

VALUE FOR MONEY
ONGOING PARTNERING SERVICES REPORT
2014 – 2015

Ongoing Partnering Services Value for Money Report 2014/15

Summary

hWS, as a development partner, have committed to deliver Value for Money criteria over the 'Ongoing Partnering Services' sector of the business. The Value for Money priorities were identified by the Territory Partnering Board members at a workshop on 31st January 2013. The outcomes of each proforma were drafted by hWS as the basis for delivering and realising Value for Money benefits to Participants through the delivery of Ongoing Partnering Services. The 4 priorities that were proposed were:

1. **Efficiency – Standardisation:** hWS sharing knowledge between Participants to encourage the use of standard design components and reference design across projects;
2. **Efficiency – Economies of scale:** hWS sharing knowledge between Participants to maximise the opportunities for joint procurement and delivery;
3. **Continuous Improvement – Best Practice:** hWS sharing best practice on projects and service delivery between projects; and
4. **Open Supply Chain – Competitive Tension at all times:** hWS to report on the cost savings achieved across all projects relative to the standard capped cost.

The proposed criteria were accepted and approved by the Territory Partnering Board at the Territory Partnering Board meeting on 13th March 2013.

The results are published annually and are also measured against KPI 6.2. The following report details what hWS have achieved within each of the four Value for Money criteria for the projects that have achieved stage 2 submission for the year April 2014 to March 2015.

Currently hWS have 33 Qualified Projects: 6 are complete; 25 are active in delivery; and work has yet to begin on 2 projects, which are not included as part of the report.

1. Efficiency - Standardisation

hWS will share knowledge between Participants to encourage the use of **standard design components** and **reference designs** that have demonstrated Value for Money on projects.

REFERENCE DESIGN: EDC Primary School Improvement Programme (PSIP): East

Dunbartonshire Council are currently delivering three primary schools in partnership with hWS. Two of the schools Woodhill/ Auchinairn and Lenzie/ Lenzie Moss, are utilising the principles and efficiencies of Lairdsland Primary School reference design. hWS produced site specific and increase-scale designs, based on the reference design principles.

hWS were able to provide cost information at the feasibility stage, based on the reference design costs. The cost information utilised emanates from the market tested results of Lairdsland Primary School and is applied to the new layouts for the school, determining whether the designs are affordable, at a very early stage.

Similarly, the market tested cost information from Lairdsland Primary School was able to identify early that a similar design would not be affordable for St Agatha's/ St Flannan's due to some of the site constraints. Project specific items such as: the large size of the site; asbestos removal and tandem builds were taken into consideration. It was recognised and agreed that a single storey option for the small school would be better value for money on this particular project, enabling it to be delivered within the SFT metric.

REFERENCE DESIGN: WDC Bellsmyre: This school is also utilising the reference design and formed part of the 2013/14 report.

REFERENCE DESIGN: NHS Reference Health and Care Centre Design: A reference design for new Health and Care Centres has been established for the NHS through the Eastwood Health and Care Centre, currently on site. This has been utilised for feasibility studies and will be implemented in the future Health and Care Centre to be built at Greenock. The establishment of this reference design and formed part of the 2013/14 report.

STANDARD COMPONENTS: ERC Barrhead Secondary School & WDC OLSP Secondary

School: With a view to the joint procurement the design team sought to design and specify similar components on both projects. The high school projects were initially intended to be jointly procured; however, both have been subject to various issues with the original site selection causing delay. Due to the standardised design components the extent of the delay was able to be reduced by not requiring to carry out a full market test.

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Barrhead High school had reached the stage of being market tested prior to the public challenge on the common good aspect of the site. When the project was then subsequently moved to an adjacent site, in order to avoid further delay by re-market testing the project at the new location, hWS, ERC and the SFT agreed that the earlier market tested rates for the previous site could be utilised. It was agreed that only the new site specific packages would be market tested and the existing market tested rates were applied to the modified design. The main contractor re-negotiated the inflationary uplift on each package with the sub-contractors as a result of the delayed site start. The uplifted rates were demonstrated to be well below the BCIS indices projections.

As the design components had been standardised on both projects OLSP High School was then able to utilise the market tested rates from Barrhead High School with only the site specific packages requiring to be tendered. The result was above the Affordability Cap and the contractor was able to re-negotiate with the sub-contractor supply chain to reduce the inflationary uplift on the packages, delivering the project within the Affordability Cap, excluding Participant changes.

