

**Public Sector Construction Clients' Forum – Note of Meeting (13) held on
19 March 2009 at OGC, 1 Horse Guards Road.**

Attendee's name	Title	Dept/Organisation
Dame Mavis McDonald	PSCCF Chair	
Vice Admiral Tim Laurence	Chief Executive	MOD DE
Graham Dalton	Chief Executive	Highways Agency
Andrew Smith	Chief Executive	Hampshire County Council
Jim Price	Head of Professional Services	SWRDA
Terry Stocks	Assistant Director Estate Capacity	MoJ
Alan Jones	Schools Capital Division	DCSF
Denis Walker	Director Construction Sector Unit	BERR
Peter Sellars	Assistant Director	DoH
Don Ward	Chief Executive	Constructing Excellence
Trevor Hursthouse		Strategic Forum for Construction
Kamran Quadri	Policy Analyst	HM Treasury
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
Louise Burge	PSCCF Secretariat	OGC
Mike Burt	Director, Govt Estate Transformation	OGC
Guest		
James Hastings		Experian
Apologies		
Richard Hill	Director of Investment	Homes & Communities Agency
John Aspinall	Director Estate Capacity	MoJ
Richard Simmons	Chief Executive	CABE
James Wates		SFfC
Sally Brooks	Head of Schools Capital	DCSF

Agenda item 1: Welcome and introductions

- 1.1 Dame Mavis welcomed members to the meeting.
- 1.2 Mike Greatwich explained that this would be his last PSCCF as his secondment to OGC was ending and he would be returning to MOD. PSCCF thanked him for his involvement and wished him well for the future.

Agenda item 2: Minutes and Matters Arising

- 2.1 The minutes of the previous meeting were agreed.
- 2.2 Dame Mavis informed members that she and John Ioannou attended the last meeting of the Strategic Forum for Construction (SFfC) at the invitation of its chairman Nick Raynsford. They made a short presentation on the proposed Future Strategy which was well received; there was much interest in the Fair Payment initiative and the economic situation. It was evident that members of SFfC had not been well sighted of some aspects of PSCCF's past work and planned direction. Mavis asked Trevor to ensure that SFfC were aware of PSCCF's plans for a Supplier Forum. (see 4.5 below)

Action: Trevor Hursthouse to raise awareness within SFfC of the planned Supplier Forum.

Agenda item 3: Market Analysis Update

- 3.1 John Ioannou introduced James Hastings, Experian, and invited him to provide an updated view of the construction market place since the last OGC econometric model run in January 2009. James explained that runs of both the ConstructionSkills output model and OGC model were not due to take place until June 09. However, the macro economic forecasts were reassessed monthly.
- 3.2 James gave his presentation to PSCCF updating the previous report.
- 3.3 In conclusion Trevor stated that the forecast would be of interest to industry. He wondered if the assumption was that public projects (CSR 07) would be accelerated within this period and that this would have a marginal effect on output overall.
- 3.4 Experian confirmed that the scenario had considered all available data on such plans. It was also of note that the view is considered to be unaffected by the result of the next general election as the pressures faced would still be the same.
- 3.5 A view was expressed that there remained uncertainty in the private sector with the assumption that banks would lend. In discussion it was pointed out that DSCF is getting deals together and that HA remain confident that the M25 widening project will start on site during April / May. HMT are working on a model to underwrite PFI where that was necessary.

Agenda item 4: The Construction Category Strategy

- 4.1 Mike made a short presentation and thanked members for their input thus far. He stated that he was looking to achieve a single understanding for approval of the principles of the Strategy. Progress towards these principles could then be assessed as a form of health check process – through the Achieving Excellence embedding methodology. It was emphasized that the methodology was not intended to be seen as an audit. In response to a question on whether the methodology was applicable at programme level (rather than project level), Mike responded that it could be applied at a departmental, programme or project level, however he stressed that it was practical application that was required. A number of pilots were now needed in order to learn how best to apply the methodology more widely.
- 4.2 It was suggested that some refinement of the preferred procurement approaches was needed to bring out that PFI really meant PPP/PFI/JV. It should also explain that Prime-type contracting is regarded as an approach modelled on Defence Estates' Prime contracts, i.e. working through integrated teams in running of buildings and linking the reward to performance.
- 4.3 The Forum agreed that the continuation of sharing management information was essential and welcomed the proposal to safeguard against this becoming a burden. This requires any additional MI requests to be agreed first by PSCCF.
- 4.4 It was agreed that initial emphasis would be put on returns on the top 20 suppliers. Defence Estates would be happy to share lessons from their experience of suppliers.

