

Report to: **Audit & Best Value Scrutiny Committee**

Date: **12 September 2008**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Delivery of Capital Projects**

Purpose of report: **To inform the Committee of actions to secure improved delivery of capital projects and seek continued support.**

**RECOMMENDATIONS: The Committee is recommended to:**

- 1. note and endorse actions in place and planned to secure improvement in delivery of capital projects; and**
- 2. agree that a one-day tour of recent projects be organised.**

**1. Financial Appraisal**

1.1 The report has no direct revenue cost implications. However the capital programme needs to be managed effectively to ensure that projects are delivered on time and within budget and to meet the service needs. This report provides an update on proposals to secure greater confidence in this area.

**2. Supporting Information**

2.1 A report on Project Delivery – Learning for the Future was submitted to the Committee meeting on 21 November 2007. It was established that successful project delivery depends on a number of contributory factors, eg forward planning, proper feasibility studies (and therefore realistic time frames and budgets), the generation of a detailed brief, continuing exercise of the client function, an appropriate procurement strategy and good project and risk management, etc.

The report:

- Established revised arrangements for post project reviews;
- Outlined actions taken to strengthen capacity within the CRD-Property Capital Projects Team;
- Outlined proposals for a project to develop a sustainable model to improve delivery;
- Set out plans to develop framework agreements with contractors which will improve lead-in times and facilitate collaborative working.

An update on each of the above is set out in Appendix 1.

2.2 It is clear from the Post Project Reviews that a number of successful completions have taken place since the last report. A number of other projects have also been completed or are proposed to be completed soon, and post project reviews are to be scheduled. These are set out in Appendix 2.

2.3 A separate process of measuring against Key Performance Indicators (KPIs) takes place, the most significant KPIs being delivery to cost and time. The out-turn for 2007/08 in respect of cost was 75% against a target of 65%. In respect of time the out-turn was 55% against a target of 78%. Of the 20 projects completed, 11 were available when planned. Of the remainder, 2 were late because of bad weather, 2 suffered from poor contractor/sub-contractor performance, 2 were subject to unforeseen ground conditions, 1 had a slight delay but still opened in time for the school term, 1 had complications due to ongoing issues and 1 was delayed awaiting relocation of an electricity sub-station. 8 of the 20 complete projects were Children's Centres. 3 of these fell outside the KPI but were delivered well within the Government deadline and all generated positive feedback.

2.4 Figures so far for 2008/09 show good performance against KPI targets:

**Time 2008/2009 (Target 78%)**

	PMI 7A Design			PMI 7B Post Contract		
	No. Projects	No. less than 5% above	% Achieved	No. Projects	No. less than 5% above	% Achieved
Q1 Apr-June	3	3	100%	3	2	67%

Q2 Jul-Sep	4	4	100%	4	4	100%
Q3 Oct-Dec			0%			0%
Q4 Jan-Mar			0%			0%
<b>Total</b>	<b>7</b>	<b>7</b>	<b>100%</b>	<b>7</b>	<b>6</b>	<b>86%</b>

**Cost 2008/2009 (Target 67%)**

	PMI 7C Design			PMI 7D Post Contract		
	No. Projects	No. less than 5% above	% Achieved	No. Projects	No. less than 5% above	% Achieved
Q1 Apr-June	7	5	71%	7	6	86%
Q2 Jul-Sep			0%			0%
Q3 Oct-Dec			0%			0%
Q4 Jan-Mar			0%			0%
<b>Total</b>	<b>7</b>	<b>5</b>	<b>71%</b>	<b>7</b>	<b>6</b>	<b>86%</b>

2.5 Feedback from the post project reviews carried out so far has in the main been positive. Some points for learning have arisen and these have all been reviewed and corrective action taken:

- Internal finishes to one of the early children's centres did not enable fullest exploitation of wall space for learning activities. The specification was changed on subsequent projects.
- Inadequate communication by one of the internal Project Officers during one project. The officer has been reminded of the importance of good and timely communication and the line manager has provided increased support and supervision of this aspect of work.
- There is a trend for lower satisfaction levels for the way that defects and snags are dealt with. A workshop has been held with all consultants to stress the need to manage these issues as the job progresses and to remind them of the need for a heightened focus on this aspect in the run-up to handover. In addition where projects are being procured using collaborative working as part of the selection process contractors have been required to detail their approach and methods in managing this aspect.
- Where appropriate lessons learnt have been taken into account in the drafting of the revised specification for design, cost control and project management consultancy services which will be tendered later this year.

### 3. Future Programmes

3.1 Children's Services Department is reviewing its own organisational structure as client sponsor in the light of a forecast increase in volume of projects due to the Hastings Academies, Primary Capital Programme, Phase 3 of the Children's Centres programme and a possible earlier entry into the secondary schools renewal programme Building Schools for the Future. CRD will be working with Children's Services on this. The Committee has taken a keen interest in the delivery of capital projects which is very welcome and it is hoped this can continue as we go through the next stages. To provide the Committee with a better insight into some of the projects recently carried out it is proposed that a tour of some recent schemes be made.

