors who will bid for work packages.
- Assist in the detailed development of the programmes for each work package.

From appointment, the contractor uses market intelligence and benchmark data to validate the budget and cost plan. This may involve key supply chain members early in the process on conditional appointments, in a similar way to the contractor.

The objective is to eliminate risks associated with complex or scarce components or materials. Decisions on the early involvement of the supply chain are made jointly by the project team which includes the contractor as well as the client.

The contractor advises on the supply chain strategy and the execution of advance works and advance orders. The assembly of suitable work packages, management of subcontractor enquiries and open book tender evaluations are managed by the contractor.

The client, project team and contractor agree on subcontractor selection prior to entering into contracts for work packages. Part of this work may involve the decision to engage with specific supply chain members early in advance of a formal tender.

The contractor, supply chain and client cost consultant collaborate in agreeing contract sum.

A Package Scope and Definition form is produced for each work package following a typical package list. These forms are summarised into a procurement tracker, and individual Work Package Tender Reports in which the preferred sub-contractor is recommended.

The report is to clearly state any qualifications and outstanding queries for clarification prior to entering contract. Early packages may be let ahead as a limited contract of the final contract sum being derived should time constraints demand it, but this is not recommended.

Time may also be set aside for Value Management (Value Engineering / Value Management) exercises.

A final tender report is generated by the Contractor and Client cost consultant which will include the contingency sum and provision for any outstanding contract risks to be managed. This should be an integrated process, involving the following:

- designers producing agreed package information to an agreed timescale,
- cost managers agreeing the basis of the package tender (Bill of Quantities, specification and drawing, lump sum, etc)
- client and consultant involvement in agreeing who should tender the packages
- team agreement of the costed package risks and allowances
- transparent agreement to package attendances

For the avoidance of doubt, the contractor should appoint the recommended subcontractor at the agreed tender price. Further commercial negotiation should be transparent to the client team, and any further discounts are to be passed back to the client.

No changes are made to agreed subcontractors without the express agreement of the client and project teams.

5.2 Benchmarking

The Cost Time Benefits form enables us to benchmark the new build costs against other SCF projects, and even other projects nationally. SCF are always happy to share and discuss this with clients.

5.3 Market intelligence

Contractors are required to conduct a survey of the supply chain at quarterly intervals to establish trends in terms of cost and availability of materials and labour. This is designed to look backwards over the last 12 months, and forecast over the next year.

Quarterly reports are generated which are available to contractors and clients. The forms used for the surveys are available from the framework management team

5.4 Continuous improvement

Contractors are required to be part of continuous improvement groups (such as Health and Safety product and process), and to lead where appropriate. These groups are assembled as and when required.

5.5 Supply chain / SMEs / SAVE

SCF develops positive relationships with supply chains to enable early integration, get the best advice, and maximise value for money and savings. SCF's strategy is Strategic Alliance for Value and Efficiency (SAVE), which we strongly urge contractors to support. Through SAVE, supply chain members can establish a relationship with SCF to maintain visibility of the pipeline through the contractors so that they can compete more effectively at package procurement.

5.6 Product selection

During the design phase, product selection is often based on a strong desire by a member of the design team for a certain product or element.

Whilst the principal of this is not necessarily wrong, for value there should be a technical, auditable basis to product selection during Feasibility and RIBA Stage 1. Decisions made at this stage generally remain through to construction delivery.

SCF has produced an 'Optimal Product Selector Matrix' on page 24, together with guidance notes. This should be adopted by contractor led design, and is offered to client led design teams as a way of verifying best value design.

Product selection matrix

Project Name: _____
 Client: _____

Guidance Notes

- To be completed by all members of the project team, the integrated team
- Weighting for the Price, Programme and Performance criteria are suggested but can be adjusted to suit project key driver
- Decision criteria and construction methods (e.g. Superstructure etc) are suggested items that can be amended according to project specifics requirements
- Scores provided against each criterion are suggested (1, 2, 3, 4 and 5 (0 = lowest to 5 = highest))

Weighting to fit project requirements

Decision criteria	Score (1 - 5)				
	Substructure	Superstructure	Envelope	Building Services	
Price					
Cost					
Product availability					
Supply chain availability					
Market conditions					
Impact upon other elements					
Maintenance costs	34%	■ ■ ■ ■ ■			
Programme					
Design period					
Procurement period					
Fabrication / lead-in period					
Installation period					
Resources - labour & plant					
Logistics / methodology					
Ease of installation / level disruption	33%	■ ■ ■ ■ ■			
Performance					
Future flexibility / adaptability					
Thermal properties					
Fire properties					
Acoustics properties					
Interface with other elements (design & installation)					
Waste					
Sustainability / embodied energy					
Impact upon other elements					
Aesthetics					
Simplicity of use					
Quality					
Robustness in use					
Ease / suitability of maintenance	33%	■ ■ ■ ■ ■			
Total Score		■ ■ ■ ■ ■			

