



PROVIDING CONSTRUCTIVE SOLUTIONS  
**BULLETIN**

CURRIE & BROWN: UK EDITION

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# HEALTHCARE:

PARTNERSHIP IS THE RIGHT PRESCRIPTION

Photography: Getty

**Inside** ■ NEWS ■ PROCURE 21 ■ PARTNERING ■ LIFT



WELCOME to the second edition of the Currie & Brown Bulletin and thanks for the positive feedback on our first issue. We are always seeking to improve our service and would value any comments. Contact us at [bulletin@curriebrown.com](mailto:bulletin@curriebrown.com).

Several milestones have been passed in 2003 and I'd like to share some of the successes with you. I am delighted to tell you that the company has negotiated a global framework agreement with Merck Pharmaceuticals and has been short-listed for the entire construction of facilities for the Asian Games in Qatar in 2006.

Our commitment to innovation has also seen us create an outsourced services model for BP at Grangemouth, which will now become the blueprint for all BP facilities worldwide. As a result of these and other high-profile projects profits in the UK increased in the first six months of the year and we predict a further rise by the end of the year.

May I take this opportunity to wish all our clients and suppliers a well-deserved break over the festive period and a very profitable New Year. As usual we will be making a donation to charity instead of sending Christmas cards. We at Currie & Brown look forward to working with you in 2004.

**David Broomer**  
Chief Executive

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## Acting on disability

**ISSUES** surrounding disability are now more in the public eye than ever before, and businesses are expected to make full allowance for the disabled on a day-to-day basis.

The Disability Discrimination Act stems from EU legislation and will have a profound effect on the way businesses provide facilities and access for the disabled when it becomes law in October 2004.

Currie & Brown is running a series of in-house audits to generate information which will provide clients with information on work they may need to do to become compliant with the DDA.

Senior Surveyor David Quincey of Milton Keynes office says: "If you are running a business or providing a service that is accessible to the public, then it must now be fully accessible to everyone under the terms of the legislation." "The DDA covers a massive range of things – not just access, but also lighting and colour schemes. It also affects areas of a business such as provision of lifts and even staff training."

Compliance with the terms of the act is vital because if a business fails to meet the requirements of the act, any disabled person can go to court and take action applying for costs and forcing the firm into line.

Quincey adds: "When we undertake our audits, we produce a full report for clients

pointing out areas where they're not complying and things they need to take a look at. "The major companies usually have facilities managers and so are aware of what they need to do, but a lot of smaller businesses may not be."

Businesses have another 12 months to ensure they are fully compliant, prior to enforcement but there is a worry that there will then be a spate of court cases as non-compliant firms are discovered.

"It really does make sense to get things in order now. This legislation needs to be pre-empted. It's worth remembering it applies to any business – small shops as well as major firms."

If you have any DDA enquiries please contact your local Currie & Brown office.



## Greater than sum of parts

**CURRIE & BROWN'S** offices in Edinburgh and Falkirk have been merged in a bid to increase efficiencies and create a tighter management structure.

The Falkirk office has traditionally concentrated on petrochemical facilities and heavy civil engineering, while the Edinburgh operation has focused on due diligence within PFI and development funding sectors. "We wanted a single base because we believe it will help us to gain resource efficiencies and expand our offering to the market which meant that Edinburgh was the obvious place to locate the office", explains David Burns, the Executive Director responsible for UK North.

"The consulting office was first set up five years ago and has now expanded requiring the "next step" development. We were coming out of the lease on the office in

Falkirk anyway, so we had the opportunity to go for a big bang!"

The new combined office will accommodate some 50 staff. "Because of the nature of the work in Falkirk, most business is done in client premises, so the majority of staff won't be based there anyway.

"The idea is to grow Edinburgh to the same kind of size as the Glasgow operation, which currently has a total of 63 staff. "We want to create the engine room for our UK North Business Unit in the central belt and for these two offices to support each other."

