The ProCure21+ Guide
Achieving Excellence in NHS Construction
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1.0 Introduction to the Guide

Welcome to the ProCure21+ Guide. This is the definitive introduction to the ProCure21+ framework and procurement process.

It has been written to introduce NHS Clients and Supply Chain Partners to the principles of the framework, the detail of the procurement process, and the support available. The document was produced by the ProCure21+ team at the Department of Health together with their advisors, and represents the best knowledge available at the point of authoring. The ProCure21+ Guide will remain at the centre of all ProCure21+ guidance, but will be augmented over time by the wider ProCure21+ community, particularly those delivering schemes who want to share their expertise across the framework.

It is anticipated that all Clients and supply chains will use the ProCure21+ Guide as a first point of reference when developing a scheme. However, nothing in this Guide overrides the framework agreement or the requirement to adhere to procurement regulations. Clients and supply chains should also be aware this Guide is for guidance only and should not be used for legal advice on the determination of a course of action, or as defence in case of protest by a third party.

The Guide is structured to reflect the development of a scheme and so has a chronological order. But there are some elements of ProCure21+ that do not naturally fit in this structure so they have been introduced at the most suitable point. The reader should read the whole of this Guide before beginning to develop a scheme.

The Guide is in development. There are many elements of ProCure21+ that have not been addressed at this early stage, but as the framework develops, so will this Guide. To make sure you have the latest version, please keep an eye on the ProCure21+ website at www.procure21plus.nhs.uk and/or send us your email details so we may let you know when there has been a revision.

If you have any suggestions on how to improve this guide then please email Julian Colaco at the Department of Health on julian.colaco@dh.gsi.gov.uk.
1.1 Executive Summary

1.1.1 Introduction and policy background

Following the Egan Report in 1998 (Rethinking Construction by Sir John Egan) the public sector recognised that significant benefits could be realised on capital schemes through collaborative working between Clients and the Supply Chains. One of the key elements of this was to adapt and apply principles, practices and processes that made other industries more efficient and successful.

The Department of Health responded to the Egan Report by commissioning a framework to improve the procurement process for publicly funded schemes and create an environment where more value could be realised from collaboration between NHS Client and Construction Supplier Chains.

The ProCure21 National Framework was launched in 2003, and following a two-year extension in 2008 came to a conclusion in September 2010. It was one of the first construction frameworks of its kind in the public sector and was used as a basis for similar frameworks in Scotland and Wales. Other countries internationally (e.g. South Africa, China, Australia) also developed frameworks of similar type. ProCure21 was supported and promoted as a case study in best practice by HM Treasury, the National Audit Office, Department of Business and the Office of Government Commerce. Although it was not made mandatory by the Department of Health, 572 schemes were registered, collectively worth nearly £4bn.

ProCure21 enabled NHS Clients to achieve improved levels of performance and value for money than those historically achieved using what is referred to as “traditional tendering”. Schemes were delivered faster, on time and within budget without affecting functionality or quality. Patients were able to access care faster and NHS Clients were able to generate additional revenue. NHS Clients are offered cost-certainty and a much reduced chance of litigation. There was no litigation on any ProCure21 scheme.

A summary of the key ProCure21 key performance indicator results can be seen below.

Related publications

- Rethinking Construction by Sir John Egan (DTI, 1998)
- Never Waste a Good Crisis – a Challenge to the UK Construction Industry by Sir Andrew Wolstenholme (Constructing Excellence, 2009) (this is a recent update on progress on the Egan recommendations)
- Common Minimum Standards for the procurement of built environments in the public sector (OGC, 2010)
In 2008 the development process for ProCure21+ started. It was important that the fundamental principles of ProCure21 remained in place, but were updated to reflect the changing policy landscape, NHS structure, economic environment, Client demands and changes in procurement practice. On this basis, the High Level Requirements for the framework were developed.

Readers of this Guide should be aware that ProCure21+ is a new and different framework to P21 and should be approached differently. Although the underlying principles have not fundamentally changed, some of the contract provisions, guidance and processes have.

A consultation process was undertaken by the Department of Health with NHS Clients and the construction industry that informed the strategy and detailed content of the ProCure21+ framework.

1.1.2 Objectives of the ProCure21+ National Framework

The ProCure21+ procurement process builds on the benefits and successes that ProCure21 has delivered over the past seven years, while satisfying the core objective of delivering improved value for money in healthcare capital projects.

Six Principal Supply Chain Partners (PSCPs) have signed a framework agreement with the Secretary of State for Health (SoSH). The objectives of the framework are as follows:

- Provide NHS Clients (and named partners) with access to pre-approved supply chains for capital works;
- Foster collaboration between NHS Clients and PSCPs to improve performance, maximise value and deliver genuine mutual benefit for all in a patient-centred environment;
- Instil good project management technique;
• Provide transparency and understanding between NHS Clients and PSCPs and their Supply Chains through the application of ‘open book’ principles in all areas. This includes open-book accounting, access to processes, procedures, information, etc;

• Ensure that NHS Clients and the Supply Chains they select have the right experience and training to ensure they can deliver effective healthcare schemes;

• Involve PSCPs and their Supply Chains early in the project to build more effective teams, deliver added value/improved value for money and ensure a scheme design makes best use of the right resources during its development, thereby avoiding problems during construction;

• Address whole life/operational cost issues with tried and tested methods and supporting data;

• Improve risk management;

• Provide sustainable energy and carbon-efficient solutions that are based on proven and reliable evidence of performance;

• Encourage continuous improvement within Clients and PSCPs (and their Supply Chains) through lessons learned, repeated working relationships and improved cultural understanding;

• Encourage active supply chain management to drive efficiency through the reduction of unnecessary overheads, sharing of best practice and collaborative working practices between:
  • NHS Clients and PSCPs, and between PSCPs; and
  • PSCPs and their Supply Chains; and
  • Within Supply Chains.

• Providing a VAT recovery service in accordance with the requirements of the ProCure21+ National Framework VAT recovery guidance.

1.2 Principles and features of the framework

ProCure21+ is aligned to the principles of the OGC Common Minimum Standards which is mandatory for all public sector organisations. It is compliant with HM Treasury guidance and is Department of Health policy for all publicly funded NHS capital schemes.

As with ProCure21, there is a commitment to partnering (long-term relationships), collaborative working, integrated supply chains, and the use of target cost contracts. ProCure21+ represents industry best practice and guards against the poor practice and risks that that are associated with traditional methods of procurement. ProCure21+ reduces the NHS Client’s exposure to risk and offers an open, honest and fair profit to appointed sustainable Supply Chains.
ProCure21+ embodies the following principles:

- A single consistent method for the delivery of schemes for NHS Clients, developed with input from NHS Clients, the PSCPs and their Supply Chains;
- A commitment to partnering, collaborative working and long-term relationships. Relationships should be based on fair reward and supported by structured performance management;
- An open, honest and transparent relationship with clear accountability;
- Adherence to good project management through the NHS Client Charter;
- Management based on proactive consideration of activities, resources, risks and issues;
- A commitment to follow the ProCure21+ process and the effective application of the NEC3 Contracts amended for ProCure21+;
- Effective performance management throughout the supply chain;
- The use of targeted training for NHS Clients, their professional advisors and the ProCure21+ Supply Chains to implement ProCure21+ consistently;
- Sustainable supply chains and construction that achieves consistently high BREEAM ratings;
- Delivery of defect-free schemes;
- Effective management of risk by all parties using a single consistent approach to risk management;
- Sharing best practice to improve performance and deliver cost efficiencies across the framework;
- A commitment to measure and deliver value for money on all schemes in line with Government policy and guidance.

1.2.1 Features of ProCure21+

ProCure21+ builds on the experience gained from the ProCure21 framework over the past seven years. A number of key features have been identified including:

1. **Tested.** A proven high quality procurement route, supported by the Department of Health, OGC, NAO, HM Treasury and professional bodies such as HEFMA and IHEEM.

2. **Flexible.** ProCure21+ is available for jointly funded ventures with the NHS. ProCure21+ is a procurement route rather than a funding route, offering more flexibility for Clients with available funds.

3. **Educated.** All new NHS Clients and Supply Chain staff taking part in their first ProCure21+ scheme will receive training to help them implement the scheme effectively. Each scheme will have a start-up workshop provided by the PSCP.
4 Assured. ProCure21+ applies a new suite of assurance and performance management procedures that enhances transparency and assists scheme management.

5 Accountable. Each ProCure21+ PSCP has nominated a board member accountable for the successful delivery of all their schemes.

6 Committed. ProCure21+ requires a commitment from the NHS Client to the NHS Client Charter, ensuring they follow good project management practice and the ProCure21+ procedures, and provide feedback to the Department of Health.

7 Integrated. ProCure21+ has a single comprehensive risk management process mandated on all schemes. Risk information will be shared across schemes.

8 Reviewed. Each ProCure21+ scheme is required to carry out post-project evaluation encouraging lessons and best practice to be captured, shared and integrated into subsequent schemes.

9 Recycled. Each ProCure21+ PSCP has identified a Best Practice Champion accountable for the recording, implementation and sharing of best practice on all schemes. The provision of a database of architectural information and drawings available for use free under the NHS royalty-free licence.

10 Transparent. ProCure21+ further enhances the level of transparency between Clients and suppliers by the sharing of scheme data across schemes and Supply Chains.

11 Challenging. ProCure21+ uses the NEC3 form of scheme contract to facilitate a challenging partnership.

12 Innovative. ProCure21+ supports the delivery of sustainable developments, use of local labour, skills transfer into local communities and the use of ‘green’ technologies.

13 Scaled. ProCure21+ offers a small works template that is ideal for maintenance, refurbishments and other small works packages under £1m.

14 Evaluated. ProCure21+ will offer NHS Clients the chance to measure value gained against initial criteria.

15 Recoverable. ProCure21+ will continue to offer a VAT service, saving NHS Client VAT recovery consultancy fees. PSCP organisation structures are compliant to ensure maximum VAT recovery.

1.3 Summary of the ProCure21+ process

This section is intended as a high-level summary of the ProCure21+ process. Further detail may be found in the linked guidance detailed below.
1.3.1 NHS Clients and ProCure21+

The ProCure21+ National Framework is a framework agreement with six Principal Supply Chain Partners (PSCPs) that have been selected via an OJEU tender process for capital investment construction schemes across England up to 2016. An NHS Client may select a PSCP for a project they wish to undertake without having to go through an OJEU procurement themselves. Use of the ProCure21+ framework and processes satisfies OJEU procurement requirements. The NHS Client and the PSCP follow the ProCure21+ procurement principles and process for design and construction of the proposed works as set out in the ProCure21+ NEC3 Contract Template and associated guidance. Training and implementation support is available from the ProCure21+ team throughout the all stages of the scheme.

