

LGTF Efficiency Conference

- a highly successful event with a wide range of speakers and topics attended by over 120 delegates from the public and private sectors.



Bob King, author of the report (left), with Chris Allison, Director of East Midlands Regional Centre of Excellence, and Heather Parker, Programme Manager of the EM RCE, at the conference launch

"Framework agreements are not an easy option. They will not solve endemic problems but they do offer significant efficiencies for those local authorities and contractors prepared to undergo cultural change and embrace the principles of partnering and collaboration." These were the words of Roger Latham, Chair of the Local Government Task Force, citing the findings of a landmark frameworking report launched at the LGTF Efficiency Conference on 9 May.

The report, 'Transforming

Local Government Construction: The Power of Framework Agreements', also challenged those smaller firms who continue to believe that framework agreements are the remit of larger contractors and suppliers to the detriment of SMEs.

Bob King, Local Government Task Force board member and author of the report echoed these sentiments saying that frameworking agreements offer tremendous benefits which cannot be obtained from traditional procurement routes, "Framework agreements are seeing the construction industry really evolve, allowing teams to work and develop together and solve challenges in a collaborative fashion. The notion of the contractor as the man who sticks one brick on top of the other is no longer acceptable."

He also stressed the role of frameworks in allowing contractors to add value both to the client and to local communities, presenting delegates with existing examples of frameworks across housing, highways and general building works. In line with current Government strategy, focus was upon efficiencies rather than the cost-saving agenda, with speakers stressing the benefits of collaborative and co-ordinated contractual arrangements warning that "Those who fail to embrace collaboration and frameworking in the fight for greater efficiency are missing out on enormous potential benefits".

The key findings of the report were:

- Continuity in applying the partnering principles of frameworks allows the construction partnership to grow and build on the intelligence and experience developed, improve both the service and product as well as achieving a range of other efficiencies
- Successful frameworks require careful consideration of a number of process issues including clarity of objectives, the formulation of joint detailed operating arrangements and full integration and management of the supply chain, plus a shared commitment to performance improvement through progressive measurement and benchmarking
- When a sufficient volume of work is being handled and where trust and confidence exist between participants, with a commitment to performance improvement and cultures and with organisations adapting to the new type of working that frameworking requires, significant gains and efficiencies are obtainable.
- Efficiencies include more productive relationships, higher levels of client satisfaction, savings in time and reductions in cost. Cashable savings can be worth 10% of the overall capital cost.
- The benefits are also potentially obtainable by smaller councils willing to enter into collaborative procurement relationships with other authorities, RSLs or central government agencies managing framework contracts with similar work content in the same geographical locality.
- Frameworking is not limited to larger contractors. By structuring framework packages appropriately, there are opportunities for SMEs both directly and through the supply chain.
- Frameworking liberates contractor capacity, enables contractors to involve more senior staff in clients' programmes and to add value in other areas including corporate social responsibility agendas.
- Future advances in frameworking will see more developments in inter-authority collaboration, reducing the demands imposed on smaller authorities wishing to engage, whilst bringing the benefits within their reach.

- The efficiencies obtainable through construction frameworks can make significant contributions to current efficiency targets. There needs to be a wider debate about how their use can be extended within the local authority sector.

Outstanding issues will be addressed by the joint commissioners of the report, the LGTF and the East Midlands Regional Centre of Excellence, in the coming months.

Transforming local government construction: the power of framework agreements' is the first in a number of reports

that will examine how local government can implement the most effective construction regime. The report showcases current examples of successful local authority construction frameworks covering housing, general building and highways. In highlighting key characteristics and the efficiencies they are delivering, it is hoped to encourage and inspire others to adopt similar principles to assist in meeting their construction efficiency targets.

To view the report go to www.lgftf.org.uk.

Celebrating excellence through the Constructing Excellence Demonstration Programme

The LGFT have announced the themes of national importance for the Constructing Excellence demonstration programme for 2006/07.

Through the new demonstration process we are asking for local authorities and the construction supply chain to submit demonstrations around the following areas where there is a demand for best practice knowledge. These areas are:

- **Fair payments** - demonstrating better financial processes and standards in our project payment procedures
- **Cross-authority collaboration** - demonstrating the benefits of Local Authority Construction Communities working together
- **Integrated teams** - demonstrating early collaboration to deliver better construction projects
- **Sustainability** - demonstrating a future in better environmental, social and economic projects

Participating in the demonstration programme illustrates a construction team and its client commitment to the Government's change agenda. Construction projects participating in the programme are clearly committed to best value and addressing the way they do business providing better construction service and delivery to the community they serve. Repeatedly local government construction projects registered on the demonstration programme outperform the industry average in areas such as customer satisfaction, safety and delivering construction projects on time.

