

Commercial issues associated with the Implementation of GSL

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GSL Objectives to be delivered via commercial arrangements

Key objectives of Government Soft Landings are:

- To collect better data
- To encourage the client and the project team to deliver and operate an asset which meets its performance targets, typically defined in terms of
 - Totex Cost,
 - Certainty of Outcome,
 - Customer satisfaction



Commercial overview

- SL and GSL aim to improve asset performance through better briefing, effective collaboration and extended aftercare;
- Commercial mechanisms used to drive performance improvement should:
 - Work within the limitations of existing appointments and insurances
 - Support collaborative working within the team
- Assurance of performance is typically dealt with through:
 - Appointments based on ‘reasonable skill and care’
 - Work delivered on the basis of prescriptive and performance specification
 - Fitness for purpose is not assured
- Performance contracts generally focus on critical, easy to measure outputs

Commercial issues for Soft Landings

- Incorporation of aftercare into appointments and contracts;
- Clear articulation of employer requirements
- Early appointment of FM advisors;
- Alignment of brief, design and occupation/operation so that performance targets are reasonable and achievable;
- Allocation of responsibility for asset performance between design, construction and operation;
- Incentivisation of GSL participation;
- Initiation of incremental performance improvements;
- Rights to use POE and feedback

Many provisions are straightforward to incorporate

Experience of Supplier reaction to Performance Contracting

- Insurance issues;
 - Potential limiting factor governed by insurer's terms of business;
 - Potential for insurer involvement in the production and use of 'explanation for performance' reports
- Performance measurement;
 - Supplier interest in the definition of metrics and
- Specification;
 - Impact on incentives for innovation unless underwritten by the employer
- Contractual issues;
 - Potential complexity of linking design, construction and operational aspects of performance if delivered by multiple parties
 - Ability to back liabilities with insurance products

Assurance of performance is inevitably the most complex area

Recommendations for implementation

- Performance requirements and data collection targets
 - Defined in ERs and based on empirical data sources (meters, POE surveys)
 - Clarity around instructions and payment for performance improvements
- Pre-construction activities
 - Requirements in ERs/EIRs
 - Appointment and payment for services supported by PSC
- Aftercare provision
 - Requirements including continuous commissioning in ERs/EIRs
 - Appointment and payment for services supported by PSC
 - Extension of defects liability
 - Watch-out around timing of retention

Recommendations for implementation

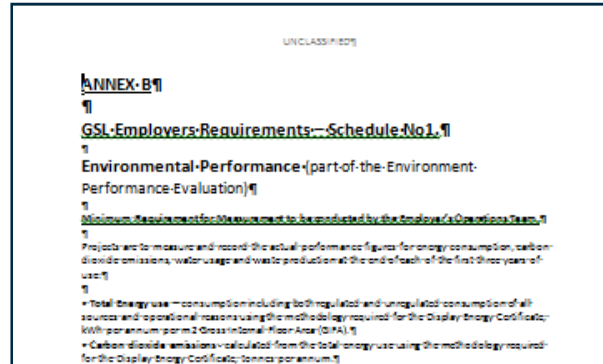
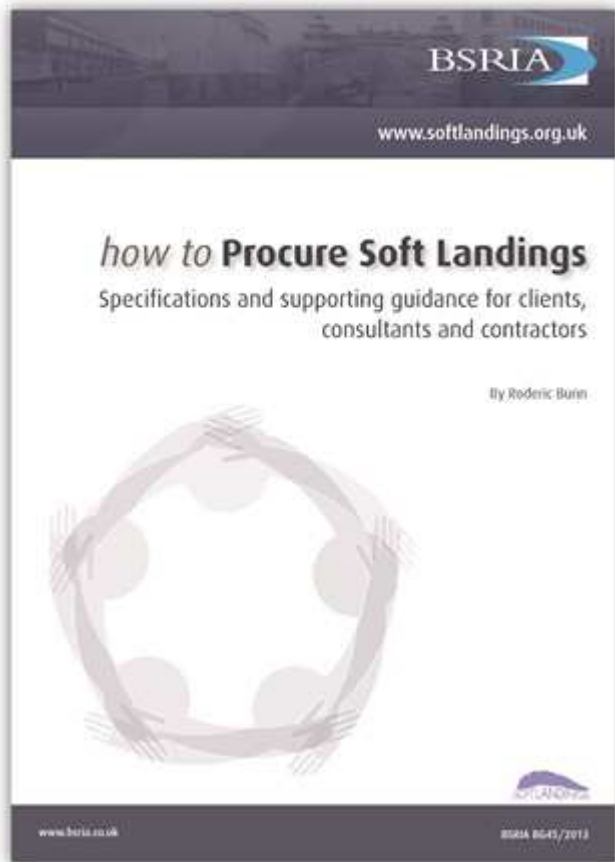
- Incentives for participation
 - Extra-contractual incentives to encourage participation and data collection
 - Access to project opportunity
 - Inclusion of GSL participation metrics in future public sector ITT
 - Performance penalties
 - Data and measures to enforce performance outside of existing remedies are not in place
 - Focus GSL on performance data and user feedback capture in early stages
 - Employer use of feedback and data
 - Employer has the right to use and share objective data obtained via GSL
 - Unrestricted use of user feedback and lessons learned is likely to disincentivise participation based on insurance risk management

Aspirational areas should be dealt with progressively

Intermediate steps to delivering GSL Objectives

- **Remedial works.** Remedial works required to correct performance issues identified through the GSL process should be instructed and funded by the employer except in instances where responsibility for performance can be allocated clearly using the terms of the existing agreement.
- The employer should base **performance assessment** on objective measures when considering the correction of performance issue.
- GSL should be implemented for an extended period on a **'no fault' basis** so that robust performance data, occupier feedback and lessons learned are gathered through a collaborative process.