ProCure21+ is a suitable procurement route for the following types of work:

- Service planning or reconfiguration reviews;
- Major works schemes (or refurbishments);
- Small works programmes, in which each task value does not exceed £1m;
- Refurbishments;
- Infrastructure upgrades (roads, plant, etc) and non-health buildings (car parks, etc)
- Feasibility studies.

ProCure21+ can be used by any NHS organisation or any non-NHS organisation collaborating with an NHS organisation for the provision of a facility that has a health component.

ProCure21+ does not facilitate the provision of funding. It is the responsibility of the Client to ensure adequate funding for the works is available when required.

Where an NHS Client is proposing to undertake a scheme and would like to learn more about the ProCure21+ process, they should contact their local Implementation Advisor (IA) first. If it is agreed that the NHS Client should go ahead with the scheme, the Client should register the proposed scheme on the ProCure21+ website. There is no commitment to proceed by registering the scheme, and the information stays confidential to the ProCure21+ team until the Client chooses to make it more widely visible. However, the NHS Client will be expected to agree to the NHS Client Charter as a condition of using ProCure21+.

Registered NHS Clients are encouraged to access the ProCure21+ Club to find information on projects similar to those that they are proposing to undertake. They should contact other NHS Clients to obtain their feedback on ProCure21+.
1.3.2 Selection and appointment of PSCP by an NHS Client

When selecting a Principal Supply Chain Partner (PSCP), NHS Clients should follow the process set out in the section ProCure21+ PSCP selection process for NHS Clients.

Some key points about the PSCP selection process are:

- The Implementation Advisor will support the Client in the engagement of ProCure21+, getting the required training and appointing the PSCP;
- Selection and appointment usually take 3-4 weeks. However, the NHS Client may wish to set the timescale for the process to suit their requirement;
- The selection process is compliant with European procurement regulations 2006 and 2009. Deviation from the process may lead to a non-compliant call-off. This is a NHS Client risk;
- The following summarises the ProCure21+ PSCP selection process for NHS Clients:
  - The Client agrees selection criteria and weightings;
  - Client releases a high-level information pack to all six PSCPs on the framework;
  - PSCPs send an expression of interest to the Client for evaluation. This is a gateway to the next stage of the selection process;
  - Client holds an open day (optional);
  - PSCPs are invited to interview for further probing of their expression of interest and to hear further proposals for the delivery of the scheme;
  - Client selects PSCP and issues a Letter of Appointment;
  - Client provides feedback to all tendering PSCPs.

1.3.3 Project start-up

Once the Letter of Appointment is issued, the Client and PSCP review the scheme and plan the first six to eight weeks. This will be agreed through the project start-up workshop. During or at the end of this period the NHS Client and PSCP should be in a position to agree and sign the ProCure21+ Form of Agreement to enable them to progress the project further. No further work should be undertaken after expiry of the period stated in the Letter of Appointment until the Form of Agreement is signed.

The PSCP is responsible for the provision of a project start-up workshop, for which there is a suggested agenda. Training needs will be identified, and training can either be sourced direct, through the PSCP or through the ProCure21+ Implementation Advisor (IA).

NHS Clients will need to ensure they appoint a project director, a project manager, supervisor and a cost advisor. These appointments should be made outside of the ProCure21+ process. NHS Clients will also need to identify whether they require...
the CDM duties to be undertaken by the Supply Chain (this is acceptable under
the requirements of the CDM Regulations) or if they intend to appoint a CDM co-
ordinator themselves. Suggested team structures are available.

1.3.4 Scheme development

The design development period covers PSCP appointment through to agreement of
the GMP and the start of construction. It includes the following:

- Investigation into service needs and alternative proposals for service
  reconfiguration;
- Finalisation of the brief;
- Development and approval of business cases (SOC, OBC, FBC);
- Engagement of the supply-chain and other stakeholders;
- Development of the preferred with design associated costs and a
  programme;
- Identification, allocation and management of risk;
- Development and agreement of the Guaranteed Maximum Price and
  Stage 4 contract documents.

Early engagement of the Supply Chain in the design development process offers the
following benefits:

- Providing access to the expertise within the Supply Chain at the earliest
  possible time to enable them to add value to the project as well as
  assist with any issues in respect of affordability or sustainability.
- The Supply Chain gains knowledge and understanding of the NHS
  Client and their requirements and their business.
- Improved designs and construction planning leading to improved
  efficiency on site which results in reduced construction periods,
  improved cost certainty, higher quality and better health and safety on
  site.
- Collaboration throughout the Supply Chain which assists the
  establishment of a proactive problem solving culture.

1.3.5 Managing a ProCure21+ project

ProCure21+ uses a bespoke version of the NEC3 Option C: Target Contract with
Activity Schedule. The NEC3 contract sets out the foundations for effective and
efficient management of a project to deliver it on time, within cost and to the quality
specified or better.

All parties should be engaged with the management of the contract documentation
and processes. Contractual roles are defined with associated timescales for actions
identified.
To assist with the effective administration of the contract processes, ProCure21+ has developed a set of ProCure21+ NEC3 Option C Contract Administration pro-formas that must be used in accordance with the provisions of the ProCure21+ NEC3 contract template.

It is important to note that the Works Information is a contractually binding document under the provisions of the NEC Contract.

Contract management systems are available to assist NHS Clients and PSCPs with managing and implementing the provisions of the contract. They may be either independent of, or form one element of, an overarching collaborative communication and data transfer/storage system. PSCPs have experience of using these systems, and can provide access should an NHS Client require it.

1.3.6 The Guaranteed Maximum Price (GMP)

The Guaranteed Maximum Price, or ‘target price’ as defined in the NEC3 contract, is the maximum price payable by the Client for the works as agreed at the time that the Stage 4 Form of Agreement is agreed.

Provision has been made for a gainshare as follows:

- If the outturn cost is below the GMP (up to a maximum of 5%) then the savings are shared 50:50 between the Client and the PSCP;
- If on completion of a project, if the outturn cost is higher than the GMP then 100% of the additional cost is payable by the PSCP (if there are no Client changes);
- Any additional savings below 95% of the GMP will be retained 100% by the Client.

Gainshare should be the result of more efficient methods of construction or alternative materials or designs that do not affect the quality or functionality of the completed project. A gainshare should not result from setting the GMP too high and ‘market testing’ works packages after the agreement of the GMP without any changes to the design or specification. In such a case, 100% of the savings will be returned to the Client.

1.3.7 Assurance

ProCure21+ operates a full ‘open book’ accounting system. All PSCPs have signed up to total disclosure on information, cost and processes. This also applies to the first tier of the Supply Chains (the Primary Supply Chain Members, or PSCMs).

ProCure21+ will be implementing a performance management plan throughout the life of the framework. Key elements of the plan are:

- Regular financial and systems audit of the PSCPs and selected Principal Supply Chain Members (PSCMs);
• Random scheme audits as part of the financial and systems audit;
• Key performance indicators for all schemes through benchmarking returns;
• Annual PSCP performance reviews;
• Monthly monitoring returns for all schemes.

The ProCure21+ Implementation Advisor team will work with the schemes to ensure that the principles and processes of ProCure21+ are being followed. They provide impartial advice on issues, and should be the first point of contact if issues cannot be resolved at a local level.

Each PSCP has a named board member who is responsible for the performance of the PSCP and their Supply Chain.

1.3.8 Commercial

As part of the tender process for the ProCure21+ framework, each of the PSCPs has completed and submitted a Bid Return Document (BRD) that details fees and rates over six project value bands. These rates and margins dictate the recovery of cost on all schemes throughout the life of the framework.

The rates and fees represent the market rates at the time of submission, and are continually monitored by the Department of Health. The ProCure21+ fees represent good value for money and are adjusted on a bi-annual basis according to the MIPS index.

Implementation Advisors are able to offer an introduction to fees and rates as required.

1.3.9 Takeover and final assessment

At completion, the project manager certifies takeover once it is agreed that the project is defect-free. Takeover should only be certified when all defects have been corrected (this includes provision of as-built drawings, operation manuals, etc, and the Client's project manager certifies the takeover date.

It is important to note that ProCure21+ provides for zero retention as well as a two-year defect liability period.

Because payment under NEC3 Option C is based on a formula of defined cost plus fee up to the GMP, then the submission and payment of the final assessment should not take long as the cost/time/quality effects of compensation events should have been ascertained and agreed at the time they were issued, in accordance with the contract provisions.
1.3.10 Information and performance review

ProCure21+ PSCPs and Clients are required to submit KPI data to the Department of Health. They will do so at GMP stage and at post-completion stage. This data helps the Department of Health manage the framework and provide Government with information on the good performance of ProCure21+ schemes.

Each scheme is required to go through a scheme-end review to ensure that lessons are recorded, best practice is identified and benefits for the Client and patient are clearly articulated.

1.3.11 Small works overview

ProCure21+ small works contract allows Clients to engage ProCure21+ PSCPs on programmes of small and maintenance works. Each task value must not exceed £1m.

It provides a consistent approach to managing a series of tasks under a single ProCure21+ scheme contract. It allows administration and programme management to be managed by the supply chain, offering the NHS Client speed and flexibility.

ProCure21+ small works contract uses the same experienced Supply Chains already approved for the major works programme. Clients are able to select their Supply Chain from the framework without having to fulfil full OJEU tender requirements. Clients can follow the ProCure21+ selection process, comply with legislation and demonstrate value for money (VfM).

Similarities to the major works programme do not end there. The small works contract continues to promote the principles of ProCure21+ throughout.

Features of the small works contract:

- Surety of cost, time and quality;
- Development of a common understanding of the scheme, its aims, roles and responsibilities;
- Collaborative working between the NHS and the construction industry;
- Guaranteed Maximum Price;
- Development of long-term relationships.

The small works contract brings an NHS Client and a PSCP together under the small works template of the ProCure21+ scheme contract for tasks under £1m over the period of one year. Once selected, the PSCP works with the Client project manager to develop a programme of tasks to be carried out though the year. They agree design and a target price for each task. Once the last notified task has been agreed, the value of all the tasks is calculated and a Guaranteed Maximum Price is derived.

