



# Client Leadership Guide

2012



# Contents

## Introduction:

NIEP and its Mission	3
Guidance for local Government	5
Clients Improvement and Efficiency: an agenda for action	6
A worst case senario for local government	6 - 7

## Key Advice for Local Government Clients:

Take a localist approach by focusing on good place-making	10
Collaborate, creating new kinds of relationships between organisations	10
Promote integration of sector-specific priorities	10
Understand that efficiency comes from maximising value, not minimising cost	10
Drive environmental sustainability through the actions of local government	11
Take a flexible, open approach to securing specialist skills and adding capacity	11
Promote innovation through taking on responsibility for risk	11
Learn from your own and other successful projects	11

## The Facts:

Collaborative frameworks	13
Economies of scale	15
Local capital and asset strategy	16
Local benefits	16 - 19
Visit the web resource	19

## NIEP and its mission

NIEP, National Improvement and Efficiency Partnership for the Built Environment, was established to help organisations work together to develop, improve and spread best practice in the areas of intelligent asset management and construction procurement. Our work shows that local government can lead and bring partners together cohesively in order to reduce duplication, deliver improvements effectively and maximise local economic benefit.

NIEP acts as an umbrella body for a national network of collaborative construction frameworks. It is set up to increase efficiency in Local Government while promoting decision-making and flexibility, through shared learning and continuous improvement.

NIEP has developed a package of measures that can help deliver mutually reinforcing benefits to many organisations:

- economies of scale
- lower procurement costs
- transparent competition
- the ability to draw on additional capacity when needed
- certainty and quality of outcome
- prioritising the needs of local communities and companies
- delivering resource efficiency and carbon savings

The NIEP's goal is to deliver both a 20% saving in construction costs and a 15% saving in assets, at a time of unprecedented fiscal constraint.



**Andrew Smith**

Chief Executive Hampshire County Council  
Chairman of NIEP for the Built Environment



## Guidance for local government clients

Through our Guide for Clients, the NIEP describes what it takes for chief executives and senior officers to be good leaders in an environment where efficiency and improvement must go hand-in-hand:

The built environment offers big opportunities for improving performance – meeting strategic objectives, integrating priorities across sectors, saving money, offering better and more joined-up public services – but capturing those benefits is challenging. Getting the most out of areas such as asset management and procurement needs specialist skills, long-term thinking, a focus on quality of outcome as well as the process, an ability to step back to see the bigger picture. It needs a clear understanding of the relationship between policy, strategy and action, and it needs that link to be communicated effectively.

Across the country, many different projects and policies are being pursued by local authorities and other local public bodies; the NIEP is involved in these in advising, supporting, sharing and nurturing of good practice. The NIEP sets out to give direction and highlight the approaches that, taken together as a package of measures, are leading to success.

**“Our vision is for local government to become the most efficient and effective asset managers and procurers of construction... Our solutions will be integrated and will facilitate local sustainability.”**

**Andrew Smith**

Chief Executive Hampshire County Council  
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## Improvement and Efficiency: An agenda for action

The built environment offers big opportunities for improving local government performance, offering better and more joined-up public services and making essential financial savings.

Local government too often finds itself saddled with familiar problems that impede the prospects for change. Business-as-usual worked while times were good but, in a world where costs need to be kept down while protecting front-line services, this approach won't be acceptable for long.

## A worst-case scenario for local government

One of the most compelling ways of looking at this is to imagine what would happen if we were to take no action on, and make no plans for, improvement and efficiency. We would increasingly saddle ourselves with fragmented decision-making that only focuses on immediate problems rather than joined-up, cross-authority planning and action. We would undermine the principle that local government is taking responsibility for the long-term sustainability of our places and our local services. If leaders do nothing to support high-level improvements then, at an individual level, change simply becomes too difficult to contemplate:

We can all agree that this is a scenario we want to avoid, but how many of us claim, even now, that none of these statements ever rings true for our organisations? Where pressure is increasing to act upon imperatives around such issues as energy use, water and sewerage capacity, transport infrastructure and housing supply, leaders need to look at different tools and tactics and to draw on the experiences of others in using them. Learning from success elsewhere and effective forms of collaboration are at the heart of the NIEP's work. This is a guide to what is possible through strategic thinking and strong, informed leadership.