Individual scores

Highest Score wins

5.7 Typical package scope and definition form

Package Scope and Definition

2350 Substructure and superstructure concrete works

Package No	Description	Lead Consultant	Status	Revision
0000	Build element		f	
Summary of Strategy:				
<p>Example text</p> <p>The package strategy combines the Sub and Superstructure packages for continuity of works in the ground with the proposed concrete frame. The package will be tendered on the Arup design information with an Addenda / Post award instruction to reflect the Stage 3 Update.</p>				
Outline Scope of Works:		Estimated Value	£XX	
<p>Example text</p> <ul style="list-style-type: none"> • All temporary works design • Detailed design of reinforcement for permanent works • Permanent and temporary sheet piling works. • Excavation, pile cutting/ cropping and ground preparation and formation of pile caps • Ground slab preparation works • Underground surface water and foul drainage systems including rain water harvesting tanks, forming of ponds, swales, man holes, inspection chambers, connection to existing sewers and drainage and associated temporary drainage runs. • 3 story concrete frame • Reinforcement and concrete toppings to composite metal decking 				
Lead Consultant's Design Deliverables:				
<ul style="list-style-type: none"> • Stage 1 (Scheme) • Stage 2 (Design Intent) • Stage 3 (Detailed Design) 				
Sub-Contractor Design Deliverables:				
<ul style="list-style-type: none"> • Stage 1 (Scheme) • Stage 2 (Design Intent) • Stage 3 (Detailed Design) 				
Principal Contractor Attendances:				
Sub-Contractor Attendances:				
Tender Documents:				
<p>Example text</p> <p>Agree methods (confirm which applicable): Full BoQ, Drawings, Specification, Full Scope of Work, Schedule of Rates/Pricing Document, Tender Programme, Logistics Plan, Tender Form, Tender Documentation</p>				
Bid List:				
Contractors				
Tender Event Schedule:				

	Planned	Actual
Receipt of Consultants Design		
Out to bid		
Mid bid interview		
Tender return		
Contract Placement Report issued		
Contract Placement Report Team sign off		
Sub contract awarded		
Lead in (weeks)		
Earliest start on site		
Sectional Completion/Completion* (delete as applicable)		

6. Risk and opportunity

Risk management is a fundamental part of SCF's two stage open book collaborative approach, identifying, eliminating or mitigating risk.

Every SCF project has a nominated Risk Manager identified by the framework contractor.

6.1 Risk and opportunity management

Led by the nominated Risk Manager, risks and opportunities are identified jointly by the client, project team and contractor and the risk register compiled. The first risk and opportunities workshop is held early in the project, as soon as the contractor is engaged. As risks, opportunities and stakeholders change over time, it is important to hold a review them, specifically at each Gateway.

The SCF has developed a risk and opportunity template which should be used unless clients, consultants or contractors have equal preferred forms. (SCF also has an Opportunity process which is recommended.) Whatever form is used, for each risk or opportunity the process identifies the likelihood, impact, cost, mitigation, and critically an owner that is an individual, not a company or organisation. The individual should be the appropriate accountable person able to eliminate or mitigate the risk.

Residual risks and their agreed costs should be apportioned to client or contractor before the construction contract is signed.

6.2 Top recurring risks

SCF experience has found a number of project risks that tend to emerge.

6.2.1 Contamination

Once on site, many projects find contamination buried, leeching in from adjacent land or existing in the local environment. Construction activity – on site and transport – can generate noise and dust that affect the local community.

6.2.2 Ground Conditions

Even with detailed surveys, soft spots, sink holes, running sands or an unexpectedly high water table cannot be entirely discounted. SCF also receives many reports of unexploded ordnance!

6.2.3 Market Conditions

The scale, nature and location of the project can affect how attractive it is to the supply chain. Lead times can be influenced by many local factors.

6.2.4 Asbestos

Unexpectedly finding asbestos is a common occurrence causing disruption and delay. Full surveys are highly recommended, but bear in mind, buried asbestos is also found.

6.2.5 Existing Buildings

The condition of existing buildings and structures has caused problems when found to be not as assumed or described. There can be additional complexity with warranties and liabilities.

6.2.6 Utilities Suppliers (existing and new)

The responsibility for arranging and ordering utility supplies to new or upgraded buildings needs to be firmly established. Assumptions around who is doing what can lead to delays, often due to the lead times of utility companies. Design loadings for new or refurbished buildings have also proved an issue. Service diversions can delay programmed works if not planned in and ordered.

6.2.7 Working within 'live' environments

Noisy or dusty works, student examination periods, segregation of public from contractors, safety and security have all affected programmed works.

6.2.8 Planning

Local authority planning processes and conditions have affected projects and need careful planning and monitoring. Late value engineering of an approved scheme can be disruptive. Problems can increase if the contractor is appointed after planning approval.

6.2.9 Regulatory Compliance

Layers of local authority and central government requirements such as building control, land boundaries, funding requirements all need consideration when designing, procuring and constructing the works.

6.2.10 Contract

Highly amended forms of contract can take a long time to agree and sign off.

7 Value engineering / value management (VM)

Capital Projects are unique because although individual components and products may be familiar, their assembly and design in every project is a prototype, unlike manufacturing for example

SCF offers the opportunity for lessons learnt and post project evaluation to inform subsequent projects.