Burns stressed that the move to merge the two operations had met with the approval of staff, and had not met any adverse reactions. "Far from it. This is actually part of our expansion plan and we'll be looking to recruit additional staff for the Edinburgh office in the next month or so."

## Hay boost for company

**CURRIE & BROWN** has appointed Shonagh Hay as the company's new Group Business Relations Director. She has already taken up her post and plans to use her skills to develop new business streams and enhance existing ones.

Shonagh, who joins from Amey PLC where she held a similar position, will be based in the company's Glasgow and London Wall offices. Prior to becoming Group Business Relations Director of Amey and Managing Director of Amey Scotland she was Head of Construction Services at Carillion, the construction services group spun out of Tarmac. Shonagh sits on several government task forces overseeing aspects of the health and construction sectors. "Health is a big issue at the moment, as is PPP and PFI. Because I've been involved in these areas, I anticipate looking at them with Currie & Brown, although I'll be doing other things as well."

She regards her move as an exciting challenge. "The breadth of the company and the expertise of the staff is fantastic, and the government is now considering PPP/PFI projects in terms of an ongoing relationship, so that gives me the chance to develop the business laterally. After, all the contracts are in place for something like 30 years."

Currie & Brown staff are likely to become familiar with Shonagh as her job involves a considerable amount of travelling. "It's very much a group position, which means I'll be engaging with most offices."

Shonagh Hay can be contacted at [shonagh.hay@curriebrown.com](mailto:shonagh.hay@curriebrown.com)



## What is Live Options and how can it help clients?

"Live Options" is an integrated suite of geometric and engineering models designed to significantly improve and assist in the processes of client briefing, value engineering, early cost modelling and strategic cost planning, and is one of a number of unique software solutions internally developed by Currie & Brown to improve service and project delivery, principally within the construction industry.

The recent publication, Best Value in Construction, by Blackwell Science, which was underwritten by the RICS, recognises that Live Options is an extremely sophisticated design-modelling tool that is at the forefront of revolutionising the way in which a professional team will work together in order to appraise and ultimately maximise the potential "value" of a client's proposed development. Understanding that "value" is not just about initial capital cost, Currie & Brown has developed Live Options to model and automatically provide sophisticated data which is essential in order to assess issues associated with Life Cycle Costing, sustainability measures, energy consumption, taxation and grant assessments and several other financial appraisals.

Unlike many other modelling solutions, Live Options' strength lies in the way in which it integrates fabric and building services components, significantly enhancing the benefit of Value Engineering. For instance by simply increasing the proportion of glazing in the façade, the model will instantly provide a detailed breakdown of the what has changed in the design, and therefore associated cost of the building. This breakdown will not only provide details in relation to the capital cost of the physical items, but will also have taken account of its effect on the building in relation to heating and cooling loads and the like, and will have made quantified and priced changes to all dependent elements such as chillers and electrical supply loads. In addition to the capital cost, a change to the energy profile of the facility will have been calculated. All this data can subsequently be transferred into the Whole Life Cost module of Live Options, which will assist

in the assessment of the cost effectiveness and overall viability of alternative solutions when considered against the facilities projected economic life.

Whether the development is an office, school, hospital, cinema, hotel or warehouse, the process starts in the same way, by utilising a basic, but facility specific, design template. Through an initial briefing process, the Live Options template is quickly modified to reflect the initial needs and wants of the client in relation to information such as size and shape of the proposed facility and preferred choice of aesthetic specification and operational performance. Should specific information not be available from either the client or his team then the model will make appropriate design assumptions based upon industry standards and norms that adhere to building and other statutory regulations and requirements.

While the brief is being interrogated and validated by the project team, the process of "Optioneering" can begin to ascertain the effect of potential changes to this initial brief. Because the modelling of the alternative design solutions is incredibly fast, it enables a much quicker and far more 'informed' decision-making process to be achieved than by a traditional approach. This not only significantly reduces the abortive time and cost associated with reviewing "no go" schemes, but also allows the team to review more alternatives and to focus attention on those alternatives which are more likely to meet the client and the end users overall project objectives.