The PSCP carries out the tasks. Each task’s cost is calculated against the agreed cost and the GMP. If the GMP is exceeded the PSCP has liability for the over-spend. If costs are targeted to fall short of the GMP, then the Client can programme in more tasks to ensure that spending capacity is maximised.
If the Client wants to add in an additional task that was not identified at the outset of the contract, they can easily do so by agreeing the design and cost for the task and adjusting the GMP accordingly.

A small works contract can be set up at any time, but it can be useful for the Client to align it with their maintenance budget allocation. If the Client is happy with the arrangement, it can set up new contracts to coincide with their allocation over subsequent years.

Why a Client might consider the small works contract:

- Dissatisfaction with traditional small works procurement;
- It provides a single solution for annual maintenance spend;
- It avoids the expense and resource needed for multiple/repetitive lengthy tendering requirements;
- NHS Clients can take advantage of their existing relationship with their ProCure21+ PSCP;
- The long-term relationship acts as an incentive to the PSCP for good performance;
- It facilitates a flexible programming of work;
- It provides or supports project management capacity in-house;
- It gives the Client the ability to use local supply chains under management of their PSCP.

Why a PSCP would offer a small works option:

- To offer a complete solution to the Client and invest in the relationship;
- To build a long-term relationship with the Client;
- To assist with staff planning and retention of Clients;
- Continuity of work between larger schemes;
- Increase knowledge of the Client and the estate;
- For a fair profit.
2.0  The ProCure21+ process

This section offers a high-level view of the ProCure21+ process, the activities necessary at each stage, the contract on which the scheme agreement is based, and performance management across the framework.

2.1  Summary of process

The following diagram represents the ProCure21+ process for a typical scheme. A Client may engage ProCure21+ in Stages 1, 2, or 3, ready for commencement of the construction Stage (Stage 4).

The earlier the Client engages ProCure21+, the more value can be added to a scheme by the process and the Supply Chain. Where a Client engages with ProCure21+ immediately prior to commencement of the construction Stage (Stage 4) then they will need to provide the PSCP selected with an opportunity to review the design and associated costs.

The Client and the PSCP agree a Form of Agreement (contract) upon selection for the intention of developing and constructing the scheme, and then sign Stage appendix agreements as they move through the ProCure21+ Stages and associated business case Stages.

Figure 2.1: ProCure21+ process for a typical scheme.
2.1.1 **Strategic Outline Case (SOC) (ProCure21+ Stage 1) key activities**

An ideal ProCure21+ scheme would engage the PSCP at this Stage. However, some Clients may prefer to engage slightly later, once they have developed a more detailed brief for a PSCP. The PSCPs have the resources necessary to assist a Client with the preparation of their SOC business case.

Under ProCure21+, the following activities are typical at SOC Stage:

- Identify strategic need;
- Undertake strategic review of service provision;
- Appoint a project director;
- Appoint a project manager (where this role is not to be undertaken by the project director);
- Establish project team structure and reporting mechanism;
- Define roles and responsibilities;
- Engage Design Review Panel from Department of Health;
- Appoint cost advisor;
- Appoint Client construction design management (CDM) co-ordinator (if not to be provided by the PSCP);
- Appoint PSCP;
- Develop and agree project execution plans, resource-loaded programme, priced activity schedule and expenditure forecast for stage and overall project;
- Sign Form of Agreement (NEC3 Option C) with PSCP (complete the ProCure21+ Works Information template);
- Manage project in accordance with NEC3 Option C Contract provisions and processes;
- Launch workshop and assess training need;
- Engage with stakeholders (patients, clinicians, visitors etc);
- Develop a strategic brief;
- Produce SOC information pack for approval;
- Agree resources and activities for the next Stage.

2.1.2 **Outline Business Case (OBC) (ProCure21+ Stage 2) key activities**

Where a Client has not engaged ProCure21+ at SOC Stage, some of the SOC tasks will be carried forward to the OBC Stage.
Typical activities up to approval of OBC are:

- Develop and agree project execution plans, resource-loaded programme, priced activity schedule and expenditure forecast for stage and overall project;
- Agree and sign Appendix A to the Form of Agreement – for the development of the works up to OBC approval with the PSCP;
- Manage project in accordance with NEC3 Option C contract provisions and processes;
- Identify core team members and carry out stakeholder analysis;
- Identify key scheme drivers and select available sites;
- Identify and review design options – engage with key stakeholders;
- Undertake financial appraisal;
- Review preferred option;
- Develop outline commissioning programme;
- Develop procurement strategy with the PSCP;
- Produce OBC documentation;
- Submit OBC for approval;
- Review performance against objectives;
- Agree next Stage activities and resource levels.

2.1.3 Full Business Case (FBC) (ProCure21+ Stage 3) key activities

The ProCure21+ FBC Stage requires that the Supply Chain has a robust brief, a costed activity schedule, agreed risk, and agreement of GMP prior to the construction Stage. Costs identified should reflect current market rates.

Typical activities for the FBC Stage under ProCure21+ are:

- Agree and sign Appendix B to the Form of Agreement, outlining works and associated resource for development up to the agreement of the GMP, approval of GMP and the start of construction (Stage 4);
- Manage project in accordance with NEC3 Option C contract provisions and processes;
- Develop and agree project execution plans, resource-loaded programme, priced activity schedule and expenditure forecast;
- Develop final design, ensuring affordability - engage stakeholders. Review against scheme and Client objectives;
- Manage and apportion risk;
- Sign off design and finalise works and site information;
- Market-test key work packages, and develop costings and expenditure forecast;
• Public information and consultation;
• Review outline commissioning programme and develop detailed commissioning programme;
• Produce Full Business Case for approval and agree GMP;
• Prepare contract documentation of signing of GMP;
• Agree activities and resource for the next Stage.

2.1.4 Stage 4 - Construction

• Agree and sign Appendix C to the Form of Agreement;
• Appoint PSCP as principal Contractor. Confirm PSCP appointment of CDM co-ordinator for this stage (where no alternative appointment is made by the Client);
• Integrate delivery team – ensure training and contract protocols for construction phase are set out and accepted by all team members (this includes all levels of the Supply Chain);
• Review risk and update register;
• Review health and safety plan;
• Ensure KPI and benchmarking information is submitted;
• Quality audit and checking – proactive resolution of defects;
• Agree resource-loaded programme, priced activity schedule and expenditure forecast;
• Review detailed commissioning programme including user familiarisation and training;
• Manage project in accordance with NEC3 Option C contract provisions and processes.

2.1.5 Takeover and final assessment – key activities

ProCure21+ places a requirement that those undertaking projects provide information on their projects after takeover by the Client. The post-completion period now mandates a post-project review against a standard agenda.

Typical activities at this stage are:
• Post-project review meeting (includes assessment of benefits realisation);
• Gather best practice and lessons learned, and submit to ProCure21+ database;
• Submit information to ProCure21+ for access by other Clients and Supply Chains e.g. drawings, specifications, cost analyses, etc;
• Agree final assessment, including identification of any gainshare;
• Identify and manage resolution of any defects that arise during the two-year defects liability period.

2.2 Engaging with ProCure21+

It is best to engage with ProCure21+ at the earliest stages for a project to take maximum advantage of the added value that PSCPs and their Supply Chains can deliver.

Prior to engagement the following should be considered:

1. Why is a construction project needed? [clarity of purpose?]
2. Why is this solution appropriate? [can it achieve the targets?]
3. What should the project deliver? [is the definition comprehensive?]
4. What is the precedent? [what can we take from our other projects?]
5. How is the project structured? [are appropriate management arrangements in place?]
6. How will good communications be achieved?
7. How appropriate is the chosen procurement approach?
8. How will the design quality be defined, and what are the expectations?
9. How well-suited are the people chosen to undertake the project?
10. How will budgets and costs be defined and controlled?
11. How will programmes and plans contribute to project success?
12. How will risks be identified and managed?

Engagement of a ProCure21+ Implementation Advisor (IA) is the first action that Clients should undertake. The IA will be able to provide impartial advice for the development of the project and the implementation of ProCure21+. See more on the role of the IA below.

2.2.1 Registration of schemes

It is important that ALL ProCure21+ schemes are registered with the programme, for the following reasons:

• Schemes that are not registered have not complied with the ProCure21+ National Framework Agreement;
• IAs will be unable to provide support for schemes that are not registered;
• PSCP performance and due diligence cannot be monitored on schemes that are not registered;
• Access to ProCure21+ Club website (and associated implementation guidance) cannot be provided to schemes that are not registered.

Register your scheme at [www.procure21plus.nhs.uk](http://www.procure21plus.nhs.uk).

### 2.2.2 Who to contact

ProCure21+ Implementation Advisors (IAs) provide national coverage. Please contact the IA nearest you using the email formula `firstname.lastname@dh.gsi.gov.uk` or by clicking on the IA’s name on the map below. In case of absence, the IAs will arrange cover for each other’s schemes, and you will be given forwarding contact details.

You can also contact an IA via the ProCure21+ website.

If you are unsure who to contact, or would like general advice on ProCure21+, please contact Julian Colaco on 0113 254 5851 or email julian.colaco@dh.gsi.gov.uk.

![Figure 2.2.2: ProCure21+ Implementation Advisors (IAs) and their areas](image-url)
2.2.3 Getting external advice

There are many consultancy companies willing to provide advice and support on the implementation of ProCure21+. However, before you engage anyone, please consider the following:

- Read this guide first: you may have simple questions that can be answered by this document or other associated ProCure21+ guidance documents;
- Contact your local IA: you can obtain free advice from the Department of Health;
- Consider attending a free ProCure21+ training event (especially Clients that have not used ProCure21+ before);
- Ensure that any organisations you appoint have experience of delivering projects collaboratively, and that they can refer to other NHS Clients for which they have successfully worked;
- Do not accept or permit amendment of the ProCure21+ NEC3 Contract Template (except where you are instructed to do so). It has been developed in consultation with NEC3 experts and reviewed by lawyers, and it forms part of the tender documentation for the PSCP’s selection to the ProCure21+ Framework. Please consult your IA or (in their absence) the ProCure21+ Core Team as to any changes that you are considering before you take any action.

2.2.4 Role of the IA in the early stages of a project

In principle, the role of the IA is to provide impartial advice to project teams on the development and construction of NHS capital schemes in relation to the implementation of the ProCure21+ process.

