



Guidance on collaboration and linkages between contracting authorities: synergies in programmes of work

Purpose

1. This construction policy note (CPN) publishes new guidance on collaboration between public contracting authorities.

Key message

2. Contracting authorities must maximise opportunities for collaboration with other public sector authorities.

Target audience

3. This note is intended for all those contracting authority staff involved in the planning and delivery of public works projects.

Outline of guidance

4. The review of Scottish Public Sector Procurement in Construction recommended that public sector bodies should be able to demonstrate that sufficient linkages are made between them to determine if it is possible to achieve synergies between them. This guidance provides assistance to public contracting authorities in identifying and exploiting such opportunities.

5. The guidance, which is attached at Annex A, provides contracting authorities with advice on how to identify and exploit opportunities for collaboration.

Dissemination

6. Please bring this construction procurement note to the attention of all those staff involved in the procurement or delivery of construction activities.

Contact

7. If you have any questions about this CPN please contact:

Construction Procurement Policy Unit
The Scottish Government
5 Atlantic Quay
150 Broomielaw
GLASGOW
G2 8LU

Tel: 0131-244-8492

E-mail: constructionpolicy@gov.scot



Guidance on Collaboration and Linkages Between Contracting Authorities: Synergies in Programmes of Work

Contents

Paragraph	Subject	Page
1	Introduction	2
2	Guidance	2
3	Potential Benefits	4
4	Planning for Successful Collaboration	4
5	Overcoming Challenges	5

Introduction

1.1 The review of Scottish Public Sector Procurement in Construction recommended that public sector bodies should be able to demonstrate that sufficient linkages are made between them to determine if it is possible to achieve synergies between them. This guidance provides assistance to public contracting authorities in identifying and exploiting such opportunities.

Guidance

2.1 As soon as a project need has been identified a contracting authority must consider whether there may be any beneficial opportunities for collaboration. All such opportunities should be examined with the potential benefits quantified and included as options in the Business Case prepared for governance approval. This closely mirrors the approach to Strategic Asset Management Collaboration being promoted as part of the One Public Sector initiative.

2.2 Authorities may wish to explore opportunities that may present themselves through: hub territory partnering boards; engagement with property and estates forums such as SHOPS and the NHS Capital Investment Network; reference to the Infrastructure Investment Plan and to the procurement strategy plans published by neighbouring authorities.

2.3 It is suggested that 3 main types of collaboration be examined. For each type a statement should be prepared which either identifies an opportunity or provides an explanation of why there may be none.

Geographic adjacency collaboration.

Example opportunities include:

- Shared use of buildings
- Joint procurement of similar buildings, eg schools
- Sharing of key, experienced, personnel
- Shared use of depots
- Road maintenance
- Regional frameworks

Synergies with other authorities

Example opportunities include:

- NHS/Council joint occupation, eg social care
- Council/Emergency Services – shared space
- Council/Transport Scotland – road projects

Sector collaboration

Example opportunities include:

- Street lighting renewal
- Renewable energy initiatives
- Sharing of key, experienced, personnel
- Bundled revenue funded projects

Figure 1, below, illustrates a recommended approach.

