



CabinetOffice

Government Construction

Construction Trial Projects

July 2012

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INTRODUCTION

Following on from the Trial Projects report issued on 10 February 2012, the Government Construction team has been working with departmental colleagues to identify further trial projects to provide 'proof of concept' for the various initiatives in the Government Construction Strategy (GCS).

We remain committed to streamlining procurement to remove waste for both the supplier and the client, and a recent review of procurement processes in the Highways Agency has identified the potential for a 20 – 40 day reduction in their current procurement time scales using Lean Procurement principles. The Ministry of Defence (MoD) and the Education Funding Agency (EFA) are also trialling Lean Procurement for complex construction projects, although these are not yet mature enough to evidence a reduction in timescales.

New Models of procurement remain a cornerstone for developing early and more extensive engagement with the total supply chain before, during and after the procurement process. Seven Projects have currently been identified for Cost Led Procurement with a further trial in hand. There are four firm projects for Two Stage Open Book, with discussions also taking place with a collaborative group of Local Authorities which could encompass a wide range of trials to include BIM and a further Two Stage Open Book. One project has been identified for Integrated Project Insurance, although discussions remain ongoing to identify further projects shortly.

The Ministry of Justice (MoJ) continues to be the pathfinder for Building Information Modeling trials, with five trials already underway. They have set themselves a target for all suitable projects to be delivered using BIM by the end of 2013, some two years ahead of the Construction Strategy timeline. The Department of Health (DH) has recently identified four projects suitable for BIM and Education Funding Agency (EFA) has identified one project.

The Government Soft Landings (GSL) team has identified ten projects that they are monitoring to provide evidence of the operation and management of a new asset from its inception, and the use of post-occupancy feedback, to make sure it is performing as it should. The Building Services Research and Information Association (BSRIA) has identified 17 projects they are currently monitoring. The GSL workstream is working closely with BSRIA in the development of its strategy and where needed they will call upon the lessons of the BSRIA demonstration projects.

Project Bank Accounts have been removed from the list of trial projects since the concept is now accepted and is being rolled out across Government to achieve the target of £4bn of contract value passing through PBAs by 2014. This is an ambitious target, but the achievement of £1.1bn in 2011/12 bodes well.

A description of the current initiatives being trialled is below.

New Models of Procurement

All new procurement models embrace early contractor involvement, higher levels of integration and transparency and the option of independent assurance. They also emphasise the requirement for improved client capability. The client must know what they want, what it should cost and how best to go to market to achieve their objective. These are critical factors that will drive innovation, identify waste, secure knowledge transfer and corresponding growth opportunities.

When considered alongside other existing and emerging approaches to construction procurement, encompassing both buildings and economic infrastructure, the new models offer considerable potential to reduce the cost of construction to the public sector, and therefore taxpayer. Alongside reduced costs, it is likely that the models will contribute to improved programme certainty, reduced risk and greater innovation, as well as improved relationships throughout the supply chain. Task Group 1 want to trial three new procurement models starting in the first half of 2012:

- **Cost Led Procurement (CLP)** – The client puts in place a framework agreement with one or more integrated supply chain teams (encompassing designers, constructors, specialist suppliers and manufacturers). Teams are selected on their ability to work in a collaborative environment to deliver below the cost ceiling on the first project through continuous improvement, and achieve cost reductions on subsequent projects while maintaining the required quality outcomes. There is early market engagement and through competition 2-3 integrated framework supply teams are then given the opportunity early in the life of projects to develop their bids with the client team, allowing them to bring their experience to bear to innovate and drive cost reductions. Provided at least one of the supply teams can beat the cost ceiling, it is then selected on the relative scored attractiveness of its commercial and physical proposition and of its team members before being awarded the contract to deliver the project. Should none of the teams be able to deliver the work, the project is offered to suppliers outside the framework.