STANDARD COMPONENTS: Lennoxton Community Hub: hWS and EDC worked together on the Kirkintilloch Community Hub in 2012. This project identified a 'brand' for the community hub and designs for a reception desk and way finding within the building. This brand is now being utilised in the Lennoxton Community Hub, as is the design for the reception desk. It will also be used on future Community Hub projects such as Bearsden.

2. Efficiency - Economies of Scale

hWS will, through its interaction with each Participant Group, share ongoing project delivery knowledge between Participants and utilise its central position to **encourage joint project procurement or delivery** where applicable.

JOINT PROCUREMENT: Inverclyde Council and East Dunbartonshire Council Primary Schools: HWS advised Inverclyde Council and East Dunbartonshire Council that they could achieve mutual financial benefits through the joint procurement for the delivery of both schools.

Both Councils agreed to the proposal at project inception. This enabled hWS to procure one design team and one contractor for both schools. The fee savings are demonstrated in cost savings table within the report. It is envisaged that the joint procurement of one contractor will achieve procurement savings from sub-contractors; however, this will not be able to be determined until the submission of the stage 2 report.

3. Continuous Improvement – Best Practice

hWS will share **Best Practice** on projects and service delivery between projects. hWS will keep each Participant up to date on **design and procurement information** that can be shared and utilised across the Territory

DESIGN AND PROCUREMENT: DBDA Refurbishment Project Delivery Model: Due to the complex nature and high risk profile of refurbishment projects hWS sought to implement a revised delivery methodology that would enable Participants to ascertain if the project scope was deliverable by eliminating as much risk as possible, prior to New Project Request (NPR), and a commitment from both parties to deliver the project.

The new model engages implements the following changes to the standard DBDA model:

- The appointed design team are commissioned through Strategic Support Partnering Services to complete Stage 1 prior to NPR submission. The Participant agrees to pay stage 1 fees.
- A stage C design cost plan and costed risk register test the scope of the project against the Affordability Cap. At this stage the Participant is able to reduce the scope or add money to the project, if required.
- The contractor is then tendered prior to NPR submission and on appointment is provided with the blank cost plan and risk register to price.
- The design team carry out as many surveys on the existing building as possible, which are also passed on to the contractor. If necessary the contractor may ask for further surveys to be carried out.
- Once the project is costed by the contractor the team will align the costs and risks and the Participant will know, before committing to the project, if the design is affordable.
- If the project proceeds to NPR it then moves directly into stage 2 development.

Kilmacolm Primary School: This was the first project to test the Refurbishment Delivery Model. Inverclyde Council had the benefit of having delivered a similar refurbishment on an identical school building and existing design and cost information was available. The design team used this information to cost the design proposals. At this stage the project was projected above the Participants Affordability Cap and the Participant sought approval to add the required amount to the Project.

The contractor was then appointed and provided with all the blank cost information; designs and surveys. The contractors priced documents were initially above the cost plan and the team were able to align the costs through further discussion and the supply of

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additional design information and a few surveys. This resulted in confirmation from all Parties that the project was on track to be delivered for the agreed Affordability Cap. The project was then submitted to hWS and the NPR was approved allowing the project to continue directly to stage 2.

Kirkintilloch Town Hall: This project has also been delivered utilising the new Refurbishment Model. East Dunbartonshire Council had the benefit of having an empty building that they had carried out structural remediation, water-tightness and asbestos removal works. This enabled the design team to carry out all the necessary surveys, including site investigations, to be able to cost as much risk on the project as possible.

The project was on track to be delivered within the initial Affordability; however, the Participant increased the scope to the project putting the initial costs from the appointed contractor well in excess of the original Affordability Cap.

The benefit of having the contractor on board meant that hWS were able to cost the increased scope very quickly, and with a greater degree of cost certainty. This enabled the Participant to know how much the Affordability had to be increased by to include the new works.

Ultimately the team concluded that the full increased scope to the project could not be delivered for the Affordability Cap. The extent of value engineering required was identified and some of the scope reduced to reflect the Participants budget. The benefit of this delivery model was that the Participant was able to understand what could be afforded prior to the project proceeding through hWS with the majority of risk had been identified and included within the project budget.

