

DWP Jobcentre Plus roll-out Integrated Supply Chain

OGC Case Study

Progress through partnership - the integrated supply chain

This case study describes the Department for Work and Pensions (DWP)'s adoption of best practice, as advocated by OGC through our Achieving Excellence in Construction initiative, focusing on the approach taken towards the supply chain. This approach has brought benefits to the Jobcentre Plus (JCP) project. This is the second and final case study, in a series exemplifying the best practice principles adopted by DWP in the Jobcentre Plus project. For more details on the first case study, which focused on Health and Safety, please make reference to CP0104.

DWP's Jobcentre Plus project, launched in October 2002, is one of the largest government construction programmes undertaken in the UK, in recent years. The aim of this ambitious £750 million programme was to redesign, rebrand and refurbish approximately 1,000 former Jobcentre and Social Security offices in Great Britain and make the job-seeking and benefit-claiming experience less sterile and more like that encountered in the banking and retail sector.

Achievements and benefits

- DWP placed an emphasis on adopting an open, non-hierarchical culture throughout the supply chain. **Benefits:** The project has received two awards - the Government Opportunities 2004 Award for Public Procurement Excellence and the Building 2005 Integrated Supply Chain of the Year award.
- The supply chain has fostered a spirit of partnership, which has contributed to the project meeting extremely demanding ministerial targets. **Benefits:** Cost predictability has been maintained and seven per cent has been saved on construction costs, against target cost, with 25 per cent (average) saved on commodity items.
- DWP has formulated new ways of working, to create an integrated team approach, going further than a statement of intent. **Benefits:** Improved health and safety standards, behavioural practice and accident statistics.
- Considerable emphasis was placed on selecting the right skills and attitude in the supply chain,

combined with the right price. **Benefits:** Increased speed to market, innovation and improved quality of product, sustainable sourcing with surety of delivery and coordinated logistics.

- The delivery team placed focus on better understanding of project issues. **Benefits:** Appropriate product selection, improved supplier input into design parameters and more lessons learned.

These significant achievements are underpinned by closer partnership. Companies and disciplines have united to achieve tangible and significant progress through highly successful and innovative liaisons.

Introduction

The Jobcentre plus project is one of the first large-scale, 'fast track' projects to be rolled out by the public sector. This ambitious programme began in October 2002, with the plan to rebrand and refurbish approximately 1,000 former Jobcentre and Social Security offices, across Great Britain, by March 2006. The total cost of construction is £750 million and at its peak, more than one office was being completed each working day.

Aims and objectives

Typically, the construction supply chain is responsible for, or directly involved in, 80 per cent of the value of a project. Therefore, the supply chain has a significant influence on the success of a project.



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■ The Forum Area (where floor managers meet & greet customers)

The JCP Project set out on a path to challenge traditional attitudes and methods, by introducing a step change in the way the supply chain operated. It sought to do this by adopting a culture of partnership and collaboration.

The supply chain was tasked to evolve from the traditional system of hierarchical relationships, to a more communicative culture that shares experience, knowledge and best practice, with a single team commitment, where all parties, including second and third tier members, are deemed to be equal partners.

The impetus for this change was based on the key principles of Latham's Constructing the Team,

Egan's Rethinking Construction and OGC's Achieving Excellence in Construction. The project objectives were based on these principles:

- Provide DWP with better value by combining lower price with better quality
- Improve the value of what the supply chain delivers over time, not just on one project
- Aggregate expenditure and opportunity to maximise JCP purchasing power
- Create a cycle in which the supply chain gains an increased share and repeated work opportunities, with more predictable profits
- Improve time and cost predictability.

Approach

DWP attempted a rare approach in rolling out an integrated supply chain for the Jobcentre Plus programme. An open book culture, with a collaborative attitude, has made the project environment seamless. Staff training and the use of project tools, such as value engineering, were encouraged to maximise value gains. The emphasis on 'One-Team', introduced at the start, focused on equal sharing and partnering, with incentives based on project performance. This culture was embedded, from management through operation and into delivery.

It was recognised that a problem will only become an issue if a team is disjointed. By working collaboratively, with like-minded people in a team environment, DWP has created a trusting and sharing culture, which has contributed to the success of this project.

Challenges

The project faced many challenges up front:

- The large scale of the project - 1,000 offices and an estates expenditure of £750 million
- The wide range of properties to be refurbished
- The short lead-time, from project conception to delivery, of the first refurbished sites
- The high political profile of the project.

Besides these challenges, major shifts in process policy, during the project, resulted in programme suspension and design changes.

Successes

The project team identified a way to drive change in the supply chain, in line with the project objectives. By so doing, they sought to overcome and control the challenges presented by the project.

