The ProCure22 Guide

Achieving Excellence in

Health and Social Care Construction

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**1 Introduction to the ProCure22 Guide**

Welcome to the ProCure22 (P22) Guide. This is the definitive introduction to the P22 framework and procurement process.

It has been written to introduce clients and Principal Supply Chain Partners (PSCP) and supply chain members to the principles of the framework; the detail of the procurement process; and the support available. The document has been produced by the P22 team at the Department of Health and will be augmented over time by the wider P22 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 P22 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 some of the more important aspects of a scheme. In addition to elements covered within this guide, comprehensive downloadable information is available from the P22 club site. Clients will need to register for access to the club via the P22 website - <https://procure22.nhs.uk/> This guide contains high-level information to help inform clients initial thoughts, but It is important that you refer to the detailed guidance noted earlier.

**2 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 supply chains. One of the key elements of this was to adapt and apply principles, practices and processes to construction 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 client and PSCP supply 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. 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, 647 schemes were registered, collectively worth £4.2bn.

ProCure21+ followed as a replacement framework where 451 schemes were registered with a value of £4.6bn. These frameworks 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 (due to improved timescale) as well as achieving cost-certainty and a much-reduced risk of litigation - there was no litigation on any ProCure21 or ProCure21+ scheme. In 2005 the NAO cited 3% of public construction cost as being spent on litigation (would be circa. £250m for P21 and P21+ combined).

**2.1 Objectives of the P22 Framework**

The P22 process builds on the benefits and successes of previous frameworks while satisfying the core objective of delivering improved value for money in Health and Social Care capital developments.

Six PSCPs have been appointed to the P22 Framework managed by the Department of Health on behalf of the Secretary of State for Health. The objectives of the framework are as follows:

* + Provide Health and Social Care clients with access to pre-approved supply chains for Master Planning, Major and Minor capital works;
  + Foster collaboration between clients and PSCPs to improve performance, maximise value and deliver genuine mutual benefit for all in a patient-centred environment;
  + Instil good project management practice;
  + Provide transparency and understanding between 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 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;
  + Improve risk management;
  + Encourage continuous improvement within clients and PSCPs (and their supply chains) through lessons learned, repeated working relationships and improved cultural understanding;
  + Continue the development of StandardShare (P22 agreed standard component deals), ProjectShare (Royalty Free licence enabling sharing of design information Etc.) and repeatable rooms (guidance available from the P22 club site – FWK06);
    - Encourage active supply chain management to drive efficiency through the reduction of unnecessary overheads, sharing of best practice and collaborative working practices between clients, PSCPs and supply chains;
  + Providing a VAT recovery service.

**2.2 Principles of the P22 Framework**

P22 is aligned to the principles of the Cabinet Office Common Minimum Standards for the procurement of built environments in the public sector, 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 previous frameworks, there is a commitment to partnering (long-term relationships), collaborative working, integrated supply chains, and the use of target cost contracts. P22 represents industry best practice and guards against the poor practice and risks that are associated with traditional methods of procurement. P22 reduces the client’s exposure to risk and offers an open, honest and fair profit to appointed, sustainable supply chains.

P22 embodies the following principles:

* + A single consistent method for the delivery of schemes developed with input from Clients, the PSCPs and their supply chains;
  + A commitment to partnering, collaborative working and long-term relationships which are 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 Client

Charter and other charters (supplier; Cost Advisor; Project Manager; Etc.);

* + Management based on proactive consideration of activities, resources, risks and issues;
  + A commitment to follow the P22 process and the effective application of the NEC3 Contracts amended for P22;
  + Effective performance management throughout the supply chain;
  + The use of targeted training for NHS Clients, their professional

advisors and the P22 supply chains to implement P22 consistently;

* + Sustainable supply chains and construction that achieves consistently high BREEAM ratings;
  + Delivery of Defect Free projects at handover;
  + 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.

**2.3 Features of the P22 Framework**

P22 builds on the experience gained from the P21 and P21+ frameworks over the past 14 years. A number of key features have been identified including:

1. **Tested.** A proven high quality procurement route, supported by the Department of Health, NHS England, HM Treasury and professional bodies such as HEFMA and IHEEM.
2. **Flexible.** P22 is available for use by Joint Ventures between clients and others. P22 is a procurement route rather than a funding route, offering more flexibility for clients with available funds.
3. **Educated**. All new clients and supply chain staff taking part a P22 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**. P22 applies a new suite of assurance and performance management procedures that enhances transparency and supports scheme delivery and management.
5. **Accountable**. Each P22 PSCP has nominated a board member accountable for the successful delivery of all their schemes.
6. **Committed**. P22 requires a commitment from all parties to their respective charters (client, professional advisors, supply chain). This will ensure good project management practice is applied.
7. **Integrated**. P22 has a single transparent joint risk management process mandated on all schemes. Feedback from schemes will be shared across the framework.
8. **Reviewed**. Each P22 scheme is required to carry out post- occupancy and post-project evaluations encouraging lessons learned and best practice to be captured, shared and integrated into subsequent schemes.
9. **Recycled**. Each P22 PSCP has identified a Best Practice Champion accountable for the recording, implementation and sharing of best practice on all schemes. Scheme information and drawings are available for use by other clients free of charge (StandardShare and ProjectShare).
10. **Transparent**. P22 further enhances the level of transparency between clients and suppliers by the sharing of data and information across schemes and supply chains.
11. **Collaborative**. P22 uses the NEC3 Option C contract has been expanded to promote collaborative relationships.
12. **Innovative**. P22 supports the delivery of sustainable developments, use of local labour, skills transfer into local communities and the use of ‘green’ technologies.
13. **Flexible.** P22 offers a Minor Works template which is ideal for smaller jobs where the works are collected under one 12 month contract as a series of individual ‘Tasks’.
14. **Tax-efficient**. P22 will continue to offer a VAT service, saving clients VAT recovery consultancy fees. PSCP organisation structures are compliant to ensure appropriate VAT recovery and ensuring compliance with HMRC rules.

**2.4 Overview of the P22 process**

The P22 Framework is a framework agreement with six PSCPs that have been selected via an OJEU tender process for capital investment construction schemes across England up to 2020. A client may select a PSCP for a scheme they wish to undertake without having to go through an OJEU procurement process.

The client and the PSCP follow the P22 procurement principles and process for design and construction of the proposed works as set out in the P22 NEC3 Contract and P22 template and associated guidance. Training and implementation support is available from the P22 team throughout the all stages of the scheme.

P22 is a suitable procurement route for the following types of work:

• Master Planning, Service planning or reconfiguration reviews;

• Major works schemes (new or refurbishment);

• Minor Works Schemes for Single or Multiple Task Periods (12 months), in which each task value (within a Task Period) does not exceed £1m (there may be multiple Tasks within a project);

• Infrastructure upgrades (roads, plant, etc) and non-health buildings (car parks, etc)

• Feasibility studies.

P22 can be used by any Health and Social Care organisation or any non-NHS organisation collaborating with an NHS organisation for the provision of a facility that has a health component.

Where a client is proposing to undertake a scheme and would like to learn more about the P22 process, they should contact their local Implementation Advisor (IA) first. IA details are available on the P22 website.

**2.5 Selection (call-off) of a PSCP by a client**

When selecting a Principal supply chain Partner (PSCP), clients should follow the process set out in FWK05 – scheme selection process, which is downloadable from the P22 club site. P22 selection is based upon 70% qualitative and 30% cost.

Some key points about the PSCP selection process are:

• A client can select and appoint a single PSCP to a scheme for the delivery of a single or multiple projects;

• The P22 team will support the client in the engagement of P22, obtaining the required training and appointing the PSCP;

• Selection and appointment can be undertaken in 4 weeks. However, the client may wish to set the timescale for the process to suit their requirement;

• The selection process is compliant with PCR2015. Deviation from the process may lead to a non-compliant call-off.

• P22 provides a mandatory selection tool (available from your IA) to assist the client through the selection process. The tool enables criteria identification, scoring methodology, moderation and feedback, that supports audit.

The following summarises the P22 PSCP selection process for clients:

• The Client will agree qualitative selection criteria, rank and weightings;

• The Client will identify which Commercial criteria are to be used;

* Client releases a High-Level Information Pack (HLIP) to all six PSCPs;

• Client holds an open day;

• PSCPs submit an expression of interest to the client for evaluation within a stipulated timescale addressing the criteria within the HLIP;

* Client assesses qualitative criteria (70% qualitative);

• PSCPs that have submitted an EOI are invited to moderation interview for a more detailed examination of their EOI;

• DH adds commercial score following completion of the Qualitative moderation;

* Client selects PSCP;

• Client provides feedback to all PSCPs.

**2.6 Project Start-up**

Following selection, the client will have issued a scheme agreement for acceptance by the PSCP. Following this, for each individual project, a Project Letter of Instruction is issued requesting project proposals. On acceptance of the first proposal, there is a Project Agreement signed between the parties. Guidance in respect of these is downloadable from the P22 club site, FWK04.

The client and PSCP will review the project and plan the start-up activities for the first six to eight weeks. This will be agreed through the project start-up workshop (funded by the PSCP) for which the PSCP will have a typical agenda. Training needs will be identified, and training can either be sourced direct, through the PSCP or through the P22 Implementation Advisor (IA). Training information is available from the P22 club site.

