

# Appendix J – Project Spend

Considered by the Member-led Working Group on  
25<sup>th</sup> September 2017

**EXCLUDES** information that is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

# Contents

**1) Context**

**2) Assessing value for money**

**3) Are we getting what we pay for?**

**4) Can we get better value for money in the future?**

**Appendices**

# 1) CONTEXT

# The Council has spent £24m on projects from 2014 to 2017 with Re<sup>4</sup>



Colindale HQ



West Hendon

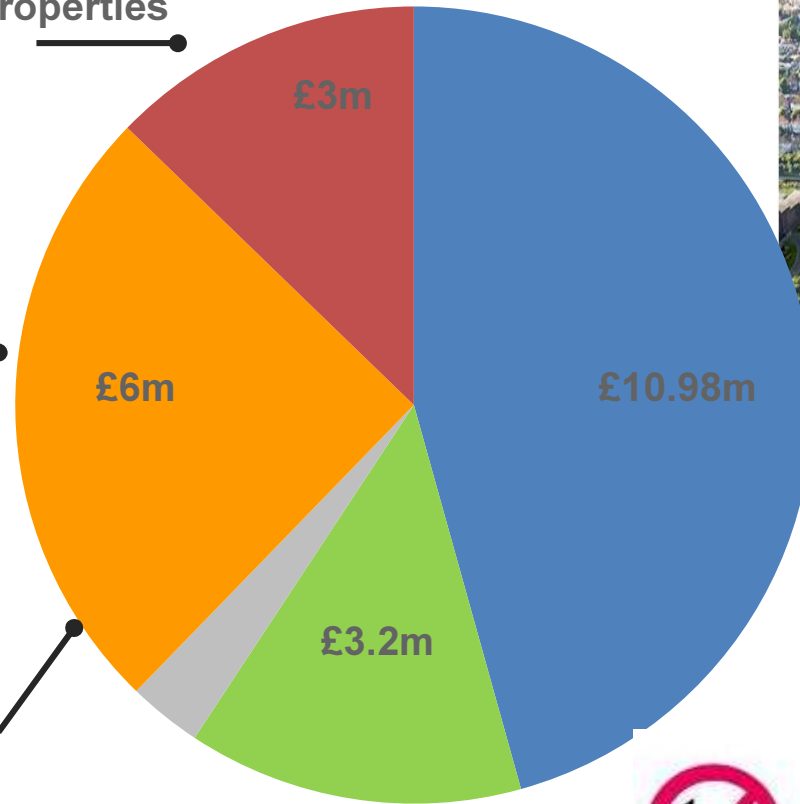


Colindale



NRP

Empty Properties



Brent Cross Regeneration Programme



Moving Traffic Contraventions

■ Brent Cross 
 ■ Highways 
 ■ Miscellaneous 
 ■ Regeneration and Development Pipeline 
 ■ Strategic Planning and Regulatory Services

# Brent Cross Cricklewood: The most significant publicly-owned growth site in London

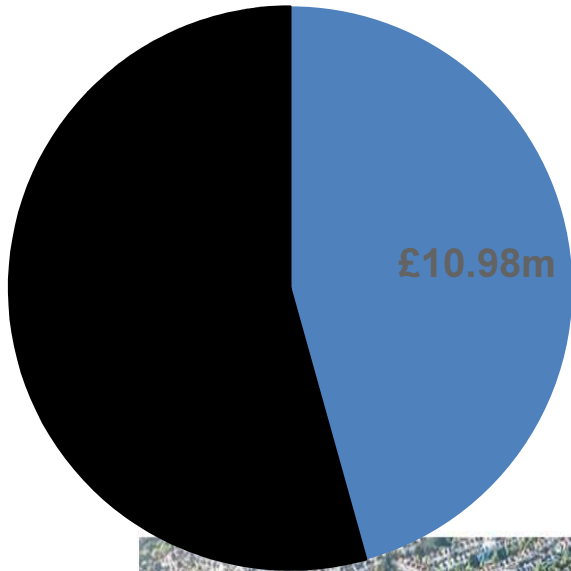
Planning consent is in place for a new Town Centre:

- Doubled shopping centre
- 7,500 New Homes
- Space for 27,000 new jobs
- Major transport infrastructure
- Schools, parks, health & community facilities





# What has been spent on the Brent Cross programme so far?



## 46% of all Re SPIR spend has been on the Brent Cross regeneration programme

- Brent Cross Cricklewood North including reserved matters and highways designs and procurement strategy: £3.74m (Hammerson)
- Brent Cross Cricklewood South procurement and delivery strategy: £1.28m (Hammerson)
- Thameslink including business plan and delivery: £5.03m



# Breakdown of Special Project spend by year

The table below is a detailed breakdown of what has been spend on special projects (SPIRs) with Re over the last four years