- **Integrated Project Insurance (IPI)** – The client holds a competition to appoint the members of an integrated project team who will be responsible for delivery of the project, which will be delivered under a new form of insurance that covers cost overruns up to an agreed liability cap. The project is supported from the outset with an assurance team that ensures the right project cost plan has been agreed and which monitors and reports to the insurer on the key project risks including the levels of integration achieved by the team. Scoring may include elements assessing competence, capability, proven track record, maturity of behaviours, and fee declaration. The chosen team then works up a preferred solution that will deliver the outcome defined by the client, with savings against existing cost benchmarks.

- **Two Stage Open Book** - The Two Stage Open Book model sees the client invite suppliers on an existing framework agreement to bid for a project contract on the basis of an outline brief and cost benchmark. A number of contractor-consultant teams compete for the contract in a first stage with bidders being chosen based on their capacity, capability, stability, experience and strength of their supply chain, and fee (profit plus company overhead). The winning team then works up a proposal on the basis of an open book cost that meets the client's stated outcomes and cost benchmark as a second stage. A key outcome of this model should be to further reduce supply chain bidding costs.

- **Centralised Procurement** – Although not technically trials, the Government Procurement Service already have five frameworks in place that can be used by both central government and wider public sector clients as follows:
 - Modular Buildings
 - Building Materials
 - Project Management and Full Design Team Services
 - Estates Professional Services (supporting asset/building disposals)
 - Environmental and Sustainability (advice, support and delivery service)

- Further work will continue to identify further aggregated commodity deals that can be centrally managed. Looking at aggregated procurement of services, the Group has considered the work of the Supply Chain Management Group (SCMG) led by Hackney Homes. Under this model a group of clients work with suppliers to understand how costs could be reduced if the opportunities from each client could be brought together under a single requirement. Having

established cost reductions, these reduced rates were then available to tier 1 contractors working for each client.

Building Information Modelling (BIM)

BIM is the process of generating and managing information about a built asset over its whole life. The objective is to strengthen the public sector's client capability in BIM implementation, with the aim that all central government departments' projects will be using at least Level 2 BIM by 2016.

Soft Landings

Soft Landings is the process of aligning the interests of those who design and construct an asset with the interests of those who use and manage it. It aims to improve client and user experiences, with reduced re-visits, and to give a product that meets and performs to client expectations.

Lean Procurement

Following the publication of the Lean Review on 11 February 2011, the Cabinet Office has developed a "standard solution" suite of tools to enable the execution of the lean sourcing process for the three main EU procedures: Restricted, Open and Competitive Dialogue. These are underpinned by a set of lean sourcing key principles. Departments are expected to apply this new sourcing approach on all new procurements from 18th January 2012, but it has been recognised that these processes may differ for 'complex' procurements such as those in the construction industry so work is being conducted to identify where these differences lie, and how the new processes can be applied. Highways Agency, MoD and EFA are early adopters of the principles of Lean Procurement in Construction.

