

HUB PROGRAMME DELIVERY OFFICE

GUIDANCE NOTE 02/14

Use of Strategic Support Services in New Project Development

7 February 2014

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1. Introduction

SFT have become aware of some instances where a participant has elected to develop a project using Strategic Support Services or Project Services rather than by issuing a New Project Request.

This Guidance Note is intended to help Participants better understand the potential impact of such a course of action. Care should be taken to ensure compliance with applicable procurement rules and guidance including their own tender procedures. An assessment should be made on whether the use of Strategic Support Services or Project Services will deliver better value for money compared to the development of a project following the issue of a New Project Request.

Participants should be mindful of the substantial protection afforded by the Territory Partnering Agreement (TPA) when using a New Project Request in terms of capped fees, defined scopes, design liability, time and budget controls, pre determined deliverables and through compliance by hubco with their method statements and key performance indicators. If using Project Services or Strategic Support Services all of these matters will require to be discussed and agreed with hubco and specific requirements included in bespoke consultants' appointments.

Strategic Support Services may be appropriate when there is a requirement for master planning, option appraisals or for support in developing a project brief prior to the issue of a New Project Request.

2. Compliance with Procurement Rules and Guidance

In relation to a "Qualifying Project", the use of hubco to deliver Project Development Partnering Services has already been the subject of an EU compliant procurement process. . A Qualifying Project is a project for the provision of Community Services which has been incorporated into the Territory Delivery Plan and its procurement is commenced when a Participant issues a New Project Request. Selection of contractors and design consultants for a Qualifying Project should follow the mechanisms in the Territory Partnering Agreement, including hubco's method statements, after the issue of a New Project Request.

In other circumstances a Participant developing a new project must comply with applicable law, procurement rules and guidance which will include a Participant's procurement policy and tender procedures. e.g. the Participant may have requirements for a minimum number of tenders to be invited when procuring professional services above a certain value.

Particular care should be taken to ensure proper competition exists, if initially using Project Services or Strategic Support Services. Of particular note is that a design team appointed for master planning, for example under Strategic Support Services, cannot be considered an "incumbent" team for a subsequent project. An incumbent team must have been previously appointed by the Participant for the specific project and the work carried out would reduce the scope of Project Development Partnering Services to be carried out by hubco.

3. Value for Money Considerations

Commencing the procurement of a project using a New Project Request brings substantial value for money benefits. Stage 1 has a defined work scope and deliverables for a capped project development fee. No fees are payable unless defined Approval Criteria are met at the end of Stage 1. A specific value for money exercise is included in the Stage 1 scope requiring hubco to demonstrate that the proposed project delivers value for money by reference to elemental cost plan comparators and benchmark projects. The project must also be shown to be deliverable within the Affordability Cap set by the Participant in the New Project Request. If these value for money tests are not demonstrated, the Approval Criteria will not be met.

If using Project Services or Strategic Support Services, any mechanism for linking design development to a new project budget or for providing value for money assessments would need to be written into a specific appointment contract. Moreover if Project Services or Strategic Support Services are instructed and a level of design is completed prior to the issue of an NPR, then the Procuring Authority should make appropriate adjustments to the project development fee pricing caps within their Affordability Cap.

4. Controls

The performance of hubco in delivering a Stage 1 submission is controlled by fees, timescales and quality thresholds defined in the TPA. Each of these is linked to Key Performance Indicators by which the Territory Partnering Board measure the overall performance of the hubco. No such automatic controls exist if Strategic Support Services is used.

5. Comparison of Strategic Support Services with a New Project Request and hub Stage 1

There follows a matrix which, for typical project development elements, provides some narrative on the relative merits of using Strategic Support Services or alternatively instigating Stage 1 work via a New Project Request

<u>Project Element</u>	<u>Using Strategic Support Services</u>	<u>Using NPR and hub Stage 1</u>
<u>Master Planning</u>	A typical use of Strategic Support Services. A procuring authority should ensure scope and deliverables are defined, and an appropriate appointment and fee arrangement are documented. Consideration needed as to whether hubco or the authority provides project management.	Not in the standard Stage 1 scope of work, but could be requested in an NPR as a specific requirement for an additional fee and with additional time. If this is done, hub will become responsible for the work. No additional appointment documentation is needed.
<u>Option Appraisals</u>	Typically used when alternative sites are being appraised. Scope and deliverables will need to be defined and an appointment drawn up to cover design liability etc. Consideration needed as to which party will provide project management.	Design options for a single site complying with the Project Brief <u>are</u> included in the Stage 1 scope. Typical Green Book option analysis is also included. Additional scope can be requested, as for master planning.
<u>Development of a Project Brief</u>	May be appropriate where a Participant requires support in generating a clear project brief. Particulars where an element of change, or new ways of operating, are being implemented. A procuring authority should ensure scope and deliverables are defined, and an appropriate appointment and fee arrangement are documented. Who provides project management?	Not in the standard Stage 1 scope, but some hub territories offer to provide free support in generating this information as part of a Stage 0 offering.
<u>Development of Project to RIBA Stage C Design</u>	All of the risk of design development meeting budget and brief; of time and of cost will sit with the participant unless bespoke appointments are made. There is no contractual commitment to meeting an Affordability Cap or to a Predicted Maximum Cost. Without the benefit of the protections afforded by the TPA a participant may incur extra expense and inconvenience from uncapped professional fees, abortive work, increased timescales and design iterations resulting from value engineering.	Stage 1 offers a comprehensive method statement, timetable, and schedules of deliverables including surveys, cost plans, a Predicted Maximum Cost, risk analysis and value for money demonstration, all within the Participants Affordability Cap. The design must be developed collaboratively.