The role can be summarised:

- To provide introductory advice and support on ProCure21+ in relation to the development of the Client’s procurement strategy. This may involve the IAs providing presentations to senior NHS Client representatives to address answer any questions. IAs can also provide presentation materials and other supporting documents to Client representatives;
- Provision of contacts for other Clients that have used ProCure21+ (or even ProCure21) on similar schemes;
- To provide the Client with guidance and advice on the ProCure21+ principles and processes that the Client must follow throughout;
- To facilitate the provision of training to project teams, either by IAs themselves or through the engagement of an appointed ProCure21+ trainer;
- To provide guidance to the Client on the implementation of the
ProCure21+ PSCP selection process and the information the Client needs to provide to support the selection. An IA may act as an impartial observer to a selection process, ensuring that the ProCure21+ process is followed by all parties;

- To provide Client access to the successful PSCP’s Bid Return Document and give advice as to its use;
- To provide a first port of call on issues that cannot be resolved locally by the Client and the PSCP;
- To provide advice on implementation of the ProCure21+ processes and procedure and associated NEC3 contract templates;
- To receive and act upon information provided by the monthly monitoring system;
- To provide feedback on schemes to the central Department of Health as part of the ProCure21+ performance management process;
- To assist with enabling access to written and online ProCure21+ guidance, as well as best practice, information from other ProCure21+ schemes (e.g. designs, etc) etc;
- Provide feedback to the Client and the PSCP.

An IA is unable to:

- Accept any invitation to undertake a named role on a project other than that of ProCure21+ Implementation Advisor;
- Evaluate PSCP bids in as part of an NHS Client PSCP selection process;
- Undertake any official adjudication role;
- Assist the Client directly in application for funding from any funder;
- Carry out PSCP or scheme audits (however, they may provide details of poor practice to auditors if necessary).

2.3 ProCure21+ Framework Agreement

This is the agreement that is executed (signed) by the Department of Health and the PSCPs on completion of the framework tender process.

You can find the Framework Agreement and its supporting documents here.

2.4 ProCure21+ NEC3 Scheme Contract

ProCure21+ is based upon the establishment of a contract between the Client and PSCP for each scheme based on NEC3 Option C: Target Contract with Activity Schedule. The ProCure21+ requirements are included in:
• ProCure21+ NEC3 contract template A - (NEC3 Option C Target Contract with Activity Schedule):
  o Section 1 - The agreement and contract for the appointment of a Principal Supply Chain Partner to a ProCure21+ scheme;
  o Section 2 - model forms for the scheme contract and associated proposals;
  o Appendix 1 - contract and template implementation guidance.

• ProCure21+ NEC3 template B - (NEC3 Option C Target Contract with Activity Schedule):
  o Section 3 - Works Information;
  o Section 4 – site information.

There is also a separate ProCure21+ NEC3 Contract Template available for small works (The small works template is to be used solely for scheme contracts aggregating a series of individual tasks that do not individually exceed a task value of £1m. There is no limit to the total value of tasks; e.g. a scheme contract could have a value of £10m that could include ten tasks each with a value of £1m or less).

The ProCure21+ NEC3 Contract template includes ‘Z clauses’ that amend some of the provisions of the NEC3 Option C contract to reflect the requirements of ProCure21+. In addition, those undertaking schemes under ProCure21+ should ensure that they read ProCure21+ NEC3 template B – Section 3 – Works Information, as this identifies contractually binding processes and procedures to be followed when implementing a project.

You can find a copy of the contract template here.

You can find a copy of the small works template here.

2.4.1 Structure of the NEC3 Option C Target Contract with Activity Schedule

The NEC3 Option C: Target Contract with Activity Schedule is divided into the following sections:

- Core clauses 1-9
- Secondary options
- Cost components
- Contract data – Part 1 (Client)
- Contract data – Part 2 (PSCP)

2.4.2 ProCure21+ NEC3 Contract Template (Section A and Section B)

The ProCure21+ NEC3 Contract Template is to be used on all ProCure21+ schemes. It is available from the ProCure21+ Club guidance library and includes the items indicated in the table below.
The ProCure21+ NEC3 Works Information template includes the following sections:

1 Introduction
2 Description of works
3 Plant and materials
4 Health & Safety
5 The Principal Supply Chain Partner (PSCP)'s design
6 Completion
7 Working with the employer and others
8 Subcontracting
9 Programme
10 Tests
11 Title
12 Acceptance of procurement procedures
13 Commercial requirements, accounts and records
14 Parent company guarantee
15 Advance payment bond
16 Procurement strategy
17 Appendices

The ProCure21+ NEC3 site information template contains information that describes the site and its surroundings. It includes the following sections:

1 Access to site information
2 List of site information available
3 Boundary limits

PSCPs are required to identify any changes to the clauses and content of the ProCure21+ NEC3 form of contract to the Client before legal agreement. Any of the

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changes that materially alter the conditions of the scheme contract must be approved by the ProCure21+ team.

Training is available on the ProCure21+ contract template from the ProCure21+ team, ProCure21+ IAs should be contacted for further details.

2.5 Performance Management

Performance management of the Principal Supply Chain Partners (PSCPs) is an essential component of the ProCure21+ framework. The ProCure21+ performance management plan (PPMP) sets out the principles, processes and minimum standards for the assessment of performance and the action to be taken where minimum standards are not met. The full plan can be accessed using the links below.

Performance management will use the following formal processes. Others may be developed and adopted by agreement during the life of the framework:

- Scheme monitoring (monthly monitoring system - MMS);
- Scheme key performance indicators and end reviews;
- Central audit programme;
- Framework monitoring process.

The diagram below summarises performance management across the framework.

You can find the ProCure21+ Performance Management Plan here.
2.5.1 Raising an issue on a ProCure21+ scheme

If you have an issue concerning an issue on a scheme that is not resolvable at a local level, please contact your ProCure21+ IA in the first instance. However if you require assistance from the ProCure21+ core team, please contact Julian Colaco on julian.colaco@dh.gsi.gov.uk who will liaise and provide support as required.

Issues will be logged, and where a change to guidance or the framework agreement is required, the ProCure21+ change management process will be implemented.

2.6 Introduction to ProCure21+ key performance indicators and benchmarking

The submission of KPIs and benchmarking information under ProCure21+ will help the framework to:

- Measure performance of the framework against industry-wide indicators;
- Provide information to government on spending on health capital projects;
- Provide information to Clients on costs for comparison;
- Monitor scheme and PSCP performance.

The KPIs cover six main areas of performance:

- Time certainty;
- Cost certainty;
- Client satisfaction (product);
- Client satisfaction (service);
- Health & Safety;
- Defects.

These figures are calculated on an annual basis and are made available to the public via the ProCure21+ website.

The majority of the information is generated in the normal course of a scheme, and will be provided by the PSCP. Where input is required from the Client, the PSCP will co-ordinate and agree the completion of these sections with the Client.

The information collected is broken down into the following areas:

- Contact details and administration – Client information, appointment information, and high-level scheme information;
- AEDET Evolution – summary scores and average from AEDET Assessment;
• BREMEAM – Summary scores and total percentage score;
• Client Satisfaction – PSCP performance on managing the scheme;
• Elemental cost analysis, scheme information, cost breakdown and specification;
• Functional departments – breakdown of functionality of proposed scheme;
• Safety – number of employees and record of accident;
• Handover – completion dates, defects, gainshare and final assessment.

The information is collected through a Microsoft Excel workbook, which is submitted to ProCure21+. Information is collected at two points in the delivery of a scheme – at GMP stage and after handover.

You can access the Benchmarking Workbook here.

When your workbook is completed, you should send it to Stuart Robinson at the Department of Health on stuart.robinson@dh.gsi.gov.uk.
3.0 Building a team

When a Client has a requirement for assistance with a scheme, creating the right team is critical to a successful outcome.

The team for a scheme includes:

- Client;
- Client professional advisors;
- CDM co-ordinator (this may be the PSCP where no independent professional advisor is appointed);
- The PSCP and their Supply Chain;
- Principal contractor (this will be the PSCP).

3.1 Key Client appointments to the team

- Project director (PD) – the Client’s representative with responsibility for procurement strategy and the delivery of the scheme. The PD will oversee the selection and appointment of the Client and supply-side team members. This person will be the Client point of contact with the PSCP as well as facilitating input by clinicians and others.

- Project manager (PM) – will manage the day-to-day progress of activities of a scheme and has responsibilities for administering and managing the contract as well as engaging stakeholders. They need to ensure that the processes and procedures in the ProCure21+ NEC3 Contract Template Part A and Part B are adhered to by all. They will be the single point of contact for the development and alteration of the Works Information (scope of works). They may also be responsible for the implementation of effective risk management on a scheme.

- Client cost advisor – will support the PM and the PD throughout the scheme by collaborating with other team members in the development of business cases, design option appraisal, development and agreement of the GMP and associated contractual documentation, review of assessments submitted for payment, open book audit and control of expenditure. The cost advisor must have experience and knowledge of the implementation of the NEC3 contract and have signed up to the principles of ProCure21+.

- Supervisor - this is a role defined within the NEC3 contract supervisor. This person reviews the works as they progress for quality and adherence to the brief and Works Information;

- CDM coordinator - this is the person or organisation nominated to be responsible for Health and Safety as defined in the CDM Regulations 2007. This can be undertaken by the PSCP.
3.2. Key roles

The following represent the key roles of the project team and some of the key responsibilities for each. Full roles and responsibilities, and a RACI analysis for the major roles of a scheme is available, but information is in summary only.

3.2.1 Project director (PD)

- Provides single-point responsibility for the delivery of the scheme and is a signatory to the scheme contract
- Defines and manages objectives. Confirms budget and affordability threshold
- Prepares brief and initiates scheme delivery plan
- Leads selection process for Project Manager, Cost Advisor, Supervisor and PSCP
- Implements governance structure and communication plan
- Leads on business case approval process
- Sets delegation allowances for project manager and cost advisor
- Monitors/advises/reports on performance, risk and change management.

You can find more information on the responsibilities of the project director here.

3.2.2 Project manager (PM)

- Single point of contact for Supply Chain on behalf of the Client
- Reviews communications structures and sets up task teams
- Assists the project director with option appraisal and final report
- Prepares business case documentation
- Develops scheme budget and expenditure plan with cost advisor
- Ensures relevant operational policies, room data-sheets and surveys have been completed. Ensure site's availability and access
- Implements risk management activities
- Oversees contract document preparation, agrees with PSCP the stage
activities and associated costs. Agrees GMP

- Operates the scheme contract using the ProCure21+ contract template and proformas
- Reviews PSCP programme and expenditure forecast
- Controls early warnings and compensation events
- Only person with ability to change the brief (Works Information)
- Oversees final account settlement

You can find more information on the responsibilities of the project manager here.

