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Andrew Welsh MSP
Convenor
Finance Committee
The Scottish Parliament
Edinburgh
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Dear Mr Welsh

A+DS Response to Finance Committee's Inquiry into Methods of Funding of Capital Projects

Scotland is special. This specialness is attributable to a number of things, including its people, its culture, its history, and its natural and built environment. Its places are special. Many are of exceptional quality, requiring protection and, occasionally, enhancement. Some are of poor quality, requiring regeneration, renewal and improvement. All need to be cared for, continuously. This requires investment.

Capital investment produces new building and infrastructure projects. These shape our environment, by creating new places and changing existing places. It is important that the significant impact of projects on places and on people is recognised, and that **projects of quality** are produced: end products of the investment process that enhance and promote a feeling of well-being together with respect for, pride in and a responsible and caring attitude to these places. This will make the places of Scotland better, and Scotland a better place. Its attractiveness to visitors, and the economic benefits that this brings, will be increased. For all of these reasons we need procurement processes, and methods of funding capital investment projects, that deliver **places of quality**.

Conversely, failure to recognise and capitalise upon the broader potential of our investment results in additional expenditure by producing, for example, residential areas that no-one wants to live in; buildings where inefficiency, illness or crime increases running costs; and, ultimately, a requirement for new capital investment to demolish and re-build these facilities.

As our recently published Annual Report sets out we do not consider that Scotland is getting the best value from new developments in the built environment. We therefore welcome the Finance Committee's current Inquiry into Methods of Funding of Capital Projects and see this as a timely opportunity for the Scottish Government to bring design quality to the fore in public procurement. We advocate that the review of methods of funding include an assessment of how these methods, and their associated procurement processes, affect the delivery of a sustainable product of long term value both to the service it embodies and the wider community. It is the prominence and delivery of such qualitative aspects through current processes that we address below and on which we offer our expertise and assistance as the national champion for good architecture, design and planning in the built environment.

We recommend that the review examine funding and procurement methodologies against the following three broad principles:

1.0 Policy and delivery should be linked.

Policy makers, and those with an overarching responsibility for the delivery of design quality by the Scottish Government¹, should be accountable for the delivery, by public bodies, of such quality. Their responsibility should go beyond the production of guidance and to include responsibility for the impact that guidance has on investment. They should monitor the outcomes of procurement and report on their success in improving the built environment through all the mechanisms that influence procurement across the sectors.

2.0 Public leadership of procurement processes.

Public procurement should value and deliver well designed environments that support our communities and public services and thus realise the full potential of capital investment. From our work and involvement in projects we note the following areas for improvement:

- Client bodies need to recognise and understand that a development is not “**fit for purpose**” unless it supports the sustainable development of the community in which it sits and the health and wellbeing of users². These broader qualitative issues should be a key objective of the commissioning body, and one in which the public has a voice.
- The opportunity, through good design, to **increase efficiency** and **reduce the cost** of running a public service needs to be understood and capitalised upon. This will require strategic design skills to be targeted at appropriate points in the procurement process to ensure that the investment realises the broadest and best impact.
- The client body should **control** the execution of the project to ensure that quality is delivered. Transferring responsibility for quality to those less motivated in the wider public interest makes the delivery of these broader objectives more difficult to achieve. Further, reducing the access of the client (and stakeholders) to the designer can be an obstacle to the constructive dialogue that assists designers in responding to the client’s needs and aspirations.
- If the public sector client is to take a leadership role in procurement then project teams must be suitably **resourced and trained**. Client teams need to have the skills to plan and control the stages of the process by which it is delivered. This requires leadership at the highest level to ensure that quality is an objective given to the team, but also that senior people within the client team have a **professional design education** (either in-house or consultant design advisors) so that they have the confidence and skills to make judgements on such issues.

3.0 Procurement processes should recognise and value design quality.

An understanding of the value and contribution that a well designed environment can make to service delivery³ and the wellbeing of the wider community is key in effectively targeting investment. We recommend that long-term qualitative objectives are given prominence in the following processes:

¹ Such as Health and Education Directorates, Planning Directorate and Procurement Groups within the Finance Directorate.

² The Local Government in Scotland Act 2003 gives a ‘power to advance well-being’. Guidance on this act intrinsically links this power to sustainable, community development through the obligation to achieve best-value.

³ For example there is compelling evidence that demonstrates that well designed healthcare facilities can speed the healing process and reduce requirements for medication; well designed schools can enhance learning opportunities and reduce truancy; and well designed workplaces can improve individual health and well-being and improve efficiency.

- **Project Initiation:** the earliest documents describing the required outcomes of the project - the criteria against which the success of the project, and therefore the client team, will be assessed – should include quality as a required outcome.
- **Financial modelling of business cases:** criteria should be developed to allow the value of a well designed environment to be quantified and recognised in financial assessments, particularly in relation to offsetting any revenue costs that may be seen as a bar to capital investment.
- **Project review systems⁴:** these should include an assessment of the potential of the project to deliver an outcome of quality so that long-term best-value can be more readily realised and more properly planned for thus reducing the risk of cost and programme over-runs.
- **Competitive selection procedures:** these currently include assessment of both quality and cost aspects of a bid, however the quality of the end product is often only a small proportion of the total score due to the number of other factors that are included in the quality section. We recommend that design quality be a separate and prominent part in the assessment of bids⁵.

We would welcome the opportunity to assist the Finance Committee further on these matters by making representation in person to the Committee. We look forward to discussing these issues with you.

Yours sincerely

Raymond Young CBE
Chair
Architecture and Design Scotland

⁴ Current review systems (such as Key Stage Reviews carried out by PartnershipsUK for PPP projects or Gateway Reviews by either the Scottish Government or OGC) look at the project management but do not assess the quality of the outcome of the project.

⁵ i.e. “quality:cost” ratios would be replaced by “design:delivery:cost” ratios