



GOVERNMENT OF THE
VIRGIN ISLANDS
Premier's Office



VIRGIN ISLANDS
RECOVERY AND
DEVELOPMENT AGENCY

North Sound Administration Building

Evaluating Value for Money

Project Number: MGG.02.21.200.03

North Sound Administration Building

Value for Money (VfM) Assessment Report

1) INTRODUCTION

One of the core roles of the Recovery and Development Agency (RDA) is ensuring Value for Money (VfM) in the delivery of programmes and projects aimed toward recovery and development of the Virgin Islands. Section 5(2)(c) and (d) of the Virgin Islands Recovery and Development Regulations outline the value for money mandate of the RDA, specifying that:

The Agency shall be responsible for implementing the Government’s Recovery and Development Plan in partnership with the Ministries and in so doing shall:

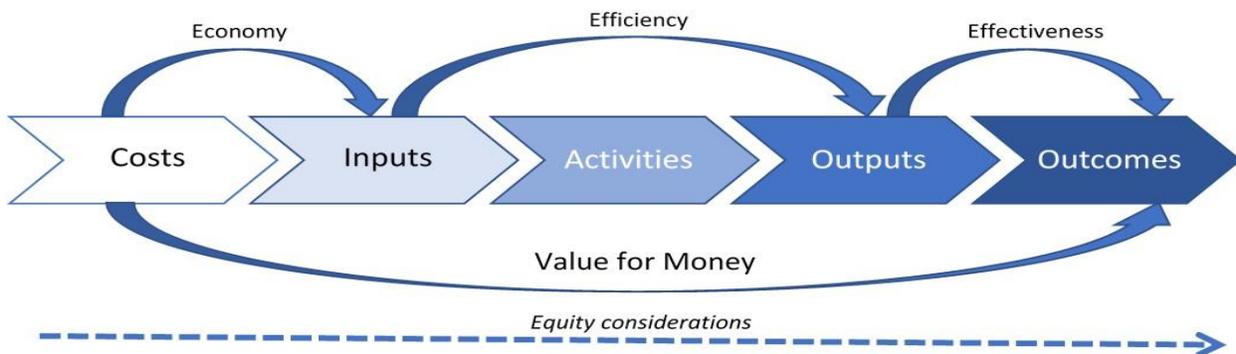
- (c) deliver the intended benefits; [and]
- (d) ensure that each project represents value for money.

To this end, the RDA has developed a Value for Money Framework and Methodology, which uses specific criteria to assess projects’ Value for Money and assigns an overall VfM score for each project.

The VfM score is made up of eight indicators (listed in Table 1) within the four outlined areas of Value for Money, namely Economy, Efficiency, Effectiveness and Equity.

Table 1: Value for Money Areas within the 4Es

VALUE FOR MONEY AREA	
Economy	Economy
Efficiency	Output Cost, Output Time, Schedule
Effectiveness	Output Effectiveness, Outcome Effectiveness, Quality
Equity	Equity



The North Sound Administration Building is a project activity which is part of the broader Virgin Gorda Administration Buildings Renovations (listed as Other Government Buildings) project funded by the Caribbean Development Bank (CDB) Rehabilitation and Reconstruction Loan (RRL). Completion of the North Sound Admin Building marks the first CDB RRL-funded project activity to be completed by the RDA.

The North Sound Building activity began on the 14 December 2018, and in March 2020 was delegated to the RDA for implementation along with several other CDB projects. This project activity aimed at rehabilitating the North Sound Administration Building in North Sound, Virgin Gorda which had been damaged by the passage of 2017's storms.

The scope of this project activity encompassed roof repair, replacement of windows and doors including installation of hurricane shutters, installation of external and internal walls, electrical works, water and sewerage services rehabilitation, and installation of air conditioning. This work has aimed at creating acceptable working conditions for civil servants employed in the building, and critically, preparing spaces from which administrative services can be provided to the North Sound and surrounding Virgin Gorda community. Services to be provided from the building include postal services, social security, inland revenue, immigration, water and sewerage, environmental health, labour, motor vehicle and driver registration, civil registry and passport services, and the district office.

