

Project: Jobcentre Plus National Rollout
Client: Department for Work and Pensions (DWP)
Dates: 2002 – 2007



The Project

As part of the Government's strategy to link benefit payments with job seeking, the Employment Service and the Benefits Agency were merged in 2002 to create Jobcentre Plus (JCP). As part of this process, the former social security offices and jobcentres were to be replaced with new JCP offices that were designed to be more 'retail' than 'public building' and to create a friendlier, calming environment for customers. The £2.2bn project consisted of estates works, new IT solutions, rebranding, creation of new ways of working and staff training. The estates brief was to reduce the UK estate from 1,500 properties to 1,000 to include the public facing Jobcentre Plus offices, call centres and benefit processing centres with a budget of £900m.

Key Issues that influenced the design of the delivery solution:

- The JCP business had very little confidence in Estates performance
- There was a political imperative that 225 JCP offices opened by March 2003, even though in mid-2002 we did not have any consultants or contractors appointed. An OJEU tendered supply chain would not be in place until May 2003.
- The cost of the pathfinders was 25% above our budget levels and we were required to demonstrate year on year cost reductions throughout the 4 year rollout.
- The HSE became part of DWP in August 2002.
- The JCP National project team wanted to run a 'light touch' project i.e. the main decisions were to be taken by local staff in the 11 Regions and 90 Districts.
- The Benefits Agency part of the estate was owned and maintained by Land Securities Trillium under a PFI which was designed around a steady state scenario.

The Strategy

A **National Core Team** was created from staff seconded from Lend Lease staff covering the disciplines of project management, commercial management, procurement/supply chain management, health & safety, design management and programme management. Significantly, the staff came from a mix of client, consultant and contractor backgrounds which gave greater understanding and perspective to selecting and managing the supply chain. The National Core Team interweaved with DWP Estates staff so the best public and private sector skills were utilised.

The first year strategy was based on using Land Securities Trillium, Atkins and Drivers Jonas (as the existing OJEU compliant FM providers) to provide professional services and traditionally tender the contractors. In order to improve the quality of delivery, we appointed an independent seconded Project Manager for each of the 25 Districts to co-ordinate the FM Providers teams and act as a first point advisor to JCP staff, we pre-vetted the Architects, Engineers and contractors. We tendered the main components nationally.

The second year strategy was to create a supply chain able to deliver 250 fit-outs p.a. across the UK based entirely on **partnering principles**. We decided to employ individuals on full-time secondment for the project management, commercial management and planning supervision roles. Architects and Engineers were pre-selected and employed via OGC Buying Solutions frameworks. Contractors and key suppliers would be OJEU tendered.

The solution was to create a high performing supply chain that embraces as many aspects of partnering as possible:



Creating the High Performing Supply Chain

The key ingredients for a successful partnering supply chain are:

Having a truly collaborative project culture

The collaborative project culture, our '**project chemistry**', was formed by creating a non-confrontational open environment, encouraging a collaborative spirit across all parties, breaking down competitive barriers, ensuring that everyone is equal and inclusive, no master/slave relationships, an environment based on trust and respect across the entire supply chain where everyone has the same aligned objectives i.e. focused on the clients objectives and, critically, the client is fully supportive of the partnering ethos.

The National Core Team professionals were responsible for creating and managing this environment. We used a number of methods to achieve this. One was the '**Achieving Behavioural Change**' course that everyone who went on to site was required to attend. Over 10,000 people attended this one day course which covered health and safety on site and at home, the behaviours of partnering, care for others and the importance of good communication.

Another was the introduction of discipline **VE workshops**. Over time, these workshops encouraged contractors and suppliers to break down competitive barriers, work with the national core team and their competitors to identify and develop savings that benefit the client and the whole supply chain. Examples of savings achieved are below. This also happened at the national contractors meetings where competitors openly offered advice and experiences and even organised visits to each other's offices to share best practice ideas.