	<b>Project Spend</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
Highways	Borough Cycle Programme				21	21
	Bus Stop Accessibility				145	145
	North London Half Marathon			11		11
	Parking				164	164
	Roads & Pavements		366	1,179	1,238	2,783
	TfL - Local Implementation Plan		780	688	912	2,380
	Highways March 2017 Estimate				32	
	Area Committee				148	148
Regeneration	Brent Cross Development		1,313	2,437	7,230	10,980
	Development Pipeline inc Colindale			3,051	1,627	4,678
	Other Regeneration Schemes		176	217	459	852
	Parks		18	10	320	348
	Upper & Lower Fosters			18	41	59
	Regen March 2017 Estimate				23	
Regulatory	Empty Properties		144	22	139	305
	Tree Works			40		40
	Regulatory March 2017 Estimate				23	
	Community Engagement				15	
	Hendon Cem & Crem		17			17
Miscellaneous	Children's Centre				50	50
	Enhanced Advice & Adaptation Service				214	214
	Financial Viability Report				59	59
	Misc Projects under £10k		33	12	56	101
	Procurement Savings				500	500
	Sports and Physical Activities			200	(80)	120
	WLA				68	68
<b>Total</b>		-	2,847	7,685	13,404	23,855

## 2) ASSESSING VALUE FOR MONEY



# Benchmarking analysis

A benchmarking exercise has been undertaken by LBB to determine whether Re special project day rates are value for money.

The exercise has focused on:

- Benchmark of costs for project professionals including project managers, engineers and planners
- Comparing project role day rates against similar service providers on the Homes and Communities Agency multi-disciplinary framework
- Researching national market rates for salaries of project professionals versus Re staff salaried equivalent basis

**The main findings are that London Borough of Barnet receives good value for money for project resource based on the standard charge rates on the Re rate card:**

- Project management roles provided by Re are c.20% cheaper than similar service providers
- Engineering roles provided by Re are c.13% cheaper than similar service providers
- Planning roles provided by Re are c.25% cheaper than similar service providers

Please see appendix 1 for a breakdown of the benchmarking work

# Benchmarking analysis: findings

## Re day rates v salaried resource

Benchmarking was also undertaken to assess whether the council would receive better value for money if it employed salaried staff from the general market compared to the cost of Re providing resources on an annual basis, based on their day rate and mark up rate. Please see appendix 2 for a breakdown of the benchmarking work.

## As a standard rate

- Compared to the national average for **project management role** salaries, the Re day rate for a full-time equivalent is on average c.16% less expensive for roles; however Re Director of project is 3% more expensive than the national average equivalent salary
- Re **planning** full-time equivalent day rates are on average 21% less than the national average equivalent salary
- Generally Re **engineering** full-time equivalent day rates are less expensive

## As a mark up rate

The contract provides for a 14.3% Overhead and Profit mark up when using external resources:

- Compared to the national average for **project management role** salaries, when the 14.3% mark up is applied, two roles are on average 12% more expensive and two roles are on average 20% less expensive than the national average
- For **engineering** roles, Re are 5% more expensive than the national average for a senior civil engineer whilst a civil engineer with experience is 3% less than the average

# 3) ARE WE GETTING WHAT WE PAY FOR?

# Achievement of Value for Money in Special Projects

How we test VfM in SPIRs

- **Programmes Team** – review of special project proposals using two key principles;
  - Does the project need to happen?;
  - If yes – how do we reduce the risk of it not being delivered properly through clear deliverables and milestones to promote successful delivery of outcomes for residents
- **Commercial Team** – reviewing cost element of special project proposals, checking the delivery content is not already covered by the contract
- **Overall SRO** – budget holder / relevant Director who is commissioning the special project
- **Client lead** – reviewing technical elements of special project proposals, exclusions, quality of resources that will be delivered

# Achievement of Value for Money

## Controlling special project costs in delivery phase

- LBB checks that costs are in line with original proposal. The review of invoicing includes a check that:
  - the agreed rate has been applied;
  - timesheets are in line with expectation;
  - the value of invoices to date does not exceed total proposal value; and
  - whether mark up (14.3%) has been applied and if that was agreed

## Process improvements

- LBB has refreshed the process maps for scrutinising and signing off SPIRs and for the invoicing process



# 4) CAN WE GET BETTER VALUE FOR MONEY IN THE FUTURE?

# Better Value for Money

London Borough of Barnet will drive even better value for money in Special Projects by:

- **Using external advice and technical assurance partners** including surveyors or highways engineers for large proposals (+£250k) to ensure we have enough expertise as a client
- **Market testing**
  - Proactive testing of the market with other providers with specialist expertise on a given project to ensure we are receiving a competitive service from Re
  - Frameworks are in place to 'call off' for professional services required on construction, highways and engineering schemes through existing OJEU compliant frameworks to test value for money
- Continue to ensure **clear deliverables and milestones payments are in place** to enable clear checks to be undertaken on whether quality delivery has taken place
- Ensuring SPIR proposals include **resources that will be deployed and skill sets** with clear identification of what they will deliver on the project
- We will continue to improve existing approval/control processes referred to on slide 12