

PSC scope

TEAM 2100 Cost Management Service

412_13_SDxx

Environment Agency NEC4 professional services contract (PSC) Scope

Project / contract Information

| | | |
|-----------------------|----------------------------------|-------------------------|
| Project name | TEAM2100 Cost Management Service | |
| Project SOP reference | ENVIMSE100382 | Thames IDT |
| | ENVIMSE100417 | Thames D&B |
| | ENVIMSE500120 | Thames Habitat Creation |
| | ENVIMAN002893 | Anglian IDT |
| | ENVIMAN002925 | Anglian D&B |
| | ENVIMSE100383 | Southern IDT |
| | ENVIMSE500264 | Southern D&B |
| Contract reference | 36400 | |
| Date | | |
| Version number | | |
| Author | [REDACTED] | |

Revision history

| Revision date | Summary of changes | Version number |
|---------------|------------------------|----------------|
| 10/09/2019 | First issue for tender | 1 |

customer service line
03708 506 506
www.environment-agency.gov.uk

incident hotline
0800 80 70 60

floodline
0845 988 1188

| | | |
|------------|------------------|---|
| 12/09/2019 | CSM revision | 2 |
| 17/09/2019 | DGC revision | 3 |
| 08/10/2019 | CSM revision | 4 |
| 14/10/2019 | Reviewed version | 5 |
| 22/10/2019 | Final Version | 6 |

1 Objectives of the project (project outcomes)

The overall objective of this project is to deliver flood risk management protection measures and environmental protection or enhancement measures for a stretch of the Thames Estuary, including central London, up to Teddington.

TEAM2100 programme is an asset management programme of £308m over 10 years (including embedded efficiencies), protecting 1.25 million people and key infrastructure in London. It covers fixed assets of 335km, 100s of active assets, Thames Barrier and other major barriers in this area, with multiple ownership. It is currently funded by FDGiA, although approximately £50m in partnership funding is envisaged in future years. The main contract is a bespoke term services contract between Jacobs (including a key Subcontract, Balfour Beatty) and the Environment Agency, the *Client*. The contract is based on NEC TSC. The suppliers together form the Delivery Partner. The *Client* and the Delivery Partner forms the Integrated Delivery Team (IDT).

The cost management support forms part of the independent commercial assurance that works within the Integrated delivery team.

The overall objective of this contract is to provide a commercial assurance and cost management service to the *Client* in the delivery of this project.

2 Programme team

- 1 The *Client's* TEAM2100 Commercial Services Manager and line manager for this role is [REDACTED]
- 2 The Environment Agency Service Manager (contract manager) is [REDACTED]
- 3 The *Contractor* is CH2M traded as Jacobs.
- 4 Principal Designer is CH2M traded as Jacobs.
- 5 BIM Information Manager [REDACTED], CH2M traded as Jacobs.

3 Consultant provides the services

The *Consultant* is to provide a flexible, highly skilled and experienced integrated team to deliver the service.

Working in collaboration within the Integrated Delivery Team to deliver commercial assurance and cost management services to support TEAM2100, including other support services as required.

An important element of this service is to provide commercial assurance that all task orders (contracts) and any changes awarded to the Delivery Partner under the TEAM2100 Term Service Contract provide value for money (VFM) to the Environment Agency and are in accordance with the contract. This service shall also assure the actual cost expenditure, that this is in accordance with the contract and is being monitored and reported upon as expected by a professional and experienced Delivery Partner. Other aspects are supporting the Environment Agency with their objectives of extending the use of the Price List for task orders, supporting procurement activities of task orders to ensure these enable best value and appropriate risk allocation. The service also supports the Service Manager in the administration of the contract.

All staff will be required to have the appropriate security clearance, a minimum of Counter Terrorism Check (CTC) clearance with Security Check clearance required for at least 1 Cost Manager.