NIEP efficiency savings achieved

**£300m**

**“We’d like to be more open, collaborative and innovative but political differences and risk aversion always seem to get in the way of action.”**

“Sovereignty of funding and of different operational areas means that our directors have to protect what they have and make sure their budget stays with their staff and their projects.”

**“We have policies, and we form strategies, but it isn’t clear how we should act upon them.”**

“Our legal and financial experts deal with procurement. Although we aim to secure good value for the public, we almost always select the lowest cost option.”

**“Although we’re committed in principle to delivering long-term environmental and social benefits, it is usually too difficult to factor them into evidence-based decision-making.”**

“With too many short-term demands to deal with, we cannot meet our obligations or aspirations on carbon reduction and on more environmentally sustainable patterns of movement and development.”

**“We don’t have the time or resources to deal with collaboration across boundaries.”**

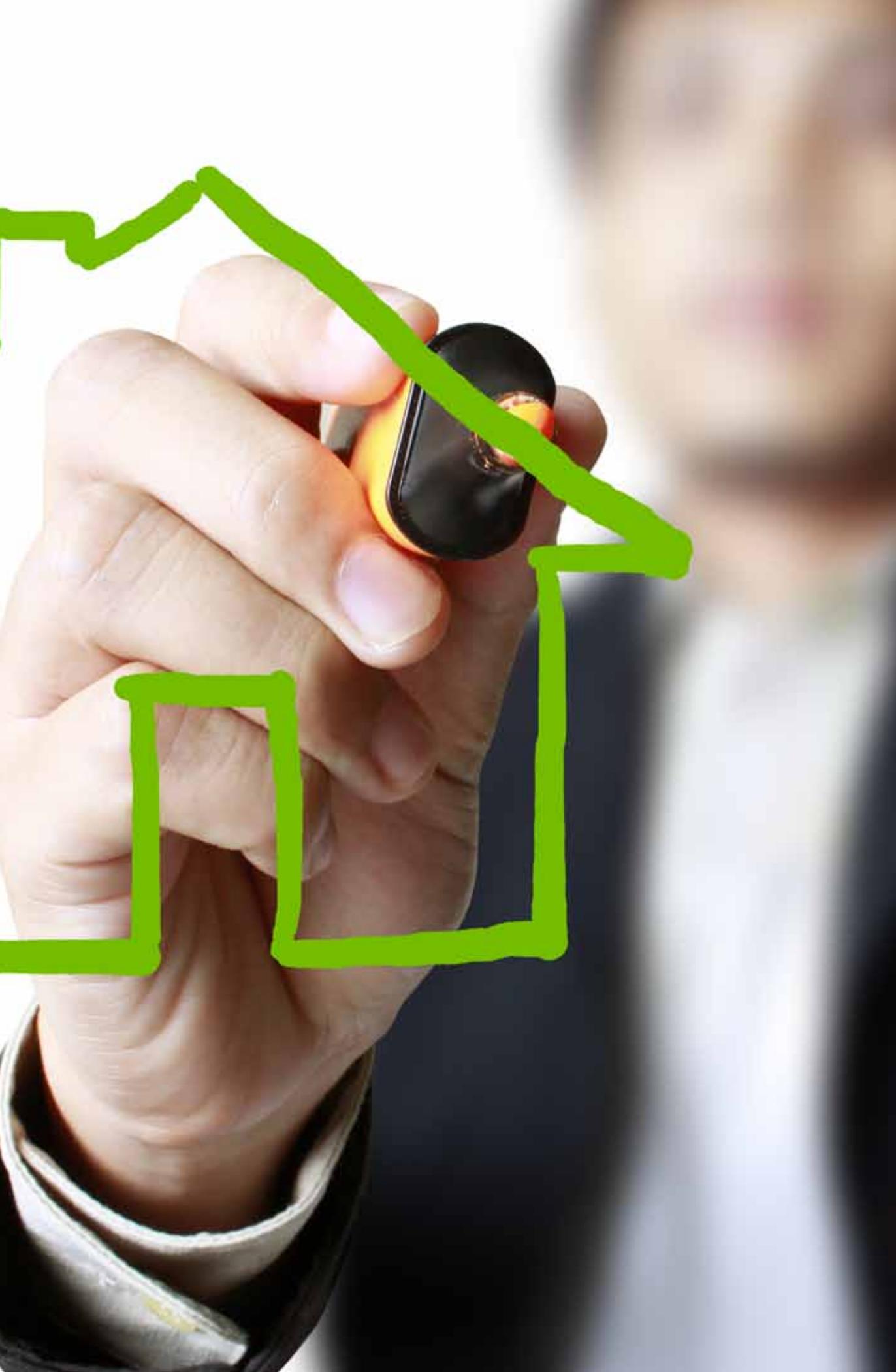
“We know we need to give communities a stronger voice, but we can’t allow this to get in the way of our day jobs.”

