

Strategic Assessment

Title: Exploring options to improve the Efficiency and Effectiveness of Public Works' operations (PSI24) and options to improve the Efficiency and Effectiveness of Recreational, Parks & Cemeteries (PSI25).

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This Strategic Assessment has been developed using the template for the Project Future “Conceptualisation Phase”.

PWD 2015

“Public Worksthat works.... Proudly”

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Document Sign-Off

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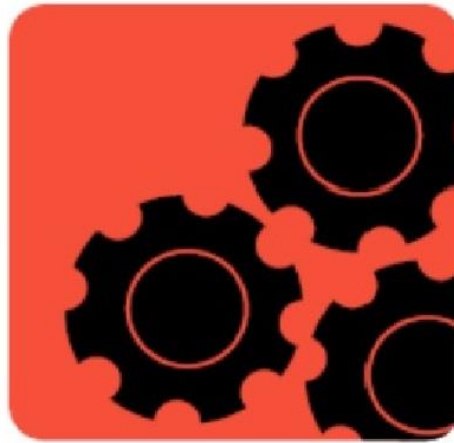
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Cayman Islands

Title:

PSI24; *Options to Improve the Efficiency and Effectiveness of Public Works' Operations*

and

PSI25; *Options to Improve the Efficiency and Effectiveness of Recreational, Parks & Cemeteries.*

PART 1: OVERVIEW

1.1 Introduction

This document is a Strategic Assessment for the following projects mandated by Cabinet under the Project Future Programme:

- *PSI24 - Options to Improve the Efficiency and Effectiveness of Public Works' Operations.*
- *PSI25 - Options to Improve the Efficiency and Effectiveness of Parks, Recreation & Cemeteries."*

These projects cover activities associated with Government property and asset management, including PWD's professional services such as project management, architecture and quantity surveying as well as repair and maintenance services to public buildings and facilities. These services are delivered through the outputs of the Public Works Department via its three operational units namely; The Development and Planning Division, the Operation and Works Division and Recreational Parks and Cemeteries Section. PWD currently uses a mixed economy approach in providing these services whereby several elements are delivered directly by a multidisciplinary workforce of approximately 130 employees, while certain aspects are packaged and outsourced to private sector contractors under the supervision of PWD technical personnel. In terms of value, the majority of work currently managed by PWD is carried out through the use of private sector consultants and contractors.

The project does not consider the provision of project management services on major projects through PWD's Major Projects office (MPO) as the MPO is not a permanent fixture of the Departments operational structure. The MPO has been established to enable PWD to provide project management services for the duration of specific assigned major projects.

This project will consider the scope to improve the efficiency and effectiveness of all these activities including the potential to increase private sector provision of core services and the impacts this may have on PWD's client base and the wider Civil Service. It is important to note that although provided with two separate Public Sector Initiatives, (PSI 24 and PSI 25) the PWD has taken the initiative, in consultation with the SRIU to examining these two initiatives jointly

resulting in a review of *“options to improve the efficiency and effectiveness of Public Works’ Operations as a whole”*.

Active local markets of private sector providers exist for most areas of PWD work and there is willingness from PWD management to examine private sector options for outsourcing this work in whole or in part. This includes consideration of all relevant outsourcing models and as such some work in this regard has already commenced. However the recently conducted EY review has identified specific areas of focus and related recommendations for improvements as detailed in Sections *“13.1.12 – Outsourcing and employee mutuals, operations and works services (PWD)”* and *“13.1.13 – Outsourcing and employee mutuals, parks, recreation & cemeteries services”*

The cabinet has, through the Project Future Steering Committee (PFSC) established further mandates for a review of these services with the following high level objectives:

- Improve the efficiency and effectiveness of Government operations
- Increase customer satisfaction with public services
- Reduce the size of Government

This review will ultimately explore measures which will seek to achieve these objectives in an effective and sustainable fashion.

As all services provided by the PWD are interrelated and to a large extent interdependent the review will seek to analyse efficiencies in service provision within the department as a whole. The individual initiatives/projects however, will be examined each on its own merit and separate business cases developed for each initiative.

1.2 Purpose

This Strategic Assessment seeks to examine whether or not there is need for detailed review of the departments operations and solicit formal approval from Cabinet to take the investment proposal to the next phase; to develop an Outline Business Case.

A review of available data has been conducted to allow PWD to define the challenges faced and identify the shortlist of possible solutions.

The Strategic Assessment:

- Defines and confirms the need to invest in change;
- Identifies preferred ways forward, supported by a limited number of viable short-listed options for further analysis; and,
- Identifies the investment required to develop an Outline Business Case.

PART 2: STRATEGIC CONTEXT

2.1 Organisational Overview

GENERAL OVERVIEW OF PUBLIC WORKS DEPARTMENT

The Public Works Department (PWD) is a government entity which falls under the Ministry of Planning, Lands, Agriculture, Housing and Infrastructure (PLAHI). Its primary purpose is the design, construction and maintenance of Government Facilities. Located in a complex on the North Sound Road, the Department employs Project Managers, Engineers, Architects, Administrative Staff, HR Professionals, Supervisory Personnel, and Trade staff. The organisation employs approximately 130 full time equivalent staff, and has an annual recurrent expenditure of approximately \$9,500,000.

The department is a service oriented entity and continues to seek ways to improve its efficiencies guided by the mantra; *“Public Worksthat works.... Proudly”*

The staff interacts on a daily basis with personnel from over 100 client facilities and buildings totaling in excess of 1,000,000 square feet of occupied space which we maintain. Works range from new construction being done for a Client/Ministry to maintenance of schools, government offices or recreational and sporting facilities. As such our main external clients are actually other government employees. This means that though enormous volumes of work are undertaken each year the public at large are scarcely aware and unfortunately often mistake our one-time sister department NRA (who are far more visible on the roads) as being PWD.

The Public Works Department was commissioned in 1944 with humble beginnings and has evolved over the years into a diverse and dynamic organization. PWD’s physical location is in a government owned complex on 370 North Sound Road, GT. The high level objectives of the Department are defined through the annual budget process and referred to as Outputs.

PWD’s current outputs include:

- a) **Output 1** – Policy Advice; primarily to the Minister, Ministry of PLAHI
- b) **Output 2** – Advice and Assistance to Government agencies
- c) **Output 6** – Management and maintenance of Public Parks, beaches and cemeteries
- d) **Output 8** – Consultancy services for CIG capital building projects, including project management, architectural and quantity surveying services.
- e) **Output 9** – Maintenance of Government owned Facilities
- f) **Output 10** – Disaster Preparedness. Includes carrying out disaster preparedness response and recovery activities for hurricanes and other disasters.

VISION, MISSION & ORGANIZATIONAL VALUES

PWD's Vision, Mission and Organizational Values are detailed below:

VISION

We envision excellent government facilities efficiently and innovatively designed, constructed and maintained by a highly effective, motivated, innovative, qualified, customer oriented and financially responsible Public Works team in partnership with the Ministry and our valued customers.

MISSION

To become the service provider of choice to Government Agencies through the provision of:

- High quality, cost effective services
- Improved customer satisfaction levels
- A culture of continuous improvement
- Continued investment in employee professional development, personal development and welfare
- The implementation of appropriate ICT solutions to enhance client-centered service provision and to support budgetary controls.

This mission's success will be guaranteed by establishing accountability mechanisms that encourage achievement of expected performance, and by implementing **ORGANIZATIONAL VALUES** that will inform the manner in which we achieve these goals.

These principles have also been bench marked against "the Civil Service Values and Code of Conduct" and give rise to eight **Core Values** which we desire to be "walking through our halls and not just hanging on our walls".

These are:

1. Professionalism
2. Innovation
3. Efficiency
4. Teamwork
5. Integrity

6. Quality
7. Communication
8. Safety

STRUCTURE

The Department is primarily demarked into three (3) operational units and two (2) service support units. The three operational units are the Development and Planning Division (D&P), the Operations and Works Division (O&W), and the Recreational Parks and Cemeteries Section (RPCS). The two service support units are the Finance and Administration Section (F&A) and Human Resources Section (HRS). Each area is then further tiered into separate sections / units as follows:

DEVELOPMENT & PLANNING DIVISION:

ARCHITECTURAL SECTION:

The Architectural Section is responsible for the design and drawings necessary for the construction of Government buildings. The first step in this process is for the Architect to meet with the client to prepare a programme (may also be done by the Project management team), outlining the requirements for the building. They then produce drawings and models that convey their idea of what the completed building will be. Various engineering consultants may be employed to work with the architect to develop the designs for the structural, mechanical and electrical aspects of the building. Approval of various Government regulatory bodies is obtained before the start of construction.

QUANTITY SURVEYING SECTION:

From the Architectural section the drawings are passed on to the Quantity Surveying Section. Here, ideas proposed by the Architect are discussed in relation to cost, and contractual issues. An essential function of the Quantity Surveyor is to prepare a Bill of Quantities which is, in simple terms, a shopping list of materials needed to construct a building. This list allows different contractors to be able to give prices for the same materials for a particular job, allowing the lowest price to be accurately determined.

PROJECT MANAGEMENT SECTION:

The Project Manager usually controls the project from inception to completion. The PM team provides customer liaison, manages procurement, contracts, consultants and contractors and then certifies payments as necessary. The PM team monitors the entire project from project start through to hand-over. Approval of various Government regulatory bodies is obtained before the start of construction. At times the project manager may provide input about the

design and specifications of a project, balancing the customers desires with what is feasible. The majority of the projects designed and managed by the D&P division are tendered to the private sector for construction although a number of the smaller projects are constructed by PWD in house.

OPERATIONS & WORKS DIVISION:

BUILDING MAINTENANCE SECTION:

Much thought and effort goes into designing and constructing buildings with the expectation that they will require as little maintenance as possible. However, when the need arises, a staff of over forty (40) PWD carpenters, masons, painters and general builders and laborers carry out the required maintenance activities.