TEAM2100 operates an integrated delivery team approach as an Enterprise and requires the Consultant to work proactively and collaboratively with the Environment Agency and the Delivery Partner. The *Consultant* is to ensure VFM is continually provided through their work and as such the focus shall be on higher value, higher risk impacts to demonstrate added value. The Commercial assurance team are to recommend best practice improvements in line with TEAM2100 being an Environment Agency pathfinder programme.

The *Consultant* is to provide a commission lead from their team who will be responsible to develop, support and coordinate the co-located team. The commission lead will undertake ongoing development reviews of the team.

The core team is to consist of the following roles:

| | |
|------------------------|------|
| Senior Cost Manager | 2FTE |
| Project Cost Manager | 1FTE |
| Assistant Cost Manager | 1FTE |
| P6 Planner | 1FTE |

Additional FTE cost management resource may be required across all roles. Additional staff should be identified within the PSC contract document.

The *Consultant* shall manage the scope as a service and the allocation of work in the team shall be managed in the most efficient way and with an expectation that all Cost Manager members shall support programme wide activities and portfolio/project activities detailed below.

Programme Wide activities:

The *Consultant* shall work in collaboration within the Integrated Delivery Team to provide programme assurance support services as below and demonstrate to add value to TEAM2100 by promoting, identifying and implementing programme improvements and efficiencies working in collaboration within the IDT:

- Preparation of a monthly commercial position report, to provide status, overview and details of all commercial activities

- Lead and coordinate Monthly applications for payment review and make recommendations to the Service Manager/Deputy Service Manager on amounts to be certified
- Maintain a register of amber and red items where costs are not certified in the month and work collaboratively within IDT to resolve these
- Maintain a register of Excluded Cost and identify issues with a recommendation for resolution. This register must be kept up to date at all times
- Assure that invoices received match monthly certifications
- Collaborate within Integrated Delivery Team to implement key improvements on the Application for Payment and other commercial process/systems
- Track costs and forecasts against approved values for all Task Order 1 services and all post Gateway 2 Task Orders and work within IDT to ensure this is kept most up to date and the CSM and Service Managers are made aware should costs/forecasts differ from approved values and forecasts
- Programme wide reporting: assurance of monthly EA Corporate reporting records managed by the Delivery Partner to ensure is correct
- Support the Service Manager with the baseline control and commercial assurance of annual plans
- Preparation of annual forecasts of Environment Agency staff cost forecasts and support the Environment Agency team with the assurance of monthly reporting
- Support the agreement of new rates for staff, Quality Assurance and agreement of annual staff uplift and keeping an overview of staff to report any issues to the Service Manager and CSM
- Assurance and review of quarterly and annual submission of Price List and new unit rates (schedule 5 part 6 refers) and promote their use at programme level
- Cost Intelligence work to support the creation of new rates for the Price List to ensure the new rates are proven VFM. TEAM2100 aims to increase the utilisation of the Price List for setting Task Order Target Prices. This Cost Management Service is an integral part of achieving this increase in utilisation, by firstly working with the IDT to assure their new unit rates and secondly to propose new rates to the IDT for consideration into the Price List (from previous Task Orders or from external projects or prices)
- Support the CSM with the annual incentivisation assessment, which shall be complete within 6 months following year end, by;
 - coordinating the forensic cost assurance of the actual costs associated with projects completed in year and collating outputs to determine pain gain position for each Task Order to be assessed (this is in addition to the core team)
 - Ensure Target Costs for each Task Order have been correctly transacted to determine the pain/gain for each Task Order
 - Tracking Task Order Proposal costs and advising on the incentive mechanism and its effect on the amount due.
 - assuring the submission of quarterly and annual KPI's
 - supporting the submission of efficiencies to the National Efficiency team
- Provide a monthly dashboard report to detail commercial position and issues on TEAM2100, Update the Commercial Handbook
- Provide support and advice to DGC and CSM upon programme procurement improvements such as pipeline development, programme procurement strategy, cost intelligence, and programme risk management.

