



To: Executive Councillor for Environmental and Waste Services – Cllr Jean Swanson  
Report by: Toni Ainley – Head of Streets & Open Spaces  
Relevant scrutiny committee: Environment 11/06/2013 Scrutiny Committee  
Wards affected: Market Ward

## **Lion Yard Toilet Refurbishment Project – Procurement Approval Key Decision**

### **1. Executive summary**

This report seeks the authority to utilise the Scape National Minor Framework for the design and construction of the Lion Yard and Silver Street Toilet Refurbishment Projects.

Utilisation of this framework will speed up the delivery of the projects, realise best value resulting from a national competitive tendering exercise and allow for early contractor involvement throughout the design to ensure cost, time, buildability and maintenance are considered throughout all project stages.

### **2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To authorise the procurement of Faithful and Gould (F+G) and Kier for design and construction services for the redevelopment of the Lion Yard and Silver Street Public Toilets, using the Scape National Minor Framework.
- 2.2 To agree to take the decision to approve the project appraisal and implementation of the Lion Yard Refurbishment works out of the committee cycle, in consultation with the Chair and Spokes, subject to the final proposed construction costs not exceeding £400k.

### 3. Background

- 3.1 Two projects to refurbish both Silver Street and Lion Yard Public Toilets, as part of the capital plan, are currently being delivered by the City Council, both of which are at their earliest stages in design. An extensive amount of research, project planning and investigation has already been completed. However, for the proposals to be developed, design services are required from an external consultant. At this time, early indications are the Lion Yard toilets will be refurbished, whilst the Silver Street toilets fully reconstructed above ground.
- 3.2 The services required from the external consultant are design, cost control, structural engineering, contract monitoring, CDM services and site supervision.
- 3.3 It has been identified that these services can be utilised from the Scape National Framework. F+G can be used for their design and specialist services, whilst Kier can complete the construction and provide early contractor involvement in partnership with F+G. Developing early working relationships and communication systems is vital in the delivery of these projects. An example is developing design within the constraints of the recently Grade II listed Bridge in Silver Street.
- 3.4 The benefits of using the Scape Framework are the focus on partnership working, compliance with OJEU regulations, speed of project start up, price and local spend. For a full description of what Scape is and the benefits, please see **Appendix A and B**.
- 3.5 The coordination between F+G, Kier and the City Council will be managed by the project delivery team. A project board has been set up to direct on the project brief and to enable the Executive Councillor to make decisions in a time effective manner. If resulting from the project board, further decisions are required; they will be brought to a future Environment Scrutiny Committee (ESC).
- 3.6 Authority is being requested to appoint F+G to provide design and specialist services for the Lion Yard and Silver Street toilet refurbishments. Using F+G and Kier for this project will offer cost saving in economies and utilise the existing design team

and communications. The maximum cost estimate for F+G's services for both projects is £140k.

- 3.7 Kier ensure value for money is realised for the client by:
- i. Letting all trade packages using at least three competitively priced tenders
  - ii. All prices are open book
  - iii. Preliminaries and overheads have been tested and won in competition
  - iv. NEC Option C contract is an option, which incentivises accuracy of pricing through a "pain/gain share" mechanism, which favours the client
  - v. The Client's procurement costs (and time) are kept to the absolute minimum possible.

For further information, please see **Appendix C**.

3.8 Scape National Minor Works Framework uses Kier's distributed office network to deliver projects and programmes. Kier manage the construction process, and have KPI's to ensure that small, local trade package contractors get the bulk of the works – 66% within 30 miles of the site. For a percentage breakdown of local spend on previous projects, see **Appendix A**.

3.9 Agreement to take the decision to approve the project appraisal and implementation of the Lion Yard Refurbishment works out of the committee cycle, in consultation with the Chair and Spokes, subject to the final proposed construction costs not exceeding £400k is being requested to ensure delays do not occur in project delivery between ESC cycles.

## 4. **Implications**

### (a) **Time Implications**

The implications of not authorising the recommendations will result in delay to project design, consultation and delivery. This is due to an OJEU tendering exercise typically taking 200 days, which will be required if the Scape Framework is not used. This will lead to the project construction not commencing until summer 2014.

The Scape National Minor Framework was competitively tendered on quality (50%) and a detailed, priced management fee (50%) between five contractors. F+G and Kier are nationally recognised service providers who have strong credentials for delivering on public service projects. Utilising the services of a national company will increase the provider's depth of resource and economies of scale. The Scape National framework has been used by the City Council's Asset Management Team for improvements to the City's car parks.

**(b) Staffing Implications**

The Project Delivery Team, within the Streets and Open Spaces Service, are undertaking this project. However, other resources may be required for specialist services and advice, such as the council web team and architects.

The utilisation of the Scape Framework will reduce and make better use of officer's time required on the project.

**(c) Equal Opportunities Implications**

This decision will have no impact on Equal Opportunities.

