

DIRECTLY FUNDED HOUSING DELIVERY PROGRAMME: PHASE 1B

Information on the Improvement and Efficiency South East (IESE) regional frameworks

1. The Improvement & Efficiency South East (iESE) regional framework arrangements were established in 2007 by OGC Buying Solutions (now known as the Government Procurement Services (GPS) in conjunction with a consortium of public bodies in the south-east region led by Hampshire County Council in order to assist authorities in the efficient and effective delivery of construction projects of over £1 million in value, including for civic offices.
2. The arrangements comprise two regional frameworks:
 - Construction framework with eight contractors
 - Professional consultancy framework with twelve multi-disciplinary professional consultants (based on the GPS framework)
3. Southwark Council is one of over 70 public sector organisations eligible to use of the arrangements.
4. An examination of the iESE framework arrangements originally carried out for the Queens Road office accommodation fit-out project in liaison with the director of legal services (acting through the contracts section of the corporate team) and corporate procurement, concluded that use of the iESE framework arrangements would be an acceptable procurement vehicle, in principle. There were concerns that the criteria used by IESE and GPS in the selection of firms on their respective panels may not fully meet the council's standards, particularly in respect of health and safety and equalities. This has been overcome, however, by obtaining further particulars from short listed firms in the selection process to ensure compliance in these areas.
5. Use of the iESE framework arrangements for professional services and construction for the Queens Road office accommodation fit-out project, with a construction cost of approximately £4.2 million, proved to be successful in delivering a fast track programme on time, within budget and an end product to a high standard. Since then, the iESE framework have been used, so far successfully, on a number of other projects, including amongst others a second phase of office accommodation fit-out at Queens Road (construction value £1.8m) and the directly funded housing delivery programme Phase 1A projects at Willow Walk (£6.2m) and Nunhead Green Site B (£1.6m).
6. Some of the potential benefits of using the iESE framework arrangements include:
 - the time and cost of running tender processes in compliance with to the Public Contracts Regulations 2006 is avoided as the iESE framework arrangements already comply

- The overall arrangements comprise a separate framework each for lead consultant and contractor, including capable firms experienced in delivering public sector contracts
 - flexibility in the choice of form of contract, including design and build
 - early involvement of the contractor by means of a transparent two-stage appointment process, facilitating a highly integrated design and build approach
 - active promotion of value for money, cost and programme certainty, high quality performance and effective control of risk through benchmarking and performance management
 - promotion of employment and training opportunities
 - access to the Strategic Alliance for Value and Efficiency (SAVE) scheme which offers discount on the eighteen most common packages of works procured by the eight iESE framework contractors. The framework arrangements and processes offer flexibility in the choice of form of contract
7. A mandatory feature of the iESE framework arrangements is the early involvement of the contractor by means of a transparent, two-stage process, comprising:
- Stage 1 (pre-construction) when the framework contractor, who is selected by means of a mini competition based on their competitively tendered core costs (i.e. for overheads and profit) and quality criteria set by the contracting authority to reflect critical success factors relevant to the specific project. During Stage 1, the contractor advises on buildability, packages the works and obtains competitive prices (using a transparent process) which, together with their core costs, convert to a total lump sum price for construction. Value engineering is undertaken as necessary to ensure that the contracting authority's budget is not exceeded. In any event, there is no obligation on the part of the contracting authority to proceed beyond Stage 1 if it so chooses.
 - Stage 2 (construction) when, subject to the formal decision of the contracting authority to proceed (Gateway 2), the framework contractor is appointed (using the contracting authority's preferred terms and conditions of contract) and executes the construction works through to completion and final account.
8. The pricing of the iESE framework arrangements is considered to be competitive and to offer good value for money. The professional consultancy framework was tendered approximately one year ago, coinciding with a construction industry downturn and fee rates reflect the fiercely competitive economic climate at that time. Although the contractor framework was tendered approximately four years ago, core costs covering management overheads and profit have been re-tendered more recently to take account of the changed market conditions. The cost of works under the iESE framework procedures is established by the transparent competitive tendering of works packages in order to obtain the best value offer.

9. The development of a project based on the proposed procurement route using the iESE framework arrangements follows a highly integrated design and build approach, typically comprising the following activities:

Activities		Responsibility
STAGE 1: Pre-construction		
1.	Procure and appoint professional design consultant team, subject to Gateway 2 approval (this report).	Client
2.	Undertake scheme appraisal and prepare a report with recommended next steps for client sign-off.	Consultant
3.	Instruct consultant on how to proceed.	Client
4.	Procure and appoint contractor for pre-construction services, subject to Gateway 2 approval.	Client
5.	Develop scheme design up to RIBA Work Stage D+ and obtain planning consent.	Consultant
6.	Prepare Employer's Requirements for main contract works	Consultant
7.	Develop detailed design to RIBA Work Stages E & F, package and obtain competitive prices for main contract works.	Contractor
8.	Submit Contractor's Proposals for main contract works.	Contractor
9.	Evaluate Contractor's Proposals for contract works	Consultant/Client
10.	Obtain Gateway 2 approval to proceed to STAGE 2.	Client
STAGE 2: Construction		
11.	Appoint contractor for main contract works, subject to Gateway 2 approval.	Client
12.	Oversee main contract works as Employer's Agent and act as technical/design advisor to the Council	Consultant
13.	Mobilisation	Contractor
14.	Site operations	Contractor
15.	Completion/Ready for use	Consultant/Contractor

10. Further details on the iESE framework arrangements are given in the brochure on benefits attached to this report.

11. List of framework consultants:

- Capita Symonds
- Drivers Jonas Deloitte
- E C Harris
- Faithful & Gould
- Gardiner & Theobald
- Jacobs
- Lend Lease
- Mace
- Mott MacDonald
- Pick Everard
- Rider Levett Bucknell

- Turner & Townsend

12. List of framework contractors:

- Bam
- Leadbitter
- Mace
- Mansell
- Miller
- Morgan Sindall
- Osborne
- Willmott Dixon

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