### 3.2.3 Cost advisor (CA)

- Advises on conceptual scheme construction cost to establish financial envelope for inclusion in scheme information pack for PSCP selection process
- Assistance in the preparation of PSCP selection information and scheme contract documentation
- Transfers BRD information into scheme contract, ensures ongoing PSCP compliance
- Advises on contractual matters including the development of the Works Information and Site Information with the PSCP and PM
- Monitors expenditure against profile
- Risk management appraisal
- Monitors VAT advice
- Validation of life-cycle costs
- Drafting compensation events notifications for action by PM
- Assesses and advises on PSCP quotations
- Checks payments and assessing prices of work done to date
- Administrates and signs off final account

You can find more information on the responsibilities of the cost advisor here.

### 3.2.4 Supervisor

- Offers practical construction advice
- Liaises with the contractor and the designers to establish test and inspections to be carried out in accordance with the Works Information
- Monitors site operations
- Testing and inspections
- Issues defect notices to the PSCP
- Monitors defect rectification
3.3 NHS Client Charter

The Client Charter has been developed to highlight minimum requirements of NHS Clients when taking forward a ProCure21+ scheme. It promotes good project management practice and is a condition of adopting ProCure21+. It is the responsibility of the NHS Client to meet the Charter, but Implementation Advisors will be able to provide advice and guidance. Failure to abide by the charter may lead to the withdrawal of Department of Health support for the scheme.

The following principles and practices should be followed by all ProCure21+ NHS Clients:

- **Senior management support for the scheme.** The Client SRO will have authority to make decisions quickly. They will be part of the Client team, have a firm commitment to the Charter and the principles and processes of ProCure21+. Ideally they will be able to represent the scheme at board level.

- **Effective administration.** The Client will ensure that decisions are made quickly and efficiently.

- **Prompt payment.** The Client will ensure that all suppliers are paid on time.

- **Compliance with procurement regulations and guidance.** The Client should follow the ProCure21+ PSCP Selection Process for NHS Clients and should engage with their ProCure21+ Implementation Advisor at the outset of any selection process.

- **Clear and realistic objectives.** The Client will present clear objectives and agree with the PSCP how to deliver the outcomes identified. The Client should be realistic in their expectations of their team, Supply Chain capabilities, programme and budget.

- **Follow ProCure21+ processes.** The Client will follow ProCure21+ process provided for in the ProCure21+ National Framework Agreement and as set out in this Guide or other ProCure21+ documentation.

- **Sign contracts before chargeable work commences.** The Client will endeavour to ensure that the contract documentation is prepared and signed before any chargeable work is undertaken by a PSCP. They then should administrate the contract effectively and in line with the time-scales as set out. They will understand the risks of not doing so.

- **Appropriate resourcing.** The scheme will be appropriately staffed with staff with suitable experience.

- **Training.** Promote participation in training required to support the delivery of a successful ProCure21+ scheme. (All those involved in a scheme should be experienced or have had training in ProCure21+ or NEC3).
• **Engage with the ProCure21+ Implementation Advisor.** The Client makes a commitment to engage with the ProCure21+ IA throughout the lifecycle of the contract.

• **User involvement.** The Client will ensure that end-users are consulted and engaged in the scheme development process. This includes managing their expectations and ensuring that they are involved in the evaluation of the scheme after delivery.

• **Performance review.** The Client will collaborate with the PSCP in providing ProCure21+ with the KPI and benchmarking information. The Client commits to participate in a 360 degree review of performance on schemes and provide feedback to those involved.

• **Sharing information.** The Client will collaborate with the PSCP to provide best practice information to assist other ProCure21+ Clients and suppliers.

• **Measuring outcomes.** The Client will measure the outcomes for end-users and the benefits that have been achieved by delivering the scheme and using the ProCure21+ process.

• **Sustainable construction.** The Client must make a commitment to manage their scheme sustainably, and place an expectation on their Supply Chain to do the same. Where possible they must employ green technologies and innovation in the design of a scheme.

3.4 **Introduction to the PSCPs**

The PSCPs have all written a brief introduction to their organisations and given some contact details on the ProCure21+ website.

You can find more information on **Balfour Beatty** here.

You can find more information on **Healthcare Partnership Solutions (HPS)** here.

You can find more information on **Integrated Health Projects (HP)** here.

You can find more information on **Interserve** here.

You can find more information on **Kier** here.

You can find more information on **Willmott Dixon** here.

3.5 **Selecting a PSCP**

The PSCP selection process has changed from that laid out in ProCure21.

The following is summary guidance only. For full guidance please click on the links below.
You can find full guidance on the **PSCP selection process** here.

The following process has been designed to ensure compliance with Public Contract Regulations 2006. NHS Clients may alter any aspect to suit their immediate purpose and needs. However, it is recommended that any change to a standard process is considered carefully and discussed with an Implementation Advisor. It is the responsibility of the Client to ensure their compliance with procurement regulations.

The following points should be considered.

Under Procurement Regulations 2006:

- There must be a selection process for each specific contract under the National Framework Agreement;
- The National Framework Agreement cannot be used for direct appointment;
- Selection criteria must be consistent with the criteria for the National Framework Agreement;
- Clients must communicate the right way with the PSCPs in the right way.
- Clients must demonstrate that they have selected the ‘Most Economically Advantageous Tender’ (MEAT) – this does not mean the cheapest price.
- Clients must publish criteria and weightings.

Sanctions for non-compliance:

- The call-off could be deemed non-compliant and set aside;
- Damages could be awarded;
- Challenges could be brought by non-ProCure21+ suppliers.

See flowchart following for an overview of the PSCP selection process.
Step 1 - Begin Selection Process
NHS Client contacts ProCure21+ Implementation Advisor and registers scheme at www.procure21plus.nhs.uk

Step 2 - Information development
NHS Client develops shortlist criteria and high-level information pack

Step 3 - Information issue
NHS Client issues criteria to all six PSCPs

Step 4 - PSCP response
PSCPs submit expressions of interest or formally decline with rationale

Step 5 - Client evaluation
NHS Client evaluates the expressions of interest by consensus and notifies successful candidates

Step 6 - Open day (optional)
Optional open day for successful candidates

Step 7 - Interviews
NHS Client interviews candidates

Step 8 - Interview evaluation and feedback
NHS Client evaluates interviews by consensus and provides feedback to all PSCPs

Step 9 - Selection
Successful PSCP selected

Figure 3.5: The PSCP selection process – an overview
4.0 Starting a ProCure21+ scheme

Having chosen a PSCP, the NHS Client is now in a position to issue a formal Letter of Appointment. This covers the initial period of activity (normally not exceeding eight weeks) prior to agreeing a contract, allowing the PSCP to draw up and submit their form of proposal. There should be clear limits on time and cost exposure indicated in the Letter of Appointment.

Preparatory work will be undertaken by the PSCP in establishing the scope, resources and programme to support the ProCure21+ entry form of proposal for the scheme. Acceptance will be pending the execution of the formal scheme agreement after appointment.

You can find a pro-forma Letter of Appointment here.

The Letter of Appointment confirms the PSCP's appointment and the intent to enter into a contract for the development and delivery of the works. Clients should agree a realistic cost with the PSCP for them to engage with the Client and Supply Chain for developing the scheme requirements, resource and programme, contract documentation and all the activities in that Stage. It is expected that at the end of this period a Form of Agreement will be agreed for the works thereafter.

If in doubt, advice should be sought from the ProCure21+ Implementation Advisor (IA) on typical cost and timescale provisions associated with this element of the scheme.

4.1 Developing the contract

Within the Letter of Appointment period (the first six to eight weeks of the relationship), the PSCP will complete the PSCP Entry Form of Scheme Proposal. This will include Contract Data Part 2 – detailed information about the PSCP, their team and commercial rates.

The PSCP Entry Form of Scheme Proposal includes a number of detailed documents. It is important that these are included within the agreement and completed accordingly by the PSCP in discussion with the NHS Client and their professional advisors.

Documents to be included in the form of scheme proposal are noted here for information:

Completed in the first four weeks:

- Project initiation document (PID)
- Quality plan (QP)
- Affordability review (AR)
- ProCure21+ monthly monitoring (MMS)
Completed thereafter for inclusion within the contract documentation:

- Project partnering workshop (PPW)
- Scheme execution plan (SEP)
- Establish the project extranet
- Establish joint eisk register
- Establish scheme PSCMs
- GMP procedure
- Procurement strategy and plan
- Performance management plan (PMP)
- Roles and responsibilities
- Project management plan
- Construction design and management co-ordinator (CDMC)
- Sustainability process plan (SPP) (also known as sustainability management plan)
- Initial programmes for acceptance consisting of:
  - Design
  - Expenditure forecast
  - Activity schedules

Once agreed, these documents represent a Form of Agreement for development of the scheme. This agreement forms the basis of contract for the life of the scheme, which is supported by Stage agreements in the form of appendices, as described in Chapter 5.

All work undertaken by the PSCP in association with the scheme is to be carried out in accordance with the ProCure21+ National Framework Agreement (which incorporates the ProCure21+ processes in Templates A and B for the scheme contract) from commencement of work associated with the appointment. This also includes the NEC3 contract provisions and processes.

The PSCP should not be authorised to commence the preparatory work in relation to the entry form of proposal until a copy of the letter confirming acceptance of the appointment is received and acknowledged by the NHS Client.

Advice should be sought from the ProCure21+ Implementation Advisor on the cost and timescale associated with this element of the scheme.

At this point, it is essential that the formal launch workshop be planned as described in the associated guidance (link below). This meeting will be hosted by the PSCP and its cost is to be borne by the PSCP. This is to be notified separately to all interested parties including the key stakeholders involved in the scheme.

You can find guidance on the launch workshop here.
4.2 Training

Training is integral to the success of a ProCure21+ scheme and the framework in general. A lot of resource and effort is put into ensuring that those delivering schemes have the right knowledge and experience to do so effectively.

The Department of Health recognises this, and has now mandated that every NHS Client new to ProCure21+ must have introductory training before they embark on a scheme. Training must be included in the ProCure21+ process for every scheme. Everyone involved in ProCure21 or ProCure21+ schemes should have introductory training regardless of whether they have delivered schemes or not. Many of the delegates that have attended training after delivering schemes have realised that with training they may have done it a bit differently!