Describing service requirements



Questions that can be asked of the Operations Team (There is an assumption that there is an identified party who represents the operational delivery of the project. If not then the GSL Champion needs to consider how these questions will be addressed within the procurement method/form of contract adopted and how operational issues will be addressed)

-0- Strategy	-1- Brief	-2- Concept	-3- Definition	-4- Design	-5- Build and Commission	-6- Handover and Close-Out	-7- Operation and end of life
<p>Q: What are the correct performance benchmarks for the type of asset and do we need any new ones? Demonstration of how these have been agreed and how performance against the benchmark will be assessed.</p> <p>Q: Has the strategy been reviewed by the operations team? Written confirmation.</p> <p>Q: Has an operational strategy been produced? Operational strategy to be provided.</p> <p>Q: In what format should information be delivered at the construction phase and what asset management system is this likely to populate?</p>	<p>Q: What information is needed to manage and assess the performance of the soft landing asset management? List of AMFM information needs.</p> <p>Q: Is there an outline operational plan for the initial occupation period and is this agreed with client / consultant / architect's EPlan for occupation period.</p> <p>Q: What are the key AMFM requirements that will sign off on the brief? Provide lessons learnt, avoidance, and how they relate to the current strategic proposals.</p> <p>Q: In what format should information be delivered at the construction phase and what asset management system is this likely to populate? Provide an outline information schedule to identify what is required.</p>	<p>Q: What targets are critical to achieving business outcomes? What targets and measures should be used for performance evaluation related to environmental, functionality and economic factors?</p> <p>Agree targets with team along with methods for measurement / change control.</p> <p>Q: Has it been identified what will be needed and who will be required from the operations team to ensure the asset is provided by the construction team? Confirmation that this has been included and agreed with the end user and construction team.</p> <p>Q: Has the operation team agreed with the construction team and what sites are needed to support performance evaluation during initial operation and extended life time? A named method statement and who is to attend to be provided.</p>	<p>Q: Do the proposals developed demonstrate from jobs that support your operational requirements and access needs? Written confirmation that proposals have been reviewed. Updated schedule of assets and operational management plan, operational model and operational expenditure budget to be produced.</p> <p>Q: Have it been confirmed that the proposals developed support your estimates of operational costs? Schedule of anticipated operational costs to be produced.</p>	<p>Q: Is delivery of the design vision and performance outcomes addressed through the construction and operation plan? Documented by reviews involving the construction team and operation team.</p> <p>Q: Has it been confirmed that the design will support key AMFM operational needs? Evidenced by an information schedule from the construction team that responds to the operators' questions, so appropriate. Also a demonstration that there has been and will be regular communication on this.</p> <p>Q: Have you reviewed the proposals to check they have addressed any requirements for monitoring appropriate maintenance activities? Identification of sources of advice and scope.</p> <p>Q: Has the scope and definition for operational and maintenance manuals been</p>	<p>Q: Can all plant and equipment incorporated into the works be safely maintained in compliance with current legislation? Risk assessment by the operator.</p> <p>Q: Has a copy of the commissioning specification and plan been issued by the construction team? Copy of commissioning specification that should be agreed with the operators along with identification from the client side of who needs to be present at the commissioning demonstrations and any skills that they need to train and where these will come from.</p> <p>Q: Has the detailed handover plan including demonstrations and training been produced? Confirmation that handover plan is in place and documents produced.</p>	<p>Q: Has the asset as built met the required operational outcomes? Report.</p> <p>Q: Is it clear how the facility will be operated (maintenance)? Associated operation information for transfer to AMFM system. Update of O&M manuals.</p> <p>Q: Does the operator have an agreed and established building log book from the construction team? Identify method to track this and that this is agreed.</p> <p>Q: Has the AMFM / Operations team attended the relevant commissioning meetings? Confirmation that this has taken place.</p> <p>Q: Has it been agreed that any operating details and any performance evaluation targets can be modified to reflect design/operational changes during Build and Commission?</p>	<p>Q: Initial period of operation. How will the asset, the asset operator and the best management delivery the required performance outcomes? Operator inputs to the performance evaluation during the initial and user consultation to be recorded. Informal and user consultation to be recorded. Records to be kept from construction team, walls, doors, Records of fine tuning changes undertaken. Records of technical guidance given to end user and operators.</p> <p>Q: Extended operation Years 1 to 3. First year. Has the building component survey been conducted at the end of the first year to establish feedback on functionality and effectiveness measures? How does this compare with expectation? Building occupant survey results recorded and records maintained of maintenance activities required.</p>

An increasing range of guidance to support implementation

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