The client and PSCP should agree the structure and content of the workshop to ensure it is relevant to the stage and available detail of the project. It may be that a stakeholder engagement exercise should be carried out later.

Client advisors are an important element and provide support through the process. Typically a Project Director (the Employer), a Project Manager, Supervisor and a Cost Advisor would be appointed, some of whom may be in-house. These appointments are for individual organisations to decide upon but roles and responsibilities associated with these duties are available from the P22 club site.

Clients will also need to identify whether they require the CDM duty to be undertaken by the supply chain (this is acceptable under the requirements of the CDM Regulations) or if they intend to appoint to this role themselves.

**2.7 Scheme Development**

The design development period covers the period of PSCP appointment through to agreement of the GMP for each individual project within a scheme and the start of construction. It can include the following:

• Investigation into service needs and alternative proposals for service reconfiguration;

• Finalisation of the brief;

• Development and approval of pre-construction stages and business cases (SOC, OBC, FBC);

• Engagement of the supply-chain and other stakeholders;

• Development of the preferred design with associated costs and 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:

• Provision of early access to expertise in the supply chain to enable them to add value to the project and assist with any issues in respect of affordability or sustainability;

• The supply chain gains knowledge and understanding of the 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 improved health and safety on site;

• Collaboration throughout the supply chain which assists the establishment of a proactive problem-solving culture.

**2.8 Managing a P22 project**

P22 uses the NEC3 Option C: Target Contract with Activity Schedule, to which a number of amendments have been made via Z Clauses (additional conditions of contract). The 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.

The client Project Manager and the PSCP must engage with the management of the contract documentation and processes from the outset.

To assist with the effective administration of the contract processes, P22 has developed a set of P22 NEC3 Option C Contract Administration pro-formas (available from the P22 club site) that must be used in accordance with the provisions of the P22 Framework NEC3 processes and procedures included in the contract templates.

P22 also provides a Works and Site Information template that incorporates procedures that are to be used. It is important to note that this documentation is contractually binding document under the provisions of the NEC Contract.

Contract management systems are available to assist 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 a client require it.

Clients should consider the use of these systems as they provide considerable benefits for efficient management of the contract, and access to live project information. All the PSCPs have these systems included in their fee percentages, and there is no additional cost to the clients for their use.

**2.9 The Guaranteed Maximum Price**

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 documentation is engrossed, subject to increase or decrease by accepted variations (Compensation Events) during the works .

P22 is an incentivised process by the introduction of a pain/gain mechanism within stage 4 where the PSCP share of anything beneath 95% of the GMP is nil; anything between 95% and 100% is 50% (i.e. a 50/50 split with the client); and anything over 100% the PSCP share is 100% (PSCP take the pain).

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. ’Market testing‘ works packages after the agreement of the GMP without any changes to the design or specification will cause 100% of the savings to be returned to the Client as provided for by P22 Z clauses.

Site administration and facilities (preliminaries) are dealt with by an additional contract clause (Z clause) whereby 95% of any activity underspend is a reduction to the GMP.

**3.0 Engaging with P22**

It is best to engage with P22 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:

* Why is a construction project needed? [clarity of purpose?]
* Why is this solution appropriate? [can it achieve the targets?]
* What should the project deliver? [is the definition comprehensive?]
* What is the precedent? [what can we take from our other projects?]
* How is the project structured? [are appropriate management arrangements in place?]
* How will good communications be achieved?
* How appropriate is the chosen procurement approach?
* How well-suited are the people chosen to undertake the project?
* How will budgets and costs be defined and controlled?
* How will programmes and plans contribute to project success?
* How will risks be identified and managed?

Engagement of a P22 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 P22.

**3.1 The role of the IA**

The role of the IA is to provide impartial advice to project teams on the development and construction of capital schemes and projects in relation to the implementation of the P22 process.

The role can be summarised:

• To provide introductory advice and support on P22 in relation to the development of the client’s choice of a strategic procurement route i.e. is P22 right for you. This may involve the IAs providing presentations to client representatives to address issues and 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 P22 (or P21/P21+) on similar schemes;

• To provide the client with guidance and advice on the P22 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 provision of an appointed P22 trainer;

• To provide guidance to the Client on the implementation of the P22 PSCP selection process and the information the client needs to provide to support the selection. An IA may act as a impartial observer to a selection process, ensuring that the P22 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 P22 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 P22 performance management process;

• To assist with enabling access to written and online P22 guidance, as well as best practice, information from other P22 schemes (e.g. designs) Etc;

• Provide feedback to the client and the PSCP.

Now visit the P22 website for more information and contact your local IA!

<https://procure22.nhs.uk/>