

# PROCUREMENT CASE STUDY: SMART PFI (PRIVATE FINANCE INITIATIVE)

The British equivalent of the Public Private Partnership (PPP) is the Private Finance Initiative (PFI) process. The Smart PFI ensures that the public sector client benefits from design intelligence at the early stages of the project and that a realistic budget is prepared. The Smart PFI process also recommends that the public sector appoint an independent client design advisor, hired by the government agency, to assist in planning the entire procurement process and in the selection of bidders.

## THE SMART PFI OFFERS:

- a close relationship between the client and the initial design team, enabling a better understanding of the client's requirements, thereby promoting innovation and enhancing design quality;
- a greater focus on improving the resourcing of the vital early design stages;
- for the public sector client, a thorough understanding of cost and affordability issues prior to engaging with the market;
- less uncertainty for the private sector by having the client and key user groups/stakeholders sign-off an agreement that the outline design fully meets its needs;
- an exemplar design for the private sector to improve upon;
- value to the client as it prevents the production of multiple, hugely costly and mainly abortive designs (e.g. reference design) and costings by the industry;
- reduced bid costs as the bidding consortia are not required to invest so much in design;
- new entrants an opportunity to enter the market. This can deliver greater competition through reduced bid costs, times and pre-tender confirmation of affordability;
- an assurance that the private sector continues to take full responsibility for the funding, detailed design, construction, management, maintenance and availability of the facility;
- an opportunity to retain the original design architects to continue working with the client and be novated to the contractor;
- a competitive selection process for the architect/design team;
- a close association between the client and design team to ensure that the public sector client benefits from design intelligence at the early stages of the project.

## ACTION TO BENEFIT GOOD DESIGN

- Selection of the concept design team through a Quality Based Selection (QBS) process.
- Engage design advice to assist with the design quality management in contract and brief development.
- Ensure provision for independent design advice (Design Quality Team) or design review at key project milestones.
- Ensure direct contact between the client and the design team during the bid stages to define the brief and allow a design to emerge with adequate stakeholder consultation.

## CASE STUDY: MANCHESTER CIVIL JUSTICE CENTRE

The Manchester Civil Justice Centre is a model of Smart PFI, in which the design is procured separately from the private developer. The Ministry of Justice (MoJ) chose the private finance initiative (PFI) procurement route to ensure delivery of a high quality building. They tailored the PFI process and made the necessary interventions to allow the quality of the design to be the most important consideration. MoJ appointed two architectural advisers, former Royal Fine Art commissioner Ian Ritchie, (acting as the design champion for the project) and Paul Rynsard of Feilden & Mawson for functionality issues.

Although the standard PFI route means choosing a developer team that already includes an in-house architect, in this case the client wanted direct control over the selection of the architect separately from the developer team. So it adopted one of the elements of a traditional procurement route – procuring the designer separately from the contractor, and ran an open design competition to find the right design partner.

The international competition attracted more than 100 entrants. Three were invited to submit designs for a fee of £75,000 each. As well as the winning team Denton Corker Marshall (DCM), there was Richard Rogers Partnership and Pringle Richards Sharratt. The quality of detailed design was fixed by commissioning the architect to complete detailed design to RIBA Stage E before the development contract was signed with Allied London. The project, unlike a PPP carried no continuing requirement for facilities management. It allowed greater innovation because the architect could work directly with stakeholders/government to maximise efficiency, rationalise stakeholder demands, avoid cross-probity line issues with consortia, get a better architect through QBS and better documents to protect government at contract stage. The Civil Justice Centre sought to embed all the principles of Smart PFI, delivering the best design and a positive relationship with the client.

### KEY STRATEGIES THAT HELPED TO PROTECT THE DESIGN INTENT INCLUDED:

- Retaining the original design architects, DCM, to continue working with Government and then to be novated across to the developer. This helped avoid money being wasted on reference designs.
- A paid competition process, detailed design intelligence at the early stages of the project and a realistic budget.
- The appointment of an architectural adviser by the client as design champion. The client requesting sketches by DCM that illustrated clearly the detailed design elements. This strategy helped to avoid common concerns in PFI about the loss of quality in the finer details of the finished building. The sketches were used during discussions to appoint the design contractor. This arrangement built a strong foundation for partnership on the procurement route between developer and architect, ensuring that everyone in the team knew exactly what they would be expected to deliver - and to what standard.

### CONSTRAINTS:

- The main risk for DCM was taking the project through to RIBA Stage E before a contract between the Government and builder, Bovis Lend Lease, had been signed. At that stage the Government had signed off on 60% of the building cost with 40% left for the builder to price as a Guaranteed Maximum Price (GMP).
- Denton Corker Marshall were novated to the builder when design documentation was 10–15% complete and as a result there was a lot of back-of-house detailing completed under the builder, that was susceptible to change.

The Manchester Civil Justice Centre has been honoured with more than 20 awards including a Royal Institute of British Architects' (RIBA) National Award for Architecture and the Australian Institute of Architects' Jørn Utzon Award for Most Outstanding Work of International Architecture. Reviewing the UK's best buildings for the first decade of the 21st century, internationally respected architecture and design magazine Blueprint named it in the top 10.



**Architect:** Denton Corker Marshall  
**Client:** Her Majesty's Court Service, UK  
**Contractor:** Bovis Lend Lease  
**Budget:** £113m  
**Area:** 34,000sqm  
**Developer:** Allied London Properties  
**Project year:** 2008  
**Photography:** Tim Griffith