Over a period of 673 days, using \$587,102, this project has been able to deliver on its planned outputs, providing improved working conditions for public servants and enhancing access to administrative services for the North Sound and surrounding community.

The following sections of this report assess the overall Value for Money of the North Sound Administration Buildings project activity, using the methodology outlined in the RDA's VfM Framework Guidelines for Economy, Efficiency, Effectiveness and Equity.

2) Overview of Overall VfM Score (67.5 out of max 100 points)

The main challenge to a more successful overall VfM score for this project was the failure of the project to be within its estimated schedule as well as relevant benchmarks for cost and time, which negatively affected the Cost Efficiency, Time Efficiency and Schedule scores. The project was able to achieve its targeted outputs and contribute to a broader outcome within its estimated budget, resulting in full scores for Economy, Output and Outcome Effectiveness, Quality and Equity.

North Sound Administration Building – VfM Scoring			
Economy	Economy	10/10	10/10
Efficiency	Cost Efficiency	0/20	7.5/40
	Time Efficiency	0/10	
	Schedule	7.5/10	
Effectiveness	Output Effectiveness	20/20	45/45
	Outcome Effectiveness	15/15	
	Quality	10/10	
Equity	Equity Goals	5/5	5/5
Overall VfM Score			67.5/100
Total Adjusted VfM Score			67.5/100

The overall VfM score was 67.5 out of 100. This indicates some scope for improving overall Value for Money of this project, specifically as it relates to efficiency assessment against benchmark time and costs. Spending above the benchmark used, in combination with some delays in project completion and timelines exceeding relevant benchmarks, have affected the efficiency scores.

As part of an effort to continuously improve, the RDA has implemented cost containment strategies through more detailed planning efforts and improved time management to help propel efficiency gains and more adequately capture user requirements upfront.

Figure 1: Overall Value for Money Scoring – Radar Chart



The overall Value for Money Scoring Chart (Figure 1) demonstrates the excellent scores received for Economy, Output Effectiveness, Outcome Effectiveness, Quality and Equity; while assessment of Schedule received a middling score, and Cost Efficiency and Time Efficiency resulted in no points being assigned for these aspects of Value for Money.

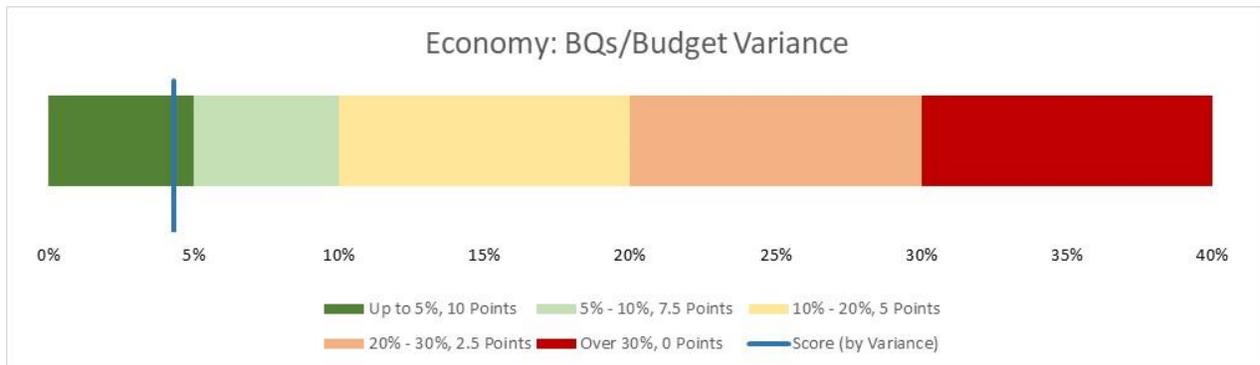
3) ECONOMY (10 out of max 10 points)

The economy of the North Sound Admin Building project activity has been assessed based on the original budget anticipated for the project, based on the CDB Loan Agreement. The original budget was estimated at \$563,000.

The total spend for this project as at end of May 2021 is \$587,102 which is slightly above the original budget amount, by 4.3%. This slight overspend is within the 5% threshold for full points to be assigned. As such, this project was assigned full points in assessment of its Economy (Table 2). During execution, this project activity had a total of four (4) variations, which therefore caused the overall project cost to be above its expected budget. That said, the sum of these variations still resulted in the overall project cost being within the acceptable variance threshold.