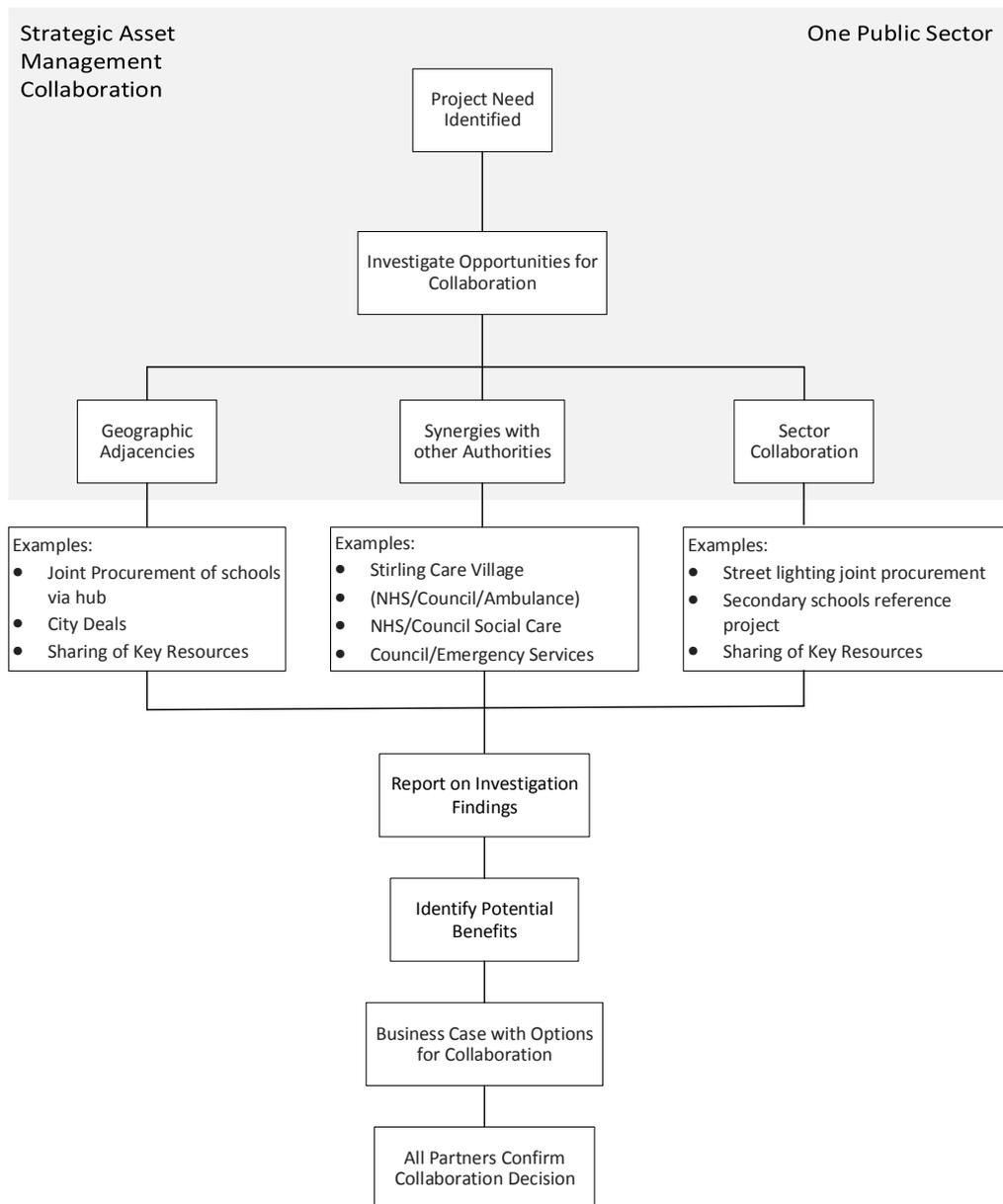


Figure 1. Opportunities for Collaboration

Potential benefits

3.1 It is common for collaborative procurement to produce savings of between 5-15% compared to single projects. Areas to consider include:

Economies of scale

These can be in the form of volume discounts on plant, equipment and materials; increased turnover leading to lower overheads and profit from the supply chain; more efficient project development processes leading to lower development costs; lower contract management costs.

Lower procurement costs

Joint procurements reduce the internal costs of conducting procurement exercises compared to a series of single contracts.

Sharing best practice design solutions

Joint project development teams will find it easy to compare design solutions across authorities, sharing best practice and lessons learned.

Spatial design efficiency

The shared use of buildings permits major space efficiencies to be realised in areas such as plant, catering, circulation, reception and meeting rooms.

Shared expertise

The most successful projects are most likely to be led by the most experienced people. Not every authority can retain such skills if their new projects are infrequent. Sharing such resources is very cost effective and very beneficial to project delivery.

Reduced contract management and inspection costs

Managing a single, larger, contract will be more resource efficient than managing a series of smaller contracts.

