

**Summary of proceedings at
Public Sector Construction Clients Forum (6)
19.3.07**

See Annex A for a list of attendees and apologies

1. Agenda item 1: Welcome, apologies, introductions

- 1.1 Sir Christopher welcomed Members to the sixth meeting of the PSCCF. In particular he welcomed Steve McGuckin, Development Director with Land Securities to his first meeting as representative of the private sector client. Steve explained his experience is as an Architect and Project Manager, and that his role within Land Securities is, essentially, to run projects, currently 18, valued at between £30m-£400m. Through Trillium, he has considerable experience in the public sector.
- 1.2 The meeting noted that John Ioannou has now assumed the Executive Officer role for PSCCF and that David Adamson was attending to respond to any questions from the floor about the progress reports for WG2, WG4 or the Construction Inflation and M&E Design Skills Study Groups.
- 1.3 The several apologies from Members were also noted – see Annex A. Unfortunately, Mukund Patel had also been unable to attend in place of Sally Brooks, DfES and had sent his apologies. Jeremy Jones, HMT was not present.
- 1.4 Sir Christopher notified PSCCF that Peter Coates, DoH had resigned from the group but that DoH membership would be further discussed under Agenda item 4.

2. Agenda item 2: Confirmation of Minutes of 12 December 2006 meeting

- 2.1 *Post meeting note:* Two amendments had been made to the Minutes and the corrected version had been circulated to Members with their papers. Archie Robertson instigated both amendments: the first at paragraph 3.11, where Archie has clarified the note in relation to examples of where the public sector might focus on innovation. The second, a Post meeting note that has been inserted after paragraph 6.11, to place an action on WG4/OGC to develop and implement an action plan to promulgate the Fair Payment products and encourage embedding. PSCCF Secretariat had made no other changes.
- 2.2 The minutes of the 12 December 2006 meeting were accepted as a true record of those proceedings.

3. Agenda item 3: – Transforming Government Procurement agenda – impact on PSCCF

- 3.1 John Ioannou explained the impact of HMT's recently published report *Transforming Government Procurement* (TGP) on OGC's Smarter Construction, on PSCCF and its Members' departments and sought agreement to:
 - o Work with OGC to develop, at the next meeting in June, a plan of action to deliver the TGP's strategic objectives in relation to construction procurement and
 - o Commit the necessary resource to deliver the plan.
- 3.3 John asked Members for their agreement to the formation of a short-lived, small working group to consider how TGP translates to construction and to work with OGC to develop and draft a plan for discussion, approval and commitment of departmental resources at the next PSCCF meeting in June. That plan will, essentially, become OGC Smarter Construction and PSCCF's plan of work for 2007-2008. He called for nominees from PSCCF members to form the working group.

- 3.4 Sir Christopher emphasised that OGC post TGP will have less resources and will therefore require PSCCF Members help.
- 3.5 Discussion followed. There was some concerned that the effect of the implementation of the new TGP agenda might lead to 're-inventing wheels'- to losing sight of all the excellent work on identifying and embedding good practice that had taken place already in the area of construction procurement. However, reassurance came from both Sir Christopher and Mark Pedlingham, who were adamant that construction procurement was considered by OGC to be an important part of the TGP agenda. As had been recognised at the last PSCCF, the work of the Forum had matured, so that the emphasis was now, very much, on the implementation and embedding of the standards agreed. It had also been recognised that this would require more commitment in terms of Members' input, and departments' resources more generally, to ensure success. John Ioannou, too, assured the meeting that the aim was to enhance embedding activity.
- 3.6 An MOD DE nominee was offered for the working group and it was agreed that other nominees would be sought by correspondence with absent Members.
- 3.7 It was agreed that OGC would seek nominees from PSCCF members for the formation of a small, limited-life working group with the aim translating the implications of TGP for construction procurement and to draw up a practical, realistic action plan for future work, bearing in mind existing best practice and the need for its implementation/continued embedding. The action plan to be presented to the June 2007 PSCCF meeting for approval.
- 3.8 The issue was raised of the trend in government for procuring services based on end use rather than buildings per se, which was, for example, a current issue in the health sector and also for Prisons. The associated concerns were that it would be important to consider the impact of this trend on the work of PSCCF and OGC and that it would be important to identify best practice in this area.
- 3.9 OGC confirmed that TGP was, essentially, about obtaining long term value for money, whatever the procurement route. OGC's view was that the proposal to be put to the meeting for bringing relevant OGC stakeholder groups together would allow for more holistic discussion and would help to address these issues and concerns.