Bearsden Community Hub: Again, this project utilised the Refurbishment Delivery Model which enabled East Dunbartonshire Council to identify the scope, have more certainty on cost the risks inherent in an existing building and set the appropriate budget. This project moved smoothly through the process with only a very limited amount of scope reduction required to meet the Affordability Cap.

Kilmardinny House: This project is also utilising the Refurbishment Model for Delivery.

BEST PRACTICE: Vale of Leven Workshops: The Vale of Leven Workshops received Scottish Government regeneration funding, which required WDC to enter into contract before the financial year end. hWS were able to find a direct comparator project delivered by Irvine Bay Regeneration and the NPR was submitted with a bespoke programme enabling financial close to be achieved within the funding constraints. The stage 2 programme was reduced from 6 month to 5 months.

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BEST PRACTICE: Dumbarton Office: During the pre-NPR phase of the project West Dunbartonshire Council and hWS were not in a position to quantify some potentially very significant risk in the Ground and the extent of the renovation works to the grade A listed, retained façade. As the potential cost for the risk put the project in a position where it would be undeliverable hWS and WDC decided to undertake stage 1 in advance of submitting the NPR. This decision was taken to allow time for the results of the site investigation to become known and for the newly appointed contractor to cost the stone repair survey with the market. The benefit to WDC was that there was no commitment to progress with the project should the cost of the risk exceed the project budget. Also given the level of the unassessed risk the hWS would have been unable to approve the project Affordability Cap as being deliverable.

BEST PRACTICE: Inverclyde Adult and Older Peoples Continuing Care Beds: hWS have developed best practice in the management and reporting of the market test process that has been adopted by the QS and Contractor on the Inverclyde project. This management approach has is currently being adopted for Gorbals and Woodside projects at the request of the NHS.

BEST PRACTICE: Project Lessons Learned Reviews: As part of hWS 'Centre for Excellence' hWS are undertaking lessons learned reviews on each projects with the design team and the Participants. An action plan for each of the aspects that have worked well and the challenges identified is being compiled and addressed on future projects. Reviews have been carried out on the Shields Centre and Hillhead Community Centre.

4. Open Supply Chain – Competitive Tension at all Times

hWS will report on the cost savings achieved across all projects relative to the proforma 2 caps at stage 2 submission

PROJECT	PRIME COST AND PRIME COST + PRELIMS VALUE		FEE TYPE	TOTAL CAPPED FEE %	TOTAL ACTUAL FEE %	SAVING	COMMENTS
P01 Kirkintilloch Community Hub							Reported 2013/14
P02 Clydebank Workshops							Reported 2013/14
P03 Lennoxtown Community Hub	Prime	£2,949,022	prelim%	10.89%	10.89%	£0	
	Prime + Prelim	£3,270,170	Fee %	8.47%	7.41%	£34,500	
P04 Bishopbriggs Community Hub							Work not commenced – not included in report
P05 Westerhills accommodation and Operation Centre							Project removed from pipeline
P06 Maryhill H&CC							Reported 2013/14
P07a Gorbals H&CC							Currently in Design Stage 2
P08 Eastwood H&CC							Reported 2013/14
P09a Woodside H&CC							Currently in Design Stage 2
P10 Bellsmyre Primary School							Currently in Design Stage 2
P11 Lairdsland Primary School							Reported 2013/14
P12 Johnstone Town Hall							Reported 2013/14
P13 Hillhead Community Centre							Reported 2013/14
P14 East Pollokshields GP Surgery							Reported 2013/14
P15 Clydebank Crematorium							Project Removed from pipeline
P16 Inverclyde	Prime	£5,368,837	Prelim %	10.88%	10.88%	£0	