Table 2: Assessment of Economy

ECONOMY ASSESSMENT: 10/10 POINTS	
Original Budget	\$563,000
Actual Spend	\$587,102.49
Variance (\$)	-\$24,102.49
Variance (%)	-4.3%
ECONOMY SCORE	10



4) ON BENCHMARKS USED

In calculating VfM Scores for both Cost and Time Efficiency, consideration has been given to performance against relevant benchmarks established for the production of specific outputs. Giving a background of the benchmarks used, and why, provides the necessary context for comparisons made.

In the case of the North Sound Admin Building project activity, the following benchmarks for cost and time have been used to assess cost and time efficiency:

Type	Benchmark	Sources	Considerations
Cost	\$215 per square foot rehabilitated	BCQS Market Trend Report 2020 (p. 20) https://bcqs.com/wp-content/uploads/2021/01/bcqs-construction-market-report-2020.pdf	Average construction cost per square foot for 1-3 storey, shell
Time	30 square feet rehabilitated per day	Aquila Commercial Construction Guide: https://aquilacommercial.com/learning-center/how-long-build-out-reno-office-space/	Average time to renovate office space (Number of square feet renovated per day)

Cost Benchmark

The cost benchmark has been determined based on the average construction cost per square foot quoted in the 2020 Market Trend Report by BCQS, at \$215 per square foot (See Table above for details).

Time Benchmark

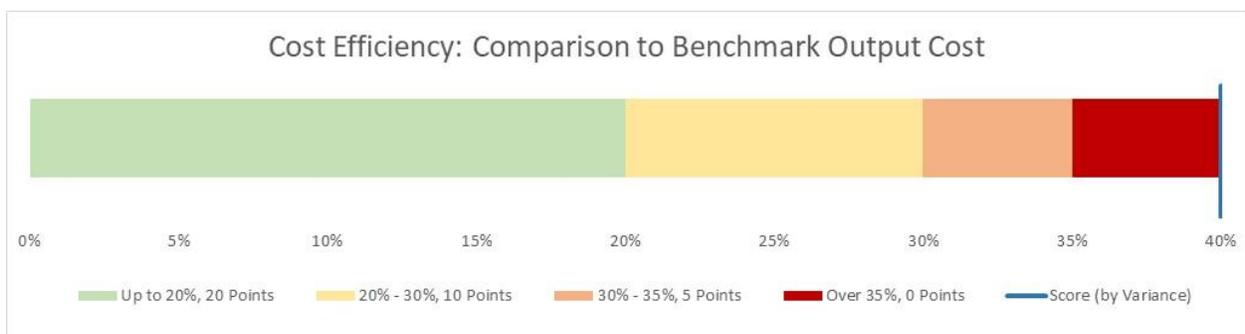
The time benchmark used was determined based on the average time taken to renovate an office space, quoted by the Aquila Commercial Construction Guide, at 30 square feet renovated per day. It should be noted that this benchmark has been adopted from the United States context, and that timing may therefore be longer in the Virgin Islands, given the need to import required materials.

5) EFFICIENCY (7.5 out of max 40 points)

The efficiency of an intervention considers Output Cost (Cost Efficiency), Output Time (Time Efficiency) and Schedule. In terms of output cost, the project activity involved rehabilitation of 1,431 square feet of space in the North Sound Admin Building across two (2) floors. This translated to an average of \$410.27 per square foot rehabilitated to provide adequate space for the provision of administrative services to the North Sound and surrounding community. Based on research conducted, a benchmark indicative cost for construction of a 1-3 storey office shell of \$215 per square foot has been used.¹ In this way, the cost of each output for this project was significantly higher (namely 90.8%) than the benchmark cost, therefore no points have been assigned for cost efficiency (Table 3).