**(d) Environmental Implications**

Kier works to support public sector clients address the green, carbon and energy agenda. Recognising that revenue costs are often as big an issue as capital costs, Kier have in-house expertise in photo-voltaic systems, wind power and solar thermal energy solutions.

**(e) Procurement**

The recommendations to approve an out of cycle project appraisal and the use of the Scape National Minor Works Framework will reduce the delivery time of the two projects.

**(f) Consultation and communication**

F+G are committed to help Cambridge City Council deliver on their vision; to ensure Cambridge citizens feel they can influence public decision making.

(g) **Community Improvement**

Every scheme completed by Kier, allows for engagement with the local community and, through joint ventures with the client, delivers community liaison and projects at no extra cost, see **Appendix A**.

Scape National Minor Works Framework uses Kier's distributed office network to deliver projects and programmes. Kier manage the construction process, and have KPI's to ensure that small, local trade package contractors get the bulk of the works – 66% within 30 miles of the site, see **Appendix C**.

**5. Background papers**

No background papers were used in the preparation of this report.

**6. Appendices**

**Appendix A:** Benefits of the Scape Framework

**Appendix B:** Background to Scape

**Appendix C:** National Minor Works Framework: Client Benefits

**7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Author's Name: Adam Cobb

Author's Phone Number: 01223 457480

Author's Email: [Adam.cobb@cambridge.gov.uk](mailto:Adam.cobb@cambridge.gov.uk)

**Appendix A:**  
Benefits of the Scape Framework

## BENEFITS OF THE SCAPE FRAMEWORK

A key benefit of the Scape framework over any other is its simplicity, flexibility and the fact that it is open to all Public Sector bodies<sup>1</sup>, i.e. where public funding accounts for more than 50% of the funding for a project and where, therefore, OJEU rules would apply.

<b>The Scape Benefits</b>				
<b>Streamlined</b>				
Contractors will bring all of their expertise and resources to deliver any project <sup>2</sup> . The focus is upon true 'partnership' working.				
<b>Legality</b>				
The Scape procurement frameworks have been fully accepted as fully compliant with OJEU principles as demonstrated by existing clients.				
<b>Speed</b>				
Having been fully tendered and agreed in compliance with OJEU rules, typically 200-days in project delivery time <b>is saved</b> over standard and Design & Build contracts. This is particularly beneficial when investment may be time restricted.				
<b>Local spend</b>				
All projects will employ local businesses and people, keeping the money being spent upon a project in the local community and the benefit to the local economy.				
<b>Distance from site</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
60 – miles	75%	79%	83%	87%
40 – miles	50%	54%	58%	62%
20 – miles	25%	28%	31%	34%
<b>Price</b>				
All elements of the project are tendered with overhead and profit, site set up, site staff and pre - construction staff already tendered and agreed. Pricing is open book and transparent. Each client is recognised as a 'key' customer and the framework delivers effective partnership working. The client, through QS and/or PM, retains overall control. <sup>3</sup>				
<b>Delivery</b>				
The framework can demonstrate proven success – "it does what it says on the tin".				
<b>Community projects</b>				
Every scheme allows for engagement with the local community and, through joint ventures with the client, delivers community liaison and projects at no extra cost.				

<sup>1</sup> The Scape National Framework has been OJEU tendered and designed to be available for all public sector bodies throughout the UK. Specifically the OJEU notice makes the framework available to: • Local Authorities – city, county, unitary, district, borough, metropolitan borough, metropolitan district, parish and other local councils • Schools, Universities, Colleges and other education providers • Primary Care Trusts and other Health care providers including NHS Trusts • Police, Fire and Rescue Authorities • Any other public bodies.

<sup>2</sup>

Scape Framework	Scheme size	Provider
National Major Works	£2M +	Willmott Dixon
National Minor Works	£25k – £2M	Kier
Project Management/QS		Pick Everard
Asset Management		Faithful + Gould
<b>Scape Regional Framework – East Midlands</b>		
empa Large Projects	£7.5M +	Various Regionally appointed suppliers.
empa Intermediate Projects	£2M – 7.5M	
empa Minor Works	£500K - £2M	
empa Minor Works	£10K - £500K	
empa Repairs and Maintenance		
empa Design and Technical Services		

<sup>3</sup> Scape have tendered certain rates within the framework agreement which cover their OH&P, pre-construction costs and site prelims costs (both the last two are schedules based on standard model projects). Scape is very happy to share all documentation including this commercial information, with their clients but would not normally do so until the Scape Access Agreement is signed. The framework tackles all types of projects from schools to wind farms to cattle-markets, so the cost/m2 methodology is not something Scape dictate. It is also largely an individual client led issue; but these rates are difficult to benchmark because what is included in the rate varies dramatically between clients. It is usual on projects for value management and value engineering to take place between contractor and client. It is useful to point out that the process is open and transparent, so clients are fully aware of the project (including cost) as it develops. 100% of the costs are market tested on each project with approx. 10% of the costs being the main contractor's costs and 90% of the costs being the work delivered through the local supply chain.