MECHANICAL ELECTRICAL PLUMBING SECTION:

This comprises a team of Air Conditioning Technicians, Plumbers and Electricians who install and carry out general maintenance of MEP systems. As such their work straddles both the construction phase as well as the maintenance phase of building projects.

BUILDING CONSTRUCTION SECTION:

This section is responsible for the delivery of small construction projects and building upgrades. The section either manages private sector contractors to achieve this or uses its own small direct labour workforce. The MEP section sometimes provides support to build the MEP aspects of these projects.

FACILITIES SUPPORT SECTION:

This section is in the early stages of development and is responsible for the coordination of facilities audits, minor works and facilities maintenance advice to clients. The section either supervises private sector contractors to achieve this or uses its own small direct labour workforce. The other sections in the division sometimes provide support to build aspects of these projects.

RECREATION, PARKS & CEMETERIES SECTION: (PROPERTY MAINTENANCE)

The Recreation, Parks and Cemeteries Section (RPCS) of the Public Works Department (PWD) undertakes the management and maintenance of public recreational facilities (public beaches, jetties and ramps), recreational parks, Public (Pedestrian) Right of Ways, Central Business District, cemeteries (excluding the building of vaults). The section also provides daily janitorial services to public restrooms at public beaches and other locations.

FINANCE and ADMINISTRATION SECTION:

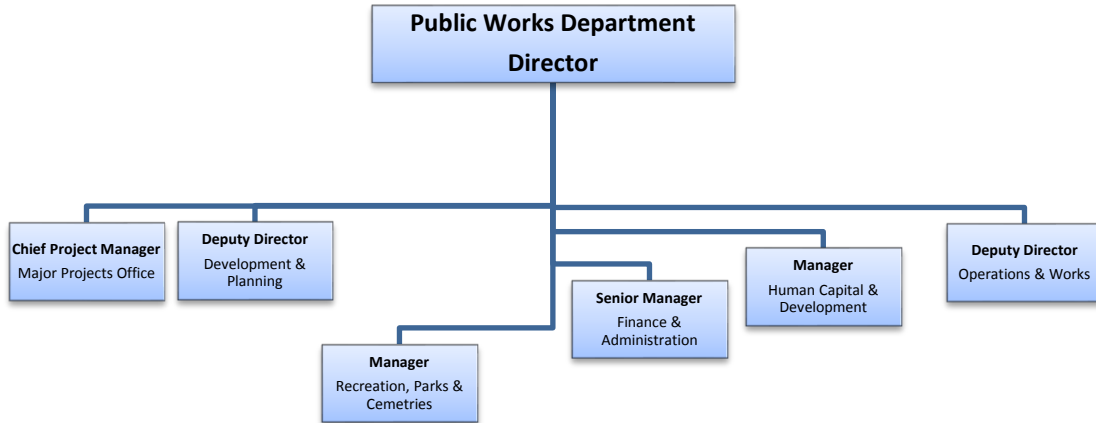
The finance and administration section is responsible for customer reception, records management and freedom of information. The section also handles all financial matters including accounts receivable / payable, annual budgeting and asset management. They also manage PWD Stores, Fleet Management and the PWD helpdesk which handles liaison between clients requesting work to be done and the management of the documentation process involved with these work order requests.

HUMAN RESOURCES SECTION:

Employee benefits, records and internal customer service are treated with by this unit. In addition they maintain employee contracts and produce general correspondence as necessary. They manage related matters such as payroll and employee benefits. Their role also extends to the strategic development of staff competencies, strategic and process planning, professional certification and internal or external training. The development of practices and policies related to Human Capital Development and Personnel and Equipment Safety is also managed by this unit.

The Public Works Department is a strategic business partner within the Cayman Islands Government (CIG), entrusted to design and implement cutting-edge, value-added products and services for the built environment to include facilities management and development strategies. One of its key roles however lies in the provision of manpower and technical support to government agencies and Ministries during the preparation for and response to National threats, whether acts of God or man-made. To this end it plays a pivotal role in the nation's hurricane preparedness and contributes significantly to other emergency response teams.

HIGH LEVEL ORG. CHART - showing management structure



2.2 Key Drivers

The following key internal drivers have given rise to the proposed project:

- The mandate for greater efficiencies and improved customer service throughout the Civil Service as articulated by the Deputy Governor during inaugural speeches in 2012.
- The imperative of Government maintaining control over its physical resources and built environment as supported by PWD's Strategic Business Plan and the Ministry of PLAHI's articulated position.
- Reduced budgetary allocations forcing PWD to do more with less.
- Strategic objectives of continuous improvement and maintaining relevance as supported by PWD's Strategic Business Plan and the Ministry of PLAHI's articulated position.
- An increase in the volume and complexity of Construction Projects undertaken by government evidenced by PWD's project load and increased volume of work order requests.
- Effectively managing the increasingly high level of financial risk inherently associated with the value of maintenance programmes and the cost of construction projects mentioned above.

The key external drivers include:

- The mandate from the Foreign and Commonwealth Office for controlled spending and a reduction the size of the Civil Service circa 2008 global financial crisis and subsequent CI Government austerity measures.
- Pressure from public and private interests to see a leaner Civil Service as evidenced in local and social media.
- Call from private sector to undertake more of the work traditionally done by government agencies as intimated in EY report and articulated in local media by Chamber of Commerce members.

2.3 Relationship to Government's Policy Priorities

This Strategic Assessment will seek to investigate PWD's ability to achieve its goal of becoming the service provider of choice to Government Agencies through the provision of high quality, cost effective services with a focus on customer satisfaction utilizing ICT solutions to enhance client-centered service provision and to support budgetary controls. This goal emanates from the Department's Strategic business plan and embodies our Vision and Mission.

It will assess the Department's ability to achieve this Vision while maintaining the priorities of the CI Government such as improved efficiencies, greater productivity and an overall reduction in spending are achieved. To properly evaluate this and fulfill the mandate of the PDD, the project should:

- a) Consider the efficiency and effectiveness of current PWD activity and how this can be improved.
- b) Consider the extent of use of private sector contractors by the Government in these areas of activity.
- c) Consider the scope to increase the use of external contractors and how the work might be appropriately packaged.
- d) Consider any relevant market development matters.
- e) Consider the effectiveness of contracting and contract management processes.
- f) Consider how impacted staff will be treated through any change including potential transfer to the private sector.

Initially it was proposed that a review of the Recreational Parks & Cemeteries Section would be *Subject to separate review (PSI 25)* however, the structure of the department as outlined above verifies a seamless integration of the unit in the department's operational structure which was achieved through significant, on-going in house effort after our merger in February 2013. As such any changes to the RPCS would have an impact on PWD as a whole and vice versa. The

former RPCU is now simply another section of the department with common support systems and a unified management structure. This assessment will therefore examine PSI 24 & 25 jointly taking care to identify any unique challenges or opportunities facing each section. To do this individual cases for change and possible options will be examined however option selection and methodology as well as financial implications will necessarily be evaluated cooperatively.

Department -Wide High-Level Investment Objectives

In exploring the topics mooted above the department will seek to achieve deliverables which meet the following High-Level overarching objectives:

1. To increase efficiency and productivity and reduce the cost to government of current PWD activities.
2. To increase customer satisfaction with the services provided by PWD.
3. To ensure effective procurement, contracting and contract management of any supplies, services or works carried out by the private sector.
4. To maintain and if possible enhance national resilience and emergency management capability.
5. To enhance opportunities for technical and vocational training and to promote Caymanian employment.
6. To identify opportunities to improve efficiency and effectiveness of whole-Government operations through PWD taking on activities for other government entities*
7. To design and implement a more efficient and effective process for the planning, design and delivery of Public Capital Works*

* Note: These are currently outside the scope of the current Project Definition Document and they go beyond PWD itself. Being an iterative process the examination of the Department's role in the provision of services to government has yielded certain logical conclusions not initially recognized as within the remit of this assessment. There appears to be real potential for improvement across government if we extend the scope in this way. It will potentially impact on other projects in the Project Future programme and the necessary links and dependencies will need to be established possibly at the SRIU level. It is recommended therefore, that the scope should be extended to include review of these objectives and subsumed action items

within the OBC. As such the PWD will engage the SRIU to initiate the relevant change control process.

PART 3: THE CASE FOR CHANGE

As discussed previously the case for change within Sections of the PWD vary slightly from one section to the next as a result of the differences in stakeholders etc. As such this paper will seek to examine each Section separately.

PWD Recreation, Parks and Cemeteries Section(RPCS)

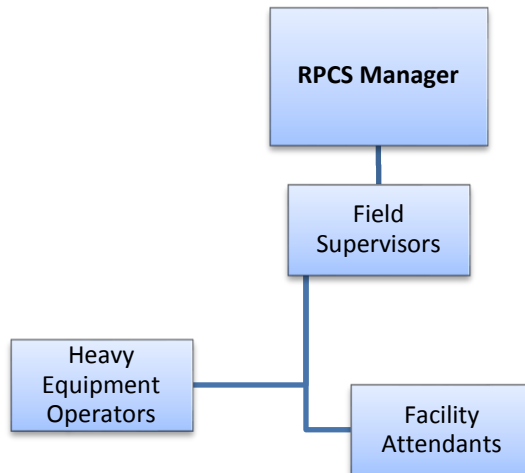
3.1.1 Investment Objectives

In addition to the Department wide investment objectives listed on previously, the **RPCS** review will consider the following section specific objectives:

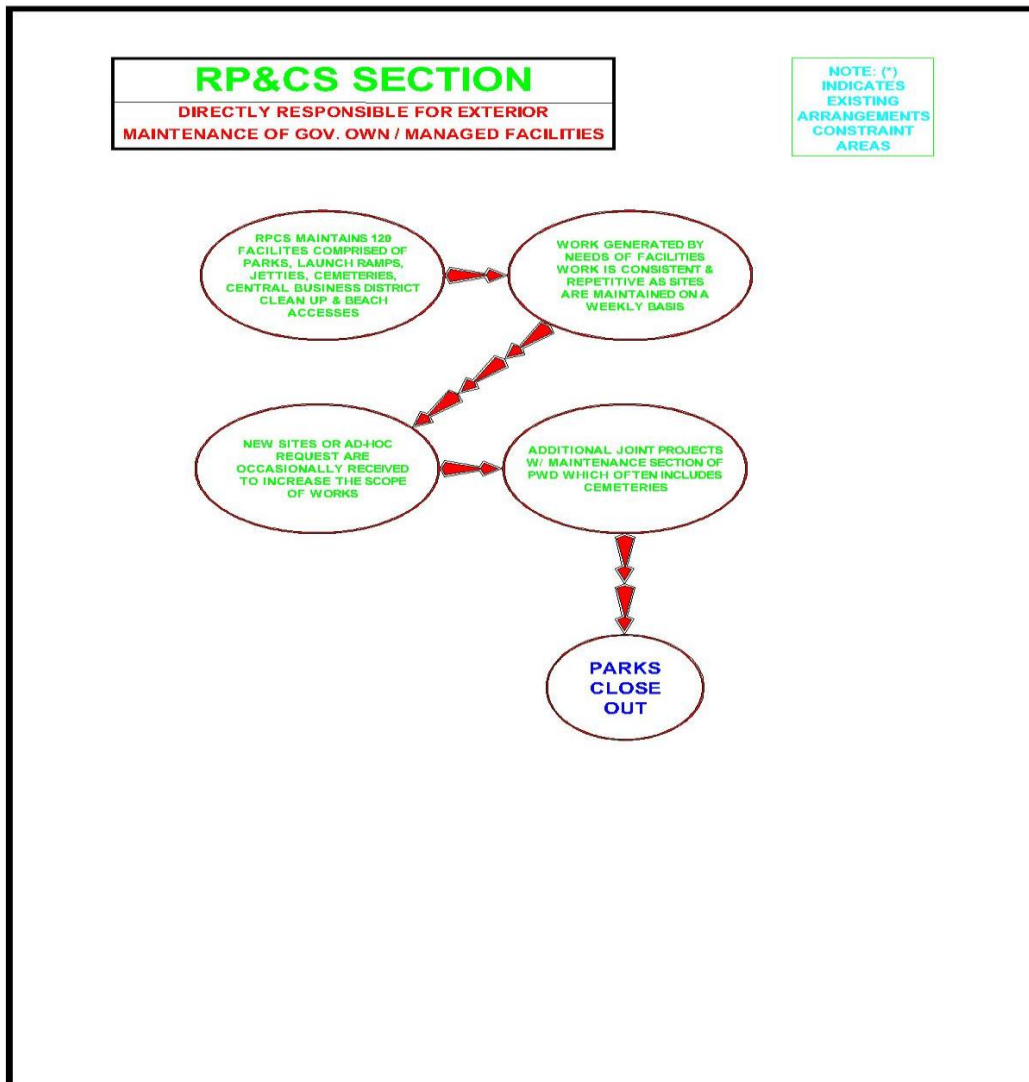
Investment Objective 1: Update laws and regulations that establish requirements of usage and employ more effective enforcement action to prevent misuse of public facilities.

3.1.2 Existing Arrangements

Currently, RPCS carries out crown property maintenance and in doing so maintains 120 facilities comprising of Parks, Launching Ramps, Jetties, Cemeteries, Central Business District, Beach Accesses and Public Open Spaces. After 2008 when Government introduced an employment moratorium, reduction in overtime and other austerity measures as a means of curtailing costs and slowing the growth of the Civil Service the section has had to cope with an increasing workload with a reduced staff compliment. As a result several challenges have surfaced, while at the same time there is a strong cry from private sector interests for government to divest the parks maintenance portfolio. The current status is as follows:



The RPCS manages the maintenance of these sites through a team of facility attendants and heavy equipment operators. They clean beaches and beach accesses trim and maintain vegetation in parks and cemeteries and carry out an array of heavy equipment work to support the attendants, and clean the streets and beaches. They also carry out janitorial services to public restrooms at the various sites. Work is generated by the needs of the facilities. Work is consistent and repetitive as the same sites are maintained on a daily or weekly basis. However occasionally new sites or ad-hoc requests are received which increase the scope of work. PWD's Finance and Administration section supports RPCS by managing the reservation system for Cabanas and other public facilities.



It is to be noted that the Section services several additional joint projects with the Maintenance Section of PWD such as work in the cemeteries (vault construction by the construction management section) and other government departments such as DEH and several community interest groups who require Heavy Equipment support or technical advice and assistance.

The RPCS work is carried out by 19 RPCS personnel and by bidding out some of the work under RPCS management. The private sector currently carries out about 10% of the RPCS workload.

3.1.3 Key Business problems

The dilemma in Objective 1 is that although RPCS have lost staff complement for reasons such as retirement, disciplinary action, resignations and other natural declines in employee count, they have never been replaced, while simultaneously the scope of work being carried out has increased. Under the previous government administration a special fund was created. 12 Park rangers were hired under this fund and equipment was purchased to maintain the Barkers Beach area where these workers operated. This arrangement has now evolved under the strategic approach to mutualize these workers then transition them to fully private contractors. This has been successful but is not without challenges as in the process of ensuring Value for Money (VFM) some contractors fell away due to a reduction in the degree of government funding. This therefore raises the question of the feasibility/long-term effect of mutualization in this sector.

Currently RPCS operates without the mandate of a modern Parks Law there can be a misuse of facilities and Government open spaces, uses contrary to Planning or Trade and Business approvals. The Long Overdue Parks Laws needs to be implemented as soon as possible, as we are seeing more need arising for enforcement measures relating to the abuse of Government facilities and open Spaces.

Because there are currently no effective Parks Laws, RPCS is currently faced with the problem of vendors setting up their stalls on Public Beaches, by the Port, Launching Ramps, Roadside and other Public Open spaces without proper Planning or Trade & Business License Approvals. The Town and Country laws are too antiquated to handle all these new situations as they arise.

3.1.4 Key Considerations

The Parks and related Laws which are currently being drafted need to be implemented as soon as possible so that RPCS and other CIG entities can fulfill their legal mandate as it relates to proper use of govt. facilities, open spaces and prevent abuse of public Beach Access. Whilst the legal drafting process and relevant approvals can often be time consuming this process is currently underway.

Various private sector entities can perform portions of the work under the purview of the RPCS. However, were these works to be put out to the Private sector PWD would still need to Project manage the various contracts to ensure VFM. The nature of the jobs which exist within the RPCS are such that outsourcing them would inevitably attract cheap imported labor, ultimately impacting the job opportunities for the uncharacteristically (for this type of work) Caymanian section of government.

Though services should be considered for provision by private sector, government should retain responsibility for administering them and also cannot divest itself of the regulatory function required to ensure the sustainable maintenance of public facilities and properties.

The general consensus (garnered from public feedback) is that the RPCS does a good job in maintaining the public facilities it is responsible for.

3.1.5 Key Constraints & External Dependencies

Constraints	
Relevant Laws	This can be addressed by establishing the relevant legal framework.
Budget Constraints	Requires making provisions for relevant funding.
Suitable human resources	Parks and property maintenance is a specialist area that personnel can and should be trained and developed in.
Lack of employee desire to move to employee mutual arrangement.	It is thought unlikely that a majority of existing RPCS employees would favor moving to an employee mutual arrangement as over time this would lead to a reduction in wages and benefits that the employees currently enjoy. If the Caymanian RPCS employees do not support mutualization, it is unlikely that this will garner political support.
DEPENDENCIES	
Tourism	Just as an example, the Tourism Product is enhanced when visitors can enjoy clean public facilities, such as restrooms, beaches, streets, parks and common public areas. Likewise these are also enjoyed by the General Public. As such any increase or decrease the population size and in tourist activity within the island has a positive correlation to the relevance of the section

3.1.6 CONCLUSIONS

RCPS deals with areas and services that are sensitive based on their impact on the Islands Tourism Product. There are interdepartmental and inter-governmental agency collaborations that would not be in the wider Publics interest to allow Private Enterprise having significant control or day to day involvement. Additionally, let us not underestimate the importance of the role played by PWD and by extension, RPCS in preparation, response and recovery activities in the event of a hurricane or other disaster (PWD Output 10). Most countries and islands states have a full time army and an associated budget and these entities are at the forefront in securing, safeguarding and repairing all govt. assets island wide. To this extent PWD plays a

central role within the Cayman Islands in the preparation and response to threats or real disaster. This in itself is too sensitive an issue to be left in the hands of Private Enterprises and is a role that PWD cannot fulfil without an appropriately sized workforce.

Having reviewed the operations of the section there appears to be an opportunity for government to operate more efficiently and effectively in delivering these services.

The main area for improvement is to achieve a reduction in the maintenance cost per sq. ft. of public space/property maintained.

The main impact of maintaining the status quo is that the current operational parameters are not sustainable and will result in greater inefficiencies as the scope of works continue to increase and the staffing levels remain stagnant and existing staff become even more despondent due to increasing workload with disproportionate rewards.

There must however be concerted efforts towards improving the maintenance cost to value ratio of the properties being treated with by the RPCS

The “do nothing’ option would not be viable as there is sufficient cause for change. Further, there is need for government to retain the ability to respond to emergencies, enjoy synergies of having certain skill sets and equipment in house while balancing the level of government involvement in areas easily managed by private sector. A detailed business case is recommended to explore the options for greater involvement of the private sector and process and system improvements required for greater efficiency and sustainability of the RPCS function.

PWD Development and Planning Section *(Consultancy Services (CS))*

3.2.1 Investment Objectives

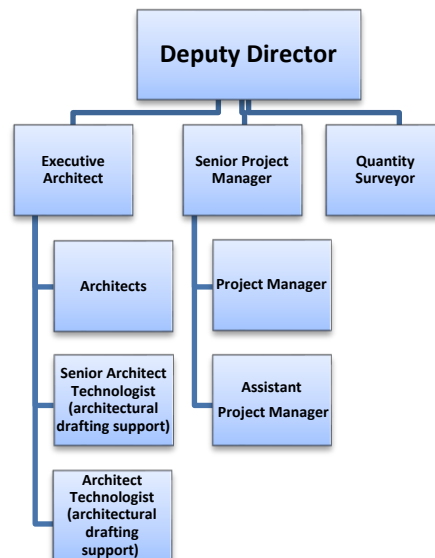
In addition to the Department wide investment objectives listed on previously, the CS review will consider the following section specific objectives:

Investment Objective 1: The Consultancy Section will reduce the time taken to complete pre-contract tasks by MEP and Structural design Consultants which currently causes many project delays.