Table 3: Cost Efficiency Assessment

COST EFFICIENCY ASSESSMENT: 0/20 POINTS	
Output Unit Cost	\$410.27 per square foot
Benchmark Output Unit Cost	\$215 per square foot
Variance (\$)	-\$195.27
Variance (%)	(90.8%)
COST EFFICIENCY SCORE	0



Having started on 14 December 2018, the project activity was initially slated to be completed by 1 July 2020, that is within 565 project days. The project was completed on 2 December 2020, with a total

¹ Average indicative construction cost, BCQS Market Trend Report 2020, <https://bcqs.com/wp-content/uploads/2021/01/bcqs-construction-market-report-2020.pdf>

recorded number of project days therefore at 719. Given the mandated lockdown period in Mar/Apr 2020 of approximately 28 days, the total actual project days has been adjusted to 691 project days for the purposes of assessment of time efficiency and schedule. The calculated output unit time, using the adjusted 691 project days, was therefore an average of 2 square feet rehabilitated per day, whereas the benchmark output unit time was an average of 30 square feet rehabilitated per day, using a benchmark from Aquila Commercial Construction Guide.²

This resulted in no points being assigned for Time Efficiency, as the actual outputs - square feet rehabilitated - produced within the timeframe (2 square feet rehabilitated per day) was significantly less than the benchmark output unit time of 30 square feet rehabilitated per day (Table 4).

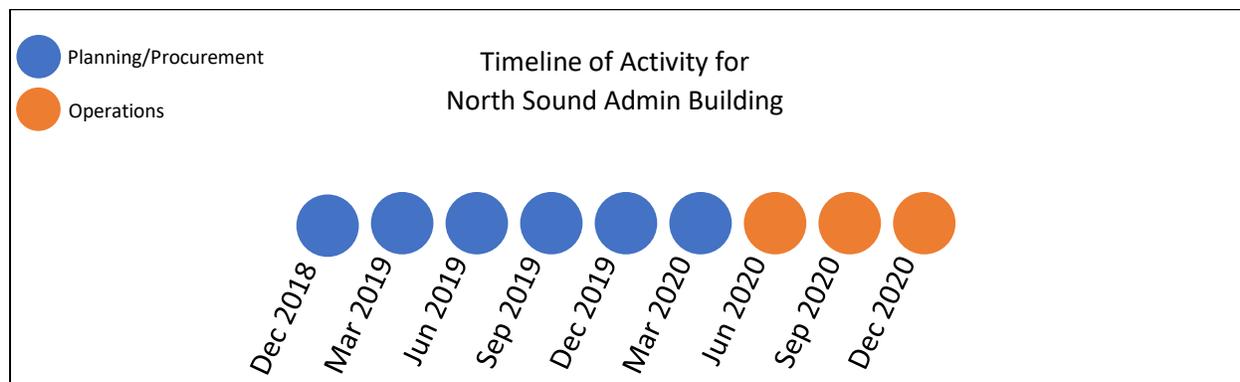
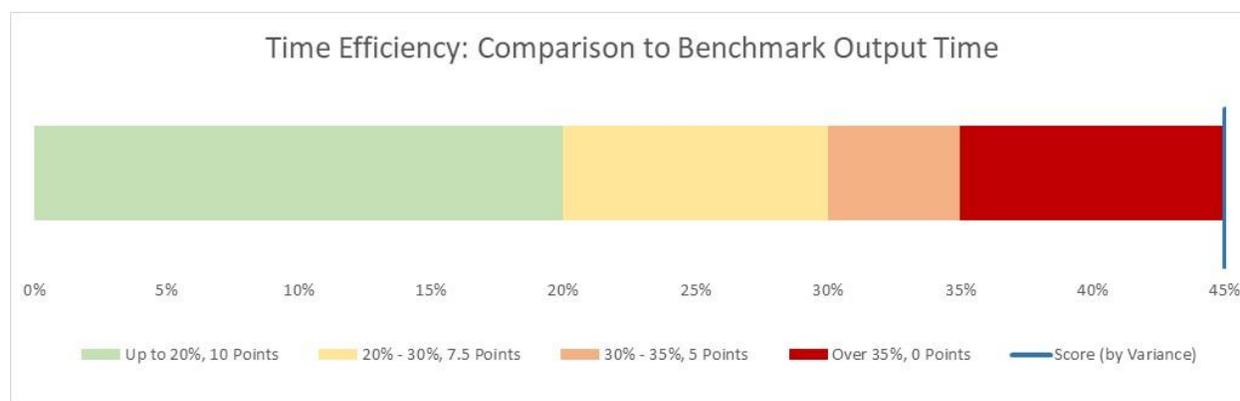