4. Agenda item 4: Review of PSCCF Membership

- 4.1 John Ioannou sought PSCCF approval to invite both Home Office and Department for Transport to join the group in order to ensure that all the key sectors involved in public sector construction procurement were committed to and involved with PSCCF's improvement agenda. John went on to explain that, although OGC's remit as a consequence of TGP was to be restricted to central government, nevertheless, the recommendation was that the local government representatives on PSCCF should remain, since this would bring benefit to the wider public sector and the advantage of their input to the group, but would require no extra resource on the part of OGC.
- 4.2 Peter Bishop emphasised that LGTF would very much wish to continue its association with PSCCF.
- 4.3 It was agreed that OGC would invite Home Office and Department for Transport to join PSCCF.
- 4.4 In response to a question from James Wates, John Ioannou confirmed that OGC did maintain contact and engaged with the devolved administrations. In particular the Scottish Executive receive a copy of the Summary note of each PSCCF meeting.

- 4.5 John also raised the issue of the plan to develop better cross-organisational working in OGC, in particular by exploring the opportunities to converge projects and stakeholder engagements undertaken by Smarter Construction and Mike Burt's Government Relocation and Asset Management (GRAM) teams. In particular, the plan is to work towards convergence of PSCCF and GRAM's Senior Stakeholder Group. To this end, Mike Burt would join PSCCF. Unfortunately, however, he had not been available to attend this meeting.
- 4.6 There was significant discussion about Peter Coates' resignation and his nomination of an alternative representative for the Department for Health. It was felt that what PSCCF requires is an individual who is able to represent the all the individual Trusts, to whom the delivery of estate and construction procurement is delegated. It was acknowledged that this might prove difficult because it was not clear if a body exists that represents the Trusts nor an individual, who would most likely have to be a member of such a body, with the right level of influence in this area.
- 4.7 It was pointed out that Smarter Construction, with the help of PSCCF, will not be the only part of OGC that is working to drive improvements in construction procurement or to identify "what best looks like". OGC will be looking for other channels for embedding best practice and a body representing Trusts would be a useful ally.
- 4.8 Following some debate, it was agreed that Sir Christopher would write to Hugh Taylor explaining the importance the group attached to proper involvement of the DoH and the NHS with PSCCF.

5. Agenda item: 5 – PSCCF Working and Study Groups' report

- 5.1 Status reports, mostly for information, for all the PSCCF Working and Study Groups were presented to the meeting. In general, it was reported that good progress was being made on all fronts.

Working Group 2 – Whole life value for money

- 5.2 Here the meeting heard that: the Supplement to HMT's The Green Book was in the final stages of editing. In the final analysis, behavioural change would be ensured through a multi-faceted approach including a high-profile launch, inclusion of reference to use of the Supplement in the Common Minimum Standards [for the procurement of built environments in the public sector], and as a result of NAO scrutiny. OGC's Capability Reviews would also assist the embedding process and Gateway Reviews would also highlight where best practice was or was not being followed in regard to following the best practice advocated in the Supplement. OGC's strengthened position, that would require departments to "comply or explain", would also help. Sir Christopher said that there could also be a monitoring role for PSCCF in respect disseminating examples of good and bad practice.

Working Group 3 – Better Embedding of Best Practice

- 5.3 In respect of WG3 it was reported that: The arrangements for the nine regional roadshows to be delivered in conjunction with DTI, Constructing Excellence and others were proceeding well. OGC was hopeful that PSCCF member departments would be prepared to sponsor these workshops, which they had previously indicated they considered to be an important avenue for encouraging embedding of best practice. It was agreed that OGC would liaise with departmental members to secure their sponsorship of the regional roadshows.