To drive the change, a strategic procurement process was developed, driven by value, to boost purchasing capacity. Fundamental to the strategy

was the need to reduce waste, duplication and processes that did not add value, to improve the effectiveness of the supply chain. This was supported by:

- A team of supply chain managers, comprising private and public sector specialists, responsible for establishing and implementing the procurement strategy and managing the supply chain
- Introduction of innovative commercial initiatives with the 14 regional works contractors
- Pre-selection of a range of optimum product solutions delivering best value
- Creation of a forum for increased integration, communication and knowledge sharing between DWP, the project, design and supply chain teams, as well as the end-user.



■ Waiting Areas (dispersed across the open floor)

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Selecting the Team

Many organisations continue to rely on the competitive tender route, with the emphasis on lowest quoted price as the preferred way to select and appoint the supply chain.

The selection of the JCP supply chain focused on combining the right skills with the right price. Analysis of the tenders was based on a 40 per cent quantitative and 60 per cent qualitative basis - placing emphasis on track records of health and safety performance, partnering, collaborative working and experience of similar projects.

Crucially, DWP viewed the appointment of the supply chain as the start of the procurement process, in working to bring about the changes required for success.

Changing the Culture

To reinforce the partnering culture and project chemistry, DWP invested in national and regional team building, communication and training workshops, to create the 'virtual company' ethos and single project delivery philosophy. Besides providing communication, the workshops were vital in developing personal relationships. This, in turn, led to an increased level of trust, crucial to the successful operation of the supply chain.

The result was a gathering and harnessing of the diverse range of supply chain knowledge, skills and experience, to achieve substantial cost, quality and performance benefits. Companies that would normally be market competitors have worked together as a team to deliver innovative solutions and save costs.





■ Bespoke interview furniture

Commercial Innovation

The important factor to support the cultural change was to move away from traditional adversarial forms of contract and introduce a contract that embraced the project partnering process, combined with a range of commercial initiatives including:

- Open book price frameworks with active risk management
- Equalised overheads and profit with 14 contractors
- Payment of 'actual costs' to contractors
- Incentives through cost saving and performance targets
- No penalty clauses or retentions
- Allocation of workload, based upon performance against a balanced scorecard.

Value Engineering

The project team acted as a catalyst, working closely with the primary and secondary supply chains, to drive the ongoing value engineering and continuous improvement programme.

From the start, the team sought to maximise the supply chain expertise during the design process, providing an opportunity to:

- Inject creativity into the supply chain team
- Encourage teamwork and knowledge sharing
- Provide improvements to product and methodology
- Improve quality and functionality
- Reduce overall cost.

The results of the value engineering exercises have been impressive and have provided DWP

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■ *Bright and colourful open plan environments*

with significant added value, in terms of product quality and life cycle performance, combined with substantial cost savings. Two examples are:

Free standing resource wall

Two suppliers were willing to work together with the designers, as part of an integrated team, sharing knowledge and ideas to improve ways of displaying information.

The value engineering exercise brought unit costs down by 39 per cent. A typical free-standing resource wall now costs £265 instead of £435. Manufacture of the structure is less complex, it is easier to install, safer to handle and simpler to maintain.

Eco Friendly carpet tile

Each day, offices across the UK, including those of Government, dispose of hundreds of tonnes of redundant carpet, well before they are fully worn. Such material normally ends up in landfill sites - representing not only significant waste, but adding to the increasing problem of filling up land and its associated costs.

Jobcentre Plus, supporting OGC's sustainable procurement initiatives, has introduced a cost effective eco-friendly carpet tile, manufactured from recycled materials, which can be re-used at the end of its useful life. The carpet tile has saved costs for the Jobcentre plus project and offers life

cycle cost benefits, whilst meeting the design criteria. It also allows a reduction in waste, in line with the Government's objectives on sustainability.

Measuring Performance

Performance feedback is a key part of the approach to identify and improve supply chain activities. The JCP project has based measurement on the concept of a structured, transparent and auditable assessment process. This enables the gathering of meaningful performance data and creation of an experience and performance profile of the works contractors and suppliers.

The performance of the management team and supply chain is reviewed quarterly, on a range of objective and subjective measures. There is no pass or fail on the report, only proactive support in areas of weakness and dissemination of best practice in areas of strength. Lessons learnt are noted and performance referred to in awarding future work.

Lessons learnt

- Both the private and public sectors can work with and learn from each other, to improve delivery and reduce costs. The supply chain has fostered a spirit of partnership, which has helped the project to meet Governmental targets.
- The procurement strategy and initiatives, introduced by DWP, are viewed as a model of success in team working and delivering best value. Many of the companies in the supply chain have adopted the processes and procedures employed on the Jobcentre Plus project.
- Collaboration can and does work, but a great deal of hard work is required before the benefits are realised. Rushing the start of a project, and not having sufficient time to prepare the supply chain, results in errors, delays and additional cost. In selecting companies, a willingness and capability to operate in a collaborative manner is crucial. Companies will cooperate when they are given clear guidance and incentive.

“The processes adopted on the Jobcentre Plus project present a model for success, and one which can be viewed as a landmark, and will set a benchmark for high standards on future projects.”

■ *Sir Michael Latham*



■ Modern retail-like shopfronts



Contact

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