Table 4: Time Efficiency Assessment

TIME EFFICIENCY ASSESSMENT: 0/10 POINTS	
Output Unit Time	Avg. 2 square feet rehabilitated per day
Benchmark Output Unit Time	Avg. 30 square feet rehabilitated per day
Variance (days)	(28)
Variance (%)	(93.3%)
TIME EFFICIENCY SCORE	0



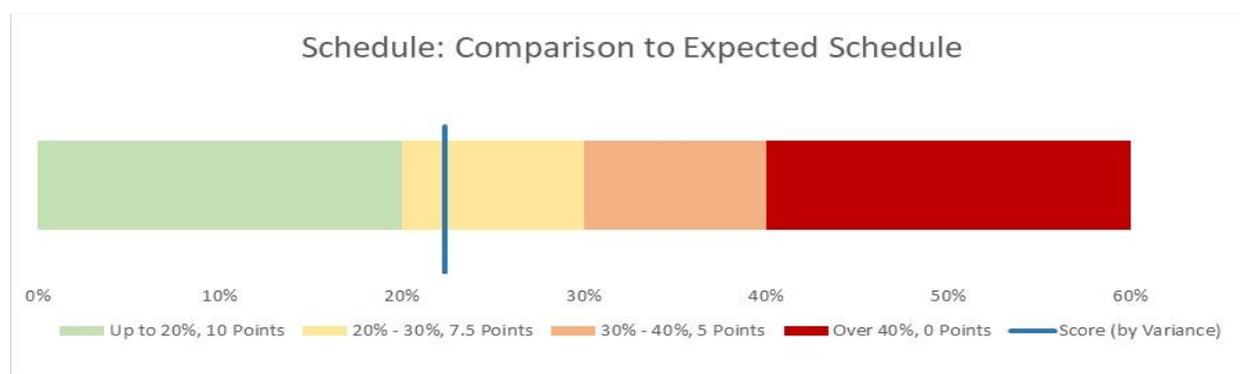
In terms of schedule performance, given that there were 565 planned project days compared to a total adjusted number of actual project days at 691, the adjusted variance of 126 days meant that the project

² Aquila Commercial Construction Guide, 2020. <https://aquilacommercial.com/learning-center/how-long-build-out-renovate-office-space/>

was 22.3% over its scheduled timeline, with 7.5 points thus awarded for the Schedule assessment (Table 5).

Table 5: Schedule Assessment

SCHEDULE ASSESSMENT: 7.5/10 POINTS	
Planned Project Days	565 days
Actual Project Days	719 days
Adjusted Actual Project Days	691 days
Variance (days)	(154 days)
Adjusted Variance (days)	(126 days)
Variance (%)	(27.3%)
Adjusted Variance (%)	(22.3%)
SCHEDULE SCORE	7.5



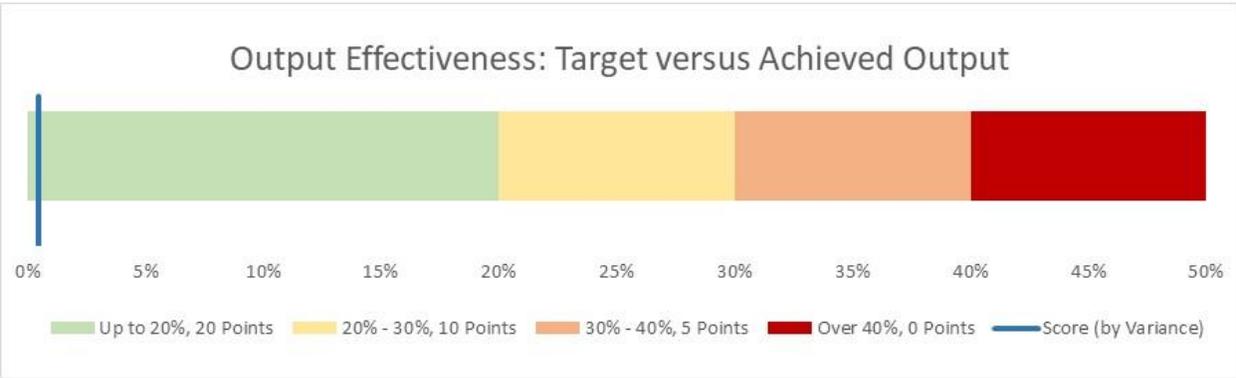
6) EFFECTIVENESS (45 out of max 45 points)