By generating the level of reviewed detail in the brief, the project team are truly bought into the scope of the project, understanding what performance criteria is assumed and what budget targets have been set on an item-by-item basis.

Think... all this in advance of any detail drawing work. If you would like to discuss Live Options or would like to either have a personal demonstration or take part in one of our monthly Live Options demonstration workshops, then please call Simon Lee, MD of Currie & Brown Cost Management on 01293 542262 or e-mail [simon.lee@curriebrown.com](mailto:simon.lee@curriebrown.com).

# GETTING A LIFT FROM PFI'S YOUNGER COUSIN



## Partnering, Partnering and more Partnering!

■ THE vision set out in "Construction Rethinking" is now gathering pace.

The British Government is radically changing its approach to delivery of government funded construction projects and the principles of partnering and supply chain management are being used more commonly within the industry.

The Government has already introduced the Procure 21 strategy to restructure the supply chain in public health sector; new Local Improvement Finance Trust (LIFT) initiatives in health and education and a new concept for delivery of HM prison projects. It has also begun the process of changing attitudes towards the longstanding competitive tendering practices of local government clients. These moves collectively signal changes that will have implications for the whole of the construction industry, not just the public sector.

It is fair to say that supply chains in the construction industry are more complex than in any other industry in the country. Such complexity has led to high levels of inefficiency at all levels and the development of a largely adversarial culture over the last half century. The result is a significant number of dissatisfied clients. All this has been said before but have we now finally witnessed a ground breaking and lasting commitment to drive through a new approach for the industry?

The root concerns expressed in Rethinking Construction and Latham were not substantially different from the strategic criticisms levelled at the industry in a series of earlier reports dating back to the 1930s. What is very new though is the tactic of creating a different cultural sector within the industry - something far more fundamental than anything suggested by the committee's predecessors.

In the past, change has failed to gain meaningful support particularly from influential clients and suppliers due to their defensive monopoly positions. The industry, and in particular its professions, had failed to keep pace with the business and economic environment of the twentieth century. Due to the combination of these factors and the lack of previous governmental support to lead it, there had been no industry commitment to implement change.

Now at last the British Government, as the most powerful and influential client within the UK construction industry, is bringing about radical change to its project procurement processes that have the potential to bring

change to the behavioural culture of everyone within the industry.

The current industry way of life, particularly at lower levels of the supply chain, still views lowest price as equalling best value for money. The vision of eventual abolition of competitive tendering is the biggest cultural challenge of them all and one that local government has a big role in influencing. Convincing many clients (including government auditors) that there is a value for money alternative to competitive tendering in the existing largely adversarial industry is a tall order! But there are now signs that this is happening.

However, a large-scale adoption of partnering philosophy throughout the industry will need to earn credibility in the eyes of its clients. In order to achieve this it is fundamentally important that new incentive methods are found to replace the traditional 'carrot and stick' approach that has existed for many years. Attempts have been made by a number of clients to improve performance through incentive-based procurement in an effort to address this problem, but to date the industry has not really found a solution that could be applied wholesale across a broader spectrum of work.

One view is that an incentive scheme needs to tie individuals and companies, at all levels of the supply chain, into having a compatible interest in the outcome of the project. This needs to be inclusive of supply chain participants from the client's senior board directors, client development managers, consultants and constructor suppliers and at lower sub supplier levels - and not just the directors in these organisations.

The fundamental principle of partnering through long term relationships even appears to be at odds with the current emphasis of EU procurement legislation. Will EU legislators be prepared to move with the times as our experiences of the new philosophy highlight further need for changes to the law to enable successes to be built upon?

It will inevitably take at least one generation of commitment (if not two), covering a minimum of five or six parliamentary elections, to establish such dramatic change. Will successive governments have the stomach for it? Political partnering may be the key.