Investment Objective 2: Devise a more effective method to proactively receive information from our various client agencies on upcoming major capital building projects so that D&P can action projects prior to the project reaching its critical completion timeline and being left with an unrealistic timeframe in which to deliver.

3.2.2 Existing Arrangements

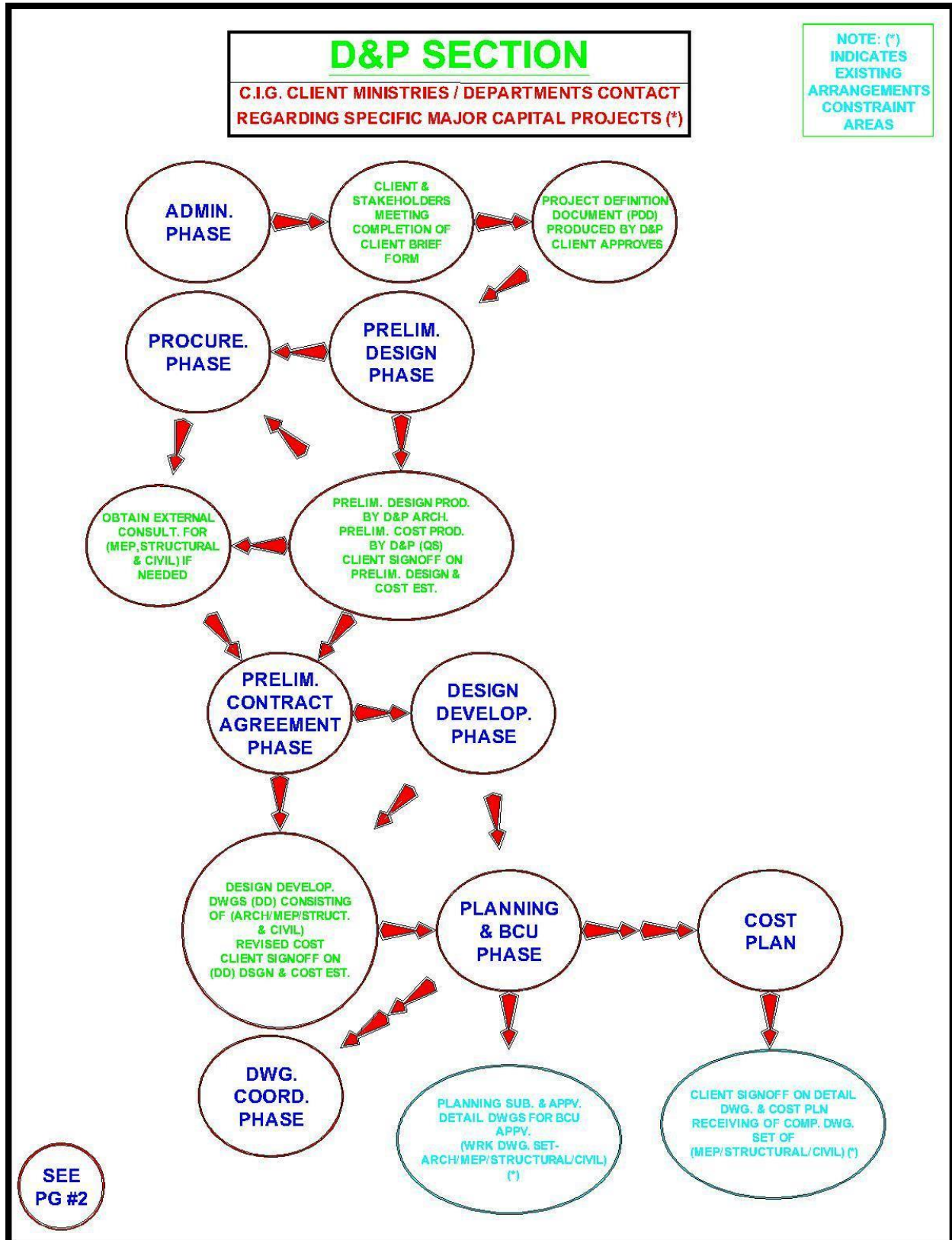
The Development and Planning Section (D&P) of PWD comprises of Architecture, Project Management and Quantity Surveying. The existing structure is as follows:



The D&P Section is normally contacted by our various CIG client Ministries and Departments regarding the specifics of their needs for their relevant major capital project. The Client brief form is completed by the client and at this point the Project Definition Document (PDD) is produced by D&P and approved by the client.

Preliminary drawings and costings are produced by D&P Client signoff of both prelim drawings and prelim estimate are received. Procurement of external consultants (MEP, Structural & Civil if necessary) and awarding of contract then commences. The Client signoff of both DD drawings and revised prelim estimate are received. Detailed drawings for BCU approval (working drawing - Arch/MEP/Structural/Civil) are then prepared along with a Cost plan. After all approvals are received then Bills of Quantities and tender documents are prepared by D&P Quantity Surveyor. The Tender process includes: Tender advertisement, Receive bids, Tender evaluation, awarding of contract and signing. Contract Administration (construction stage) managed by D&P Project Management after which we enter a Defective liability phase then Project Close out.

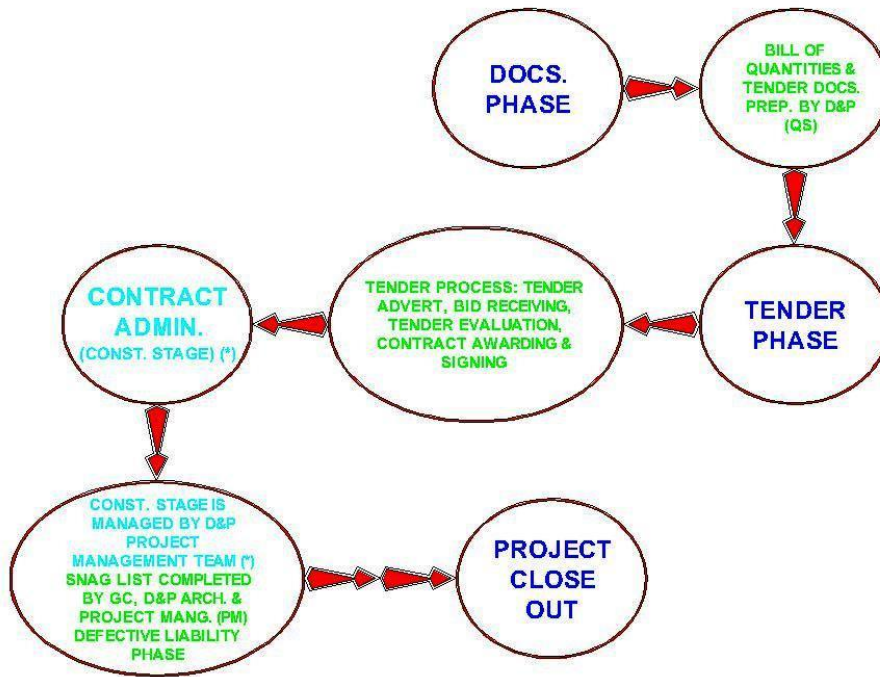
The following steps as outlined in the graphic below are the current typically major capital project process completed by the GC, D&P Architecture and Project Management.



D&P SECTION

C.I.G. CLIENT MINISTRIES / DEPARTMENTS CONTACT
REGARDING SPECIFIC MAJOR CAPITAL PROJECTS (*)

NOTE: (*)
INDICATES
EXISTING
ARRANGEMENTS
CONSTRAINT
AREAS



SEE
PG #1

3.2.3 Key Business Problem(s)

Problem 1: PWD-D&P at present are able to respond to emergency projects immediately upon client request with our in-house architects and project management team to quickly produce architectural designs.

These D&P efforts are on many occasions stalled due to having to acquire external MEP/Structural/Civil consultants to provide design services for these disciplines. The procuring of these outside services while following CIG guidelines can take months, effectively losing much valuable time. In addition there is only a small pool of local MEP/Structural/Civil consultants to choose from and on some occasions these private consultants are fully committed to other projects and in a profit driven private sector, CIG projects are not always their greatest priority. This can be viewed by the client as a D&P deficiency in managing their projects.

Problem 2: D&P Section usually holds pre-application meetings with both Planning and Building Control Unit (BCU) to commence proactive dialog with them on major capital building projects in an effort to reduce the Planning/BCU approval process by advising them on the upcoming project application's scope. Then planning/BCU advises D&P on any code issues that could hinder receiving approval/building permit. On many occasions even after these pre-application meetings with BCU have been held for a specific project, BCU post-application reviews still cause project delays.

Problem 3: The consultancy section is not always a part of the budget planning process of our client's projects, resulting in:

- Project scope exceeding the approved project budget, resulting in projects being shelved or delayed.
- Capital funding provision in the annual budget (bearing in mind the inability to roll capital funds forward into the next budget year) for a project exceeds what can realistically be spent in that budget year. This results in pressure to unreasonably rush design and procurement processes adding risk of project errors, risk of time and cost overruns, possible reduced quality, processes being shortcut and ultimately lowering CIG's value for money.

3.2.4 Key Considerations

Much improved liaison is required with BCU to mitigate delays to the approvals process.

The Lack of in house expertise in Mechanical, Electrical & Plumbing (MEP) and Structural Engineering (SE) and the fact that they are not sufficiently available on Island poses significant risk to projects. The procurement of external consultants (MEP, structural and civil) is limited to a very small pool of local providers who are often fully committed to private sector clients, which puts project quality, time and cost at risk.