Output effectiveness

Output effectiveness is a measure which compares targeted outputs to achieved outputs, in determining whether and to what extent the project has met output expectations and produced the immediate result intended. In the case of the North Sound Admin Building project activity, the total square footage targeted for rehabilitation in order to improve working conditions and provide administrative services to the surrounding community was 1,431 square feet. The project was able to rehabilitate the targeted square footage, and hence a full 20 points has been assigned for Output Effectiveness (Table 6).

Table 6: Target versus Achieved Output

OUTPUT EFFECTIVENESS ASSESSMENT: 20/20	
Targeted Outputs Rehabilitated	1,431 square feet
Achieved Outputs Rehabilitated	1,431 square feet
Variance	(0)
Variance (%)	(0%)
OUTPUT EFFECTIVENESS SCORE	20



Outcome effectiveness

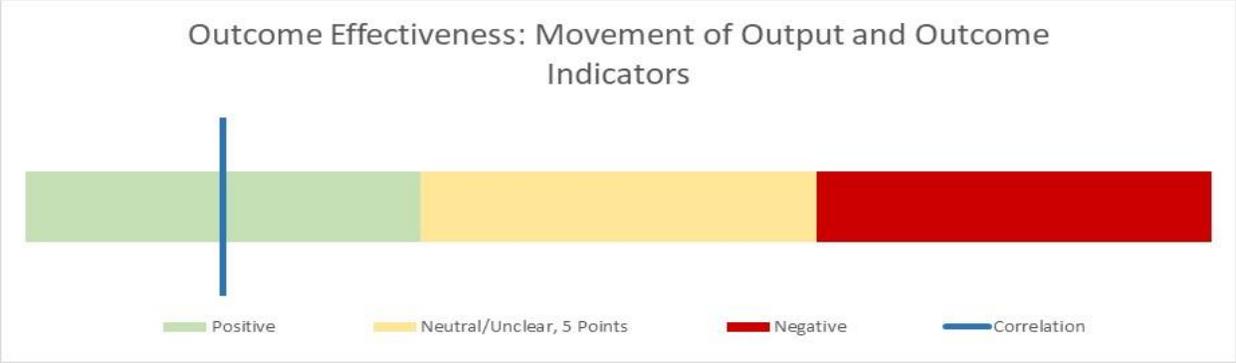
In terms of outcome effectiveness, the change relationship between the observed output and outcome has been used as a simple measure of outcome effectiveness. Using this methodology, the directional change in output is compared to the directional change in outcome. This assessment aims at determining whether execution of the project has contributed to achievement of the secondary result intended. In the case of the North Sound Admin Building project activity, both the output: square feet of building rehabilitated; as well as the outcome: Number of administrative services able to be offered in North Sound; moved positively due to execution of this project. In other words, as more square feet of the building were rehabilitated, more administrative services could be offered in North Sound within an acceptable facility.

Specifically, thirteen (13) services, namely: postal services, as well as services from security, social security, inland revenue, immigration, water and sewerage, environmental health, magistracy, labour, motor vehicles, passport services and civil registry and district offices, have now been able to be offered from a clean/acceptable space in North Sound due to this project intervention.

The change relationship between the output and outcome has thus been deemed a positive correlation, and the maximum score of 15 points has been assigned for this project activity’s outcome effectiveness (Table 7).

