

National Health Service in Scotland
Management ExecutiveSt. Andrew's House
Edinburgh EH1 3DGSIR MICHAEL LATHAM'S REPORT "CONSTRUCTING
THE TEAM"

1. The purpose of this letter is to encourage individual actions that support the implementation of Sir Michael Latham's Report, "Constructing the Team", whilst the broader steps to secure the report's implementation are being pursued.

Background

2. You will already be aware of Sir Michael Latham's Final Report of the Government/Industry Review of Procurement and Contractual Arrangements in the UK Construction Industry. The Report has received extensive coverage particularly in the technical press. It is also the current subject of many seminars and conferences.

3. Viscount Ullswater, Minister of State with responsibility for construction at the Department of the Environment, has welcomed the Report and has said that the Government will play its part in implementing the recommendations. Implementation is currently under action and involves a Review Implementation Forum, Task Forces, and a Cabinet Office Efficiency Unit 90 day multi-departmental review of the government's role in the procurement of construction work.

4. The government has already committed itself to one of the report's central recommendations, namely that it should be a best practice client of the industry.

Best Practice Client: Interim Actions

5. The Report identifies the industry's clients, both public and private sector, as pivotal in the successful implementation of the recommendations. For example, it states that, "**Implementation begins with clients. Clients are at the core of the process and their needs must be met by the industry**". And again "**Government Departments - and the wider public sector - should deliberately set out to**

21 December 1994**Addressees**For Action:Chief Executives
NHS TrustsActing Chief Executives
Shadow NHS TrustsGeneral Managers
Health BoardsUnit General Managers
Island Health BoardsGeneral Manager
Common Services AgencyGeneral Manager
State Hospital**Enquiries to:**Mr Jim McCulloch
Management Executive
Directorate of Trusts
Estates Division
Room 354
St Andrew's House
Edinburgh
EH1 3DG

Tel: 031-244 2084

Fax: 031-244 2323

use their spending power not only to obtain value for money for a particular project but also to assist the productivity and competitiveness of the construction industry, and thereby obtain better value for money in the longer term".

6. Another passage from the Report touching on the responsibility of a best practice client for patronage and good design is also worth repeating, "Performance, efficiency, fairness and team work are the principle concerns of this Review. But there is a significant role for clients in promoting good design. It does not necessarily involve high cost. Good design will provide value for money in terms of both total cost and cost in use. The energy and maintenance equations should be uppermost in the minds of the client and the designer, as well as the appearance of the facade and the effective use of space".

Comment: The promotion of good design was the subject of "Better by Design - Pursuit of Excellence in Healthcare Buildings" produced by NHS Estates and brought to your attention under cover of the Chief Executive's letter of 26 August 1994.

7. Against this backcloth NHS Trusts and other health bodies should look at their current practices as clients of the construction industry and, where possible, do what they can to support the Report's implementation now. A number of the Report's recommendations related to client responsibilities are highlighted below.

Register for Consultants and Quality/Price Assessment

8. The Report recommends that DOE should compile a register of consultant firms seeking public sector work in the United Kingdom, and that it should be based on ConReg.

Comment: The Scottish Office has access to the Department of Environment's Consultants Register (ConReg). Whilst the Report's recommendations are being followed up, it has been agreed that advice on consultants on ConReg should be made available to Trusts etc. Further information on this will be sent to colleagues next month.

9. The Report also recommends that a small task force should be set up by the DOE in conjunction with other public and private clients and the Construction Industry Council to choose and then endorse a specific quality and price assessment mechanism for the engagement of professional consultants.

Comment: Whilst that work is being undertaken, your attention is drawn to "Better By Design - Pursuit of Excellence in Healthcare Buildings" and in particular to appendix 3, "A Model 2-Stage Selection Process Combining Quality and Cost", reproduced here as Annex A by permission of NHS Estates.

Main Contractors' and Sub-Contractors' List

10. The Report recommends that the DOE's CMIS list should be developed to become a single source from which contractors seeking to do work with any public sector body should be drawn. Entry to CMIS to be

based on a single qualification document for contractors seeking to do work for any public sector body.

Comment: This recommendation expands upon current usage of CMIS (DOE's Contractors Management Information System). In the meantime, and until such a national system is set up, NHS Trusts etc already have access to CMIS (MEL(1993)50 and EPM(1994)8 refers)

Tendering

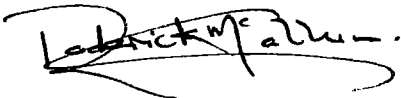
11. The Report also recommends that clients should adhere to the recommended number of tenders for single stage tendering in the NJCC Code of Procedure and that as a general rule, clients subject to European Union legislation should not use open tendering procedures.

Comment: This recommendations applies to "traditional" works contract procurement strategies and existing Scottish Office guidance is consistent with it.

Conclusion

12. The foregoing should be seen as indicative of the Government's commitment to support the implementation of the Report. Further guidance will be issued as soon as it is available. However, as potentially important clients of the construction industry and as owners and occupiers of buildings which can contribute to the efficient delivery of healthcare and provide a supportive environment, your own actions, now and in the future, will be vitally important in the delivery of the real changes and improvements required.