The lack of knowledge of contract administration by many of the smaller contractors results in project delivery time delay and cost escalation.

The majority of private sector architectural firms utilise low cost overseas drafting services. PWD's in house drafting services cannot compete with this from a cost standpoint due to local costs being significantly higher.

The Consultancy Section must explore opportunities for improving efficiencies and value for money by increasing the outsourcing of architectural drafting services either locally or to low-cost overseas drafting service firms. (The bulk of drafting work by the private sector is done this way and PWD's in-house drafting service is not able to compete with the private sector on this from a cost standpoint).

Dialog with Planning and BCU on major capital building projects is critical to reduce the Planning/BCU approval process time frames.

3.2.5 Key Constraints and External Dependencies

Table 1: Key Constraints and External Dependencies

CONSTRAINTS	Notes
No in-house MEP/Structural/Civil design consultants	These services are critical to efficient project delivery and it is to be noted that several of these projects have national security, Public Safety and nationwide impact implications
BCU submission and approval	The process of approval often takes longer than is desirable and can result in significant project delays
Emergency projects time constraints	Decisions to move ahead with Capital projects are often made well into a budget year resulting in a large number of "emergency" projects.
Lack of adequate time for	Critical areas for consideration during Project Definition and

project planning	Development phases can be overlooked if adequate time is not allocated to this phase of the project life cycle. Inadequate project planning leads to increased risks of poor design, project time delays and cost overruns.
DEPENDENCIES	Notes and Management Strategies
Dependent on external MEP/Structural/Civil design consultants	Management requires moratorium approval for recruitments
Dependant on small pool of local external MEP/Structural/Civil design consultants to procure	Results in longer turnaround , gives rise to monopoly and adds additional layer of administrative work
Client agencies to make PWD aware of their project needs with adequate time to accomplish	PWD to be viewed as a strategic partner from conceptualization stage
Planning/BCU approvals and permits	Gives room for exploring inter agency MOU's to facilitate load and expertise sharing

3.2.6 Conclusions

The provision of consultancy services in architecture, project management, Quantity surveying and engineering is required for the efficient delivery of any large scale project.

Regardless of the source of architectural, engineering and quantity surveying services, government must have competent project management services in house to manage projects and contracts. Without in house project management skills, government faces the risk of inferior or inappropriate designs, cost overruns, and exploitation from contractors. Often overlooked is the possibility of not being able to respond to urgent infrastructure needs if government does not have ready access to the consultancy services provided by in-house building professionals.

Government currently enjoys significant benefits from having an in-house consultancy office dedicated to all government capital projects. This office, serving the entire government, ensures that multiple projects at various stages are serviced at the same time without having to go through time consuming procurement processes for professional services. Additionally many of these projects involve abortive work as often times government capital projects are shelved

midstream the design process for various reasons. Was this to occur with contracted services, Government would incur significant cost and /or cultivate acrimonious relationships within the construction business sector.

A review of the process confirms, however, that there is need for improvement, focusing on areas where constraints and challenges currently exist. To address these constraints PWD consultancy Services must take measures to:

- *Produce a good quality product through good practice, discipline and teamwork*
- *Manage information and client expectations through an open communication policy.*
- *Ensure projects are delivered with speed, efficiency and correct methodologies without sacrificing quality or service while being on time and within the agreed upon budget*
- *Make continued efforts in marketing the section to clients and the general public to be seen in positive light in terms of client confidence and trust.*
- *Reduce the overall project design time and Increase the number of projects executed by the consultancy section.*
- *Improve communication and synergy between all government entities impacting the work of the section.*
- *Effectively dialogue with planning and BCU in order to reduce the overall approval time frame.*
- *Increase the use of technology in design and construction thereby making improvements in efficiencies on all projects.*
- *Improve the mentorship program thereby introducing more young Caymanians to the different disciplines in the consultancy section.*
- *Improving on the standard specification system thereby linking drawings, written specifications and Bill of Quantities documents in the consultancy section.*

Having established that the “do nothing” option would not be viable as there is sufficient cause for change and bearing in mind the impact effective consultancy Services has on major projects, a detailed business case is recommended to explore the options for process and system improvements as outlined herein.

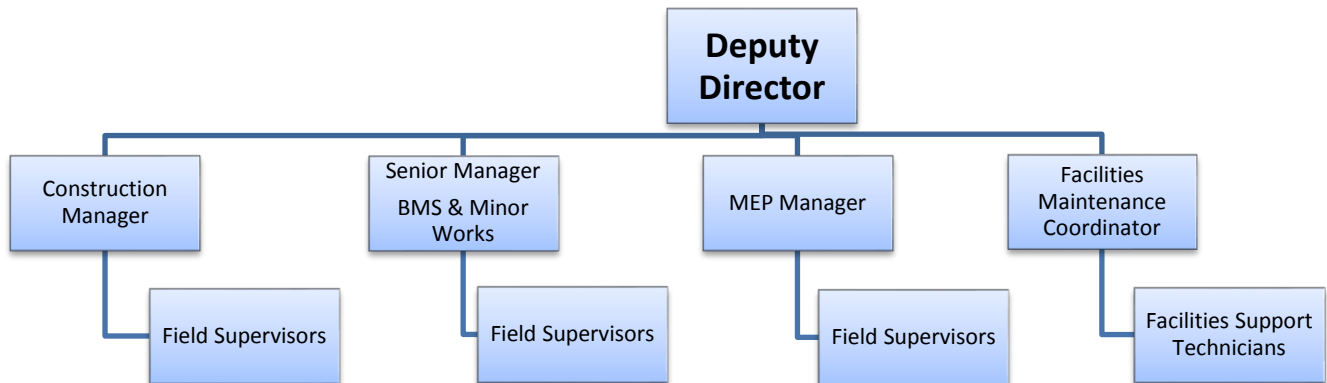
PWD Operations and Works Section

3.3.1 Investment Objectives

In addition to the department wide investment objectives listed previously, the O&W review will consider the following particular objectives:

- (1) Improve supervisory management and technical competencies *(If this is only an issue in O&W)*
- (2) Reduce the future running costs of government buildings, including through appropriate energy efficiency improvements
- (3) To increase the level of training opportunities for young Caymanians in the field of Facilities Maintenance

3.3.2 Existing Arrangements

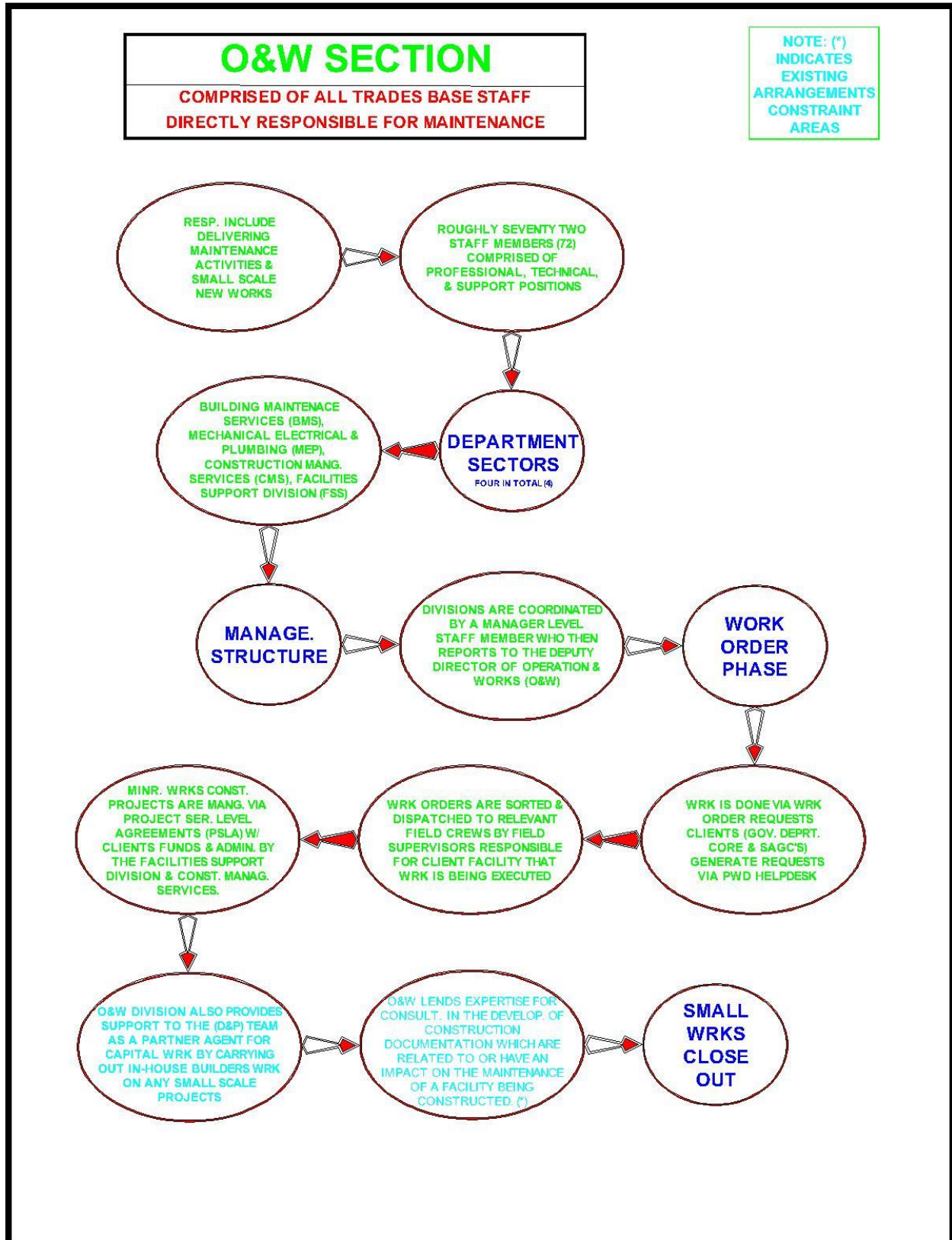


The Operations and Works section comprises all the trades based staff and are responsible for delivering maintenance activities and small scale new works. It currently comprises a staff of roughly seventy two (72) employees. This includes Professional, Managerial, Technical, and Support positions.