**“Certain services could probably be restructured to operate more efficiently, but outsourcing them to the private sector is an easier option for us.”**

“Property is a burden and a financial drain, so we’re selling public land to the highest bidder to meet short-term financial requirements.”

**“We don’t have the resources to invest in new projects, so it’s very hard to engage with local economic development and employment issues.”**

“To cut costs, we’re resorting to pay freezes and redundancies, and we have to ask the remaining staff to do much more for less reward. People with skills and ambition are leaving.”



## Key advice for local government clients

In towns and cities around the country, local government is central to making decisions that protect and enhance quality of place and of public services. Effective client leadership at senior level is essential to carrying out these responsibilities well, to overseeing programmes and projects that respond to the opportunities and challenges faced by local authorities. These include: the localism agenda, the squeeze on public finances, local economic development, environmental sustainability, and continuing to provide high quality public services.

There will be different contexts and considerations in each place, and different ways of bringing about the best outcomes, but outlined below are eight key considerations for local government clients, based on the NIEP's work. Experience is showing that, when taken together, they can greatly enhance prospects of meeting the full range of social, economic, environmental and political success factors over the short, medium and long term.

**“Our vision is for local government to become the most efficient and effective asset managers and procurers of construction... Our solutions will be integrated and will facilitate local sustainability.”**

## **1. Take a localist approach by focusing on good place-making:**

- engage with national policy in a way that meets distinctive local needs
- make the links between spatial planning, more sustainable patterns of development and quality and value of public services
- focus on tangible, deliverable outcomes
- communicate positive messages to the public about what localism means for communities

## **2. Collaborate, creating new kinds of relationships between organisations:**

- recognise where joint working will bring benefits, across local and even regional boundaries
- spend time up-front to explore and agree a shared vision
- manage programmes and projects collaboratively, but ensure they are still owned and delivered locally
- use collaborative frameworks for quality, reliability and value for money

## **3. Promote integration of sector-specific priorities:**

- ensure that different departments work together more closely
- work to overcome fragmented, sector-based decision-making
- reconcile different political interests
- use core teams or shared teams to deal with cross-sector, cross-boundary issues

## **4. Understand that efficiency comes from maximising value, not minimising cost:**

- prioritise long-term goals over short-term expediency
- take a whole-life approach to understanding value
- use assets and procurement strategically to deliver good value for the public
- look for projects and actions that add value across multiple policy areas, using the built environment to deliver positive outcomes in areas such as health and local employment

## **5. Drive environmental sustainability through the actions of local government:**

- ensure colleagues see value in social, environmental and economic terms
- prioritise reducing carbon emissions from the public estate and through the procurement practices of local government
- make the connection between collaboration across boundaries and tackling large-scale environmental challenges
- set performance indicators that reward good practice on energy and water efficiency

## **6. Take a flexible, open approach to securing specialist skills and adding capacity:**

- be frank and open about what your organisation can and can't do.
- take a people-centred approach: retain and develop a broad skills base wherever possible to maintain the ability to plan and implement key projects
- look to shared services arrangements across authorities to fill gaps rather than buying in services for every project
- promote local construction skills and continuing education

## **7. Promote innovation through taking on responsibility for risk:**

- set up improvement projects, to shift beyond business-as-usual
- take a smart approach to risk by using tried-and-tested frameworks and shared approaches
- Tackle risk aversion by taking responsibility for risk ownership
- embrace new technologies and innovations that can make buildings more energy efficient and improve working environments

## **8. Learn from your own and other successful projects:**

- get access to clusters of expertise from around the country in delivering improvement projects
- talk to others in local government who have been through similar processes
- contribute to evolving best practice
- commit to continuous improvement



# The Facts

## Collaborative frameworks

Use of construction and consultancy frameworks has become widespread in public sector procurement because buying services for several projects at once is almost always better value than one-off procurement. Frameworks save time and effort in managing contract and supplier relationships, and they can help focus procurement on quality of outcome and specific local benefits.

