

Note of Public Sector Construction Clients' Forum - Meeting (11)

17 September 2008

OGC, 1 Horse Guards Road

Attendee's name	Title	Dept/Organisation
Guests		
Shriti Vadera	Minister for Business and Competitiveness	BERR
Professor Steven Male	Professor of Construction Management	Leeds University
External		
Dame Mavis McDonald	PSCCF Chair	
Vice Admiral Tim Laurence	Chief Executive	MOD DE
Andrew Smith	Chief Executive	Hampshire County Council
Steven Douglas	Chief Executive	Housing Corporation
Graham Dalton	Chief Executive	Highways Agency
Ginny Clarke	Network Services Director	Highways Agency
Jim Price	Head of Professional Services	SWRDA
Alan Jones	Schools Capital Division	DCSF
Denis Walker	Director Construction Sector Unit	BERR
Rob Smith	Director of Estates & Facilities	DoH
Steve McGuckin	Development Director	Land Securities
Don Ward	Chief Executive	Constructing Excellence
Paul Ducker	Skills Advisor	CABE
Alec Potter		MoJ
OGC		
William Jordan	Chief Sustainability and Operating Officer	OGC
Mike Greatwich	Commercial Delivery Director	OGC
John Ioannou	PSCCF Executive Officer	OGC
Phil Heenan	PSCCF Secretariat	OGC
Charlotte Madum	Market Analysis Team Manager	OGC
Bridget Hardy	Government Estate Transformation	OGC
Apologies		
Colin Allars		MoJ
Richard Simmons	Chief Executive	CABE
James Wates	Chair	Construction Confederation
Mike Burt	Director, Govt Estate Transformation	OGC
Sally Brooks	Head of Schools Capital	DCSF
Kamran Quadri	Policy Analyst	HM Treasury

Agenda item 1: Welcome and introductions

1.1 Dame Mavis welcomed members and drew their attention to the fact that this was to be Steven Douglas' last PSCCF as, by the next meeting, the Housing Corporation would have merged with English Partnerships and part of Communities and Local Government (CLG) to form the Homes and Communities Agency. PSCCF thanked Stephen for his enthusiastic involvement and wished him well for the future.

1.2 Mavis welcomed Shriti Vadera. Shriti explained that she would only be able to attend for a little while but wanted to take the opportunity to discuss the Construction Commitments with PSCCF.

Agenda item 2: The Construction Commitments and their implementation

2.1 Shriti thanked members for the commitment they had already made in signing-up to the Construction Commitments and emphasized the importance to government of being able to demonstrate that it is playing its part in the industry improvement agenda. She asked that members ensure that they drive this issue within their respective organisations and, by the next meeting, be in a position of understanding where your organisation has got to in its delivery plans and how this is being embedded. Members were also asked that, by December, they achieve a sense of what is happening, including the situation within their supply chains.

2.2 Steven Douglas gave a short background to how the Housing Corporation had sought to ensure that the Commitments were implemented. This conditionally linked the availability of funding to housing associations' progress and ensured that there was strong buy-in. HAs had been encouraged to develop

their own mechanisms to measure and manage the implementation and 2 examples were shared with PSCCF. HAs had been positive about the approach taken.

2.3 It was considered that a combination of stick and carrot was required to ensure that both HAs and private sector partners walked the talk. Steve thanked OGC and CE for their helpful support.

2.4 In discussion, some other members considered that they had not yet got quite as far as the Housing Corporation but had taken note of the message to ensure that this is pursued with the supply chain. PSCCF acknowledged that this was not easy and that it would be sensible initially to prioritise a limited number of things to be achieved now, and then to build on that. Members' experience had shown that there could be natural reluctance to intervene in commercial relationships within the supply chain. Clients had sought to transfer risk to integrated teams and so would be cautious about engaging with lower tiers of suppliers.

2.5 It was pointed out that local government organisations guard their independence and are likely to be wary of such significant commitments. Many already have to face up to what they can achieve with limited capacity. It was suggested that CLG should also be involved in such considerations.

2.6 Andrew Smith outlined the emergence of the National Improvement and Efficiency Partnership that would, effectively, take over much of the role of the previous Local Government Task Force.

2.7 Steve McGuckin noted the progress that had been made on re-engineering supply chains in the last 3-4 years. He emphasized the need to build relationships with MDs and to be clear about the aims. However, it was also crucial to embed good practice at grass root level.

2.8 Comparisons were made to other delivery programmes and it was agreed that there needed to be some form of measurement in place to assess progress in order to know that improvement is happening. For this to be readily doable it was suggested that clients should demonstrate progress against the 6 headline issues of the Commitments. In discussion PSCCF concurred that most of the Commitments could be regarded, conceptually, as applicable to generic procurement rather than being sector specific.

2.9 In summing-up Mavis asked that each client department prepare a short (1 page) summary of facts to summarize its progress in implementing the Commitments. This could usefully identify the relatively easy and the more challenging aspects to be tackled.