- 4.5 The group accepted that supplier side engagement should be enhanced and that the creation of a Suppliers' Forum would be the appropriate way forward. However, it was recognised that this would need to have a clearly stated purpose and agenda in order to guard against it becoming a "talking shop"; instead it was envisaged that it would deliver hard outputs. Initial thoughts were that the Suppliers' Forum's agenda would be broadly similar to that of PSCCF but, perhaps, with greater emphasis on FM which embraces both construction and assets in use. Dame Mavis asked whether OGC would be facilitating this. OGC confirmed that it had bid for appropriate resource to support its role in the Operational Efficiency Programme (OEP) although the proposed Suppliers' Forum could be largely self-supporting. After discussion Mavis confirmed that PSCCF was content with the proposals.
- 4.6 PSCCF also agreed that the Market Analysis User Group (MAUG) should widen its membership to include Cross Rail and further members of PSCCF. The proposal would be to bring on board those players with major construction programmes who should benefit significantly from their involvement.

Action: OGC to write to appropriate organisations to seek their involvement.

- 4.7 Mike proposed that through the Construction Category Strategy the PSCCF should agree to initially focus on the following opportunities for delivering improved value from public sector procurement:
- Further and wider embedding of the AEC principles
 - Continuing implementation of the Fair Payment in Construction initiative
 - Greater cognisance of Market, Demand and Capacity Analysis and information sharing
 - Exploration for opportunities to use Project Insurance
- 4.8 PSCCF agreed to the Strategy's initial focus.
- 4.9 It had been identified that outputs from the work of Working Groups 5 and 6 needed to be included in the Strategy with a focus on how to unlock constraints in client capacity/capability. It was acknowledged that that message needs to be made clearer in the Strategy
- 4.10 Strategy KPIs – after discussion the meeting agreed:
- That the KPI to improve delivery against the Achieving Excellence Targets by 50% in the Wider Public Sector was too ambitious at this stage;
 - The target date presently shown as 2010 would be the end of 2010;
 - The 100% target for take up of the Fair Payment initiative by CCG was appropriate;
 - The timeline for embedding of the Common Minimum Standards should similarly revised.
- 4.11 Dame Mavis drew out the fact that the benefits delivery measure was the same as used by the NAO. William Jordan also confirmed that the measure was consistent with the HMT Operational Efficiency Programme agenda. Members expressed some concern regarding the benefits calculation methodology shown at page 35

of the Strategy document. After discussion, it was agreed that OGC would re-look at this aspect.

4.12 Graham Dalton requested a one page summary of the Strategy.

Action: OGC to re-examine KPI profile, re-visit benefits calculation and create a simplified summary of the Strategy.

4.13 Don Ward was invited to give a presentation on the planned methodology to assess the embedding of the AEC principles. He explained that assurance methodology was needed in order to determine the level of compliance and embedding of the principles by public sector procurers. A measure to quantify the benefits and gains and measure the level of embedding was also required.

4.14 It was proposed that 4 pilot assessments would be carried out between April and June. This would include MoD DE, DoH, SWRDA and, possibly, a small client. It was stressed that this approach should be light touch. A report on the pilots will be produced in July and PSCCF members will, potentially, be asked to approve full implementation in September.

4.15 Trevor emphasized that, to him, measurement of progress is the most important aspect and it was crucial to get the approach right.

4.16 Mavis summed up the discussion: PSCCF agrees the principles of the Strategy; OGC would look at the timing and profile of the Strategy goals, adjust the KPIs to reflect greater realism with the exception of Fair Payment where the 100% target would stand although more work by the clients was required to drive their good practice down supply chains. OGC would re-issue the AE methodology and produce a single page summary on the next steps. She thanked members for their contributions to the discussion.

Agenda item 5: Start on site survey.

5.1 John Ioannou drew members' attention to the paper PSCCF(3)09 which was considered to be self-explanatory.

Agenda item 6: The potential appointment of a Chief Construction Officer.

6.1 Denis thanked members that had contributed to the recent consultation which was now closed. In total some 35-40 responses had been received – largely from industry - and these were being analysed.

6.2 Once that analysis was complete an options paper on the way forward would be put to Ministers in BERR and HMT to inform their discussion.

Agenda item 7: Summary of other activity.

7.1 Mavis drew members' attention to the Annex A of paper PSCCF(4)09 which had been prepared by DIUS to promote government policy on the need to consider opportunities for apprenticeships in procurement activity. PSCCF was supportive.

- 7.2 Andrew Smith and Trevor Hursthouse stated that they would be happy to be involved with the Government's commitment to promote skills and apprenticeships through public procurement in construction.

Agenda item 8: Any other business.

- 8.1 No other business was raised.
- 8.2 Mavis reminded members that the **date of the next meeting is 18 June**. Subsequent meetings would be held on 17 September and 17 December.