4.2.1 How do I get training?

You can get training from the following sources:

- **From a training provider.** You can source training directly from a training provider;

- **Through a PSCP.** PSCPs have an allowance in their margin for provision of training for their staff, Supply Chain staff and their Clients. The PSCPs run several training events throughout the year which are made available to Clients and sometimes other PSCPs’ Clients;

- **From the Department of Health ProCure21+ team.** The PSCPs pay a contribution toward the development of the framework to the DH, and part of this money is spent on training for anyone working on a ProCure21+ scheme. The DH have appointed trainers who provide this training on their behalf with an Implementation Advisor in attendance;

- **From your Implementation Advisor (IA).** The ProCure21+ IA team runs training nationally at either convenient locations near large cities, or at a particular trust for a particular scheme. Often the IA will be able to bring several schemes together in the region and provide training as required at the same time on Client or PSCP premises. We have found that often Clients particularly like to meet other Clients at these events to compare their experiences. In the longer term, many keep in touch.

- **From the DH ProCure21+ training and communications manager.** The team organises general training events nationally that anyone working on a ProCure21+ scheme is eligible to attend. Places are limited, but if you cannot be accommodated initially you will be offered the first opportunity to take places thereafter. ProCure21+ cannot offer training to external consultancy companies without endorsement from Clients or PSCPs.

If you would like to attend a general training event, contact Julian Colaco at the Department of Health, and you will be added to a list of interested parties.
4.2.2 What training is available?

Training is available from your Implementation Advisor (IA) on specific aspects of the programme. IAs are able to do short presentations to scheme personnel if requested.

There are five main courses provided to delegates free of charge.

- Introduction to ProCure21+ (one-day seminar)
- Introduction to ProCure21+ (two-day seminar pre-cursor to GMP and NEC courses)
- Route to Guaranteed Maximum Price
- Practical use of the NEC3 Contract
- Implementation Training

These courses are provided free to delegates. Refreshments and lunch are provided and delegates are provided with the record of the slides and other materials to take home with them. Attendance at any of the courses can count toward CPD, as a certificate of attendance is given to all delegates along with access to the ProCure21+ Club site.

Additional training courses are being planned and will be available from January 2011.

4.2.3 Who should have training?

A mix of roles provides a rounded view of ProCure21+ and provides all delegates with a knowledge of the other party and how they might see the same issue.

The following table summarises who should attend:

<table>
<thead>
<tr>
<th>Role</th>
<th>Launch</th>
<th>Intro to P21+</th>
<th>GMP</th>
<th>NEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Sponsor</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Director</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Client Project Manager</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Cost Advisor</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Project Administrator</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSCP Project Manager</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PSCP Cost Advisor</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Senior Clinician</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key PSCMs</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3 Commercial structure - overview

The ProCure21+ Bid Return Document (BRD) captures the commercial aspects of PSCPs’ tenders. Data from the BRD is inserted in the ProCure21+ National Framework Agreement (NFA) and applies to all schemes awarded under the framework.

The commercial fee percentages and staff rates agreed on the ProCure21+ Framework represent good value for money for the NHS; they are competitive, and reflect current market conditions.

The BRD consists of three types of workbook:

1. The PSCP workbook – primarily relating to four types of fees:
   - the PSCPs’ own direct fee percentages for their own work;
   - three types of subcontracted fee percentage applicable to design, ‘combined’ construction, and ‘combined’ mechanical and electrical installer work;
   - Plus PSCPs’ own staff rates for design outside the working areas.

   The ‘combined’ subcontracted fee percentages are an amalgam of both PSCM and PSCP fee percentages. They are applied to the cost of the works of all Supply Chain Members (SCMs) who enter into sub-sub-contracts with PSCMs, and the defined costs of the SCMs are inclusive of the percentage fee charged by the SCM.

   All these fee types are referenced to six scheme value ranges (<£2m, £2m to £9.99m, £10m to £24.99m, £25m to £49.99m, £50m to £99.99m, £100m+).

2. The PSCM NEC3 professional services workbook – relating to staff rates for each of the PSCM designers.

3. PSCM constructor/PSCM mechanical and electrical installer workbook – relating to staff rates for design outside the working areas.

You can find a more detailed introduction to commercial arrangements under ProCure21+ here.
5.0 Scheme development

Scheme development may last through several or all of the ProCure21+ Stages, depending on when the PSCP was selected. ProCure21 demonstrated and evidenced that the earlier a PSCP was engaged, the greater the opportunity existed for the Supply Chain to add value, offer an improved design buildability and deliver a robust GMP. There are additional benefits, including a more transparent approach to the identification and management of risk, a shorter and smoother construction period and improved health (including occupational health) and safety on-site.

This chapter explains the defined procedures within ProCure21+ to ensure that time, quality and cost are managed throughout scheme development. The Implementation Advisor (IA) plays a key role in supporting teams through this process and will provide advice as required.

5.1 ProCure21+ scheme development overview

Design development is undertaken collaboratively between the NHS Client and the PSCP prior to construction. Clients need to ensure they engage and actively participate in the design process, as this will:

- Ensure the design is fit to deliver the clinical care it was commissioned to provide;
- Provide information on clinical pathways and procedures that affect design;
- Improve the detail and quality of design to reduce clashes and reduce the frequency of defects;
- Improve the identification and management of all risks associated with a scheme;
- Help the Supply Chain to provide innovative solutions;
- Ensure the delivery of the Client’s requirements where there is a challenging budget available for the provision of those requirements;
- Help clinical staff gain better information on the building and how the facilities can be commissioned without unexpected problems;
- Help the PSCP and their Supply Chain better understand the Client’s requirements and thereby help enable them to satisfy or even exceed those requirements;
- Gain stakeholder engagement and ownership of the building and promote the benefits that it will bring.

ProCure21+ places full design responsibility with the PSCP. The NHS Client, as part of the joint design development process, should provide a brief and conditions of delivery to the PSCP. If they do not, the Client should work with the PSCP to develop a brief and conditions of delivery. The PSCP will then develop and seek acceptance of the ‘solution’ from the Client. The PSCP is effectively a ‘solution provider’ and will
engage appropriate expertise within their Supply Chain to ensure that the NHS Client requirements are met. However, it is the role of the Client to ensure that their brief is fit-for-purpose and to ensure that the PSCP is working appropriately to provide the solution.

The NHS Client will agree the ‘solution’ before construction commences. In order to achieve this both parties will need to devote significant time and effort during the scheme development phase.

5.2  Contractual structure and Stage agreements

Scheme development is broken down into a number of ‘Stages’ – potentially three Stages in the pre-construction phase (depending on the timing of the PSCP’s appointment). These Stages are aligned to the traditional business planning stages within the NHS. An NHS Client can discontinue the agreement at any point during scheme development – either at the natural end of a Stage or part-way though. There is a specific process for doing this and it should not be done without first contacting the ProCure21+ Implementation Advisor.

The ProCure21+ process of Scheme Development works on the basis of a number of ‘proposals’ from the PSCP and ‘agreements to proceed’ from the NHS Client. These require that the PSCP provides the following at the outset of each Stage:

- a list of activities;
- a resource-loaded programme (timescales for activities, a Stage completion date and resources identified as being required and when they will be required);
- expenditure forecast;
- target cost for the Stage – this becomes a GMP at Stage 4;
- Scheme completion date;
- Outturn scheme costs.

Time, cost and quality parameters are agreed in advance of each Stage being entered into. This ensures that the NHS Client has complete clarity about the work to be carried out and the associated costs. Each Stage is managed in accordance with the provisions of ProCure21+ which includes the ProCure21+ NEC3 Option C Contract Template. NHS Clients should be given forewarning of the decisions that will need to be made. All involved in a scheme are expected to communicate (initially verbally) to others any potential problem as soon as they are aware of it, with the objective of resolving the problem to make the project a success for all.

Within the Letter of Appointment period (first six to eight weeks of the relationship) the PSCP will complete the PSCP Entry Form of Scheme Proposal (this will include Contract Data Part 2 – detailed information about the PSCP, their team and commercial rates).
The PSCP scheme proposal includes a number of documents as detailed below. It is important that these are included within the agreement and completed before approval and execution (signature) by both parties. Once agreed and signed, these documents represent a Form of Agreement for development of the scheme. This agreement forms the basis of contract for the life of the scheme, but is supported with Stage agreements as described below.

Works Information and site information documents will apply at this point, and will be developed as the scheme progresses. The Works Information includes processes and procedures that apply to all Stages, and as information on the scheme develops it will be added to the works and site information.

**Document** | **Inclusions**
---|---
Business case relevant to Stage | Strategic Outline Case, or Outline Business Case or Full Business Case with priced resource activity schedule
Programme | Overall scheme programme identifying Stages, milestones and completion dates
Expenditure forecast | Proposed conditions of subcontract Timing of involvement Selection criteria

Figure 5.2b: Inclusions required within the PSCP Entry Form of Scheme Proposal. This table is not exhaustive and should not be considered a complete list
Subsequent Stages are signed as an appendix to the original Form of Agreement. For example, if the PSCP is engaged at SOC Stage then three appendices will be signed during the life of the scheme (as illustrated below). However, if the PSCP is engaged at OBC Stage then two further appendices will be signed – Appendix B & C. The following table summarises the documents included in a Stage agreement.

<table>
<thead>
<tr>
<th>Document</th>
<th>Inclusions and/or links to other documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Data Part 2</td>
<td></td>
</tr>
<tr>
<td>Procurement strategy</td>
<td>Proposed conditions of subcontract</td>
</tr>
<tr>
<td></td>
<td>Timing of involvement</td>
</tr>
<tr>
<td></td>
<td>Selection criteria</td>
</tr>
<tr>
<td>Programme</td>
<td>The programme should be a critical path programme</td>
</tr>
<tr>
<td></td>
<td>Include all key approvals and decisions required by the NHS Client</td>
</tr>
<tr>
<td>Activity schedule</td>
<td>Linked to the programme</td>
</tr>
<tr>
<td></td>
<td>Detailed list of activities to be fulfilled by the PSCP</td>
</tr>
<tr>
<td></td>
<td>- effectively the PSCP brief</td>
</tr>
<tr>
<td>Priced resource schedules</td>
<td>Linked to the programme and activity schedule</td>
</tr>
<tr>
<td>Expenditure forecast</td>
<td>Linked to the programme / activity schedule and priced resource schedule</td>
</tr>
<tr>
<td>Site waste management plan</td>
<td></td>
</tr>
</tbody>
</table>

*Figure 5.2c: Documents included in a Stage agreement. This table is not exhaustive and should not be considered a complete list*

Whenever a PSCP is engaged by a Client it is important that they produce the following information, and then monitor and update it as a scheme progresses:

- Programme;
- Activity schedule;
- Priced resource schedules;
- Expenditure forecast.