- Advise upon inflation allowances and proposed indices to determine risk allocation and allowances
- Benchmarking exercises to provide appropriate data to ensure VFM is achieved such as
 - Cost of tendering
 - Cost of refurbishment and repairs on similar projects
 - Cost of systems/MEICA comparable works

Portfolio / Task Order Activities

The *Consultant* shall working in collaboration within the IDT to provide commercial assurance and cost management services, including:

- Demonstrating adding value at project level by working with the IDT to contribute to achieve VFM in all Task Orders. Each Task Order must be commercially assured to determine whether the Target Price is set correctly and represents VFM to the Environment Agency. Target Prices are to be benchmarked against previous projects, the Price List and external benchmarking data. IDT Rates and durations are to be verified and subcontractor quotes also assured. Actively engage in risk workshops and the pricing and allocation of risks to ensure VFM and equitable allocations
- Provision of commercial support/advice/guidance across a portfolio of projects working to achieve VFM and assuring that scope change is managed commercially
- Support the Service Manager and his delegated representatives in the carrying out of their duties under the Contract with the assurance of Contractors annual plans, service budgets, Task Order proposals, Design Pro Forma's, and the quantum assessment of Early Warnings, Change Notices and compensation events using the CEMAR contract administration platform
- Provide support to CSM and DGC in reviewing and developing procurement strategies and identify commercial risks and mitigations at early project stage. Further involvement in tendering
- The assurance and review of any tendering exercises within Task Order proposals working closely with DEFRA Commercial to ensure VFM is achieved.
- Support EW risk reduction meetings as required
- Support the Service Manager and delegates in the resolution of contract issues and provide a recommendation
- Participate in Task Order risk workshops and contribute and assure the risk allocation, descriptions and assessment of likely value and likelihood are fair and appropriate. Support and ensure mitigations have been identified. The outcome is to ensure that a fair and proportionate risk has been allocated, measured and agreed between IDT
- Promote and contribute within IDT to create, support and monitor project efficiencies
- Reviewing Rough Order of Magnitudes early on at different project stages to ensure that budgets are robust and with reasonable assumptions and is align with scope of works
- Support the review and validation of monthly applications for payment liaising with the Service Manager and delegates to determine payments align with work done and allowable costs
- Track costs against approved values and current forecasts and flag up any concerns/issues and requirement for Business Case update requirements

- Feedback project cost intelligence data and programme data to the IDT data capture team for future benchmarking purposes
- Should cost and target cost estimates
- Supporting the team reporting on performance against cost management KPIs and TEAM2100 requirements, such as using CEMAR analytics to report on contractual communications or Task Order information
- Benchmarking exercises to provide appropriate data such as
 - Cost of tendering
 - Cost of refurbishment and repairs on similar projects
 - Cost of systems/MEICA comparable works

P6 Planner

This will include, but is not limited to:

- Interrogate, benchmark and assure the *Contractor's* programmes for Task Orders to assure that the programmes building blocks are based on best practice, is sufficient for management of change control; correctly reflects the critical path and is reflective of established production rates for key activities to contribute setting efficient project programmes
- Provide technical support and checking of monthly programme submissions for Task Order 1 services particularly for change notices in excess of £250k and post gateway 2 Task Orders
- Provide forensic planning support to the commercial team in the evaluation of time assessments associated with compensation events and change notices
- Work within the Integrated Delivery team to deliver improvements to programme and project planning
- Produce monthly progress and look ahead reports trending key deliverable performance and consult with Client's SPA'S /SU's

Other Resource

This may include:

1. Legal advice on contract interpretation, intent or application in practice
2. Annual Deep Dive Commercial Verification of Actual Costs

Key Performance Indicators

Please see Appendix A - Incentive Schedule

Management Checklist

Please see Appendix B - Risk Based Commercial Assurance

This checklist is a guidance document that can be updated by *the Client* and agreed with the *Consultant*. It is expected to guide the *Consultant* in their commercial assurance. This does not limit the *Consultant* obligations to provide commercial Assurance outside this checklist if required. The *Consultant* is to provide commercial assurance to meet this PSC scope.