Action: All Depts to prepare summary of implementation.

Agenda item 3: The potential appointment of a Chief Construction Officer within Government

3.1 A brief summary was given of the Business and Enterprise Committee's report *Construction matters*. The principal recommendation in the report is that government should appoint a Chief Construction Officer (CCO) to address the fragmentation in policy and procurement and that the CCO should be supported by suitably resourced teams in OGC and BERR. The government's response to the select committee is due to be issued at the end of October 2008.

3.2 In its response Government was likely to agree to consult on a potential CCO role. It was pointed out that there could be a strategic fit between this proposal and government's Operational Efficiency Programme (OEP). The separate strands of OEP were highlighted, and members' attention was drawn to the work on estates - led by Lord Carter - and on collaborative procurement - led by Martin Jay.

Action: OGC to provide link to OEP section of HMT website.

3.3 It was noted that the select committee's report recognised what PSCCF had achieved to date and was supportive of the key role it now played. The challenge was how to embed best practice more widely within the public sector.

3.4 Comparisons were made between the proposed CCO role and possible organisational structure and other existing structures elsewhere within government, such as the Chief Scientific Officer who reported to both BERR and FCO.

Agenda item 4: The direction of PSCCF and its future work

4.1 Members attention was drawn to paper PSCCF(6)08 which briefly summarises the background to PSCCF and OGC's aims for the Forum.

4.2 Andrew Smith gave a short presentation on the work of the SE RIEP and, specifically, on the 3 frameworks that had been established for use by public sector clients in that region. So far 34 of the 74 local authorities had bought-in to the approach and a high volume of work had been secured, with some £2bn going through the larger of the frameworks. This is being swelled further by work for the education sector from LSC and PfS. Initial results of these projects is encouraging with so far just 2 having exceeded their budgets. The response from industry had also been favourable. The benefits to clients are considered mainly to be in the form of the reduction in contractual claims and it had been assessed that that saved some 9-12% of professional time.

4.3 It was considered that the constraints on this approach are dependent on the terms of the original notice of the procurement and the extent of organisations founded on the basis of trusts/foundations etc.

4.4 It is likely that similar arrangements will be established in other regions but the viability of this could be dependent on the extent of local capacity. It is already being replicated in the SW and discussions are taking place with a view to rolling out the approach elsewhere. The opportunity is considered huge.

4.5 The appropriateness of the procurement approach to one-off clients was discussed and how a 'cluster management' approach could sometimes help.

4.6 Mike Greatwich gave a brief summary of OGC's approach to collaborative procurement which sought to address each category of procurement spend separately. In this way OGC and PSCCF could regard construction as a category of procurement activity and, by better understanding of who spends what, where and how, could look for opportunities for government collectively. It was explained that a willingness to share management information would be crucial to the success of such an approach. OGC proposed to prepare a draft document to explain this further, and to set out a direction of travel, for discussion at PSCCF in December.

4.7 PSCCF welcomed this proposal and emphasized to importance of being clear about what value for money meant at a strategic level and the need to be able to balance that with a client's view of it.

Action: OGC to prepare draft construction category strategy document

4.8 Mavis asked after what could be regarded as the plethora of environmental targets that exist with government and whether there was anything that pulled together the CLG's targets for the housing sector with those from BERR for the industry's Sustainable Construction Strategy. OGC undertook to prepare a comprehensive list of such government targets.

Action: OGC to prepare document listing environmental targets.

Agenda item 5: Client capability/capacity

5.1 Paul Ducker introduced paper PSCCF(7)08 and spoke at some length on the working group's conclusions. Key recommendations of the report focussed on:

- The level of understanding of procurement strategies and the circumstances in which each is likely to be appropriate.
- More widespread use of integrated working, particularly by the small/occasional clients, and the skills needed to achieve this.
- The use of frameworks in the public sector and the view that it is not always understood how to use or get best value from them.
- Earlier engagement with the contractors and the converging of the procurement strategy with the supply chain.
- The fact that the review is client focussed and that further discussion with the supply side is needed to identify practical methods of (a) consulting them during the early stages of procurement, and (b) adopting integrated working.

5.2 PSCCF recognised that there was much common ground between construction and property on issues associated with client skills, as well as there being a link to the Professional Skills for Government framework.

5.3 PSCCF was wary of re-inventing wheels and questioned whether structures needed reforming in order to tackle the issues faced. During discussion both Graham Dalton and Andrew Smith offered to share with PSCCF their respective organisations' approach.

Action: Graham Dalton and Andrew Smith to share with PSCCF their organisations' approach.

Agenda item 6: Market analysis.

6.1 PSSCF members confirmed that they valued the periodic reports on the construction market and that the work should continue.

As time was limited for further discussion, PSSCF agreed to note the remaining agenda items which could be revisited in December if that is considered appropriate.

Date of next meeting

This will take place at OGC's offices on **11 December 2008 at 2:00pm.**

PSSCF Secretariat