Working Group 4 – Fair Payment

- 5.4 The meeting accepted that this was a 'good news story'. It was explained that this was the first time there had been cross-industry agreement, with the supply-side reasonably happy, on what constituted fair payment, which is now enshrined in the Fair Payment Definitions and Principles, the Guide and the Model Charter. A submission was in draft to go to FST, who had originally commissioned OGC to carry out this work, for his approval and to recommend that he send a letter to colleagues seeking their commitment and support for the implementation of these fair payment principles in their departments' construction procurements. The embedding regime to encourage behavioural change would be along the same lines as for the Supplement to the Green Book. A monitoring regime, which would involve examining routine data input to the Public Sector Construction Demand Database (PSCDD) would also be established to examine what benefits accrue by 2009.
- 5.5 Sir Christopher encouraged PSCCF Members to sign-up to implementing the Fair Payment best practice principle, which apply to the entire supply-chain.
- 5.6 LGTF, welcomed the outcome of WG4's work and offered help in rolling out the best practice and MOD DE offered congratulations to Archie Robertson, Highways Agency Chief Executive, who had Chaired WG4, and his group in reaching such a successful conclusion to this work.

Working Group 5 – Procurement Strategies

- 5.7 PSCCF noted the WG5 status report.

Working Group 6 – Capability and Capacity

- 5.8 The progress report was noted.

Forms of contract study group

- 5.8 PSCCF noted the limited progress that had been made in this area but that OGC would continue to work with the owners of the various contract forms to try to ensure common language and compliance with Achieving Excellence in Construction.
- 5.9 Peter Cunningham undertook to share JCT's Constructing Excellence forms of contract with PSCCF.

Project Insurance study group

- 5.10 In the case of Project Insurance it was agreed that John Ioannou would discuss with individual Members, who have nominated pilot projects, how they can help by supporting and encourage their pilots to proceed, since there seemed to be a danger that they would not come to fruition without such backing.
- 5.11 V Ad Dunt commented that this was an important area and worthy to be pursued by PSCCF. Steve McGuckin added that traditional, fragmented ways of working in the insurance industry will need to be changed; in particular, there will need to be a change in the way in which insurance companies package their products. He said that, at the moment, there was a risk of duplicate cost in relation to project specific insurance and the 'usual' contractors' all risk and PI that contractors/practices have in place.

Inflation Study Group

- 5.12 PSCCF noted this Study Group's draft recommendations and that they would be presented, in final form, at the next meeting in June. Tony Mulcahy, representing DTI said that, in the meantime, the intention was for DTI to write to industry to capture their views. John Ioannou added that there was also a need to explore what further engagement was necessary with HMT and

industry to identify what already exists in the area of inflation data before the recommendations can be finalised.

- 5.13 Steve McGuckin said that, in his view, this was potentially a great report but highlighted the danger of 'averages' and the significance of regional and sector variations and spikes.

M&E Design Skills Study Group

- 5.14 PSCCF noted that the M&E Design Skills Study Group has completed its initial work by producing a report and is now seeking PSCCF's 'blessing'/moral support to continue to develop, negotiate and implement its recommendations.
- 5.15 David Adamson explained that this Study Group was, essentially, not part of PSCCF but had been catalysed by the OGC 2005-2015 Construction Demand/Capacity Study Report that had raised the issue of the potential insufficiency of M&E design skills available in the construction industry.
- 5.16 Following some discussion around the issue, PSCCF enthusiastically welcomed this Study Group's report and offered its encouragement for its recommendations to be pursued, with the proviso that consideration is given, in the process, to the skills necessary in the context of climate change.

6. Agenda item: 6 – Bulletin – Standing item

- 6.1 The meeting noted two issues related to sustainable construction, both of which are likely to have a bearing on the group's future agenda/action plan to be presented at the June meeting, as previously discussed.

7. Agenda item: 7 - Actions not covered by the Agenda

a) What industry is looking for from PSCCF

- 7.1 An action had been placed on the PSCCF's industry representatives at the December 2006 meeting to highlight what the supply-side would like PSCCF to be doing/tackling. James Wates said that the industry had a very productive discussion in the process of producing their Paper and its recommendations, which highlighted, among other things, the need for a clear focus within OGC on construction.
- 7.2 After some useful discussion about the specifics of the Paper and during which the issue was again raised about the need for departments to commit to carrying through embedding of best practice, it was agreed that the limited-life working group looking at the PSCCF's future work would take into account the supply-side's recommendations, with which Members' generally agreed.
- 7.3 It was also agreed that the supply-side should be invited to contribute to the work of WG5 in relation to its recommendations relating to procurement approaches.
- 7.4 John Ioannou pointed out that the outputs from the PSCDD, which was now 'live', would provide some of the information that the supply-side were looking for in terms of forward programmes, visibility of workload and the development of long-term relationships. In their report [Improving the PFI tendering process](#) published on 8 March 2007, the NAO had recently recommended use of the PSCDD by departments as a means of providing the supply side with visibility of their programmes.
- 7.5 In relation to the PSCCD, John said that the Highways Agency, the Housing Corporation, P21 and TFL, Prisons and Courts had all put in data. MOD DE had had a change of personnel but its input was expected shortly, as it was from ODA. No input had, however, been received from DfES or DoH.