The Department is divided into four sections: Building Maintenance Section (BMS), Mechanical Electrical and Plumbing section (MEP), Construction Management Section (CMS) and a Facilities Support Section (FSS).

Each section is coordinated by a Manager level staff member who then reports directly to the Deputy Director of Operation & Works.

Work is undertaken through work order requests generated by clients (Government departments and some statutory authorities and government owned companies), through the PWD Helpdesk. These work orders are then sorted and dispatched to the relevant work crews by Field Supervisors.



Minor works construction projects are managed through Project Service Level Agreements (PSLA) using client funds and administered through the Facilities Support Section and Construction Management Section. The O&W division also provides support to the Development and Planning team as a partner agent for Capital Works by carrying out in-house builder's works on small scale projects and also advising on maintenance considerations in the design of projects.

3.3.3 Key Business Problem(s)

Problem 1: The current organisational structure for O&W does not facilitate appropriate placement of technical skills required to effectively execute some of its objectives.

Problem 2: The need for improved supervisory and technical competencies is not easily met due to lack of availability of technical training on Island.

Problem 3: There is a desire to increase the level of training opportunities for young Caymanians in the field of construction and engineering but there are limited funds available to incentivise the participants of the program through specific training courses and stipends.

- There is also an issue of the unattractiveness of the technical vocations among youth within the Islands.

Problem 4: Limited number of suitably qualified personnel in the second and third tier management level to implement and mentor apprenticeship programmes.

Problem 5: Capital investment required to upgrade to energy efficient fittings and fixtures is often high. (Despite, many upgrades having short payback periods) and so clients are often reluctant or unable to adopt prescribed measures

Problem 6: There is a lack of a government wide Customer Service Policy and an established Standard Operating Procedure required to benchmark efforts.

- There is need for the ability to gather and utilize real-time information to better advise customers regarding work related matters

3.3.4 Key Considerations

- High cost of utilities for Government Facilities
- Fragmentation of Facilities Management across government (currently at least three separate entities carry out facilities management within Government)

- The sense of National pride developed by artisans who work within the civil service.
- The need to maintain and improve employment of Caymanians while striking a balance between getting the best skills available.
- Availability of work in the required volumes by industry and Sector.
- The need to maintain the capacity and capability of providing disaster response.

3.3.5 Key Constraints and External Dependencies

CONSTRAINTS	Notes
Staffing constraints.	Limited number of qualified technicians available in preferred pool (young Caymanians)
Funding	Inability to attract and retain staff with the required competencies due to the financial attractiveness of the private sector. Funds in PWD budget to pay for maintenance materials and specialist contractors have reduced significantly in recent years resulting in insufficient funds to adequately fund maintenance activities.
Skill level of technicians	A number of current staff remain with skill levels below industry standards
Availability of training	Training in construction trades not readily available on island
DEPENDENCIES	Notes and Management Strategies
Availability of timely Information on minor works and maintenance tasks.	Data collection needs to be real time in order to facilitate informed decision making. Initiatives to apply ICT solutions are required
Budget approvals	Decision Making process cumbersome and has the ability to impact the timeliness and quality of delivery
Policy guidelines	Requirement to stay within policy guidelines is critical for management but can restrict options for solutions on projects
Development of new competencies	When training and up-skilling initiatives have been launched there will be a delay in results as staff have a learning curve

3.3.6 Conclusions

The nature of Maintenance and Minor Works is predominantly reactive. As client facilities degrade they necessitate consistent repair and often require upgrades to ensure maintenance costs do not exceed replacement costs. There is clearly scope for improved efficiencies. Low hanging fruits clearly lie in the reengineering of our material supply chain and upskilling our current technical staff to meet industry standards in all respects.

There will also be need for the streamlining of the section's management structure to ensure the department is flexible enough to respond to client demands. This would entail placing greater emphasis on Facilities Management, management of minor works projects, both as discrete units and ensuring that competent second tier management of the maintenance function exists. Despite there being a clear "case for change" in order to achieve CIG priorities improving customer service and keeping abreast with developments in the construction sector there still remains a need for government to retain capacity on several fronts namely:

- The capacity for available skilled manpower to respond in emergencies such as natural disasters as well as provide a response to man-made hazards.
- The capacity to facilitate training and development of youth interested in careers in construction enabled through the Departments Internship and apprenticeship programmes. These programmes are accessed by students in post-secondary training such as CIFEC and UCCI but also several unemployed youth who are able to access employment and on the job training through these programmes.
- The ability to respond to project initiatives without lead time. Whether it be a new construction initiative or a programme to employ persons temporarily within the maintenance of the built and natural environment (such as the National Community Enhancement (NiCE) Project) there must exist an entity with the capacity (technical skills, manpower and relevant experience coupled with an interest that transcends profit motives) to coordinate, manage and deliver such projects within short timelines.
- The capacity to provide technical advice and assistance to agencies on the Maintenance of governments building assets.
- To develop a Customer Service policy/charter. This would include a mechanism for constant client feedback on work continuous and relevant customer service training and establishing a standard operating orders, conducting procedure for creating opportunities to delight clients and exceed their basic expectations

Having establish that the "do nothing" option would not be viable as there is sufficient cause for change and bearing in mind the variables of cost, financial and social impact a significant change to the employment of the 72 staff in this section would pose, a detailed business case is recommended to explore the options for process and system improvements as outlined herein.

PART 4: IDENTIFICATION AND SCREENING OF POTENTIAL SOLUTIONS

4.1 Evaluation Criteria

Table 2: Critical Success Factors (CSF)

Critical Success Factor Categories	Broad Description	Critical Success Factors Specific to Your Proposal
Strategic Fit and business needs	How well the option: <ul style="list-style-type: none"> meets agreed upon investment objectives, the related business needs and service requirements Is aligned with the organisation, provides synergy and supports other strategies, programmes and projects. 	<ul style="list-style-type: none"> Alignment with PWD’s Vision, Mission and Values <ul style="list-style-type: none"> Includes PWD’s medium term strategic goals Delivery of the department wide and section specific investment objectives.
Potential value for money	How well the option optimises value for money (i.e. the optimal mix of potential benefits, costs and risks).	<ul style="list-style-type: none"> Beneficial comparison with private sector costs for service provision
Supplier capacity and capability	How well the option: <ul style="list-style-type: none"> matches the ability of potential suppliers to deliver the required services is likely to result in a sustainable arrangement that optimises value for money. 	<ul style="list-style-type: none"> There is a sufficiently robust private sector market
Potential affordability	How well the option: <ul style="list-style-type: none"> Meets the sourcing policy of the organisation and likely availability of funding Matches other funding constraints 	<ul style="list-style-type: none"> Aligns with immediate budget priority Deliverable within likely resource constraints.
Potential achievability	How well the option is likely to be delivered, given: <ul style="list-style-type: none"> In view of the organisation’s ability to assimilate, adapt, and respond to the required level of change How well it matches the level of available skills a required for successful delivery. 	<ul style="list-style-type: none"> Skills currently exist to manage this new process/programme There is a moderate learning curve In keeping with existent or imminent legislation

4.2 Long List of Options

Stakeholders have identified the following long list of potential options as follows:

Table 3a: Option Description

Option Number and Name	Description
1. Recreation, Parks and Cemeteries Section	
Option 1.1 Do nothing	Continue the operations of RPCS in the current manner with the current management structure and business processes.
Option 1.2 Complete Outsourcing of Service	Outsource maintenance of all crown properties to private sector entities in structured packages, maintaining in house project management to manage the outsourcing of these services.
Option 1.3 Create Employee Mutual	Create hybrid mutualized entities (combination of private contracts with guaranteed civil servant transfers)
Option 1.4 Restructure RPCS whilst seeking opportunities for greater private sector involvement	<ul style="list-style-type: none"> • Redesign RPCS management structure and processes for improved efficiencies & effectiveness. • When opportunities arise seek to increase amount of work being carried out by private sector. • Explore the potential to improve efficiency through consolidating grounds maintenance across government. • Implement new parks law (replete with associated enforcement provisions/fees). This would include a process that facilitates inspection of sites by PWD agents and /or cross functional inspection.
2. Development & Planning Division	
Option 2.1 Do nothing	Continue the operations of D&P in the current manner with the current management structure and business processes.
Option 2.2 Complete Outsourcing of Service	Outsource Architectural, Drafting and Quantity Surveying work to private sector entities in structured packages,

	maintaining in house project management to manage the outsourcing of these services.
Option 2.3 Create Employee Mutual	Create hybrid mutualized entities (combination of private contracts with guaranteed civil servant transfers)
Option 2.4 Restructure D&P division whilst seeking opportunities for greater private sector involvement	<ul style="list-style-type: none"> • Redesign D&P management structure and processes for improved efficiencies & effectiveness. • Employ in house MEP and Structural Engineering capabilities. • Incorporate PWD more fully in infrastructure planning/budget process for all fund holding agencies. • When opportunities arise seek to increase amount of work being carried out by private sector. i.e. overseas and local outsourcing of specific consultancy services such as drafting • Establish MOU with planning department for certified PWD staff to conduct some plans examinations and inspections for government projects.
3. Operations & Works Division.	
Option 3.1 Do nothing	Continue the operations of O&W in the current manner with the current management structure and business processes.
Option 3.2 Complete Outsourcing of Service	Outsource all technical (trades based) services within PWD to private sector entities in structured packages, maintaining in house project management to manage the outsourcing of these services.
Option 3.3 Create Employee Mutual	Create hybrid mutualized entities (combination of private contracts with guaranteed civil servant transfers)
Option 3.4 Restructure O&W division whilst seeking opportunities for greater private sector involvement	<ul style="list-style-type: none"> • Redesign O&W management structure and processes for improved efficiencies & effectiveness. • When opportunities arise seek to increase amount of work being carried out by private sector, while simultaneously redefining funding allocations. • Improve contract management skills among field supervisors including development of SOP's for supervision of small contractors, implement contractor rating system and approved contractor listing. • Improve O&W compliance with CIG procurement

	<p>regulations.</p> <ul style="list-style-type: none">• Make better use of ICT. i.e. implement relevant mobile technology to allow access and manipulation of Work Orders in the field.• Re-tool all workshops and technical staff against industry benchmarks.• Further develop apprenticeship program to support goal of fully skilled and certified tradesmen throughout PWD.