The programme will include information on the high-level milestones and dependent events. Work undertaken by the PSCP will be detailed within the activity schedule. This will enable the production of the resource schedules, which should in turn enable an expenditure forecast to be produced for the Stage agreement.
<table>
<thead>
<tr>
<th>Role</th>
<th>Key duties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Director</td>
<td>Engaging stakeholders and users</td>
</tr>
<tr>
<td></td>
<td>Ensuring that the Scheme provides the right solution for the NHS Client</td>
</tr>
<tr>
<td>Project Manager</td>
<td>Administering the NEC3 contract</td>
</tr>
<tr>
<td></td>
<td>Ensuring that all key parties have input during the scheme development process</td>
</tr>
<tr>
<td></td>
<td>Ensuring that the Scheme provides the right solution for the NHS Client</td>
</tr>
<tr>
<td>Cost Advisor</td>
<td>Supporting the PM and PD on commercial matters</td>
</tr>
<tr>
<td></td>
<td>Ensuring that the agreement is equitable</td>
</tr>
<tr>
<td>Supervisor</td>
<td>Assuring that corporate and quality standards are included in the Works Information</td>
</tr>
<tr>
<td></td>
<td>Ensuring that the commissioning and completion phases are well defined within the Works Information</td>
</tr>
<tr>
<td>Implementation Advisor</td>
<td>Assuring that the scheme complies with ProCure21+ procedures</td>
</tr>
<tr>
<td></td>
<td>Assuring that best practice in all aspects is achieved</td>
</tr>
<tr>
<td>PSCP &amp; Supply Chain</td>
<td>Ensuring that the NHS Client objectives are valid and clearly defined</td>
</tr>
<tr>
<td></td>
<td>Challenging the brief and the ultimate solution</td>
</tr>
<tr>
<td></td>
<td>Reaffirming the brief through a number of media to ensure joint understanding</td>
</tr>
<tr>
<td></td>
<td>Acting as ‘solution provider’ to the NHS Client</td>
</tr>
</tbody>
</table>

Figure 5.2d: Key roles during scheme development. This table is not exhaustive and should not be considered a complete list.

5.3 Contract pro-formas

Once the Letter of Appointment is signed by both parties, the provisions of the NEC3 contract apply. The NEC3 contract includes proactive procedures that help the Client project manager operate the scheme in a way that ensures proactive identification of risks and issues, and enables transparency in cost and change management.

The ProCure21+ NEC3 Option C Contract Template includes a suite of contract administration pro-formas to assist in the communication and management of contractual events provisions and processes. These use of these is mandatory on all ProCure21+ schemes.

You can find the ProCure21+ NEC3 Option C Contract Template here.

You can find the ProCure21+ contract administration pro-formas here.

5.4 Time management

The programme is an important document under the NEC3 contract, and key points to note are:
• The programme is required to be updated on a regular basis;
• It is submitted to the project manager for acceptance;
• Once accepted, the programme gains a contractual status;
• Both parties are then obliged to deliver against the programme;
• The program may contain key dates, as defined in the contract.

Each programme update provided by the PSCP is required to comply with a detailed definition within the contract. The objective is to ensure that the programme is provided initially and monitored and updated as a scheme progresses.

Clause 31.2 defines the constituents of the initial programme (the first programme). Clause 32.1 then defines what should be included in further updates, and consideration of Works Information requirements should also be considered. Upon receipt of the updated programme the project manager will need to decide whether they accept or reject the programme (in accordance with these clauses). Once accepted, both parties will need to comply with the timescales therein. If rejected, both parties need to work together to revise and agree a new programme. If the project manager does not respond within the period of reply and no extension of time for the communication is agreed then, the PSCP can either assume that the programme is accepted or issue an early warning or compensation event.

The following section on quality reinforces that any time-related issues mentioned within the Works Information should be mirrored within the programme. The Works Information and programme are therefore inextricably linked.

5.5 Managing quality

The quality of Stage 4 (the construction Stage) is progressively developed during scheme development. The NHS Client’s quality objectives are encapsulated in the Works Information of the NEC3.

The Works Information defines:

• ProCure21+ processes and procedures that must be complied with when administering the contract;
• the end product – quality/performance standards of the building;
• any constraints on the contractor - eg, hours of working, noise levels, management reports, tests and inspections, etc.

It is the responsibility of the Client to provide Works Information. However, the PSCP should work closely with the Client in its development. The documentation needs to be separated at the time of the GMP agreement into Works Information provided by the employer (ie, the brief) – contained in Contract Data Part 1 and Works Information provided by the PSCP (i.e. the solution) – contained in Contract Data Part 2. The NHS Client will have full sight of the solution prior to signing the GMP agreement.
To help draft the Works Information, a standard structure exists under ProCure21+ and is available in a template. The table below summarises each section of the Works Information.

5.5.1 The Works Information

It should be noted that the PSCP is required to undertake the works in accordance with the Works Information. It includes processes and procedures that should be applied which are not just quality-based – failure to comply with these could result in disallowed costs.

<table>
<thead>
<tr>
<th>Section/Structure</th>
<th>Key areas covered and considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Introduction</td>
<td>Standard structure and philosophy of ProCure21+</td>
</tr>
<tr>
<td>2 Description of the works</td>
<td>Affordability limits completed by NHS Client – the PSCP provides four-weekly or monthly reports against these</td>
</tr>
<tr>
<td>3 Plant &amp; materials</td>
<td>Provision for employer &amp; PSCP. Any required spares are detailed</td>
</tr>
<tr>
<td>4 Health &amp; Safety</td>
<td>Roles, responsibilities, constraints and security issues</td>
</tr>
<tr>
<td>5 PSCP’s design</td>
<td>Any specific requirements</td>
</tr>
<tr>
<td>6 Completion</td>
<td>ProCure21+ requirements for Zero Defects at Completion define items to be undertaken prior to and after completion. This allows the NHS Client to precisely define expectations at completion Stage</td>
</tr>
<tr>
<td>7 Working with the employer &amp; others</td>
<td>Details any third parties/contractors working on the project – the PSCP will then allow for these within its programme</td>
</tr>
<tr>
<td>8 Subcontracting</td>
<td>Provisions for approval / sign off</td>
</tr>
<tr>
<td>9 Programme</td>
<td>Link between the programme, activity schedule, priced resource schedule and expenditure forecast. Need for interdependent programmes throughout the Supply Chain</td>
</tr>
<tr>
<td>10 Tests</td>
<td>Any tests or inspections the PSCP is required to undertake, or which the NHS Client wishes to undertake or to witness</td>
</tr>
<tr>
<td>11 Title</td>
<td>Title of goods &amp; ownership</td>
</tr>
<tr>
<td>12 Acceptance of procurement procedures</td>
<td>Procedure for agreeing the procurement strategy and timescales</td>
</tr>
<tr>
<td>13 Commercial requirements, accounts &amp; records</td>
<td>Levels of delegated authority and response times for compensation events</td>
</tr>
<tr>
<td>14 Parent company guarantee</td>
<td>If required</td>
</tr>
<tr>
<td>15 Advanced payment bond</td>
<td>If required</td>
</tr>
<tr>
<td>16 Procurement strategy</td>
<td>Tabulated plan stating each trade or profession and terms &amp; conditions of subcontract proposed</td>
</tr>
<tr>
<td>17 Appendices</td>
<td>Details of user groups, scheme programme, scheme brief, site waste management plans</td>
</tr>
</tbody>
</table>

Figure 5.51: Standard structure of the Works Information under ProCure21+. This table is not exhaustive and should not be considered a complete list.
5.5.2 Quality and the GMP

Obtaining the optimum GMP may be judged from two viewpoints:

- Obtaining the right ‘solution’;
- Efficient management of the ‘process’ - the efficiency of how the GMP is developed and agreed (efficacy of joint working).

Elements of obtaining the right solution may include:

<table>
<thead>
<tr>
<th>Element</th>
<th>Potential techniques to help assure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being clinically and operationally valid</td>
<td>Ensuring that best practice is incorporated</td>
</tr>
<tr>
<td></td>
<td>Ensuring that the user viewpoints are valid in that decisions are made on an informed basis</td>
</tr>
<tr>
<td></td>
<td>3D modelling</td>
</tr>
<tr>
<td></td>
<td>Mock-ups of rooms and elements of the building</td>
</tr>
<tr>
<td>Attaining commercial value</td>
<td>Assessing whether the scheme represents the optimum balance between capital costs/revenue costs and</td>
</tr>
<tr>
<td></td>
<td>user requirements for the given budget</td>
</tr>
<tr>
<td></td>
<td>Including mini business cases to evaluate capital against revenue costs over time</td>
</tr>
<tr>
<td>Being future-proofed</td>
<td>Assessing the future use and demands of the facility and incorporating flexibility to meet them</td>
</tr>
<tr>
<td></td>
<td>(as affordable)</td>
</tr>
<tr>
<td>Addressing sustainability issues</td>
<td>Addressing sustainability issues as appropriate to the scheme</td>
</tr>
</tbody>
</table>
Elements of management of the process may include:

<table>
<thead>
<tr>
<th>Element</th>
<th>Potential techniques to help assure</th>
</tr>
</thead>
</table>
| Stages 1-3                   | NHS Client & PSCP ensuring that roles and responsibilities are clearly defined  
                              | Meetings are appropriate and well managed  
                              | Assuring that the activity schedules and Stage agreements are based upon a well-founded brief and demonstrate links between the activity schedule, resources and priced Stage agreement |
| PSCP risk                    | Assuring that the risks are fairly allocated to those best able to manage them  
                              | Validating the risk premium required of the PSCP to take on board each risk |
| Site administration and facilities costs | Substantiation of site administration and site facilities costs |
| Subcontracted works          | As this represents approximately 80% + of the GMP value this element requires considerable joint effort  
                              | Critically, the more detailed the design information, the better value the price from the Supply Chain  
                              | Engage key members of the Supply Chain early within the scheme development process – as each project is different a procurement strategy will need to be agreed to reflect the specifics of the scheme  
                              | Allowing sufficient time for the procurement of prices from the Supply Chain – this is critical to the attainment of value and timescales for this should be advised by the PSCP at the outset of the relationship and reflected in the joint programme |

In order for the GMP to represent the optimum then both the ‘solution’ and ‘process’ will need to be managed and addressed.

