

CABINET

11 APRIL 2007

NEW CIVIC OFFICES - PROCUREMENT OF WORKS

Report of CHIEF ESTATES OFFICER

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RECENT REFERENCES:

CAB1192 New Offices Feasibility Report Update 21 June 2006

EXECUTIVE SUMMARY:

The replacement of the Council's existing office accommodation on the Colebrook Street site and its integration the works to the Guildhall represents a major capital project for the Council. The report outlines a suggested procurement approach which follows current best practice and is appropriate to an authority of the size of Winchester with limited in house capacity and expertise.

The report provides a brief summary of the project to date, an outline of the standards that the Council should seek to achieve and how joining with the South East Centre of Excellence can assist the Council in meeting its objectives.

This report does not commit the Council to the procurement of new offices. Its recommendations will help construct the business case to inform a future decision.

RECOMMENDATIONS:

1. That the Council agrees to collaborate with the South East Centre of Excellence [SECE] with the view to gaining access to their major developments framework.
2. That SECE be asked to provide strategic procurement advice and a review of the feasibility studies undertaken to date on both the new offices and Guildhall reordering including the Bapsy Project.
3. That a direction be made under Contract Procedure Rule 3.3(a) so that the Chief Estates Officer is authorised to agreed the terms of the appointment of SECE in consultation with the Director of Finance with costs met from the existing budget.

CABINET11 April 2007NEW CIVIC OFFICES - PROCUREMENT OF WORKSREPORT OF CHIEF ESTATES OFFICERDETAIL:1 Introduction

- 1.1 Having adopted the Colebrook Street site its preferred option for a high quality sustainable civic centre work has progressed on testing options within the relevant planning context and to consider how the project might be procured in the light of best practice and the Council's resources.
- 1.2 A separate briefing to Members on a masterplanning approach to the development of the site took place in February and those ideas are currently being discussed with immediate neighbours.
- 1.3 Because of its direct relevance to assessing the timing and cost of the project, it is sensible to consider at an early stage how procurement of the project might be undertaken, The Rethinking Construction report by Sir John Egan in 1998 set out a challenge to local government to improve the way in which it procured construction projects. Picking up the principles from the Egan report and the construction strand of the Gershon efficiency review has concentrated attention on how local authorities can best share resources and reduce risk in construction. This is particularly relevant to small authorities which have limited experience of major construction projects and wish to access the greater experience of first tier authorities.
- 1.4 The approach which is promoted by Government is away from the confrontational approach to construction contracting frequently characterised by cost overruns, litigation and poor performance (sometimes by the client as well as the contractors) and towards more collaborative relationships based around shared objectives and agreed financial returns. Such arrangements may be particularly suited to situations where an organisation has limited experience or depth of resources.
- 1.5 In 2004 the Government set up regional centres of excellence to support the National Procurement strategy. The local South East Centre of Excellence (SECE) is based on Kent County Council with Hampshire County Council leading on the construction 'workstream' and on behalf of the Hampshire cluster of authorities.

2 Common Procurement Standards

- 2.1 The Local Government Task Force has been closely involved with ensuring that guidance is provided and common standards adopted for construction related projects. In April 2006 it published 'Common Minimum Standards' which were based upon the mandatory guidance issued by the Office for Government Commerce (OGC) for all central government departments.
- 2.2 In summary these common standards cover
- a) a requirement to follow best practice
 - b) support to collaborative relationships and avoiding unnecessary bureaucracy and costs for suppliers
 - c) monitoring against OGC targets
 - d) whole life costing
 - e) strict health & safety and good on site management
 - f) clear, early and quality design involving end users and consideration of buildability and functionality
 - g) care for any historic buildings
 - h) sustainable construction avoiding negative and enhancing positive solutions with low energy in use
 - i) an appropriate assessment process such as BREEAM
- 2.3 The Council has very limited expertise in large scale construction procurement and would find it difficult to meet these standards. Whatever approach to procurement was adopted it will require external assistance to ensure that they are met and that the Council achieves value for money at all stages. It is unlikely that a traditional route to procurement, even one such as design and build, would represent the most appropriate procurement mechanism, given the alternatives which are possible. However, this needs to be tested further.

3 South East Centre of Excellence (SECE)

- 3.1 SECE is now well established with ten major projects in its current business plan and a construction framework in place for projects between £1 and £30 million available for any public authority in the south east. Seven contractors have been appointed to the regional framework with a further three available should the workload demand.
- 3.2 In summary SECE offers the Council a range of benefits;
- low cost entry to collaborative working
 - relevant expertise
 - capacity to get things done
 - economies of scale
 - efficiencies from not 'reinventing the wheel'
 - access to suppliers
 - meeting of CPA efficiency through procurement requirements
 - proactive management
 - lower risk
- 3.3 As the framework has already been through the competitive tendering, Official Journal of the European Union [OJEU] process new projects within the framework can be added without needing a separate tender exercise. This results in a real

saving in both cost and time. The cost saving alone is estimated to be up to £100,000.

- 3.4 SECE is able to demonstrate significantly better performance using framework arrangements on all success criteria; cost, contractor performance, supply chain, Health & Safety, quality and customer satisfaction.
- 3.5 Hampshire is currently using the framework for the Ashburton Court project with an earlier successful experience in a £60 million, 10 new nursing care homes project. Also of significance is that it is also in use by Reading Council in their project to replace town centre based civic offices. The Reading scheme is one of the demonstration projects, which will be subject to full evaluation and performance review, the outcome of which will be of benefit to the City Council.
- 3.6 The flexibility that is inherent in the framework means that the Council would always be the client/employer with control. The Council will retain choice as to which services it wishes to draw down from the framework agreement.

4 Scope of Work

- 4.1 A considerable volume of feasibility work has already been undertaken on the Guildhall and on new offices. This work has followed separate strands and is now appropriate to closer integrate the ideas into a single project. In taking this approach the Council does need to recognise the scale and long-term nature of the project albeit that it will be phased. Maintaining momentum in the project over a number of years will prove to be difficult but key to achieving results will be the quality of the project management that the Council can attract.
- 4.2 To assist the Council in taking the next steps in the project it is suggested that SECE's expertise be used to advise on the progression of the project. The scope of the instruction will include to work with officers to;
 - clarify and further define the brief for both offices and Guildhall
 - advise upon possible procurement options and outline timetable
 - provide advice on appropriate project management
 - assist in the production of the business case
- 4.3 Using SECE for work of this nature does not commit the Council to the use the framework. The flexibility that is inherent in the framework means that the Council would always be the client/employer with control. The Council will retain choice as to which services it wishes to draw down from the framework agreement only when it is satisfied that it represents the best option. The fact remains however that the whole *raison d'être* of SECE is to provide local authorities such as Winchester with support in taking large projects forward within best practice guidelines.

OTHER CONSIDERATIONS

5 RELEVANCE TO CORPORATE STRATEGY

The redevelopment of City Offices will provide an improved working environment for staff and better facilities for customers. With a more efficient sustainable building the Council's emissions of greenhouse gases will be reduced. The reordering of the Guildhall will be an enhancement to one of Winchester's major historic buildings also making it more accessible.

6 RESOURCE IMPLICATIONS:

The cost of advice from SECE will be negotiated and will allow a modest proportion of the budget allocated for consultancy on the new offices with advice.

7 BACKGROUND DOCUMENTS:

Collaborative Building Procurement - Making it Work SECE Jan 2006

8 APPENDICES:

None.