A network of collaborative frameworks exists around the country, coordinated through the NIEP, allowing public sector bodies access to ways of procuring construction that are:

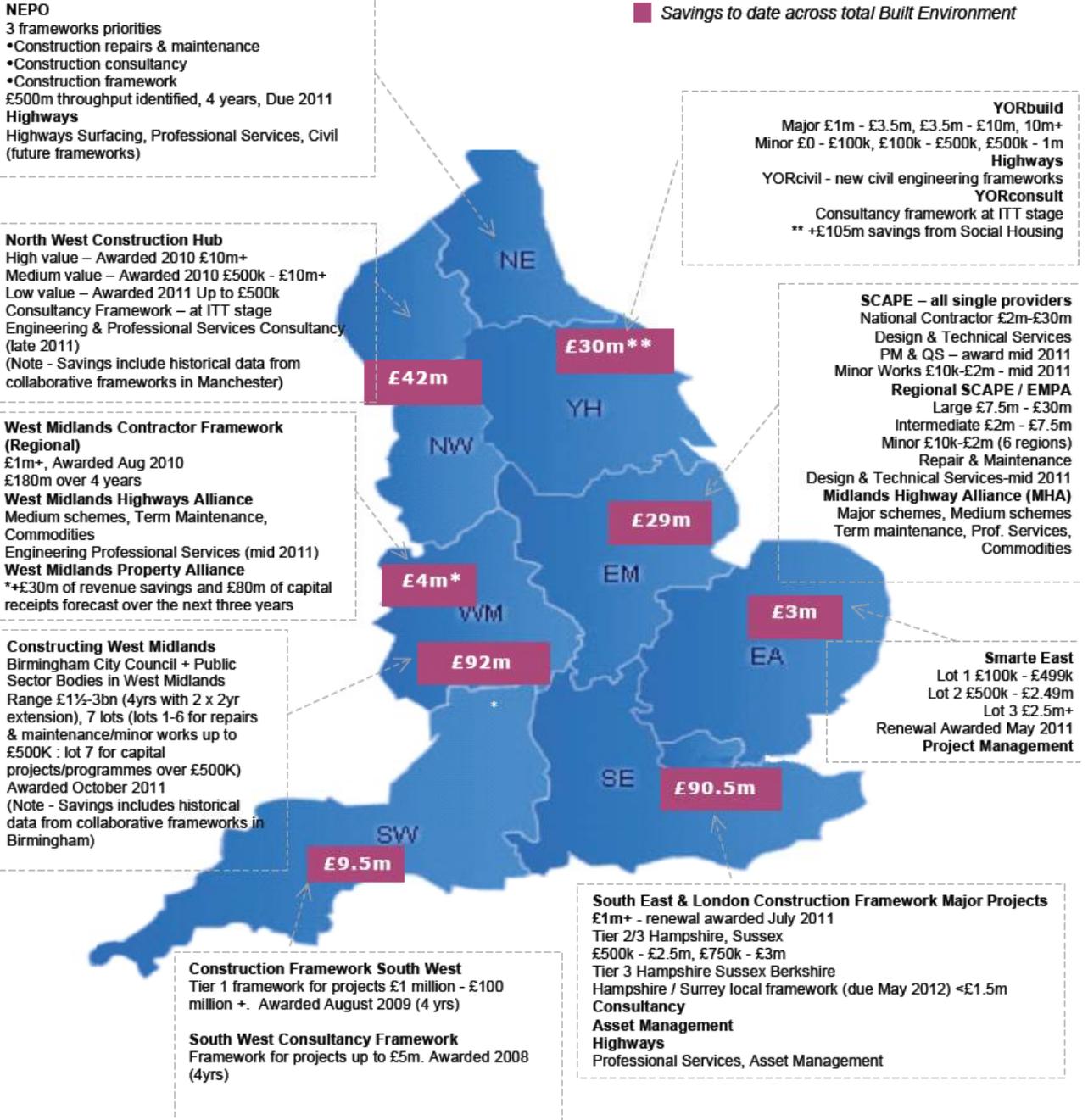
- tried and tested and low risk, with mature governance arrangements in place
- efficient – self-funding, with costs aggregated over multiple projects
- quality-led, allowing for a focus on outcomes rather than process
- performance-managed and quality assured
- structured according to local requirements
- sensitive to those who need support
- set up to invite early contractor involvement

Using frameworks has had demonstrable benefits, with around £300 million in efficiency savings achieved across the country. Nationally, this equates to average efficiency savings of 4.1% per project. The average framework project is also completed within 1.5% of the expected budget and within 2% of the expected time – a performance that, according to Cabinet Office estimates, represents a 7% saving on capital costs.