4 Definition of completion and defects

- 1 Completion is only achieved when all of the *services* have been provided and accepted by the *Client*.
- 2 A defect is part of the services which is not in accordance with the Scope or the applicable law.

5 Constraints on how the *Consultant* provides the services

- 1 The *Consultant* is expected to be located with the Integrated Delivery Team in Buckingham Palace Road office and other Environment Agency office (such as Thames Barrier, location dependent on the project) for at least 2-3 days a week, with the remainder of the time working from home or other location.
- 2 The office locations for TEAM2100 are [REDACTED] and at the Thames Barrier. There are also other site offices at various locations that would require to travel to. Commercial Assurance team is expected to work collaboratively with all Parties within TEAM2100, whether this is the Environment Agency or the Delivery Partner.

6 Standards to be achieved

6.1 Health and safety

- 1 Health, safety and welfare is of paramount importance to the *Client* and one of the objectives for the project is that the works should be undertaken in a manner that achieves highest possible standards. Health, safety and welfare provisions must be seen as integral parts of carrying out the works and not as stand-alone considerations. The cost manager shall support the *Client* and integrated delivery team in achieving these standards.

6.2 Co-operation with the Principal Designer

- 1 There will be a Principal Designer for this scheme. The Principal Designer duties will include for a review of any site based works and notifying the HSE of these, as well as a review of the design. The Principal Designer will comment and include for any work required following review. All staff shall co-operate with the Principal Designer.

6.3 Specifications or standards to be used

- 1 In assisting the *Client* and Service Manager in contract management, the *Consultant* shall make full use of the *Client's* commercial and contract forms for the TEP1 contract that have been developed for this purpose.
- 2 The *Consultant* is to make full use of the Integrated Delivery Team's Sharepoint, Projectwise, CEMAR and Enterprise Delivery Platform (EDP) sites and the *Client's* web based project collaboration tool (A-Site). Whenever practical all contract records are to be distributed and stored using these tools.
- 3 The *Consultant* shall prepare and maintain records of commercial assurance and recommendations to the Service manager which are to be maintained in a secure location as advised by the *Client*.

7 Requirements of the programme

7.1 Programme

- 1 Start date for contract: [REDACTED]
- 2 Finish date: [REDACTED] with annual 12 month extension + final extension until the end of TEAM2100 contract (including until all final accounts are complete), subject to performance reviews.
- 3 Performance reviews will be quarterly against Key Performance Indicators detailed in the Incentive Schedule.
- 4 Subject to performance, extensions of this commission will be annually. The final extension from [REDACTED] will be up to completion of the TEAM2100 contract and all Task Orders.
- 5 The TEP1 (now TEAM2100) contract runs until [REDACTED] with possible partial extensions to complete Task Orders in [REDACTED].

8 Services and other things provided by the *Client*

8.1 Contract to be administered

- 1 The *Client* will provide an electronic copy of any contract to the *Consultant* which he is required to support the administration of. This will include the Works Information and Site Information. Other information referred to in the contract is available on A-Site.
- 2 TEAM2100 uses CEMAR as its online contract management tool. The *Consultant* will be given access to this and must ensure all contractual communications to and from the *Contractor* are made through CEMAR.

8.2 Training to be provided by the *Client*

- 1 The *Client* will provide access to and training on their web based Project Collaboration Tool (A-Site). The *Contractor* will provide training on their web based 'Projectwise' tool, CEMAR and Enterprise Delivery Platform (EDP).

8.3 Data and information management and intellectual property rights

- 1 All of the data listed as being supplied to the *Consultant* as part of this study remains the Intellectual Property of the *Client*.

8.4 Data custodianship

- 1 The data custodian for project deliverables from this commission will be the relevant area PSO team.