### 4 Conclusion and Reason for Recommendation

4.1 Various initiatives are in hand to drive improvement to ensure that best value is achieved from the County Council's investments in construction. The Committees continued involvement and advice is welcomed, and a tour of recent schemes is proposed to provide greater insight.

SEAN NOLAN  
Deputy Chief Executive and Director of Corporate Resources

Contact Officer: John Morris                      Tel No. 01273 482404

Local Member: All

**BACKGROUND DOCUMENTS**

Reports to Audit & Best Value Scrutiny Committee on 29 November 2006 and 21 November 2007.

## Appendix 1

### Post Project Reviews

- 1.1 9 Post Project Reviews have so far been carried out using the revised process.

Site	Description	Date of Practical Completion
Northiam School	New Sports hall	Friday, June 15, 2007
Polegate School	Children's centre	Friday, August 24, 2007
Wivelsfield School	New Primary School	Friday, August 24, 2007
Chailey School	Admin & science department	Friday, August 31, 2007
Churchwood, Hastings	Children's centre	Thursday, October 04, 2007
Silverdale School, Hastings	Children's centre	Friday, October 05, 2007
Redlake School, Hastings	Children's centre	Monday, October 22, 2007
Langney School, Eastbourne	Children's centre	Monday, November 05, 2007
Battle & Langton School	Children's centre	Sunday, November 11, 2007

- 1.2 These have been well received by all involved. Details are provided in Appendix 2. From this it can be seen that the average satisfaction scores for service delivered are as follows:

Satisfaction with internal Project Officer	Satisfaction with Consultant	Satisfaction with Contractor
90%	70%	70%

- 1.3 Average scores for the quality of the finished product are:

End User average	Client average
90%	90%

### 2. Strengthening capacity of the in-house team

2.1 The measures outlined in the last report have been well received by client departments. The Capital Projects Team are also much in support of actions taken, which is very evident from individual appraisals.

2.2 Since the last report, a real enthusiasm has been evident to build on the short-term actions made and engage with the project to develop a sustainable model going forward. This is evident from feedback during post project reviews.

### 3. Development of a Sustainable Delivery Model

3.1 This project is being sponsored by the Deputy Chief Executive and Director of Corporate Resources with support from the Assistant Director – Property and in conjunction with the appropriate client sponsors, in particular the Children's Services Department. Prior to the close of 2007/08 work on setting the Council budget and on securing land needed for the construction of the Energy from Waste project at Newhaven had to take precedence. The project has now commenced and one key aspect is to research how the "Best of the Rest" organise themselves to secure good project delivery. This is in the context of a growing capital programme encompassing

the Primary Capital Strategy for Change, Phase 3 of the Children's Centres initiative, the proposals to construct two Academies in Hastings and more recently the prospect of an earlier entry into the Building Schools for the Future initiative, which aims to rebuild or remodel all secondary schools.

3.2 As part of this project it is proposed to engage some external consultancy assistance, including advice on how the "Best of the Rest" make arrangements for delivery. A brief for the consultant is attached as Appendix 3 to this report. As it will be necessary for any advisor to have a comprehensive knowledge of the range of models adopted it is envisaged that assistance will be sought from 4Ps who specialise in advising local authorities on construction procurement and partnerships, including arrangements to deliver large programmes such as Building Schools for the Future. It is planned that this consultancy work should be completed during Autumn 2008, to complement and contribute to work being carried out within the Children's Services Department to review their capacity for forward planning of projects and their essential client role during design and construction.

#### 4. Framework Agreements

4.1 Much work has been carried out to review both consultant and contractor arrangements, as was flagged up in an earlier report to the committee on 29 November 2006. The list of approved contractors was reviewed February 2007 and alongside this officers have been developing new framework agreements for contractors. Lead Member approval of a framework for delivery of projects in the value band between £500k and £3m was obtained on 28 July 2009. The companies in the framework have been assessed against cost (preliminaries, overheads and profit) for a range of template projects and also been assessed against quality criteria. The framework allows a contractor to be appointed to a project by suitability for the job and therefore will shorten lead-in times and allow for collaborative working whereby the contractor inputs buildability considerations to the design process. Moreover the framework applies to all public bodies in Sussex so banding of projects and standardisation design and material solutions can be developed. Improvement and Efficiency South East (IESE) have assisted with development of the framework and pledged £40k this year towards its management.

4.2 Another Sussex-wide framework for projects between £100k and £750k is under development with assistance from IESE. The pre-qualification stage has been completed and tender details are being worked up in conjunction with the other authorities within the cluster group: West Sussex CC, Crawley DC, Horsham DC, Brighton & Hove CC, Sussex Police Authority.

4.3 The draft specification for renewal of the design, cost control and project management consultants framework is anticipated to be complete by the end of September 2008. This will allow tendering to proceed from October/November. The framework will be designed to permit better definition and control of design, cost management and project management.