SIMON ROBINSON, DIRECTOR  
CURRIE & BROWN GROUP

WHEN is a Public Private Partnership project not a Private Finance Initiative project? The answer, in short, is when it's part of the LIFT - Local Improvement Finance Trust - scheme.

LIFT is an initiative which delivers many aspects of PFI while also having some profound differences. It is a National Health Service scheme - and one with which Currie & Brown is becoming intimately involved.

LIFT is a programme of 42 separate projects across England which is intended to be the vehicle for the delivery of £1 billion worth of investment in primary healthcare facilities in England by 2004.

The first of these, East London and City LIFT, reached financial close in May 2003. The scheme is currently on its third round and Currie & Brown anticipates having a major presence in it in the future.

## Currie & Brown is positioning itself as a pioneer of an ambitious £1 billion healthcare programme which won't hurt the taxpayer

Tony Blenkiron, who is Project Director in the London West End office, explains the background to LIFT. "The government set up a body through the Department of Health involving a team of experts and this scheme emerged from that.

"It involves forging partnerships to build and run primary health service facilities such as GP surgeries, dentists' surgeries and consulting rooms. The deal is an unusual one in that the private partners put the funding in, while the healthcare trusts contribute the land. We come up with a building design, and the construction costs are paid by the private partner."

Blenkiron says the scheme has many

similarities to a PFI, although one of the big differences is the land contribution made by the NHS. "There is normally a 25 year rental agreement, so the private partner spends the money at the front end to build the facilities then maintains them and provides the hard facilities management. The return is through the rental paid."

LIFT is a genuine joint venture between the public and private sectors: "The only equity provided by the public sector is the value of the land", Blenkiron explains. "The private sector puts in the rest. The construction projects will never be too large because they're all going to be

primary care facilities - they're not going to be big hospitals, for instance - but this is a good way of funding them."

Currie & Brown is enthusiastic about the scheme, believing it opens up all sorts of opportunities in a sector in which it already has a strong background and interest. "We have already been involved in a LIFT scheme in South West London", says Blenkiron, "where the value of the first tranche is £10 million for provision of facilities on different sites a few miles apart and we are acting for a Bank on another in Manchester.

"The programme is a major opportunity for us. There are 47 of these schemes in the pipeline at present and only one has reached financial close.

"If we are successful in South West London, then there will be a number of other jobs to follow on from there with the same developer. There is quite a lot of work to be won in that part of the world, although clearly we are looking for opportunities in other places too."

Currie & Brown's role when acting for the provider within the LIFT projects, as Blenkiron points out, is to look after the interests of the developer. "Our task is to make sure that the costs put forward by the contractor are reasonable and proper and that the pricing of projects is correct. It's a classic role where we are providing cost management advice in the interests of the developer." Clearly, as there is a major slice of bank funding, our PPP due diligence experience is also called upon when appointed by funders.

Although there are some different ways of organising a LIFT project, the principle that the construction cost should be borne by the private partner and recouped over a long period is constant and does not change. The scheme is considered to provide excellent value for money for the taxpayer and to be an efficient way of building much-needed primary care facilities without the capital costs of construction falling directly on the shoulders of the taxpayer.

The scheme at present only applies to England, though it is likely that a similar type of project will be introduced north of the border, where health is a responsibility of the devolved Scottish Parliament. In the future, proposals will be drawn up for NHS boards to enter into LIFT ventures in Scotland. "We would hope that the experience gained in England will, where our Edinburgh office is already involved, leave us ideally placed to assist clients in Scotland," said Clive Docwra, Divisional Director in Edinburgh.



# LEICESTER ON A HEALTHIER PATH

**L**EICESTER is changing the way it delivers health services. The city's three hospitals - the Leicester General, Leicester Royal Infirmary and Glenfield Hospital - all came together as the University Hospitals of Leicester NHS Trust (UHL) in April 2000, as there was a need to modernise and streamline services.

In October 2001 the Leicestershire, Northamptonshire and Rutland Strategic Health Authority approved a £403 million, eight-year plan to refurbish and modernise the three hospitals with the help of the private sector using PFI procurement.

