

Report

Subject: : Feedback from the 4Ps on the Gateway 2 Review of Office Centralisation
Report to : The Cabinet
Date : Wednesday 15 November 2006
Author : Debbie Dixon
Cabinet Member for Resources : Cllr Don Culver

1. Purpose of Report:

The purpose of this report is to:

- i) Feedback the results of the review;
- ii) Seek Cabinet views on whether to invite the 4Ps back to review the project at a subsequent stage.

2. Background:

- 2.1. Cabinet will recall that the 4Ps (an organisation set up by the Local Government Association to offer support to councils on procurement and project management) previously undertook two reviews of the office project in May 2005. The outcome was reported to Cabinet in July 2005.
- 2.2. At that meeting Cabinet indicated their wish for the 4Ps to undertake another review at the next appropriate stage.

3. Feedback from the "Gateway" 2 Review

- 3.1. The review took place over three days in Oct/Nov 2006 and was conducted by a team of three.
- 3.2. The team conducted Gateway 2. This review focuses on:
 - i) confirming the outline business case;
 - ii) ensuring that the procurement strategy is robust and appropriate.
- 3.3. The reviews included an assessment of key documents and interviews with leading councillors, officers, members of the Design Team and the Trade Unions.



Awarded in:
Housing Services
Waste and Recycling Services



3.4. The output from the review is a report including recommendations and a traffic light rating (e.g. red, amber or green). The ratings are summarised as:

RED – to achieve success the project should take immediate action

AMBER – the project should go forward with actions or recommendations to be carried out before the next “Gateway” review

GREEN – the project is on target

3.5. The 4Ps report for office centralisation is included as Appendix 1. Officers are delighted to report that our “gate” 2 was rated “green”.

3.6. The results represent an excellent rating given that approximately 5% of reviews nationally are rated “green”.

4. Highlights of the report:

4.1. The 4Ps indicated that the project has a number of exemplars of good practice, including:

- New ways of working;
- The Business Case and associated financial planning;
- A positive working relationship between members and officers;
- Support from officers for the decision making process.

5. Recommendations:

5.1. Page 11 of the report contains two recommendations. These are:

- i) Refresh the Communication Strategy;
- ii) Prepare fully for the Full Council meeting.

Arrangements will be made on the first of these and preparations for the second recommendation are in place with the Portfolio Holder.

6. Benefits of the Review:

The review process and benefits will be discussed by councillors and officers at the next Improving Customer Services Board. It is anticipated that the Board are likely to recommend a “Gateway” 4 review in 2008.

7. Recommendations:

Cabinet are asked to:

- i) Note the feedback from the review;
- ii) Recommend that “Gateway” 4 is undertaken in 2008, subject to the views of the Improving Customer Services Board.

8. Implications:

- **Financial** : None.
- **Legal** : None.
- **Human Rights** : None.
- **Personnel** : None.
- **ICT** : None.
- **Community Safety**: None.
- **Environmental** : None.
- **Council’s Core Values** : Providing excellent service, wanting to be an open learning council.
- **Wards affected** : All, on completion of the project.

4ps Gateway Review 2 – Procurement Strategy

Version number: Final v1.0

Date of issue to PO: 1 November 2006

Authority: Salisbury District Council

4ps Gateway Review dates: 30, 31 October and 1 November 2006



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Background

The aims of the project:

The office centralisation project is one of a suite of projects that makes up Salisbury District Council's programme for improving customer services. It is the property project that supports new ways of working to provide better, more accessible services for customers.

The aim of the office centralisation project is to bring reception services and seven separate council offices onto one site. The council has key reasons for following this route as follows:

- To improve customer services through a one-stop shop for all services (in place of the receptions operated from within four of the seven offices).
- To achieve cost savings through the reduction of duplication, improved productivity, reduced running costs, and sale of surplus buildings enabling investment in enhancing and preserving the Council House.
- To provide an accessible building for customers and staff, including those with disabilities (and thereby comply with the Disability Discrimination Act).

The driving force for the project:

The project is underpinned by several issues that the council wishes to address such as the aim to become an excellent authority at their next Comprehensive Performance Assessment (CPA), which will require current service accessibility issues with their multi-site arrangements to be overcome; efficiency savings can be gained from centralisation of the council's operations; inter-departmental working and communications can improve on one site and the council's corporate capacity is weakened when spread across more than one location. These issues have all been commented upon through CPA and are recognised by the members and Management Team as key for Salisbury District Council.

The procurement status:

The tenders for the main contract works will be returned on 22 November 2006, with tenders for the enabling works due in on 1 November. The evaluation of tenders is due to be finalised to enable a report to Full Council on 11 December 2006 where Members will receive recommendations on the next steps in the procurement process.