Table 7: Relationship between Outputs and Outcomes

OUTCOME EFFECTIVENESS ASSESSMENT: 15/15	
Output Change: square feet of building deep rehabilitated	+1,431
Outcome Change: administrative services offered within acceptable space in North Sound	+13
Assessment of Change Relationship	Positive correlation
OUTCOME EFFECTIVENESS SCORE	15



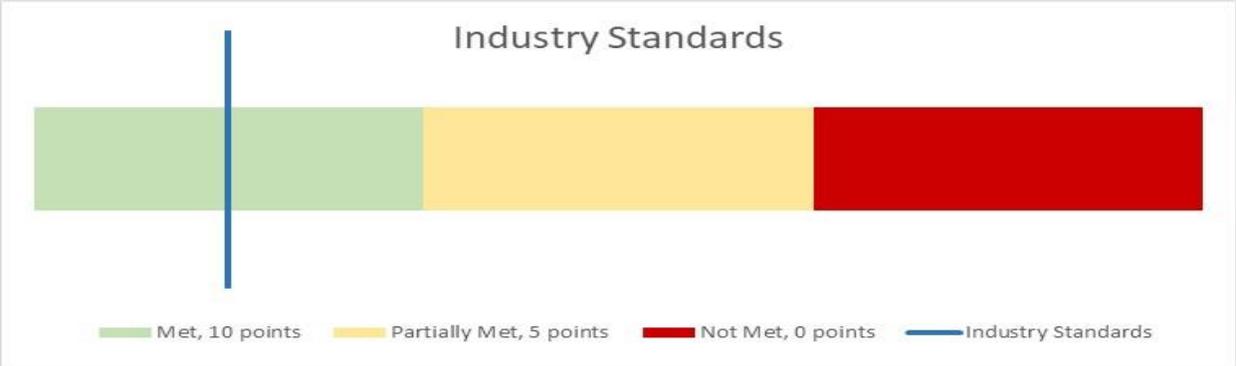
Quality

Assessment of quality involves evaluating to what extent the project intervention has met quality expectations and may be based on meeting industry standards, meeting user expectations, and/or not having any valid defects reported. In the case of the North Sound Admin Building, its quality assessment is based on meeting industry standards and valid defects.

The rehabilitation of the building has involved several enhancements which have made the building more resilient, including installation of rolling hurricane shutters on external windows and doors for increased protection from wind damage, installation of a generator and transfer switch for backup power supply, and installation of smoke and fire detection equipment. These building enhancements have improved the overall quality of the building, meeting industry standards for resilient construction.

Table 8: Quality assessment

QUALITY ASSESSMENT: 10/10	
Industry Standards on Resilience	Met
Valid Defects Reported	None
Assessment of Quality	Met
QUALITY SCORE	10



Equity

Assessment of a project's equity evaluates what impact the project has had on specifically disadvantaged or vulnerable groups and on improving equality and equity in the Territory. These groups may be women, aged persons, persons with disabilities, or otherwise vulnerable groups. In the case of the North Sound Admin Complex, the North Sound community is a relatively remote community on the sister island of Virgin Gorda which has been disadvantaged since passage of 2017's storms in not having ready access to public services within the community. The repair of the North Sound Admin Building has facilitated improved access to Government services for this community. As such, this project activity has been deemed to have had a positive impact on equity in the Territory, by improving access to public services for a rural community and has achieved a full five (5) points in its equity assessment.

Table 9: Equity assessment

EQUITY ASSESSMENT: 5/5	
Improved access to public services for rural community on sister island	Achieved
Assessment of Equity	Positive Impact
EQUITY SCORE	5