The advantages of a modern hospital environment for the community will be enormous. The scheme is named the 'Pathway' Project, and will result in: almost 400 more beds; more doctors and nurses; state-of-the-art buildings and equipment; and a single medical unit which will be working with the largest medical school in the country.

Currie & Brown has been involved with the project following the approval of the SOC (strategic outline case) and in the production and subsequent approval of the OBC (outline business case). The firm was short-listed following a response to an OJEU advertisement, then selected as technical advisors to the trust in September 2001 to assist in the production of the OBC. The strategic outline case was produced prior to Currie & Brown's appointment, and the outline business case was completed one year after our initial appointment.

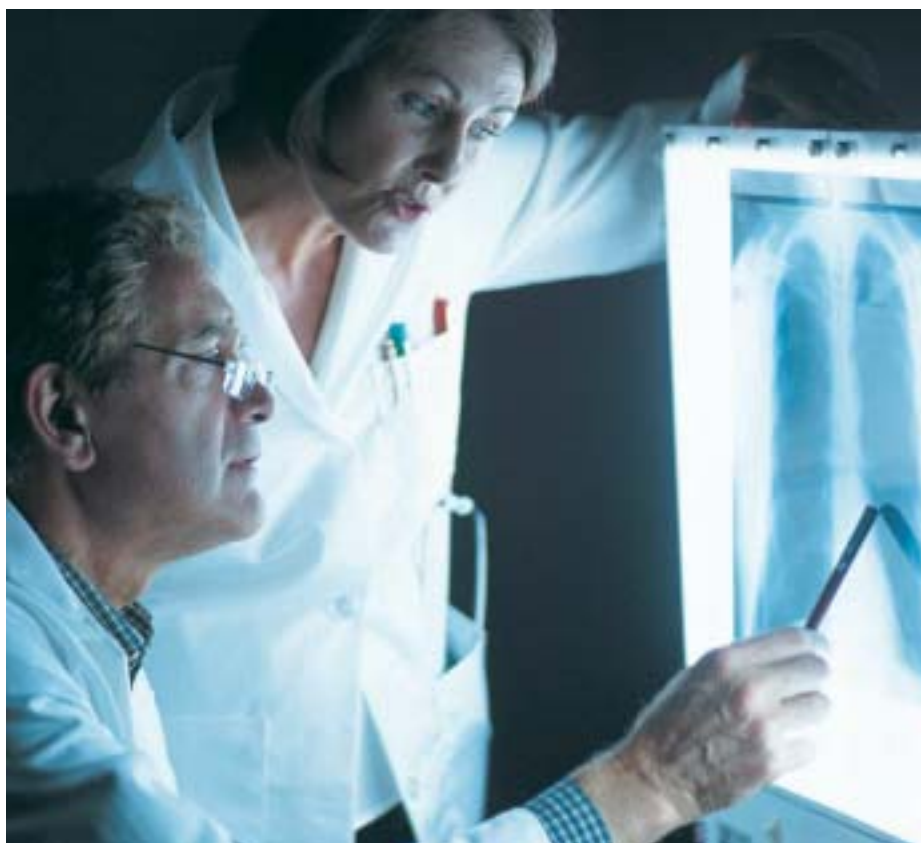
Lois Taylor, Associate at Currie & Brown's Birmingham office, explains that what makes this project exciting are the differences from a typical PFI. "You are not just replacing existing accommodation to streamline service delivery, but the trust are considering the best way to deliver these services," she explains.

In fact Taylor and her team have to understand as much about clinical matters as they do about construction. To cite one example, she says, a change of policy at GP level can have an impact on the numbers of theatres. If it is decided that GPs should operate on in-growing toenails then that has an effect further up the chain.

This is all crucial to developing a better health service. UHL is confident that patients will have better access to emergency services with the right specialists and the very latest equipment to care for them. Equally important is the fact that people who need planned treatment will have the confidence that this won't be cancelled due to emergencies.