8.5 Data security

- 1 Where required, information will be provided to the *Consultant* in an encrypted format (using WinZip 128 bit encryption) according to *Client* data security policy. It is expected that once the commission is completed, all the original data sent to the *Consultant*, which is classed as commercially sensitive, is returned in an encrypted format using WinZip 128 bit encryption and deleted from the *Consultant's* system
- 2 Project deliverables such as model files, survey data or anything of a personal nature such as questionnaires or address data must also be returned in an encrypted format using WinZip 128 bit encryption
- 3 Further details regarding security measures will be discussed at the start-up meeting for this commission, although it should be noted that work on the Thames Barrier and Associated Gates will require high level CTC or SC security clearance

8.6 Timesheets

- 1 Timesheets as normally utilised by the *Consultants* shall be submitted with fee notes unless otherwise agreed with the *Client's* project manager. Electronic submissions would be acceptable.

8.7 Payment procedure

- 1 Payment is subject to the procedure agreed in or under the framework.

8.8 Quality

- 1 The quality management system complies with the requirements of ISO9001 and ISO14001.

Appendices

Appendix A – Incentive Schedule

Version 3 16/09/2019

The Key Performance Indicators are included in the table below:

| Number | Area | Key Performance Indicator | Detail | Target (in a quarter) | Incentive |
|--------|--------------------------------------|---|--|--|--|
| 1 | Behaviours | A. Proactive and Collaborative behaviours B. Resource planning | A. Programme wide performance improvements B. Resource planning to ensure minimal impact caused by any resource changes and / or periods of leave. | A. To work with the Environment Agency and the Delivery Partner to identify and recommend best practice improvements B. Demonstration of minimal impact on the programme due to good resource planning | This KPI forms part of the assessment of the <i>Consultant's</i> performance. |
| 2 | Time and quality | Deliverables on time | Team work to the agreed annual Commercial calendar dates, agreed Task Order proposal programmes and Task Order in delivery | Applications for Payment, Commercial responses to Task Order Proposals and quantum evaluation of compensation event or change notices are provided within agreed timelines and of good quality without errors. All other Commercial assurance activities | This KPI forms part of the assessment of the <i>Consultant's</i> performance only. |
| 3 | Time and Quality | Deliverables on time and right first time | Team work to quarterly. EA deadlines | TEAM2100 efficiency register (CERT tool) submissions are on time and efficiencies are sufficiently assured to ensure they are evidenced. KPI assurance reviews | This KPI forms part of the assessment of the <i>Consultant's</i> performance only. |
| 4 | Added value improvement | Continuous Improvement | Examples of driving best practice and continuous improvement across the programme | At least 3 improvements identified in a quarter | This KPI forms part of the assessment of the <i>Consultant's</i> performance only. |
| 5 | Collaboration | Knowledge Share | Provide learning sessions by <i>Consultant's</i> own subject matter experts. | Quarterly learning in subject matters such as: Project Controls, Risk Management, Asset Management, Key Soft Skills to be presented to the Team2100 | This KPI forms part of the assessment of the <i>Consultant's</i> performance only. |
| 6 | Health, Wellbeing & Carbon Footprint | Reduction of TEA2100 Carbon Footprint | <i>Consultant</i> to propose to TEAM2100 ways to reduce the carbon footprint, i.e the use of innovative/low carbon footprint materials that are used successfully in other projects/programmes that the <i>Consultant</i> has a commission on. | Minimum of one recommendation per quarter (or four annually) to reduce TEAM2100's carbon footprint e.g., lessons learnt from other programmes or by the <i>Consultants</i> own research | This KPI forms part of the assessment of the <i>Consultant's</i> performance only. |

Proposed Methodology

a) General Principles

- System shall be as simple, objective and transparent as possible.
- This system aims to drive improvements in performance

b) Use of KPIs

- In the event that any KPIs are ambiguous, then an *Employer's* assessment shall be made

c) Provision of performance information

- The *Consultant* will create a suitable KPI dashboard and report on this monthly, with a performance review quarterly.
- KPIs shall be assessed at quarterly intervals

d) Incentives

- The assessment will take place quarterly to monitor performance and action plans will be required if a KPI is failing
- These KPIs will form part of the assessment of the *Consultant's* performance
- Subject to good performance we reserve the right, at our sole discretion, to extend this contract to align with the completion of the TEAM2100 contract and all Task Orders.