Selecting the right people or organisations that have the right skills and share our culture

We reviewed the risk of each type of consultant and identified that the highest risk of non-performance and poor cultural alignment would be project managers, commercial managers and planning supervisors

(CDM-C's) from organisations offering 'vanilla' services. To avoid this we selected individuals and appointed them on a **full-time secondment** basis with the national core team training and managing them. The interview process was based on 50% experience/technical skills and 50% attitude to partnering. Training included using the gateway process, the enhanced health and safety regime that we created with the HSE and continual improvement workshops. This selection methodology was generally successful (circa 96%).

The 23 firms of Architects and Engineers were selected based on their retail/fit-out experience and their levels of local/regional resources for cost effectiveness. Some of the Consultant Engineers were found to consistently over design the scheme for their professional indemnity reasons. This impact was minimised by utilising PPC2000's **early contractor engagement** to take on the design for detailing and value engineering. We also ran 20 CDM training workshops for designers as this was seen as a gap/risk in their expertise.

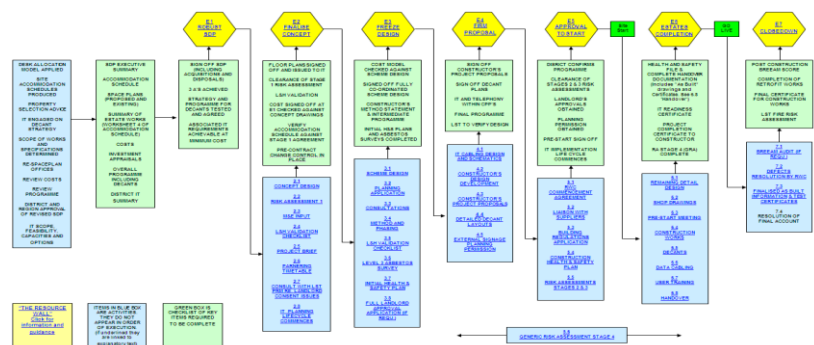
By declaring that we were going to use **PPC2000** as the preferred contract for the project, incorporating early contractor engagement, D&B and open book working, it sent a clear signal during the OJEU tendering of contractors and suppliers that this government project was going to be very different. A rigorous selection process included questions about their partnering experiences, specific fit-out experience in regions, management team and their approach to health & safety. We eventually selected 14 regional works constructors, 15 specialist contractors (services, fire alarms etc) and 11 specialist suppliers (furniture, carpet etc).

Communications that are clear and reach all parts of the supply chain

We adopted a variety of methods from formal emailed notes (core team notices, practice notices), face to face meetings (quarterly national meetings, specific discipline workshops) and telephone conferences to communicate latest information and ideas. Planning data included a **programme planning tool** that showed the progress of every project and schedules of feasibility studies that gave the supply chain advance warning of future workload was shared.

Having common processes that encourage continual improvement and reinforce non-confrontational ways of working

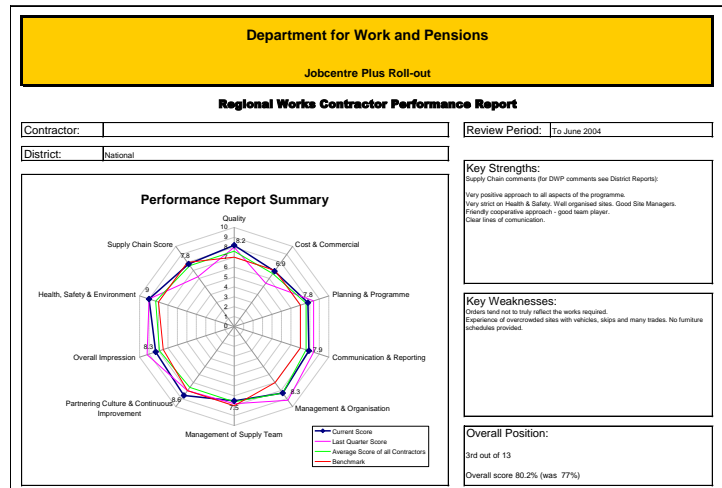
A **gateway process** was created that identified the key stages for business approvals (and the documentation required to be completed at each stage) covered the whole process from initiation of District wide feasibility studies through to the final account/closure of each office. These gates were used for our programming and reporting of the estates work and were **integrated with IT, HR training** programmes. The gateway process incorporated guidance notes and examples of documents/forms that could be used. This became the primary vehicle for sharing best practice and was used by the client, consultants, contractors, suppliers, HR and IT.