A list of all current projects can be found www.lgftf.org.uk. The demonstration team is keen to bring on more projects in line with these themes and would encourage members of

the LGTF to share any intelligence they may have on suitable projects. We are especially keen for the collection of projects demonstrating sustainability to cover a cross-section of economic, social and environmental aspects of the topic. Could you pass this section of the newsletter on to the relevant representative to investigate the possibility of submitting your construction projects? We look forward to hearing from you and hope to promote your local authority best practice nationally.

Please contact Tim Embley about your suitable projects to add to those recently published below:

E: tim.embley@constructingexcellence.org.uk

In May nine new case studies were published showcasing excellence from up and down the country:

- Leeds City Council revolutionises procurement processes
- London Borough of Hackney - Outstanding Achievement in Procurement through Decent Homes Phase II
- The Honingham Earth Sheltered Social Housing Scheme
- The South West Centre of Excellence and COPROP Southwest Construction (Property) Programme
- A Pathfinder agreement for Hampshire County Council's Major Framework
- Disadvantaged communities empowered by sustainable training and employment programme
- Local authority owned company revolutionises collaborative working to improve buying power
- Cheshire County Council develops flagship primary school
- Nottingham County Council - Children's Centre project

Common Minimum Standards For the Procurement of Works in the Built Environment by Local Authorities in England

This guidance has now been published and distributed to all local authorities. It is a practical aide-memoir and assists local authorities in meeting recognised best practice standards in their construction, refurbishment and repair projects. Compliance with these standards is considered to represent maximum cost effectiveness. However, their application by individual procurers should be considered on a project specific basis within the context of practicality, achievability and value for money, defined as the optimum combination of whole life cost and quality to meet user requirements. Procurers should be expected to comply with these standards unless it can be clearly demonstrated that one or more of them falls outside the above criteria. This document has been adapted from the OGC base document to make it directly applicable to local authorities and can be viewed at www.lgtf.org.uk.

In 2005 the Office for Government Commerce (OGC) published mandatory guidance for all central government departments on minimum standards which should be applied to all construction related projects under their control.

These standards have been agreed by Ministers, and are to be applied to all procurement of works in the built environment carried out in England for any public client.

The standards are not new, and in some cases are already mandatory for government departments. They do not cover legislative requirements which are in any case mandatory.

They should be read in conjunction with the OGC's "Achieving Excellence" documentation. Details of this can be accessed at: www.ogc.gov.uk/sdtoolkit/reference/ogc_library/achievingexcellence/index.html

Any queries or requests for further information about these standards should be directed in the first instance to the OGC Service Desk:

T: 0845 000 4999

E: ServiceDesk@ogc.gsi.gov.uk

You can also contact the Local Government Task Force:

T: 020 7592 1100

E: Natalie.clinton@constructingexcellence.org.uk

Ten success factors that make a Procurement Champion

Is your authority Champion League material or in the Second Division?

An effective and efficient procurement regime will secure maximum benefit from an authority's expenditure on the purchase of goods, works and services.

The main objectives are:

- Take a long term view of expenditure that includes future running costs
- Delivering the best possible quality of product; and securing contractual relationships that avoid wasteful disputes and build on proven teams

These ten success factors will help achieve the above objectives and deliver best practice within the procurement environment in which you operate. You are encouraged to examine your procedures now, to see how close your authority is to being in procurement's 'Champions League'. This has been distributed to all local authorities and the guide can also be viewed at www.lgtf.gov.uk



Roger Latham (left), Chair of the LGTF, with Ken Odgers, producer of the guide

10 Success Factors That Make a Procurement Champion

Ensure everyone knows....

- 1where they are going
- 2what the rules are
- 3and is aware of what is going on
- 4 Know the field and what you have to play with....
- 5look far enough ahead
- 6and plan your steps accordingly
- 7 Ensure all your players are 'match fit'
- 8 Play fair and think about the risks of losing
- 9 Explore new techniques i.e. new technology
- 10 Learn and develop

Public Sector Construction Clients' Forum

The Public Sector Construction Clients Forum (PSCCF) serves to address one of the proposals under the First Kelly Market (Construction) that a senior stakeholder group, including a market analysis function, should be established to receive and consider construction demand data to manage the peaks and troughs in construction supply for the foreseeable future.