Current position regarding 4ps Gateway Reviews:

The project received a Gate 0 and 1 review in May 2005. This made recommendations on the business case clarity, human resources strategy,

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management of the conservation and planning issues affecting the project, understanding customer needs and financial and risk management. The project received a "green" status for Gate 0 and an "amber" status for Gate 1 as the team determined that the project was mid way between gates. The council has addressed the issues raised in the Gate 1 review.

Purposes and conduct of the 4ps Gateway Review

Purposes of the 4ps Gateway Review

The primary purposes of a 4ps Gateway Review 2 is to confirm the outline business case now that the project is fully defined and ensure that the procurement strategy is robust and appropriate.

Appendix A gives the full purposes statement for a 4ps Gateway Review 2.

Conduct of the 4ps Gateway Review

This 4ps Gateway Review 2 was carried out from 30 October 2006 to 1 November 2006 at Salisbury District Council's offices in Endless Street, Salisbury. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The review team would like to thank Debbie Dixon, Graham Creasey, elected members and the project team for their support and openness, which has contributed to the clarity of understanding of the project and the final report. Our thanks also go to Joanne Crossen for making the arrangements for the review and helping things to run smoothly.

Conclusion

The review team finds that the project is well managed and on track for success. The next few months will be a significant period for the project, but the council and the external design team are managing risks and taking appropriate steps for mitigation to maintain control of the project.

In conducting this review, the team has found a number of instances of good practice:

- Financial management is of a very high standard and provides the council with flexibility going forward
- Flexible working policies have been implemented well and take up is good so far. The council has also taken part in work by the South West Flexible Working Group enabling them to share and benefit from best practice
- Business improvement is leading the change agenda and is customer focused
- Good working relationship between Members and officers involved in the project
- The Business Case is of high quality and demonstrates sound business need.

A summary of recommendations can be found in Appendix C.

Status

The overall status of the project is **Green** - as defined below.

Red – To achieve success the project should take action immediately.

Amber – The project should go forward with actions on recommendations to be carried out before the next 4ps Gateway Review of the project.

Green – The project is on target to succeed but may benefit from the uptake of recommendations.

Findings and recommendations

1: Business case and stakeholders

The overall business case for the project remains valid and support for the scheme is high both with Members and officers. There continues to be a vociferous minority of objectors and this has included activities such as a public march and attendance at the various planning committee meetings. The council has put plans in place to respond to residents near the Bourne Hill site and to mitigate potential future objections wherever possible.

Given the activities of objectors to date and the tight timescales ahead leading to the Full Council meeting on 11 December 2006, good and timely communications and thorough planning for the meeting will be paramount.

Communications to date with internal and external stakeholders have been well received in the main. Internally, the review team has heard that staff appreciate the level of communication, but in the current climate of change and uncertainty they would like a more focused approach to help them to prioritise the messages and information. Outside the immediate project, a general staff survey found that staff would like more communication opportunities with their heads of service, and the review team has heard from interviewees that the upcoming report on the administration and business support function could provide a vehicle for refreshing communications activity via heads of service.

Recommendation – the council should use the administration and business support project as an opportunity to refresh their communications with staff to support them with change going forward.

2: Procurement approach

The work by the council to achieve a comprehensive set of tender documents to alleviate uncertainty has been very thorough, including work to specify the quality of materials and finish that the council is expecting in this landmark building. In order to ensure that the bidders have understood the quality required, the council has kept up a dialogue with bidders throughout the tender period to keep this in check, and will continue to do so until bids are returned.

The real uncertainty is around price as, until the tenders are returned on 22 November 2006, the financial plan cannot be finalised and the council cannot be certain what, if any, further negotiation will need to take place.

To assist them with the next stages the council has prepared mitigation plans and planned for various options. The design team is also ready to act quickly with tender evaluation, even though the timescales are challenging. The project owner plans to report to Full Council on 11 December 2006.

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As well as preparing the tender documents well, the council has modelled the options they may have open to them post tender return so that they can keep to programme, whilst responding to whatever the price may be.

Members have been well briefed on procurement and took part in workshops and awaydays to approve the procurement strategy and they remain pragmatic and realistic about their options.

3: Review of current phase

Project management of the project continues to be of a very high standard with excellent use of external advisors. The procurement process has been well planned and controlled, and financial planning, covered in more detail below, is very good. Given that the most significant risks going forward are around uncertainty about the Georgian house and price in general, it will be important for the project team to remain focused on keeping change to a minimum following detailed specification and design work.

Another aspect of the current phase has been the preparation for a response to all the planning conditions attached to the planning consent for the project. The council has involved planning consultants in the project and the preparation of a detailed environmental impact assessment means that the bulk of the information required to satisfy planning conditions is available, but needs to be project managed to be released at the right time. The external project manager is coordinating this piece of work for the council.