One of the challenges for Taylor is the need to communicate the construction requirements to her medical colleagues. "Their experience is in the health service, not building," she says. "It is not

**Clinical knowledge and construction expertise are at the heart of delivering Leicester's streamlined, state-of-the-art healthcare service**



**The aim of the process is to maximise innovation**

like working with a commercial developer - they often don't know what they want, let alone how to achieve it." She says that the answer lies in communication and developing a close relationship with the decision makers, the key people who hold responsibility.

From October 2002, Currie & Brown's team has developed the Invitation to Negotiate (ITN) documents and the Public Sector Comparator

(PSC) in relation to the proposed reconfiguration. The ITN documents provide the output-based specifications, together with detailed descriptions of the current estate. These are used by the private sector bidders in preparing their proposals for its future reconfiguration, though Taylor is keen to emphasise that the trust does not influence the design and is "not providing drawings, but leaving it as open as possible to maximise innovation."

The ITN documents were finished at the end of July. Bidders then had until October to submit their initial design submissions and now have until December 2003 to submit their initial tender submission. The PFI is a long procurement process due to the various stages set out by local and central government and the fact that the PFI bids are evaluated on a raft of criteria including capital cost and life cycle costs. HR issues regarding staff retention and service providers such as catering, cleaning and portering must also be factored in. The construction work is anticipated to start in 2005.

**C**URRIE & Brown is forging new partnering agreements with some of the biggest companies in the construction sector in order to bid for a series of mid range health service contracts.

The company is heavily involved in the National Health Service's new Procure 21 initiative in England which is designed to bring efficiencies and cost savings to the public sector. It also offers major opportunities for Currie & Brown to play a part in contracts in the £1 million - £20 million range.

Procure 21 was an initiative devised by the NHS Estates Division (NHSED) in Leeds about 18 months ago. It is based on a similar procurement partnering programme introduced by the Ministry of Defence, and has been piloted in the North West and the West Midlands.

Peter Beatty, Project Director in the Milton Keynes office, explains: "The system is based on an open book approach using the ECC form of contract to create a supply chain of preferred partners. They are asking for potential bidders such as accountants and the design team, as well as ourselves as cost managers, to link up with the principal contractors and identify supply chains."

The pilot scheme is considered to have been successful and the Procure 21 programme is now being rolled out to the four remaining NHS regions in England - Northern, Midlands Trent, Southern and London.

NHSED has decided to appoint a maximum of 12 principal supply chain partners capable of providing national coverage. The programme is intended to reinvigorate and develop health service building assets. Currently, the total value of the work conducted under the scheme is anticipated to be in the region of £1.2 billion a year.

"We do a lot of work in the health sector and felt we simply had to be part of this", Beatty explains. "We have been working alongside the principal private contractors with the ambition of getting involved in the supply chain of at least three of them. Each of the 12 companies is likely to win about £100 million worth of work a year, so there is the potential to be involved in contracts worth hundreds of millions."

Currie & Brown is now working with The Integrated Health Company - a consortium involving Alfred McAlpine and Norwest Holst - as well as Medicinq, where Currie & Brown has been asked by the four contractors involved to lead them through the process of pre-qualification. Other bids involve Interserve and Kier Regional.

Beatty continues: "Most of the buildings will have a high element of refurbishment involved. There will also be small new builds to existing hospital facilities such as diagnostic centres.

"Most new hospitals, over the last few years, have been built under PPP/PFI schemes. However this is totally different in its use of partnering. The education sector where we also have major expertise, is likely to follow suit. Therefore with our experience from Procure 21 and our knowledge of the education sector we believe we are ideally suited to become involved. It's all down to the government's plan to use taxpayers' money effectively to improve public services."

Tony Blenkiron, who is Project Director in the London West End office, is also intimately

**Following a successful pilot project, Procure 21 could revolutionise mid-range health contracts**

# PROCURE TO BUILD ON PARTNERING

involved with the scheme. He was personally involved with one of the groups as a strategic partner, co-ordinating four groups coming together as a joint venture under Procure 21.