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PROJECT	PRIME COST AND PRIME COST + PRELIMS VALUE		FEE TYPE	TOTAL CAPPED FEE %	TOTAL ACTUAL FEE %	SAVING	COMMENTS
	Prime + Prelim	£5,952,966	Fee %	8.54%	6.37%	£129,656	
P17 Garshake Pilot							Reported 2013/14
P18 OLSP High School							Currently in Design Stage 2
P19 Barrhead High School							Currently in Design Stage 2
P20 Dumbarton Care Home							Currently in Design Stage 2
P21 Clydebank Care Home							Project removed from pipeline
P22 Kilpatrick ASN							Currently in Design Stage 2
P23 Bearsden Community Hub							Currently Pre NPR
P24 Clydebank Leisure Centre							Reported 2013/14
P25 Glasgow Women's Library							Reported 2013/14
P26 Renfrew Community Safety Hub							Reported 2013/14
P27 Kelvinbank Resource Centre							Work not commenced – not included in report
P28 Kilmardinney House							Currently Pre-NPR
P29 Kirkintilloch Town Hall							Currently Pre NPR
P 30 Brookwood Enterprise Centre							Project removed from pipeline
P31 Vale of Leven Workshops	Prime	£1,351,542	Prelim %	11.34%	9.09%	£30,347	
	Prime + Prelim	£1,474,523	Fee %	11.079 %	7.881%	£47,155	
P32Lenzie/ Lenzie Moss							Currently in Design Stage 2
P33 St Patricks Primary School							Currently in Design Stage 2
P34 WDC Office							Currently pre NPR

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PROJECT	PRIME COST AND PRIME COST + PRELIMS VALUE	FEE TYPE	TOTAL CAPPED FEE %	TOTAL ACTUAL FEE %	SAVING	COMMENTS
P35 Kilmacolm Primary School						Currently pre-NPR
P36 Auchinairn/ Woodhill Primary School						Currently in Design Stage 1
P37 St Agatha's/ St Flannan's Primary School						Currently in Design Stage 1

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Qualified Projects in delivery April 2014 / March 2015:

1	Efficiency - Standardisation
2	Efficiency – Economies of Scale
3	Continuous Improvement – Best Practice
4	Open Supply Chain – Competitive Tension at all Times

Stage	Participant	Project	1	2	3	4
0	EDC	Bearsden Community Hub	Measurable 2015/16			
	EDC	Kilmardinny House	Measurable 2015/16			
	EDC	Kirkintilloch Town Hall	Measurable 2015/16			
	WDC	Dumbarton Office	Measurable 2015/16			
	IC	Kilmacolm Primary School	Measurable 2015/16			
1	EDC	Auchinairn/ Woodhill Primary School	Measurable 2015/16			
	EDC	St Flannan's/ St Agatha's Primary School	Measurable 2015/16			
2	NHS	Gorbals Health and Care Centre	Measurable 2015/16			
	NHS	Woodside Health and Care Centre	Measurable 2015/16			
	WDC	Bellsmyre Primary School	Measurable 2015/16			
	WDC	Our Lady and St Patrick's Secondary School	Measurable 2015/16			
	ERC	Barrhead Secondary School	Measurable 2015/16			
	WDC	Dumbarton Care Home	Measurable 2015/16			
	WDC	Kilpatrick ASN School	Measurable 2015/16			
	WDC	Clydebank Leisure Centre	Measurable 2015/16			
	EDC	Lenzie/ Lenzie Moss Primary School	Measurable 2015/16			
	IC	St Patrick's Primary School	Measurable 2015/16			
Financial Close	WDC	Vale of Leven Workshops			✓	✓
	NHS	Inverclyde Care Home			✓	✓
Construction	EDC	Lennoxton Community Hub	✓			✓
	NHS	Maryhill Health and Care Centre	2013/14 Report			
	NHS	Eastwood Health and Care Centre	2013/14 Report			
	EDC	Lairdsland Primary School	2013/14 Report			
	CG	Glasgow Women's Library	2013/14 Report			
	RC	Renfrewshire Community Safety Hub	2013/14 Report			
Complete 2012	EDC	Kirkintilloch Community Hub				
Complete 2013	CT	Clydebank Workshops				
	WDC	Garshake Office Refurbishment				

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Complete 2014	RC	Johnstone Town Hall	
	EDC	Hillhead Community Centre	
	NHS	East Pollokshields GP Surgery	

KPI Summary:

SPF: hWS have delivered 2 of the agreed value for money criteria on the three applicable projects achieving 100%.

TRT: hWS have delivered 2 of the agreed value for money criteria on the three applicable projects achieving 100%.

CIT: N/A

Stage 0 – Pre NPR (Not included in report):

1. EDC – Bishopbriggs Community Hub
2. EDC – Kelvinbank Resource Centre

Projects Removed from Pipeline 2014/15:

- EDC - Westerhills Accommodation and Operation Centre
- WDC – Clydebank Crematorium
- EDC – Brookwood Enterprise Centre
- WDC – Clydebank Care Home