Have a performance measurement system that is aligned to the objectives, obtains everyone's input and the results are respected by the whole supply chain

The contractors and suppliers were subjected to a half yearly performance measurement review from consultants, clients and suppliers. The specifically designed **Performance Measurement System** had sections on quality, cost reporting, planning & programme, communication & reporting, management & organisation, management of the supply chain, partnering culture and continuous improvement, design management and health & safety. Each section had 5 questions with degrading answers for a score from 1 to 10. The scores were aggregated and ranked nationally, district team and by each section. The feedback was strictly confidential and the contractor was not told who was above/below their ranking. This proved an extremely valuable tool for continual improvement as contractors responded more to ranking against their peers than KPI's and money.

All the seconded consultants (including the national core team) were subjected to similar half-yearly reviews and the Architects/Engineers to an annual review.



Most organisations did not have any internal performance measurement schemes to measure their performance or that of their supply chains when we tendered in 2002. Subsequently, many chose to adopt the JCP model.

Agreeing commercial and business terms that are clear, transparent, fully understood and avoid unnecessary risk transfers that incur costs

As part of our objective to get the contractors to focus away from traditional commercial or contractual issues and on to the client's needs and continual improvement, we developed an **open book solution** with prescribed overheads & profit percentage, national target costs with a gain share mechanism based on savings made and the contractors performance (KPI's and balanced scorecard). We also strove to eliminate all unnecessary risk through pre-qualifying contractors annually with **no mini-tendering, no pain/GMP/penalty mechanisms**, paying contractors within 30 days based on actual invoices, no retentions at any level etc (all of this was before OGC's Fair Payment Guidelines). At the end of the first national commercial workshop, it was apparent that 10 of the 14 contractors understood how the open book solution worked but lacked a belief in partnering and it working. It was only when witnessing the benefits of open book working after the first year that this belief started to change. In time, contractors saw the **non-tangible benefits of partnering** such as no claims surveyors, no legal fees, no crisis commercial meetings, no additional tendering costs, less management input and a workforce wanting to be part of this project.

Savings were generated by the early contractor engagement through conducting intrusive surveys during the design stage. This ensured that at design sign-off, the contractors pricing was 95% cost certain, asbestos and structural risks were known about, advanced material or plant orders were placed, savings had been identified and agreed, the phasing programme agreed and communicated to the occupiers, and the health and safety plan signed off.

The client must fully support partnering and understand the construction process

The regional and district JCP staff were from a non-construction background and initially did not have any confidence in Estates following the pathfinders, did not generally trust suppliers and at the slightest hint of a problem, escalated it. We tackled this by appointing District Programme Managers who became their **trusted first point of contact**, thereby resolving issues locally without escalation. By getting the Estates Gateway Process approved by JCP Board, thereby making it an official controlled document, it limited the Districts ability to make changes and improved visibility of progress.

The Results

- 868 customer facing offices, 23 call centres and 78 benefit processing centres completed (969 buildings retained with 3.4m ft² of estate disposed)
- Final cost was £737m (24.8% below competitive tender levels) and £163m below budget
- 99% of projects completed on time
- No contractual claims at any level
- 85% of waste recycled (in 2005/6)
- Accident Injury Rate of 90% below national levels

External Evidence

The project won a number of national industry awards for excellence covering a variety of disciplines

- Public Procurement Excellence award
- Building Health & Safety 'Integrated Project Safety' Award (twice)
- Building 'Waste Initiative of the Year' Award
- Building 'Sustainable Client of the Year' Award
- Building 'Supply Chain of the Year' Award
- National Green Apple Environment Awards including National Champion



National Audit Office Report (February 2008) and Public Accounts Committee (September 2008) claimed the JCP rollout was an exemplar project.