4.3 Screening of Options

The long list of options is appraised against the identified CSFs.

- A **Green** assessment indicates fully meets
- A **Yellow** assessment indicates partly meets; and
- A **Red** assessment indicates does not meet

Table 4: Screening of Options

Option description	CSF1: a) Aligns with PWD medium term strategic goals b) Level of demand for increased service. c) Does the option meet the test of limiting job loss to Caymanians. Or does it improve morale within the service.	CSF2: Beneficial comparison with private sector costs for service provision	CSF3: There is a sufficiently robust private sector (PS) market	CSF4: a) Aligns with immediate budget priority b) Represents value for money over current status quo	CSF5: a) Skills currently exist to manage this new process Programme b) There is a moderate learning curve c) In keeping with existent or imminent legislation
1. Recreation, Parks and Cemeteries Section					
Option 1.1 Do nothing	Fails on a, b and c. Despite possible assumptions doing nothing does not preserve jobs as PWD will be marginalized if it is not dynamic	Currently does not match private sector cost but would not incur additional cost	No requirement for additional PS services in do nothing option.	Costs no more than current budget but may not represent best value for money	Current structure is not consistent with proposed legislation.
Option 1.2 Complete Outsourcing of Service	Fails on a and c. Caymanian job losses would be significant.	Would likely result in value for money in most areas.	There is a robust PS market but private sector contracts would require management by PWD	Would likely result in cost reduction over existing situation.	Not fully consistent with proposed legislation. Would still require project management by PWD and CIG enforcement of requirements of proposed

					legislation. (Inspectors etc) Also, government cannot be in a position where it risks its ability to respond effectively in time of national emergency
Option 1.3 Create Employee Mutual	Fails on a and c. Would result in Caymanian job losses over medium term when CIG guarantees on dedicated work expire.	Would likely result in improved value for money in most areas	Creation of employee mutual would enhance PS market.	Would likely result in cost reduction over existing situation.	Not fully consistent with proposed legislation. Would still require project management by PWD and CIG enforcement of requirements of proposed legislation. (Inspectors etc)
Option 1.4 Restructure RPCS whilst seeking opportunities for greater private sector involvement	Meets all requirements	Would improve value for money.	There is a robust PS market which would support contracting out more of the work over time.	Would not exceed current budget and would demonstrate cost reduction over time.	Additional staffing may be required to manage requirements of proposed legislation if PWD has responsibility for policing any of the laws requirements.
2. Development & Planning Division					
Option 2.1 Do nothing	Fails on a, b and c. Despite possible assumptions doing nothing does not preserve jobs as PWD will be marginalized if it is not dynamic	Further study required to determine vfm when compared with private sector	No requirement for additional PS services in do nothing option.	Costs no more than current budget but may not represent best value for money	Meets requirements.
Option 2.2 Complete Outsourcing of Service	Fails on a and c. May result in Caymanian job losses.	Further study required to determine vfm when compared with private sector	There is a reasonably robust PS market for architectural services. There are a small number of MEP and structural consultants locally. PS frequently send	Not expected to cost more than status quo.	Meets requirements.

			drafting overseas to low cost providers.		
Option 2.3 Create Employee Mutual	Fails on a and c. May result in Caymanian job losses over medium term when CIG guarantees on dedicated work expire.	Over time would align with private sector costs / vfm.	Creation of employee mutual would enhance PS market.	Not expected to cost more than status quo.	Meets requirements.
Option 2.4 Restructure D&P division whilst seeking opportunities for greater private sector involvement	Meets all requirements	Would improve value for money when compared with status quo.	There is a robust PS market which would support contracting out more of the work over time.	Would not exceed current budget and would demonstrate cost reduction over time.	Meets requirements.
3. Operations & Works Division.					
Option 3.1 Do nothing	Fails on a, b and c. Despite possible assumptions doing nothing does not preserve jobs as PWD will be marginalized if it is not dynamic	Further study required to determine vfm when compared with private sector	No requirement for additional PS services in do nothing option.	Costs no more than current budget but may not represent best value for money	Meets requirements.
Option 3.2 Complete Outsourcing of Service	Fails on a and c. May result in Caymanian job losses.	Further study required to determine vfm when compared with private sector	Whilst there is a robust PS market for 37ldg.. maint. and MEP services, there are no PS providers offering the full gamut of services that PWD offer. Also, government cannot be in a position where it risks its ability to respond effectively in time of national emergency	Not expected to cost more than status quo.	Meets requirements.
Option 3.3 Create Employee Mutual	Fails on a and c. May result in Caymanian job losses over medium term when CIG guarantees on dedicated work	Over time would align with private sector costs / vfm.	Creation of employee mutual would enhance PS market.	Not expected to cost more than status quo.	Meets requirements.

	expire.				
Option 3.4 Restructure O&W division whilst seeking opportunities for greater private sector involvement	Meets all requirements	Would improve value for money when compared with status quo.	There is a robust PS market which would support contracting out more of the work over time.	Would not exceed current budget and would demonstrate cost reduction over time.	Meets requirements.

Table 5: Option Findings

Options	Overall Assessment	Rationale (reasons for exclusion)
1. Recreation, Parks and Cemeteries Section		
Option 1.1 Do nothing	Retained as baseline	Does not meet PWD strategic objectives and critical success factors (CSF).
Option 1.2 Complete Outsourcing of Service	Discounted	Will result in Caymanian job losses.
Option 1.3 Create Employee Mutual	Discounted	Will likely result in significant Caymanian job losses.
Option 1.4 Restructure RPCS whilst seeking opportunities for greater private sector involvement	Viable	There is a robust PS market which would support contracting out more of the work over time. Would not exceed current budget and would demonstrate cost reduction over time.
2. Development & Planning Division		
Option 2.1 Do nothing	Retained as baseline	Does not meet PWD strategic objectives and critical success factors (CSF).
Option 2.2 Complete Outsourcing of Service	Discounted	Will result in significant Caymanian job losses.
Option 2.3 Create Employee Mutual	Discounted	Would result in Caymanian job losses over medium term when CIG guarantees on dedicated work expire.
Option 2.4 Restructure D&P division whilst seeking opportunities for	Viable	Would improve value for money when compared with status quo. There is a robust PS market which would support

greater private sector involvement		contracting out more of the work over time.
3. Operations & Works Division.		
Option 3.1 Do nothing	Retained as baseline	Does not meet PWD strategic objectives and critical success factors (CSF).
Option 3.2 Complete Outsourcing of Service	Discounted	Will result in Caymanian job losses.
Option 3.3 Create Employee Mutual	Discounted	Will likely result in Caymanian job losses.
Option 3.4 Restructure O&W division whilst seeking opportunities for greater private sector involvement	Viable	Would improve value for money when compared with status quo. There is a robust PS market which would support contracting out more of the work over time.

4.4 Short-Listed Options

On the basis of this analysis, the recommended short-list for further, more detailed assessment in the Outline Business Case is as follows:

1. Recreation, Parks and Cemeteries Section:

- **Option 1.1 Do nothing: (retained as a baseline comparator)** Continue the operations of the RPCS in the current manner with the current management structure and business processes.
- **Option 1.4 Restructure RPCS whilst seeking opportunities for greater private sector involvement:**
 - Redesign RPCS management structure and processes for improved efficiencies & effectiveness.
 - When opportunities arise, seek to increase amount of work being carried out by private sector.
 - Consolidate grounds maintenance work being carried out by other CIG entities under RPCS.
 - Implement new parks law (with associated enforcement provisions/fees). This would include a process that facilitates inspection of sites by PWD agents and /or cross functional inspection.

2. Development & Planning Division:

- **Option 2.1 Do nothing: (retained as a baseline comparator)** Continue the operations of the D&P division in the current manner with the current management structure and business processes.
- **Option 2.4 Restructure the D&P division whilst seeking opportunities for greater private sector involvement:**
 - Redesign D&P management structure and processes for improved efficiencies & effectiveness.
 - Employ in house MEP and Structural Engineering capabilities.
 - Incorporate PWD more fully in infrastructure planning/budget process for all fund holding agencies.
 - When opportunities arise seek to increase amount of work being carried out by private sector. i.e. overseas and local outsourcing of specific consultancy services such as drafting
 - Establish MOU with planning department for certified PWD staff to conduct some plans examinations and inspections for government projects.

3. Operations & Works Division:

- **Option 3.1 Do nothing: (retained as a baseline comparator)** Continue the operations of the O&W division in the current manner with the current management structure and business processes.
- **Option 3.4 Restructure the O&W division whilst seeking opportunities for greater private sector involvement:**
 - Redesign O&W management structure and processes for improved efficiencies & effectiveness.
 - When opportunities arise seek to increase amount of work being carried out by private sector, while simultaneously redefining funding allocations.
 - Improve contract management skills among field supervisors including development of SOP's for supervision of small contractors, implement contractor rating system and approved contractor listing.
 - Improve O&W compliance with CIG procurement regulations.
 - Make better use of ICT. i.e. implement relevant mobile technology to allow access and manipulation of Work Orders in the field.

- Re-tool all workshops and technical staff against industry benchmarks.
- Further develop apprenticeship program to support goal of fully skilled and certified tradesmen throughout PWD.