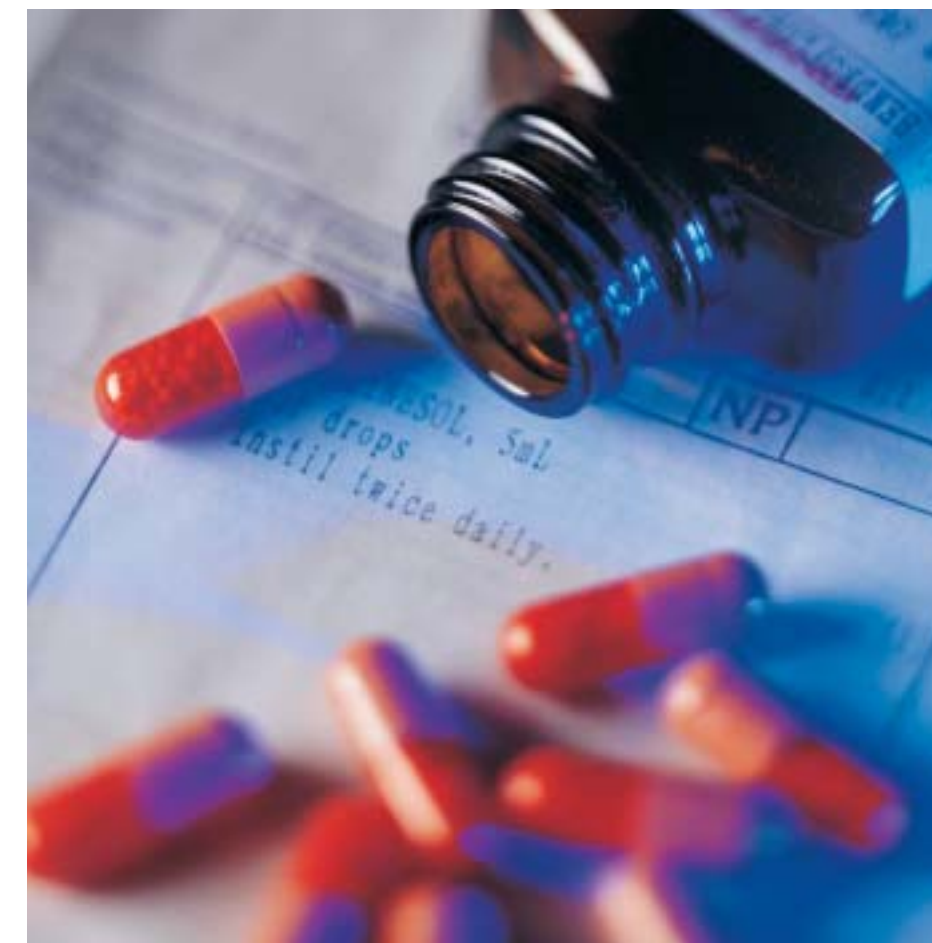
"We have framework agreements with two of the others, so we are in on three of the 12", he says. "From now on, there will be a formal framework between the 12 supply chain partners and the NHS that satisfies all OJEU requirements. "Hospital trusts will then be able to invite bids from all or any of the 12. The selected bidders will be given information about the project and its value. The supply chain partners will then be given a limited time to write in and say what their experience is and how they would approach that

particular job."

After this stage, a process similar to that found in many other industries takes place, with three of the bidders invited to make a formal presentation about their capability to carry out the work. Thereafter all the partners within the supply chain become involved.

Peter Beatty points out that it is a situation in which everyone wins. "It's obviously potentially good for us as a company, because it gives access to a revenue stream which is extremely valuable.

"In addition, bid costs are minimised which gives benefits to the bidders, the taxpayer and ultimately to the National Health Service with the end users being given a state of the art facility."





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