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# £300m total savings to date across Built Environment

## Construction, Consultancy, Highways, Property & Asset Management



## Economies of scale

Further savings for local government and its partners can be secured through packaging commissions together as a programme of work – dealing with a number of projects as a whole, from inception to completion. This ‘strategic commissioning’ approach is one of several ways in which local authorities and other public sector agencies can benefit by collaborating and sharing resources, jointly developing expertise and exercising buying power.

In this way, nine local authorities in South East England made real savings of £10 million on their Building Schools for the Future one-school pathfinder projects. They used the IESE framework to put together a single programme of work covering all participating authorities. A programme valued at £261 million at the planning stage was then delivered for £251 million. Had a collaborative approach been used earlier in the development cycle, those savings could have been even greater.

Existing regional and sub-regional frameworks and joint-working arrangements:



## Local capital and asset strategy

The government estimates that an ambitious approach to capital and assets could achieve up to £35 billion savings across the country over the next 10 years. Bringing together capital funding with a strategic appraisal of what local assets can deliver means looking at places as a whole, not just individual sites or buildings. A capital and asset strategy deals explicitly with the future of the built environment.

At the heart of this is a strategic view of service provision: taking stock of the way services are currently delivered in a place, looking at running costs, maintenance and facilities management of the buildings from which services are provided, and developing a vision of how technology and social change might reshape the need for local services and the way they are provided in the future.

The Capital and Assets Pathfinder Programme seeks councils to integrate long term capital and assets management thinking. This programme seeks to both reduce cost whilst critically improving and integrating front-line services for the public. The NIEP has led the first phase of the pathfinders and is working closely with the sector in developing the second phase.

## Local benefits

These approaches offer significant benefits for local communities and local businesses. They can act as a key part of an integrated, place-based approach to social, economic and environmental improvement and have an important role to play in planning and local policy development.

Collaborative frameworks, strategic commissioning and capital and asset strategies should incorporate:

- local skills and supply chain development
- SME engagement
- improved payment and welfare arrangements, consistent with the Government's Fair Payment Charter
- key performance indicators (KPIs)
- tried-and-tested approaches to performance, predictability and cost
- setting and monitoring economic and social regeneration objectives
- embracing local intelligence, from suppliers to local communities





The iESE framework, for example, has helped to boost local business development and local skills. 67% of the contractors on projects procured through the framework, have been from within 30 miles of the project location, and 62 extra apprenticeships have been created. There have also been benefits to environmental performance, with 84% of construction waste diverted from landfill.

With its national overview, the NIEP has had an important role to play in collecting and sharing best practice, and in promoting a level of standardisation that helps to raise the quality of outcomes.

The established frameworks share common core KPIs, common proposals on worklessness, apprenticeships and training, and a national approach to cost management and benchmarking. Each framework has been set up and implemented in close in partnership with suppliers, in order to find mutually beneficial ways of operating.

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## Visit the web resource

Using best practice gathered from our work with partners around the country, and case studies of where improvement projects are being implemented, our web resource sets out:

- the facts – how collaborative frameworks, economies of scale and local capital and asset strategies can bring about local benefits
- the implications of localism and developments in the construction industry
- the leadership role that local government can play in procurement, asset management, shared services and service delivery
- responsibilities of senior local government clients in planning and delivering construction projects
- how to promote quality of place and sustainable development

Taken together with our other guidance on Procurement, Asset Management, Facilities Management and Highways, our Client Leadership guide completes NIEP's suite of resources that can help deliver multiple benefits to local government and other local service providers.

Please visit the website for the full Client Leadership Guide:  
[www.niepbuiltenvironment.org.uk/ClientLeadershipGuide](http://www.niepbuiltenvironment.org.uk/ClientLeadershipGuide)

**Email:**

[info@niepbuiltenvironment.org.uk](mailto:info@niepbuiltenvironment.org.uk)

**Address:**

NIEP for the Built Environment  
Mottisfont Court  
76 High Street  
Winchester  
Hampshire  
SO23 8UL