## Appendix 2

### Post Project Reviews currently outstanding and completions soon to take place

Dunbar Drive, Hailsham	Children's centre	Tuesday, November 13, 2007
Heathfield Community College	SEN Unit	Friday, December 14, 2007
Priory School, Lewes	Refurb of music block	Friday, January 04, 2008
Brodrick Rd & Harrow Lane	Refurbs for children's homes	Friday, January 18, 2008
Beeching Park, Bexhill	Refurbishment	Wednesday, March 05, 2008
Devonshire, 43 Seaside Rd, Eastbourne	Children's centre	Monday, March 31, 2008
Bexhill Library	Part M and refurbishment	Friday, April 18, 2008
Conquest Centre, Hastings	Drop in centre	Friday, May 02, 2008
Maresfield Travellers Site	Provide amenity blocks	Tuesday, July 01, 2008
St Mary's Hse & St Mark's House	Alterations	Tuesday, July 29, 2008
Sandbanks Hailsham	Refurb of respite unit	Wednesday, July 23, 2008
St Mary's School, Horam	Refurb/ext of special school	Friday, June 20, 2008
Heathfield CC	Six classroom extension	Wednesday, September 03, 2008
Rye Community Primary School & Children's Centre	New school and children's Centre	Monday, September 01, 2008
Ringmer CC	Six form block	Est Monday, September 15, 2008
St Nicholas Centre, Lewes	Refurb & DDA works	Est Friday, October 17, 2008

### Consultancy Brief

#### Background / Preamble

1. The County Council has to arrange delivery of major building related projects as part of its service responsibilities. This covers school related developments in particular but also other service areas including social care, libraries etc. In financial terms, the related capital spend has increased from an annual figure of between £20 million and £25 million over the previous few years to approaching £30 million this year. The figure could rise significantly going forward depending on the outcome of various bid processes including potentially the Primary Capital Programme, an Academies programme, and a revised programme for inclusion in Building Schools for the Future, as well as and Heritage Lottery Funding towards a £23 million new records office.
2. In organisational terms, the capital projects team within the Property Division of the Corporate Resources Directorate has a lead responsibility for organising delivery of these projects once, in theory, appropriate feasibility, client sign off and funding have all been secured. Alongside this, in theory, key clients are expected to operate and maintain appropriate project board/project sponsor oversight.
3. We are fully aware that successful major project delivery depends upon a number of key aspects working well, including: feasibility, client role, project management, pricing, contingency, design and contractor procurement model etc.
4. The Children's Services department have recently embarked on a review of their Capital Strategy team which aims to consider the role of the intelligent client and other responsibilities in the context of the wider role of the department and major programmes both current and in the longer term.
5. We deliver many successful projects but at times that feels to be in spite of our current approach rather than because of it. In some cases we have not succeeded well or at all in the first instance.

#### The Key Brief

6. We want to engage someone with experience in the area of successful capital project delivery, ideally with some local authority experience, to:
  - a. Survey and establish how the best performing local authorities develop and implement major (property based) capital projects; with particular reference to major schools projects.
  - b. Make recommendations to ESCC on how planning and implementation can best be organised in the context of an expanding capital programme (ie academy programme, primary capital programme, building schools for the future).
  - c. Advise on the best procurement configuration and strategies. This should include the most appropriate configuration of key elements

such as, pricing, design, project management and construction. In addition, advice on appropriate contractual arrangements.

### Scope

7. The majority of projects will be in respect of Children's Services although predominantly relating to schools also includes, Children's Centres, extended schools and social care projects, but the Council's major project delivery is not limited to that.
8. The appointment will report to Sean Nolan, Deputy Chief Executive and Director of Corporate Resources but will liaise with John Morris, Assistant Director (Property) and the key teams within Corporate Resources and within Client Departments.
9. We expect the task to take [REDACTED] .

### **Proposal**

Should you be interested in being considered for this appointment, please could you provide the following information by Monday 18 August 2008.

1. Your proposed timescale and proposals for completing the brief.
2. The fee you would require, together with an estimate of any additional costs.
3. Details of recent work you have undertaken that demonstrates you have the appropriate experience, and if appropriate details of the experience and qualifications of the individual who would undertake the sale.
4. Confirmation that you have adequate professional indemnity insurance to undertake the instruction if appropriate.
5. Confirmation that you or your firm has no conflicts, or potential conflicts, of interest, should you be instructed.
6. A copy of your standard terms and conditions. For information the County Council's Standard Payments Condition is that all suppliers will be paid 30 days after receipt of the invoice and following receipt of the services.

I have also invited [REDACTED] other firms/individuals to submit proposals.

I would advise you that the County Council does not undertake to appoint a Consultant on the basis of fee alone. In the event that your firm is instructed, and upon our Auditors' advice, the County Council would wish to reserve the right to have access to your files and the option to test any advice given. Please note that the County Council is under a duty to comply with the Freedom of Information Act and this could include making available to the public any correspondence we may have with you at the appropriate time and subject to any exclusions within the Act.