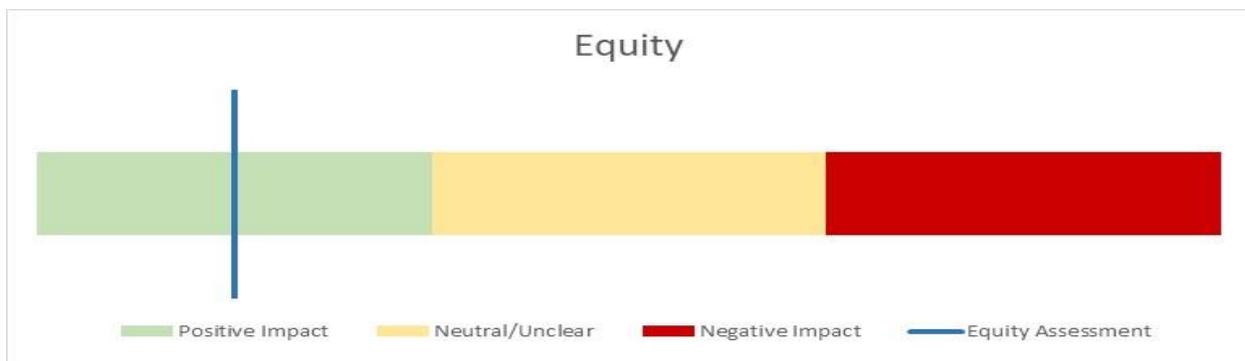
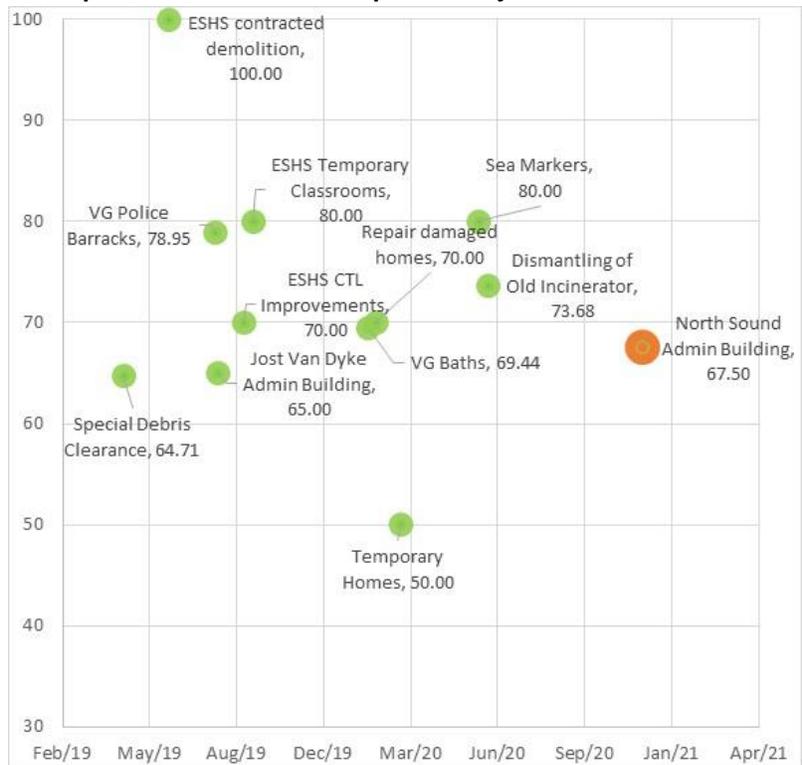


Figure 2: VfM Score Comparison with Other Completed Projects



Lessons identified coming out of the North Sound Admin Building project activity include:

- 1) Ensuring contractor proactively procuring required materials to complete project activities within expected timelines thereby preventing delays;
- 2) Improving time management in initial stages of project implementation (including planning, design and procurement), cognisant that time delays have implications for costs later in the project schedule due to additional deterioration of project sites and price increases; and
- 3) Encourage early detection of possible contract variations so that these can be processed and rectified as soon as possible to minimise delays which have further cost and time implications.

7) Conclusions

This report has been prepared using the RDA’s Value for Money Framework in assigning a VfM Score to the North Sound Admin Building project activity based on Economy, Efficiency and Effectiveness (Equity was not scored for this project). The importance of keeping accurate, up-to-date, readily-accessible information on project budgets, schedules, spending and results has once again been underlined in the process of conducting this VfM assessment. The Monitoring and Evaluation Team continues to play an important role in reviewing the quality of this information, and collating data for the calculation of projects’ VfM scores.

Achieving an overall score of 65.8 points out of 100, the North Sound Admin Building project’s VfM could have been enhanced through improved cost containment and time management. That said, the project intervention has been able to achieve its targeted outputs, has met quality expectations and has contributed to a broader outcome, while only going slightly over its budget. The project thus demonstrated perfect scores in Economy, Output and Outcome Effectiveness, and Quality.