4: Risk management

As mentioned above, the review team has heard that the most significant risks are:

- Tender price being unaffordable
- Tenders being out of alignment in terms of quality/coverage
- Unforeseen costs within the restoration of Bourne Hill House

In order to mitigate these risks the council has prepared detailed plans for how they will deal as many of the possibilities as they can. The financial planning and modelling has been done to a very high standard and demonstrates a clever and thorough approach to the use of the Prudential Code, including the pay back of capital funding over the life of the project and careful planning for use of efficiency savings. Members and officers have a very good understanding of the funding requirements for the project and are clear on the path they wish to follow to achieve the project.

The tenders will come back in less than 3 weeks with a 2-week evaluation period. Whilst preparation is in hand for this work, the scale of the task should not be underestimated and the Full Council meeting will be a key milestone for the council. In order to move forward, the project team and Members will need to plan for this meeting extremely thoroughly to take into account the way in

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which any recommendations will be worded, how any objections will be handled and how the communications strategy will be delivered.

Recommendation – the council should prepare thoroughly for the Full Council meeting in December in terms of reporting, communications and mitigation.

5: Readiness for next phase – investment decision

The council hopes to make a decision on contractors in December at Full Council and is mindful that they have set themselves a challenging timetable. This has been driven by the desire to get the project to a stage where construction works have started. Members are fully aware that this is a tight timescale, but have taken their decisions in a measured and considered way.

Officers are supporting Members with detailed plans for the next stages of the project. This has been in the context of significant changes at senior officer level in the council, placing some pressure on the project team. Members acknowledge this and have told the review team how appreciative they are of the efforts of the project team. Interim arrangements are being made to help fill the gap at senior management level.

In the context of the project, the project team and Members need to be mindful that resources will need to be made available to guide them to the next stage and ensure the tender evaluation is undertaken fully. The external project team will support this process.

Alongside the project, the council has undertaken a range of supporting projects to prepare them for the new location including:

- new ways of working
- business process improvement
- customer services and contact centre working
- setting occupancy targets for each unit

These projects have progressed well, with 10% of staff already taking up options in the flexible working programme, some units have already achieved their occupancy targets and a report on improving administration and business support provision in the council goes to Cabinet in November 2006.

The council has also made good progress with its Asset Disposal Strategy, having banked half of the expected £8m of capital receipts required to contribute to the funding of the project. The development brief for the swimming pool site will be considered by Cabinet on 15 November.

The next 4ps Gateway Review is expected in June 2008, when the detailed fitting out of the new offices is about to get underway. This would be a Gate 4.

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The review team feels that the council is well advanced towards Gate 3, investment decision, and a formal Gateway Review for Gate 3 would not be appropriate. Gate 4, however, would be useful in supporting the council to consider whether the detailed design and fit-out plans for the inside of the building are still fit for purpose in 2008 and take into account changes in customer need and technological advances by that date.

APPENDIX A

Purpose of 4ps Gateway Review 2: Procurement strategy

- Confirm the Outline Business Case now the project is fully defined.
- Ensure that the procurement strategy is robust and appropriate.
- Ensure that the project's plan through to completion is appropriately detailed and realistic, including the contract management strategy.
- Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.
- Confirm funding availability for the whole project.
- Confirm that the development and delivery approach and mechanisms are still appropriate and manageable.
- Check that the supplier market capability and track record are fully understood (or existing supplier's capability and performance).
- Confirm that the project will facilitate good client/supplier relationships in accordance with government initiatives such as Achieving Excellence in Construction.
- Confirm that there is an appropriate procurement plan in place that will keep procurement timescales to a minimum.
- Confirm that appropriate project performance measures and tools are being used.
- Confirm that quality procedures have been applied consistently since the previous review.
- For IT-enabled projects, confirm compliance with IT security requirements.
- For construction projects, confirm compliance with health and safety and sustainability requirements.

APPENDIX B

Interviewees

NAME	ROLE
Debbie Dixon	Project Owner
Mark Wareham	Unison
Jenny Marshall	T&GWU
Graham Creasey	Project Manager
Elaine Milton	Conservation Officer
Cllr Don Culver	Resources Portfolio Holder
Stephen Hadley	Project Architect
John Crawford	Head of Legal; & Property Services
Cllr Richard Britton	Leader of the Council
Alan Osborne	Head of Financial Services
Andrea Glover	Employee Relations Officer
Helen Frances	Head of Customer Services
Cllr Murial Tomlinson	Chair of Resources Overview & Scrutiny Panel
Andrew Burgess	Planning Consultant
Hadyn Beer	Quantity Surveyor
Peter Nicholl	Nisbet (Project Managers)

APPENDIX C

Summary of recommendations

Red – Take action immediately.

Amber – Take action by the next 4ps Gateway Review.

Green – Take action as required.

		Status (if appropriate)
Ref. No.	Recommendation	R/A/G
1.	Refresh the communications strategy	G
2.	Prepare thoroughly for the Full Council meeting	G

NB: Full R/A/G definitions can be found in the status section.