Planning for successful collaboration

4.1 Once a decision has been made to proceed with a collaborative procurement figure 2, below, illustrates a recommended approach. Before the procurement of consultants and contractors sufficient time should be spent by all the collaborative partners to:

- Secure senior management commitment
- Align funding and capital budgets

- Align decision making – appropriate delegation to a joint steering group
- Agree strategies for future asset ownership and operational management
- Agree defined outcomes and benefits
- Form a steering group of culturally aligned managers
- Always create a single procurement team

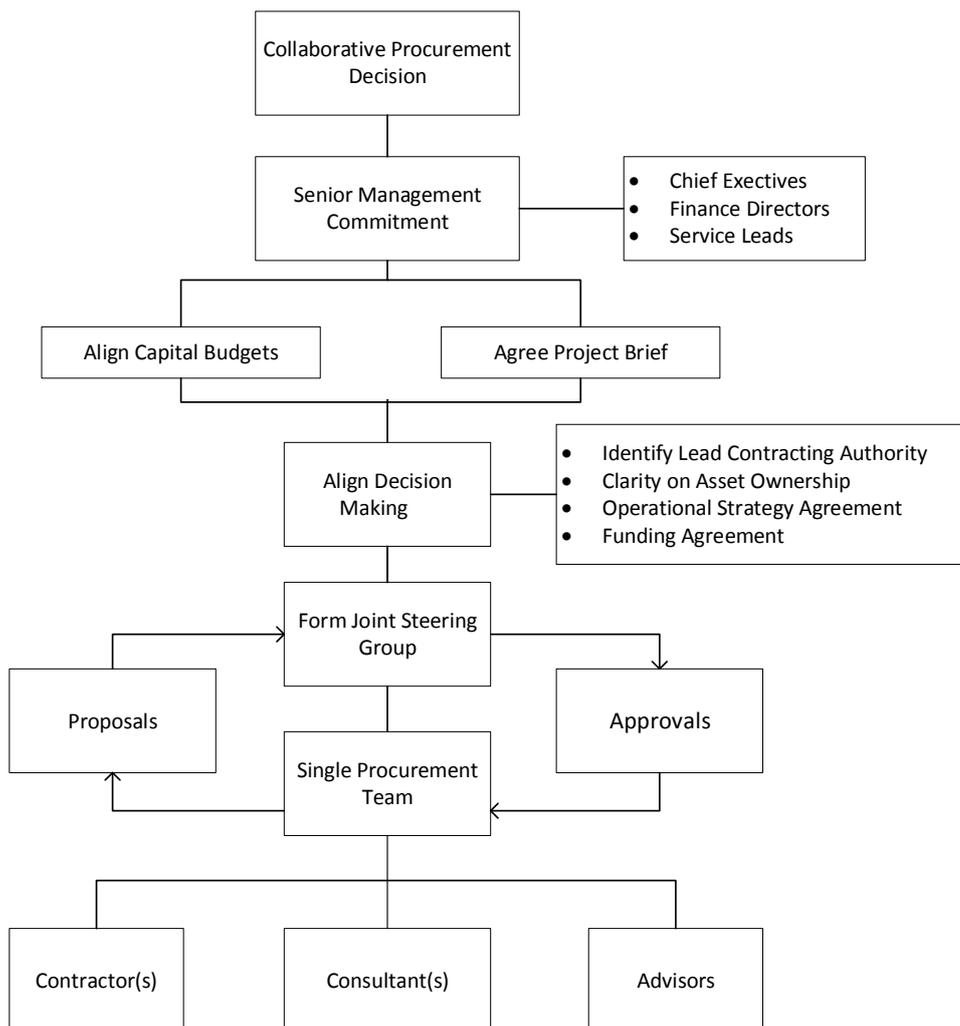


Figure 2. Collaborative Procurement Organisation

Overcoming challenges

5.1 Most of the challenges encountered in collaborative procurement are caused by problems in governance arrangements, in misaligned decision making and by

personality clashes. These issues should be considered carefully from the outset as part of a risk management strategy and plans created to mitigate their effects.

- Speak to those who have completed collaborative projects. Benefit from lessons learned.
- Anticipate issues that might arise. Create and action mitigation strategies.
- Put any legal agreements in place as soon as possible.
- Agree a protocol for quickly escalating any disputes between partners to CEOs
- Advice is available from Scottish Futures Trust which has extensive experience in facilitating collaboration and which can provide expert help. Templates also exist for legal agreements.