VM focuses on best value not cost cutting by improving the understanding of the client's requirements and business needs. VM (incorporating Value Engineering) involves every discipline and stakeholder from the earliest stage.

The construction industry has technical disciplines that can lead to silo thinking. Creativity or speculation stages in VM enables thinking across disciplines and functions for a holistic approach to problem solving and cost-effective solutions. The benefits include:

- clearer objectives, more closely aligned to business needs
- improved understanding and ownership of outcomes
- better business decisions, with a clear rationale
- improved team working
- facilitates innovation within the organisation
- more for your money as objectives delivered (or exceeded) at no extra (or lower) cost.

Value Engineering is a systematic method to improving Value by examining function. Value is the ratio of Function to Cost. Value can be increased by improving the function and / or reducing the cost.

The cost of achieving a function includes factors other than purely financial. It is a primary tenet of Value Engineering that quality is appropriate to the function. Successful application of VE ensures outputs are optimised and unnecessary cost removed thereby increasing the value.

8 Handover and aftercare (H&A Plan)

During the Pre-Construction Phase, the Contractor will agree with the client/end user a H&A Plan, that will clearly set out the following:-

- Clients aspiration for Handover and Aftercare;
- Countdown Period and Countdown Milestones;
- Key Testing and Commissioning dates;
 - A outline Training Programme (to be confirmed when construction programme finalised);
 - The suite of Operational and Maintenance Manual (O&M Manuals) that will be provided;
 - Client expectations for the management of defects/snags;
- Pledge between contractors and clients/end users to fully cooperate to deliver a H&A Plan.

Ensure that all 'Supply Chain Partners' agree to comply with the Handover and Aftercare plan that the contractor and client/end user have agreed.

Agree to target 'Defect Free Project' at handover and keep the client/end user fully briefed on the progress of:-

- Testing;
- Commissioning;
- Resolution of defects/snags.

A 'Training Programme' that will commence pre handover and be completed in accordance with the agreed training programme. All training sessions to be video recorded and client/end user provided with video recording of the training with the O&M Manuals.

All key O&M Manuals to be provided at end of training sessions to clients/end users that are:-

- Available on USB Data-pens or DVD;
- Searchable;
- Client/end user provided with walk through of all manuals.

Further 'Refresher Training' to be provided within three months of handover, if required.

Provide a 'maintenance schedule' for all plant and equipment for months post-handover;


'Site Manager or Mechanical and Engineer Coordinator to remain on site' - for a minimum of two weeks post-handover for low complexity projects and a minimum of four weeks post-handover for high complexity projects. Clients/end users to be given access to a 'Project Specific 'on-line' defect recording system', upon which:-

- Emergent defects can be input directly by clients/end users;
- Clients/end users can access a full list of all defects;
- Clients can see actions and deadlines within which defects will be resolved.

A 'Dedicated Manager' (accountable for remediating defects) will be assigned to the project for the duration of the defects period with whom clients/end users can:-

- Discuss concerns/issues – face to face or via telephone or email; hold a formal meeting with client/end user every three months during the defects period to monitor and resolve outstanding defects issues;
- Hold a formal project Post Implementation Review (PIR) in the last three months of the defects period;

The following commitments to defect resolution are now part of the SCF offer to clients:

Targets for Resolution of Project Defects/Snags (minimum standards that can be reviewed and amended by agreement to suit client specific requirements on a project-by-project basis)				
				
Categorisation of Defect to be established via Phone call with dedicated Aftercare Manager. An electronic record of all defects and actions to be maintained.	Category A	Category B	Category C	Category D
	Defects that prevent the use of/ opening of/safe use of all or part the building. Including all issues that need emergency or immediate rectification	Defects that have a significant impact on use of the building	Defects that have a minor impact on use of the building	Cosmetic defects that do not impede use of building
Target attendance by nominated persons and resolution time				
Defects/Snags present at Handover	Not Applicable	Resolution - < 5 days or date by mutual agreement	Resolution - < 14 days or date by mutual agreement	Resolution - < 30 days or date by mutual agreement
Defects/Snags identified in defects period	Attendance - < 24hrs Resolution - Immediate#	Attendance - < 48hrs# Resolution - < 5 days	Attendance - < 7 days# Resolution - < 14 days	Attendance - < 21 days# Resolution - < 90 days or date by mutual agreement, often at end of defects
Example Issues:	Structural defects effecting safety, Building Critical Security / Safety Systems, Water Leaks, Heating or Cooling Plant Failures, Lift failures and Electrical faults.	Access issues to limited parts of the building. Trip hazards in key area. M&E plant partial failures. Leaking envelope. Blocked drains.	Binding doors. Jammed windows. Limited parts of Public Health systems out of use.	Minor shrinkage cracks.

Notes:

- Specific maintenance arrangements may be put in place for certain building elements such as lifts, automatic doors and the like.
- Rectification duration commences from attendance (i.e once the problem has been properly diagnosed and a rectification plan developed).
- #Contact by telephone and assessment of issue with action to effect a temporary repair where rectification requires procurement that are not immediately available.



Contact us:

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