The group will advise both departments and the wider public sector, including local government, on the market implications of programme implementation. OGC's Smarter Construction division is responsible for driving forward the First Kelly Market (Construction) project. The end result will be more efficient and effective procurement for all involved.

The PSCCF was also set up in response to a main recommendation in the National Audit Office report, *Improving Public Services through better construction*, published in March 2005. This states that OGC should take the lead in establishing and supporting a single departmental forum at senior management level to strengthen the leadership and co-ordination of public sector construction activity.

At present, four working groups reporting to the PSCCF have been established. Details of each group are shown in the diagram and LGTF representation is as follows:

Demand/capacity in the Construction industry:

Working Group 1 - Peter Bishop

Whole life value for money:

Working Group 2 - John Plumb

Better Embedding of Best Practice:

Working Group 3 - Mike Foy

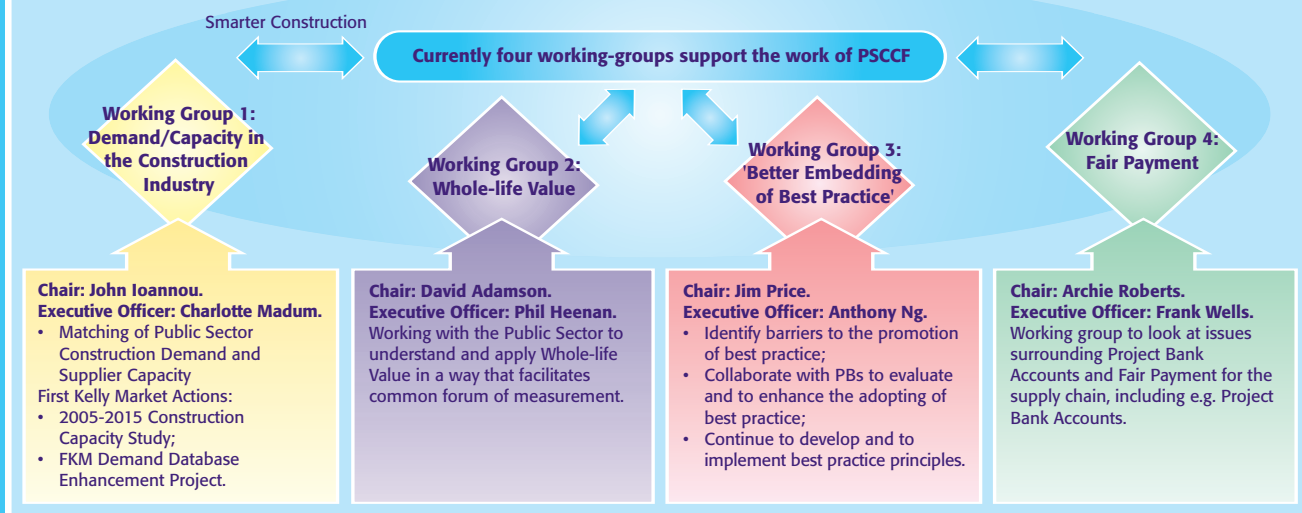
Fair Payment:

Working Group 4 - Peter Bishop

Public Sector Construction Clients Forum (PSCCF) - inaugural meeting held 15th December 2005

The Public Sector construction Clients Forum (PSCCF) has been established by OGC with the aim of leading improvements in the whole life value for money procurement of sustainable built environment across the public sector, including PFI projects, by improving co-operation and communication with the construction industry, encouraging greater adoption of the principles of the Achieving Excellence in Construction initiative in the public sector and by championing design excellence and sustainability.

Sir Christopher Kelly chairs the PSCCF with David Adamson as the Executive Officer. Membership is comprised of a cross-section of high-level representatives from across the public sector, including Department of Health, MoD Defence Estates, Highways Agency, CABE, Nottingham County Council and SWRDA. OGC provides the Secretariat Jennifer Stonehouse and are represented on the Forum.



Contact the LGTF

- to let us know your views;
- for information, support and resources on procurement issues;
- to change address details or nominate a colleague to receive this newsletter.

Next LGTF Board meeting: 19th September 2006.

See website for a synopsis of meetings.

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