

Construction Clients Group

Education Infrastructure Services: Upcoming Initiatives

July 2017

Background – Capital Works (CW)

- EIS is responsible for managing the school property portfolio on behalf of the Ministry.
- Combination of directly managed investment and supporting schools in effectively delivering devolved infrastructure funding.
- Over \$700m of investment annually over half of which is directly managed by EIS through our Capital Works teams.
- CW projects include:

New schools	Special needs modifications
Major Redevelopments	Roll growth
Christchurch Schools Rebuild (CSR) Programme	Public Private Partnerships (PPP)
Weathertightness Remediation	Minor works

Current Challenges – Ministry Construction Procurement

- High volumes of tendering – responding to opportunities can be onerous and repetitive.
- Tight timeframes to deliver projects.
- Market ‘hot spots’ where demand is outstripping capacity.
- Ministry pipeline of work unclear to the market.
- Lack of strategic approach and consistency across projects / regions / CW programmes.
- Capturing / monitoring / analysing / leveraging construction cost information across the CW programme.



Objectives – Ministry Construction Procurement

- Ensure suppliers are aware of the Ministry's pipeline and are targeting these opportunities.
- Make Ministry opportunities commercially attractive.
- Incentivise suppliers to deliver good value outcomes by rewarding high performing suppliers.
- Be consistent across our procurement and delivery activities.
- Reduce the burden of responding to Ministry opportunities.



Key Initiatives

- Construction Directory
- Minor Works Panels
- Special Needs Modifications
- Project Management Panel - Performance Framework
- Review of consultant scopes of services

Construction Directory – Objectives

- A national Directory of suppliers pre-qualified to provide services by region, by value, by work type and by procurement approach.
 - Support improved communication between the Ministry and suppliers in regard to forward pipeline and requirements.
 - Reduce the tender burden and procurement timeframes for both parties.
 - Increase consistency of procurement and delivery processes.
 - Introduce performance management framework to identify and reward top performers.



Construction Directory – Proposed Principles

- All Ministry-led capital works over \$500,000 will be procured through the Directory.
- Works through the Christchurch Schools Rebuild are excluded as these will continue to be delivered through the established construction panels.
- In future specific strategic procurements may be undertaken that replace or supersede the Directory, regionally nationally or for certain work types and value bands. Depending on the nature of these strategic procurements these opportunities may be restricted to suppliers on the Directory.

Construction Directory – Proposed Principles

Open or closed?

- The Directory would be established for an extended period, say 5 years plus, but suppliers would be required to refresh key information and given the opportunity to refresh other information annually.
- At this same refresh date the Directory would open to new entrants.
- An earlier refresh and new entrant date is being considered for the first year to ensure that the Directory is comprehensive and information is an accurate representation of supplier attributes.



Construction Directory – Proposed Principles

Criteria

- The criteria for inclusion will be focussed at an organisational level enabling any secondary selection process to focus on project specific availability, capacity and expertise.

Differentiation between suppliers

- It is proposed that initial selection to the directory will be a ‘compliance threshold’ but that suppliers’ qualitatively evaluated ‘standing’ through the initial evaluation be taken into account in the secondary selection process both in regard to opportunities arising and also in that subsequent evaluation.
- As such, it is proposed that the initial selection process will be iterative to enable suppliers to provide additional information where any weakness is identified in the evaluation of any criteria.

Construction Directory – Proposed Principles



Regionality, value and work typology

- Suppliers will be required to identify:
 - The regions in which they intend to undertake works and demonstrate their capability and capacity to deliver in those regions.
 - The value bands within which they wish to be considered and demonstrate suitability through their financial standing and previous experience.
 - The work type (eg new build, remediation) and delivery approaches (traditional, design and build, early contractor involvement) that they wish to be considered for and demonstrate their relevant organisational experience and expertise.

Construction Directory – Proposed Principles



Secondary selection

- It is proposed that a longlist of appropriate suppliers be identified for an opportunity based on region, value and project typology filters.
- A shortlist will then be developed through a combination of **direct selection**, where sought, and rotation. Rotation will be informed by **supplier ‘standing’** and **equity of opportunity**.
- Challenge of identifying the **right opportunity for the right supplier**.

Construction Directory – Proposed Principles

Performance management

- A performance management framework will be established. The outcomes of this performance management framework will feed into a supplier's 'standing'. Initial 'standing' will be based on the initial evaluation and over time the 'standing' will be more informed by performance.
- A poor 'standing' will result in fewer opportunities and will also affect secondary selection evaluation. Significant performance issues could result in temporary or permanent removal from the Directory.



Construction Indicative Timings

- June & July – Development of Tender
- August / September – Tender release
- October / November – Evaluation
- December / January - Recommendation
- February 2018 – Anticipated award



Regional Minor Works Panels



- Contractor Panels for sub-\$1m capital works.
- Initially, Central North region (i.e. Waikato) and Christchurch. Particular areas where the Ministry is experiencing a lot of reactive low value work.
- Some cross over with Directory value range – panels would be first approach in applicable regions with Directory providing further capacity.
- Closed panels with limited suppliers.

Special Needs Modification – Regional Partners



- High volume, low/medium value projects undertaken in existing schools to provide accessibility, security etc to support requirements of special needs pupils.
- Reactive programme with short lead in times.
- Applicable to Auckland.
- Design and Build suppliers to scope, design and deliver a \$10m pa programme of work.
- Each sub-region (North/Central/South) is to have a single supplier through which that region's work will be delivered.
- No secondary procurement process proposed with direct appointment to applicable works subject to continuing performance and value for money.

Project Management Panel – Performance Management Framework

- PM Panels established in 2016.
- Introduction of performance management framework in July 2017.
- Approach similar to NZTA framework.
- Drive performance and support business improvement.

Consultant Scopes of Services



- Comprehensive review of consultant scopes of services across disciplines.
- Effectively suite scopes across disciplines and support regional consistency.
- Some market engagement with selected suppliers over the next few weeks.
- New suite to be adopted later in 2017.

Standardising Cost Data



- Standard formats / templates being introduced during tendering of construction
- Greater consistency of information which enables benchmark comparison of costs across:
 - CW Regions
 - Project types
 - Contractor / Consultants
 - Materials
 - Labour
- Pilot projects in Chch are being tested with this approach.
- A trial of potential tools to capture / analyse data is underway.
- Long terms strategies may involve establishing direct sourcing arrangements with high volume products/materials.



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