A number of design toolkits exist to help address quality – BREEAM and AEDET Evolution – and these should be employed as appropriate. The team should discuss these and include appropriate time on the joint programme.

The joint scheme development programme will include milestones at which the team will agree the procurement strategy and validate elements of the GMP’s compilation. Best practice under ProCure21+ sees the PSCP providing informed challenge to the solution (and options around this) and the NHS Client seeking assurance that the procurement strategy and compilation of the GMP are most appropriate for the scheme. No single solution will be applicable for every scheme, so the team will need to agree what is appropriate on a scheme-specific basis.

The NHS Client will pay for the PSCP’s involvement during scheme development but retain any savings generated in their entirety. The NHS Client therefore has a direct incentive to ensure that the brief is well-founded, and to make decisions on the detail of the design.
5.5.3 Site information

The site information under NEC3 will also need to be completed during scheme development. A standard template exists for this under ProCure21+. This will include the PSCP’s use of the site and the location of existing services and buildings.

You can find a ProCure21+ template for site information here.

5.6 Cost control

Once a Stage agreement is in place, the PSCP is required to deliver all the activities detailed in the agreement on time and within the stated price. If at any point the PSCP believes that expenditure will exceed the Stage agreement then a formal early warning is required. The project manager will then assess whether the additional costs are legitimate and result from a Client change, or are due to poor estimating or inefficient or inappropriate use of resources – the latter being disallowable. The NHS Client is therefore protected against additional costs. However, it is important that whilst collaborating with the PSCP, the Client should proactively manage the process.

Conversely, if the final cost for any given Stage agreement (Stages 1, 2 or 3) is less than the agreed figure, then all the savings are retained by the Trust. The PSCP therefore has no incentive to over-inflate the Stage agreement prices, and NHS Client has a direct incentive to ensure that the process runs efficiently.

To ensure commercial governance, the NEC3 contract contains a number of procedures:

- **Early warnings** – The formal notification of a risk and/or issue that may impact upon the ability of the team to deliver the scheme to programme or budget. Early warnings ensure that issues are identified formally as soon as possible, and dealt with proactively before problems escalate and unnecessary additional costs are incurred (additional work, abortive work, disputes, etc). Early warnings are a call to discuss the issue with those best fitted to evaluate the situation and to decide:
  - if it can be resolved without affecting programme or budget;
  - if it cannot be resolved without affecting programme budget and whether it should therefore be addressed by the PSCP at PSCP cost;
  - if it cannot be resolved without affecting programme or budget and represents a Client change to the Works Information or Stage agreement, and whether therefore a compensation event should be raised.

- **Programme** – the resourced programme (updated at regular intervals) will show the critical path, together with resources required to achieve progress on the critical path, and therefore will provide an expenditure
forecast. Variances from the resourced activity schedule due to changes should be noted through the early warning and compensation event process.

- **Compensation events** – an issue that involves a change to the Works Information or Stage agreements. If a compensation event is issued, there is a agreed timescale within the NEC3 contract that sets out the PSCP’s responsibility for assessing and costing the change, the Client’s approval or the change, and the resulting effect on the programme and budget.

By following the early warning and compensation event process, the programme and the final account are constantly updated through the scheme development and construction phases. This provides certainty for all parties as to the progress and likely outcome of the scheme.

Additional requirements also exist and place further emphasis on financial control:

<table>
<thead>
<tr>
<th>Relevant section</th>
<th>Requirement under ProCure21+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 2 of the Works Information</td>
<td>The NHS Client initially completes the affordability table – this gives clear direction to the PSCP as to the affordability envelope of the scheme</td>
</tr>
<tr>
<td>Section 2 of the Works Information</td>
<td>Within four weeks of initial appointment the PSCP provides a report stating its ability to meet the affordability table. If during the interim period it is likely that costs may exceed the expenditure or Stage agreement then an early warning is required</td>
</tr>
<tr>
<td>Z2, Z5 &amp; Z6</td>
<td>These Z clauses (alterations to the core clauses) relate to the expenditure forecast submitted by the PSCP every four weeks or monthly. Once provided, the PSCP cannot claim more than the expenditure forecast unless they have given an early warning to the project manager</td>
</tr>
<tr>
<td>Z24</td>
<td>This Z clause defines the level of detail required to support timesheet submissions</td>
</tr>
<tr>
<td>Section 5 of ECC3</td>
<td>Defines the scope of open book audit</td>
</tr>
</tbody>
</table>

Figure 5.6a: Additional financial controls within ProCure21+

The above items are mandatory and must be complied with throughout the ProCure21+ process.

These procedures ensure that finances are controlled within the scheme development Stages (1, 2 and 3). During this period, the team will also need to decide on the commercial arrangements that affect Stage 4 - the construction Stage.

The narrated Works Information template provides a guide on the key areas that will need to be considered:
Consideration | Description
--- | ---
X1 Indices | Whether the application of indices is appropriate - this is typically when the construction Stage is over two years in duration. ProCure21+ design staff rates are adjusted under the ProCure21+ NFA
X5 Sectional Completion | Whether, during construction, part of the works is required to be completed and taken over by the Client in advance of the rest
X7 Delay Damages | A genuine pre-estimate of loss experienced by the Client for late scheme delivery – this requires detailed consideration
Period for reply | The responsiveness of both parties to key elements of communication – this is tailored to the requirements of the project but is typically set at two weeks
Frequency of programme updates | Either every four weeks or monthly
Defect Correction Period | Response time(s) required to correct defects after completion – can be broken down in various categories of defects. This should be carefully considered on a scheme-specific basis
Supplementary Statements | A number of further considerations e.g. whether the NHS Client is willing to take over the works before the completion date
Key Dates | Where there is a requirement for the PSCP to complete parts of the works in advance of the completion date but the Client does not want to take possession until the contact completion date; eg, the completion of works to enable equipment that was procured directly by the Client to be installed during the progress of the works

Figure 5.6b: Areas of consideration during scheme development that affect construction
6.0 Agreeing the Guaranteed Maximum Price (GMP)

The Guaranteed Maximum Price (GMP), or ‘target price’ as specified in the NEC3 Contract, is the agreed outturn cost between the NHS Client and the PSCP for Stage 4 construction works for the agreed defined scope of work at the time the GMP is agreed.

The GMP is the most accurate forecast of outturn cost based on the information available to the team, together with joint assessment and agreed allocation of risk. The GMP is developed by the Client and the PSCP through scheme development Stages, and agreed and signed into contract prior to construction. The process is completely transparent, conforms to ‘open book’ principles and contains safeguards to ensure governance and value for money for the NHS Client.

The GMP is only ‘guaranteed’ and ‘maximum’ for the defined scope of work at the time of the GMP agreement and includes no Client risks (these reside above the GMP agreement and are managed by the NHS Client). If the scope of work is subsequently altered or a Client risk comes to fruition then the GMP will be changed accordingly via the NEC3 compensation event process (either positively or negatively).

This chapter explains GMP mechanism, the make-up of the GMP and the inclusion of risk. It also introduces guidance on how and when to set the GMP.
6.1 Components of the GMP

A number of components comprise the GMP, as shown in the diagram below.

Figure 6.1: Building up the Guaranteed Maximum Price

6.2 When to set the GMP

The timing of the GMP agreement is important to ensure maximum value is attained.

If it is set too early in the process:

- Client requirements may not yet be finalised;
- Design information be incomplete;
The ideal time to set the GMP is when the design has reached a level of substantial completion. This should be based on:

- A clearly defined brief
- A substantially complete design
- Fully market tested
- Joint risk management

The NHS Client should be provided with the opportunity to accept the design solution prior to the subcontract packages being compiled and sent to the market for final pricing. Initial prices may have been sought from the Supply Chain during scheme development in order to verify assumptions and/or mitigate risk. However, once the design is complete, final prices for works packages will need to be obtained.

Each Stage agreement should encompass a procurement strategy as agreed by the Client and the PSCP. It will be reviewed regularly and kept up-to-date. Approximately 80% of the GMP is typically built up of subcontracted work packages. The PSCP will have established relationships with their suppliers and so will be able to secure prices for work packages quickly and efficiently. The Client and the PSCP need to agree the extent of market-testing for the packages while taking account of the need to obtain input from Supply Chain members when preparing the design to support the
6.3 Risk management

The allocation of risk is a key area of focus at the time of agreeing the GMP. A standard ProCure21+ joint risk register exists, derived from a database of risks from the current and previous framework. The standard risk register contains a list of typical risks for Stages 1-4; these are focused on the NHS Client and the potential risks from a user and/or business viewpoint. These are provided to enable users to ascertain what they should be considering for inclusion in the risk register.

You can find the standard ProCure21+ joint risk register here.

All ProCure21+ schemes are required to use the standard ProCure21+ risk register as a basis for risk identification. Additional risks can be added and non-existing risks deleted to adapt it for a particular scheme. It should be noted that the risk register should take account of Client risks and clinical risks as well as construction risks. Risk reviews should be undertaken at least every four weeks.

This approach is supported by the NEC3 ‘early warning’ system which requires risks to be identified, formally reviewed and agreed actions implemented. Early warnings that cannot be resolved simply should be added to the risk register.

At the time of the GMP agreement an element of risk will always remain. Having exhausted all mitigation plans, the joint team will finally need to allocate risk. This will necessitate detailed discussions in terms of the premium required by the PSCP in order to take on board the risk, and what represents value from the NHS Client viewpoint.

Evidence on ProCure21+ and the previous framework shows that traditional perceptions as to where the risk should reside are often altered by going through this process in detail. This is seen as a constructive part of the GMP setting process, and the discussions that ensue help to assure that value is obtained.

6.4 Gainshare

Provision has been made for a gainshare as follows:

- If the outturn cost is below the GMP (by a maximum of 5%) then the savings are shared 50:50 between the Client and the PSCP;
- If on completion of a project, the outturn cost is higher than the GMP then 100% of the additional cost is payable by the PSCP (if there are no Client changes);
- Any additional savings below 95% of the GMP will be retained 100% by the Client.
- 100% of all savings resulting from tendering works packages post-GMP without any changes to the design, specification or methodologies are to be retained by the Client.
Gainshare should be the result of more efficient methods of construction or alternative materials or designs that do not affect the quality or functionality of the completed project. A gainshare should not result from setting the GMP too high while market-testing works packages after agreement of the GMP without any changes to the design or specification. In that instance, 100% of the savings will be returned to the Client.