Yours sincerely



H R McCALLUM
Directorate of Trusts, Estates Division

A MODEL TWO-STAGE SELECTION PROCESS

combining quality and cost

THIS PROCESS MAY BE USED BY CLIENTS WHO ARE WARY OF THE POTENTIALLY DAMAGING EFFECTS ON QUALITY OF UNQUALIFIED FEE BIDDING, BUT WHO DO NOT HAVE THE TIME AND/OR INCLINATION TO HOLD A DESIGN COMPETITION.

STEP ONE

THE CLIENT (ASSISTED BY THE CONSULTANT AND PROJECT MANAGER, IF APPLICABLE) COMPILES A LIST OF SUITABLE DESIGN CONSULTANTS. THE LIST SHOULD BE BETWEEN FOUR AND EIGHT FIRMS FROM EACH DISCIPLINE. IF VALUE DICTATES, THE PROJECT MUST BE ADVERTISED IN THE EC JOURNAL AND A MINIMUM OF FIVE FIRMS SHOULD BE INCLUDED ON THIS LIST (FOR EACH DISCIPLINE).

STEP TWO

EACH LISTED FIRM IS SENT THE PROJECT BRIEF AND ASKED TO SUBMIT A PROPOSAL, SPECIFICALLY TAILORED TO THE PROJECT, CONTAINING:

- A BRIEF DESCRIPTION OF THE FIRM, HIGHLIGHTING RELEVANT EXPERIENCE;
- A DESCRIPTION OF THE ROLES OF THE KEY PERSONNEL PROPOSED, PLUS THEIR CVs;
- A PROJECT METHODOLOGY, SETTING OUT HOW THE PROJECT WOULD BE DESIGNED AND MANAGED;
- ANSWERS TO KEY RELEVANT QUESTIONS RELATING SPECIFICALLY TO THE PROJECT, FOR EXAMPLE ADVICE ON SUITABLE BUILDING CONTRACT TYPES.

THE PROJECT PROPOSAL SHOULD NOT EXCEED TEN SIDES OF A4 TO ENSURE THAT RESPONSES ARE FOCUSED AND THAT THE ASSESSMENT PROCEDURE IS SIMPLIFIED.

STEP THREE

THE CLIENT AND PROJECT MANAGER EVALUATE THE PROJECT PROPOSALS AGAINST A PREDETERMINED SET OF CRITERIA. THEY THEN SELECT A SHORTLIST OF FIRMS FROM EACH DISCIPLINE AND INVITE THEM TO ATTEND AN INTERVIEW WITH RELEVANT MEMBERS OF THE CLIENT BODY.

THE INVITATION FOR INTERVIEW SHOULD MAKE IT CLEAR WHAT SPECIFIC ISSUES WILL BE ADDRESSED, THE LENGTH OF THE INTERVIEW AND WHO IS EXPECTED TO ATTEND. THE INTENDED LEAD PROFESSIONAL DIRECTLY RESPONSIBLE FOR THE PROJECT AND THE PROJECT PROFESSIONAL (FOR EXAMPLE THE PROJECT ENGINEER) SHOULD BE INVITED.

STEP FOUR

THE INTERVIEW PANEL MUST BE CONSISTENT FOR ALL INTERVIEWS.

INTERVIEW ASSESSMENT MUST FOLLOW IMMEDIATELY AND EVALUATION FORMS MUST BE COMPLETED BEFORE INTERVIEWING THE NEXT CONSULTANT.

AN INTERVIEW ASSESSMENT PROFORMA STATES THE KEY CRITERIA TO BE ADDRESSED. A WEIGHTING IS APPLIED FOR EACH CRITERION AND EACH MEMBER OF THE INTERVIEW PANEL ASSESSES THE PERFORMANCE OF THE CONSULTANTS ON A SCALE OF, SAY, 1 TO 10. THE SCORE IS THEN MULTIPLIED BY EACH WEIGHTING TO GIVE A TOTAL SCORE. AT THE END OF ALL INTERVIEWS EACH CONSULTANT'S PERFORMANCE IS AGAIN REVIEWED AND SCORES ADJUSTED.

THE FIRMS WITH THE HIGHEST SCORES ARE THEN INVITED TO TENDER, NORMALLY A MINIMUM OF FOUR (MINIMUM OF FIVE IF THE EC DIRECTIVE APPLIES). THEY SHOULD BE ASKED TO SUBMIT A RESOURCES CHART SHOWING IN DETAIL THE PROPOSED PERSONNEL AND THE NUMBER OF HOURS ALLOCATED TO EACH STAGE OF THE PROJECT.

APPENDIX THREE

STEP FIVE

THE FINAL SELECTION IS BASED UPON AN EVALUATION OF FEE OFFERS INVOLVING QUALITATIVE AND FINANCIAL CRITERIA TO DETERMINE VALUE FOR MONEY. THE QUALITATIVE CRITERIA SHOULD INCLUDE:

- EVALUATION OF PROJECT PROPOSALS
- PERFORMANCE AT INTERVIEW
- EVALUATION OF RESOURCES OFFERED.

SEE ALSO: THE ASSOCIATION OF CONSULTING ENGINEERS "BALANCING QUALITY AND PRICE", VALUE ASSESSMENT AND THE SELECTION OF CONSULTING ENGINEERS.