**Appendix B:**  
Background to Scape

## What is Scape?

Scape System Build Limited is:

- A Local Authority controlled company whose shareholders are; Derby City, Derbyshire County, Gateshead, Nottingham City, Nottinghamshire County and Warwickshire County Councils. The shareholders nominate directors to the Board and have reserved rights under the Shareholders' Agreement.
- A Central Purchasing Body for the purposes of the Public Contracts Regulations 2006.
- A trading company for the CLASP Consortium
- Managing agent for the East Midlands Property Alliance (empa)

The company is a *for profit* company with profits being reinvested in the business or paid to its Local Authority shareholders in the form of dividends.

The business of the Consortium transferred to Scape on 1 April 2006. Scape employs a multidisciplinary team of construction professionals who are employees of the Company.

The CLASP Consortium is still in existence, but with a background role. CLASP retains ownership of the intellectual property and licences its use to Scape.

## What does Scape have the powers to do?

Scape was formed by its shareholders under the powers contained in the 2003 Local Government Act section 95. It has the responsibilities of a company, but acts as a local authority with the associated restrictions and privileges. Scape has a legal personality and as such can trade with any organisation. However as a company owned by public sector organisations it sees its primary field of activity as being projects which are ultimately for the public sector.

The work of Scape is covered by PI insurance to carry out its core business.

## What is the essence of Scape's business?

The essence of Scape's business is as a vehicle for improvement in:

- **Design** quality
- **Technology** which is sustainable and uses modern methods of construction
- Documentation to capture **knowledge**
- Processes which enable **people** to collaborate
- The whole **supply chain** from frameworks contractors to product manufacturers

## Scape's Objectives

The company's objectives are to bring economy and efficiency to the whole building process, both in new build and refurbishment projects. It does this through the development of standard designs and strategic procurement arrangements.

**Appendix C:**  
National Minor Works Framework: Client Benefits

***Our vision is to make Scape the procurement route of choice for public sector clients.***

### Details of the framework

The Scape National Minor Works framework runs to Sept 2015 and is designed to deliver all public sector projects up to £2m. The framework is ideally suited to rapid delivery of programmes of small works, where there is a known need for building work. An example would be an LA with an urgent need to provide more primary school places. By:

- a) considering projects as a programme,
- b) standardising designs and
- c) taking the financial benefit of buying larger volumes of materials as commodities,
- d) giving local SMEs forward visibility of their workload,
- e) planning and evening out the workflow to avoid spikes and slowdowns,

Scape offers high quality, best value for money infrastructure solutions to the public sector.

### Public sector client benefits

1. **High Value for Money** - The Scape National Minor Works framework was tendered on quality (50%) and a detailed, priced management fee (50%) in a highly competitive tender process. Kier won, bidding against five other contractors, scoring 99.81% overall.
  - o All trade packages are let using three competitively priced tenders.
  - o All prices are open book.
  - o Preliminaries and OH&P have been tested and won in competition.
  - o The NEC3 Option C contract incentivises accuracy of pricing through a "pain/gain share" mechanism which favours the client.
  - o Client's procurement costs (and time) are kept to the absolute minimum possible.
2. **Speed of procurement** – unlike other frameworks a public sector client can start work on their projects immediately, without having to go through the delays and procurement costs of a mini-competition re-tendering process.
3. **A Local Authority controlled framework** – Scape is controlled by six Local Authorities. Their role is to ensure that public sector values combine with private sector skills, energy and experience to deliver best value for all users of the National Minor Works framework.
4. **Fully OJEU compliant** – the Scape National Minor Works framework has been procured under OJEU. Public sector bodies audit requirements are fully met.
5. **Ease of procurement** – Scape enables all public sector bodies to access the National Minor Works framework with one signature.
6. **Project funding is spent within the community** – Scape National Minor Works uses Kier's distributed office network to deliver projects and programmes. Kier manage the construction process, and have KPIs to ensure that small, local trade package contractors get the bulk of the works - 66% within 30 miles of the site.
7. **Advantages of working with a major contractor** – in addition to Kier's stability, experience, appetite for risk, and financial robustness, we have a buying power that local SMEs cannot match. This means that clients can take advantage of the fact that we buy components (such as doors) in volumes that enable us to get commodity level pricing, and we can offer that saving back to the client.
8. **Sustainable** – Kier work to support public sector clients address the green, carbon and energy agenda. Recognising that revenue costs are often as big an issue as capital costs, Kier have in-house expertise in photo-voltaic systems, wind power, and solar thermal energy solutions.
9. **Measured performance** – The framework is arranged so that benefits are measurable, and need to improve. Kier are committed to improving their performance year-on-year in areas such as Customer Satisfaction, waste reduction, utility consumption, staff training, health and safety, in addition to time, cost and quality.
10. **Meets the Government Construction Strategy** – the Scape National Minor Works framework is designed to meet, and addresses the issues raised in the Cabinet Office's May 2011 Government Construction Strategy.