TRIAL PROJECTS MATRIX

Trial Projects currently being monitored and reported by CO				Initiatives being trialled as a Demonstration Model, Evaluation, Case Study, or Early Adopter							Additional Comment	Contact
Project Name	Department	Floor Area	Start Date	Cost Led Procurement	Integrated Project Insurance	Two Stage Open Book	BIM	Soft Landings	Lean Procurement	Value (where known)		
Upper Mole project (Surrey).	Environment Agency	n/a	Nov-2011	√						£2.4m		Mark Hagger 07767 478 365
Rye Harbour (Essex)	Environment Agency	n/a	Jan-2012	√						£5m	A feature of Rye Harbour (East Sussex) is a 1.5km sheet piled wall which helps maintain the harbour navigation that brings in £8 million into the local economy. The wall also conveys flows from local rivers and protects diverse designated habitats, important to migratory birds. Construction work is about to commence to ensure the wall is maintained in a satisfactory condition. The construction contract is due to commence in January 2012 and finish by December 2012.	Mark Hagger 07767 478 365
SCMG supply chain management	HCA					√						Alan Turner
SCMG supply chain management	Lambeth	n/a	Jun-2012			√				£0.5bn	3 London boroughs have placed a framework for construction programmes and will be using the SCMG approach (subject to partner agreement). Meeting to be held July 2012 to take forward.	Ola Okinfe
Procure Plus social housing	HCA					√						Michael Clegg 07767 762 775
Sandwich FAS (Kent)	Environment Agency	n/a										Mark Hagger 07767 478 365
Cookham Wood - New Build	Ministry of Justice		Oct-2012			√	√			£15m	Cookham Wood is an existing prison establishment located in Kent, providing accommodation for juvenile offenders. The current buildings were constructed circa 1970. The site has provided adaptable accommodation lending itself to multiple regime uses. The MOJ / NOMS are now proposing to construct a new 180 place three storey accommodation block and education centre at a cost circa £15m - £20m, to replace existing structures. Current timelines are for tenders to be issued in spring 2012 with a start on site in autumn 2012. The contract period will be circa 12 months.	Bill Davis
Winchester Prison Kitchen block	MOJ						√				Early Adopter 5	Bill Davis
Chelmsford Prison - Refurbishment	Ministry of Justice						√					Bill Davis
Oakwood Featherstone Prison - Drop 4	Ministry of Justice		Already Started				√	√				Andrew Digby 0203 3344106
Aberystwyth Law Court	Ministry of Justice						√					Bill Davis
Manchester Primary School	EFA						√				Awaiting details from Mark Bew	
Campsmount School Doncaster	PFS	7371m ²	01-Feb-2012					√			Cost @ £1500m ²	Ann Bodkin 02033017119
RCUK MRC new build	BIS	27000m ²	Oct-2012					√		£200m	Project completes July 2012. 3 aspects being considered i. POE/POM in a comparison with old building ii. Commissioning - this appears to have been extended process and gone very smoothly iii. Ability to maintain design requirements through construction	Susan Simon 01793416396
Project to be advised	MOD			√								Bill Hughes 01752554646 07825023470
RAF Brize Norton, Single Living Accom. New Build	MOD		Jul-2012					√		£6.7m ¹	Part of the Single Living accommodation modernisation programme (SLAM) being implemented in the DIO/MOD to bring services accommodation up to an acceptable standard. The programme has been running for a few years and is based on a repeat pattern of design. Tender out Feb 12, Tender Reurn May 12, Award June 12 for 102 ensuite bedrooms.	Bill Hughes 01752554646 07825023470