Table 6: Estimated costs of short-listed Options

Cost Elements (all figures in millions)	Option 1: (Do Nothing- costs to continue operations “as is”)	Option Series 2: (Costs of restructuring PWD’s operational units with increased outsourcing)
Capital Costs	-0.5	-0.4
Running costs	-9.7*	-9.2
Income	10.2 **	10.2**
Savings against Do nothing baseline	0	0.4
Net savings	-0.2***	0.6
Net present value	-0.2	0.8

*Increase in operational costs of \$200k due to potential expense of administering requirements of new Parks Law

** No significant direct income collected by PWD all services provided through cabinet billing

*** Do nothing would ultimately result in increased costs (losses) whereas Option 2 would result in savings (profits)

4.5 Stakeholder Management

The key stakeholders that have an interest in the expected outcomes or can influence the investment proposal have been identified as indicated in the table below.

Table 7: Key Stakeholders

Stakeholder	Interest
Internal	
DG's office and Civil Service admin	Desire to see cost control, reduction in staffing and improved service to clientele
	Must take an overarching view of the related ministries and mandate initiatives to foster greater synergies and efficiencies by avoiding duplications and redundancy.
PLAHI Ministry	Expects PWD to be the experts on matters of the built environment
	Must take an overarching view of the department and explore ways to ensure synergies and efficiencies through amalgamations
	Desire to see cost control, a lean running organization with a streamlined management structure and improved service to clientele
PWD Management Team	Desires to further its 10 Strategic goals through this exercise
PWD Staff	Desires job stability and employee well being
External	
Client Departments	Require exceptional service and benefit from increased specialist knowledge and skills
	Reduced self-sufficiency as PWD improves efficiency and quality thereby enabling "non-contestability"
CASE, CI-IFMA and Chamber of Commerce	Desire to see regulatory framework set up for the construction industry
Private sector business in the industry	Consistently encourage governments outsourcing of services related to the built environment and appear to be of the opinion that government should not deliver certain services.
	They can provide significant benchmarks to which PWD can refer.
	Can help to shape public and governmental perception of PWD
General Public	Look forward to well-constructed and maintained facilities for their use.
	Will derive satisfaction from the awareness of wellbeing among fellow citizens employed to Government
Visitors to the island	Look forward to well-constructed and maintained facilities for their use. (particularly parks and beaches) There are very discerning having the advantage of comparison and will determine the use of their discretionary spending. Their activities forms a large part of the Islands GDP and as such must be factored into the decision making process.

The process used to engage with key stakeholders and to build support for the need for change and to identify the preferred way forward is to participate in professional forums such as IFMA and CASE to gauge feedback on government practice and to identify best practices. Direct

clients have been traditionally engaged through SLA's , the submission of customer satisfaction surveys and periodical monitoring meetings. However these methods tend to be insufficient and sometimes provided skewed results. As a result, the department has developed a process of direct engagement of its clients to get meaningful feedback through *Customer Service Interviews*.

Our internal clients are normally engaged through meetings, written communication and the performance management process. The department disseminates information on developments and initiatives through its Newsletters and bulletins so that its internal clients (staff and affiliates) are kept abreast and allowed to comment openly.

The stakeholder consultations to date indicate reasonable satisfaction from a majority of Public Works Department's clients and that they are pleased with the level of interest and commitment shown by most employees. However, it has been established that on occasion there is need for greater quality assurance and there is still a perception of inefficiency carried over from previous years. This has resulted in some clients choosing to develop their own systems to manage and maintain some of their facilities. This is exacerbated by the fact that PWD no longer controls funding for client projects and maintenance. As such some clients have opted to make alternative arrangements for some service provision.

In order for the Department to maintain relevance, meet the needs of its clientele and inform and guide its priorities PWD must engage all stakeholders at all levels in a fulsome way. As part of the consultation process in developing a robust business case the Department will host a series of consultation and process-review seminars with representatives from key stakeholder groups.

PART 5: INVESTMENT REQUIRED TO DEVELOP AN OUTLINE BUSINESS CASE

5.1 Methodology

- The PWD will employ the benchmarked “5 case better business case methodology” in order to complete the OBC which will examine in a detailed way, what possibilities exist for improved efficiencies in the provision of services within the built environment to include options for outsourcing services where ultimate feasibility is established. This OBC will require input from related Departments and will also seek ways to ensure greater synergies amongst all government Departments which have a bearing on the built environment.
- Arising from extensive work the Department has done in conducting Environmental Scans and SWOT analysis’ the need to restructure its management and process flows has been established. The business re-engineering process has commenced and the results of the PSI driven Strategic Assessments have verified the current need for these changes.
- The business case process will necessitate that PWD examines similar entities in the region (or elsewhere once context similarities are evident) for benchmarks and lessons learnt in the business of executing Public Works. It has been noted that most other Public Works entities across this hemisphere focus mainly on Civil Infrastructure and as such do not readily provide comparable examples. PWD anticipated that in the process of reviewing best practice examples other non – Public Works organizations will have to be examined. This may include local and overseas entities.
- The PWD is in the final stage of completing a Medium- Term Strategic Plan which outlines 10 mission critical objectives the Department will seek to achieve over the course of the next 5 years. These objectives were arrived at in collaboration with Ministry and key stakeholders and as such the OBC must incorporate PWD’s strategic planning objectives. Extending PWD’s work for other government entities would support achievement of the mission to become “the service provider of choice” Additionally the process improvement work likely to emerge from the OBC will help to deliver “high quality, cost effective services” and it is ultimately the start of “a culture of continuous improvement”
- Using the project to develop better metrics (including in contract management where appropriate) will allow PWD properly to evidence “the achievement of expected performance” and drive “improved customer satisfaction levels”

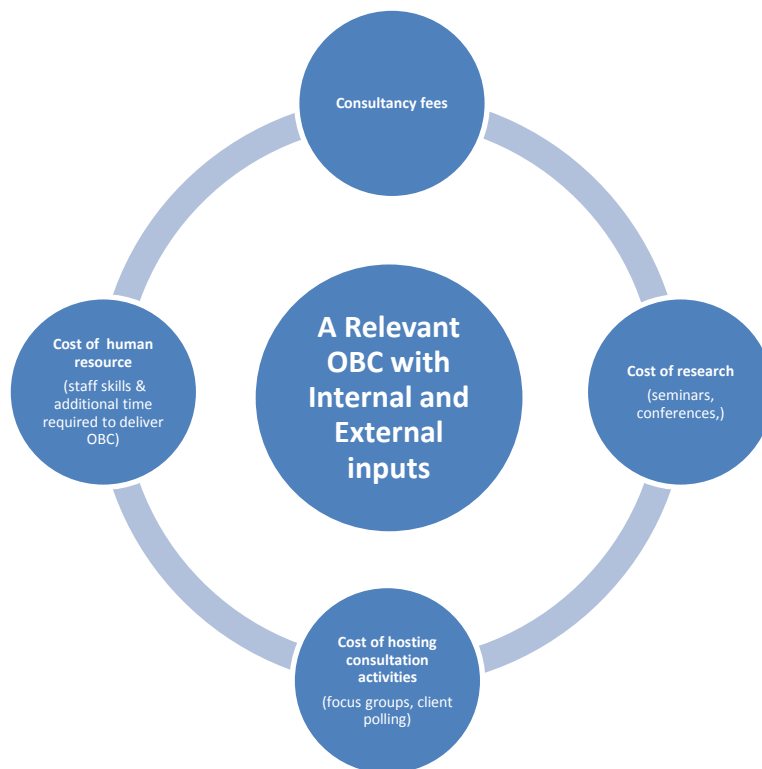
- It is anticipated that with access to the necessary external resources and swift approval of this SA the PWD should be able to **complete an OBC in time for an August 2016** delivery. These resources will include in-house expertise crafting the outline and developing the research parameters and data collection with review from external consultants with relevant expertise who will assist in evaluation and presentation of the business case. Though the department has completed the preliminary strategic assessments the process has revealed that specialized expertise is required beyond the capacity of the Department.

5.2 Financial Implications

It is difficult to quantify the financial implications of this project at this stage as there is no historical data available, this being the first time an OBC is being done on the subject matter. However, several years ago (approximately 13 years prior) an internal review of PWD’s structure and operations was done by Deloitte, resulting in many structural and operational process changes. The majority of these changes have now become obsolete in the face of a changing client landscape and associated demands. In some cases the initiatives implemented have been superseded and in other cases have been improved to ensure relevance and continuous improvement. (for e.g. the departments management structure)

A similar review in the past cost PWD in the region of 25,000 KYD. That initiative was a more focused undertaking and was budgeted for included project implementation, therefore considering inflation and the scope of the review it is anticipated that **this review and associated OBC delivery would cost in the region of 40-50,000 KYD**. These costs would cover the elements listed below. Bearing in mind the fact there are no current budget allocations and also a ministry wide request for managed savings this estimated cost would have to be provided through “Equity Injection”. The Department intends to submit the associated EI request paperwork prior to proceeding with actual OBC development.

Resource model for OBC development



5.3 Public Service Implications

The delivery of and OBC for the evaluation of proposed objectives requires both private and public sector comparators. To develop the Public Sector Comparators there will be need for significant involvement and commitments of various groups and individuals. This would include:

- Additional work –time commitment required from staff involved in developing OBC
- Development of competencies required to draft OBC, to evaluate and plan delivery objectives outlined
- Cross functional expertise required from Departments with complimentary outputs
- The endorsement and facilitation of Civil Service leadership to examine elements across current Departmental boundaries
- Enabling of easy access to information held within the service
- The facilitation of procurement methods conducive to speedy but prudent access to required resources (consultants, research data etc.)
- Ability to relocate required talent with relative ease (secondment etc.)

5.4 Legal Implications

The majority of the proposals being examined in this SA and the expected OBC are new initiatives and as such may involve uncharted ground. Further, there will be significant procurement and contract drafting implications for some options considered. The assistance of legal expertise will be required to achieve the following outcomes:

- Legal drafting support for update and way forward on completion of anticipated Parks Law (currently underway)
- Legal drafting support for drafting commercial contracts and for procurement planning.
- Assistance establishing possibilities for new procurement framework to facilitate outsourcing.
- Overall review of OBC by legal personnel particularly if recommendations involve staffing adjustments