b) Outstanding Actions not covered by the Agenda

- 7.6 The two outstanding past actions were discussed. It was agreed that the new working group looking at PSCCF's future work would consider the need for a workshop involving private sector clients to explore the claimed value for money advantages of their approaches to collaborative working over those of the public sector.
- 7.7 John Ioannou explained that it had not been possible to take the last formal Market Analysis User Group report, produced in December 2006, to the OGC Supervisory Board but it was agreed that the next formal MAUG report to PSCCF in September would be escalated to the new OGC Council.

8. Agenda item: 8 - Any other business:

- 8.1 Finally, since this was to be V. Ad Dunt's last attendance at PSCCF, Sir Christopher thanked him for his valuable and valued contribution to its work and said that PSCCF look forward to welcoming his successor as a Member in June.

9. Agenda item: 9 - Next meeting date

- 9.1 14 June 2007 – starting at 10am in Trevelyan House.

10. Post meeting notes:

a) Changes to the Market Analysis User Group reporting cycle

- 10.1 Members were requested to note that the CITB Construction Skills national & regional observatories and model updates have recently been moved to accommodate the observatory related work. In order that the OGC model update runs coincide with the CITB updates and to take full advantage of the verification process offered by the CITB observatory run process held in May and November of each year, it has been decided to move the timing of the bi-annual OGC market analysis update round from April and October, to July and January.
- 10.2 This will ensure that CITB's qualitative front-line type feedback can be used as a means of validating the outputs from the Model, which was exactly what PSCCF members proposed at the December 2006 meeting.
- 10.3 However, PSCCF was promised an update run in time for the June 2007 meeting. In order to avoid a long reporting gap brought on by the one-off shift in timing, OGC will provide an interim update during April. This interim update will highlight any significant trends, which can be taken to the June PSCCF meeting. This will be followed by a full analysis, taking account of the final observatory run, in time for the September PSCCF meeting.

b) Enhancement of Public Sector Construction Demand Database

- 10.4 Members to note that the Public Sector Construction Demand Database has now been enhanced to include performance in use data, as previously agreed.

Annex A

Attendee's name	Title	Dept/Org
External		
Sir Christopher Kelly	Chair	
V Ad Peter Dunt	Chief Executive	MOD DE
Peter Bishop	Project Director	Local Government Task Force
Richard Simmons	Chief Executive	CABE
Peter Cunningham		Constructing Excellence
James Wates	Chairman	Strategic Forum for Construction
Steve McGuckin	Development Director	Land Securities
Tony Mulcahy (Observer status)	Construction Unit	DTI
OGC		
Mark Pedlingham	Director Strategic Supplier Relations	
John Ioannou	Director Smarter Construction PSCCF Executive Officer	OGC
Arnold Butler	Construction & FM Efficiency	OGC
Simon Robinson (Observer status)	Hd of Strategic Supplier Mgmt	OGC
Jennifer Stonehouse	PSCCF Secretariat	OGC
Guests		
David Adamson	Consultant – Smarter Construction	OGC
Apologies		
Roger Latham	Chairman	Local Government Task Force
Sally Brooks		DfES
Don Ward	Chief Operating Officer	Constructing Excellence
Peter Woolliscroft	Director of Construction & FM Efficiency	OGC
Dr Denis Walker	Construction Unit	DTI
Archie Robertson	Chief Executive	Highways Agency
Steven Douglas	Deputy Chief Executive	Housing Corporation
Jim Price	Head of Professional Services	SWRDA
Sampath Sundaram	Commercial Director	DCA
Mike Burt	Director of Government Relocation & Asset Management	OGC
Jeremy Jones	Corporate and Private Finance Team	HMT