Trial Projects currently being monitored and reported by CO				Initiatives being trialled as a Demonstration Model, Evaluation, Case Study, or Early Adopter								Contact
Project Name	Department	Floor Area	Start Date	Cost Led Procurement	Integrated Project Insurance	Two Stage Open Book	BIM	Soft Landings	Lean Procurement	Value (where known)	Additional Comment	
RAF Wyton - Project Pride	MOD							√			RE to confirm details	
MoJ Frankland	MOJ							√			RE to confirm details	Andrew Digby 0203 3344106
MoJ Bedford	MoJ							√			Heating replacement to existing establishment - further details to be identified.	Andrew Digby 0203 3344106
Royal Marines, Lympstone New build training rooms	MOD	2880m ²	Jun-2013		√					£7.6m ¹	The project comprises training facilities including class rooms and external specialist RM climbing facilities; Company Offices and Stores. Estimated value is in the region of £8M. Subject to approval the current schedule is: tenders invited August 12, Award March 13 and contract completion June 14.	Bill Hughes 01752554646 07825023470
Carver Barracks	MOD								√ (Early Adopters)			Ann Mackie 07775014900
QEC Berthing Jetty	MOD								√ (Early Adopters)			Ann Mackie 07775014900
Highways Maintenance Projects	HA								√ (Early Adopters)		Analysis has identified in excess of twenty potential process improvement projects, four of which have been tackled in the first phase. These are: <ul style="list-style-type: none"> • Reducing time in quality assessment • Reduce delays in finalising tender documents • Reduce content of quality and finance reports • Review and remove duplication in tender assessment criteria Delivering benefits from the first four projects will achieve savings on the median cycle time from commissioning to award for OJEU contracts of 20 - 40 days depending on circumstances. The Agency is currently implementing the changes to realise the savings from the first phase projects and is in the process of selecting its second phase of projects.	Derek Drysdale
Priority School Building Programme	PfS								√ (Early Adopters)			Daniel Radley 07771374871
Building 265	AH&VLA	TBC	TBC					√		£3.75M	Works to upgrade barrier suites for use in Animal research for disease prevention in animals	Brendan Murray 07795287008
Town Hall Complex	Manchester City Council							√		£100m		Liam Brady 01612197580
tbc	DFE							√			This is to tie in to the Workplace Transformation Programme being led by GPU.	Richard Graham
Education Basic Need Programme for extensions and Refurbishments.	Surrey, Reading and Hampshire Local Authority Joint Venture					√	√			£80m	A multi authority programme of school extensions and refurbishments is likely to be around 20 projects worth circa £80m. Two of the projects will include a BIM trial and will be a 2 stage open book process.	Keith Heard
P21+ 0194 New Womens and Childrens Department, Luton and Dunstable Hospital NHS Foundation Trust	DH			√			√			£25m	Balfour Beatty	Peter Sellars or Ray Stephenson
P21+0115 - Pathology Laboratory, Mortuary and Body Store, Royal United Hospital Bath NHS	DH			√			√			£10m	Kier	Peter Sellars or Ray Stephenson
P21+ 0159 - Programme of Works	DH			√			√			£21m	A suitable project from this programme to be selected as work progresses) - South West Yorkshire Partnership NHS Foundation Trust - Willmott Dixon	Peter Sellars or Ray Stephenson
P21+ 0163 - Service and Site Reconfiguration Programme	DH			√			√			£85m	A suitable project from this programme as to be selected work progresses) ; Wrightington, Wigan and Leigh NHS Foundation Trust - Integrated Health Projects	Peter Sellars or Ray Stephenson

Trial Projects currently being monitored and reported by BSRIA. The GSL workstream is working closely with BSRIA in						
Project Name	Department	Floor Area	Start Date	Soft Landings	Value (where known)	Contact
Birmingham City University; David StanleyInstitute of Architecture and Design	WPS			√	£61m	
Mildmay Community PartnershipMayville Community Centre	WPS			√	£1.6m	
Bessemer Grange SchoolChildren's centre (extension)	WPS			√	£2.4m	
Sirius and Ganton Academy - Hull	WPS			√	£48.5m	
Dyke House School - Hartlepool	WPS			√	£12.4m	
City of Lincoln Academy – Lincoln	WPS			√	£24.5m	
Royal Botanical Gardens, Kew Quarantine House	WPS			√	£3m	
South London & Maudsley charitable trustPLP, SLaM	WPS			√	£5m	
Sunderland PCT; Stephen NaylorHoughton-Le-Spring Primary Health Centre	WPS			√		
Co-op Estates; Ben DownerRegional HQ	WPS			√	£110m	
Heriot Watt Heriot Watt Eco Village (domestic project)	WPS			√	£1.5 - £10m	
B&QStore support office, Soton	WPS			√	£35m	
AWE300 possible projects	WPS			√		
The Low Carbon Workplace (CT Threadneedle and Stanhope)Refurb of old office buildings	WPS			√		
Arla DairiesMilk and dairy processing, Aylesbury	WPS			√		
Warwick UniversityCPRL (Chemistry and Physics Res Lab)	WPS			√	£8m	
Telford & Wrekin CouncilPhoenix academy	WPS			√	£16m	

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