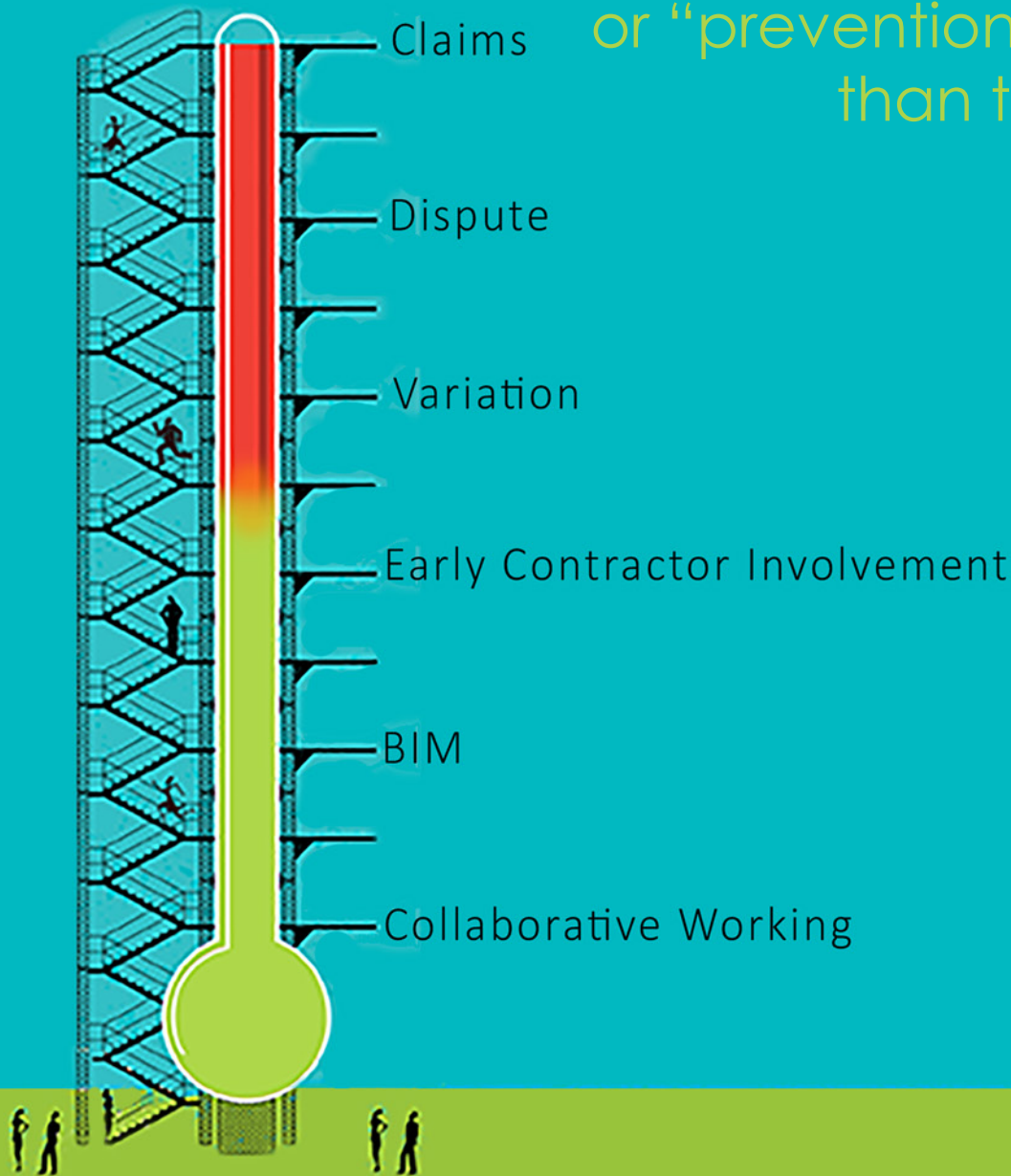


The Improver

“MODERNISE OR DIE”

or “prevention is better than the cure”



A Critical Response to the Farmer Review Inside

Tim Whitehill argues that prevention is better than the cure...

“IF YOU DON'T HAVE THE STRATEGY THEN DON'T START THE CLIMB”

Tim Whitehill
Programme Leader

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Welcome December Issue



Tim Whitehill
Managing Director

“

Hello and welcome to the first edition of The Improver.

In this bi-monthly publication our experts will share their knowledge and thoughts about the critical issues facing the clients, suppliers and stakeholders of the construction industry.

We are on a mission to improve the industry; making it more sustainable, more efficient and more attractive. We therefore hope that being open and sharing our views will do its bit in achieving this mission.

Our views are our own and we welcome comments and viewpoints that you wish to share with us.



See page 11 for our upcoming workshop schedule

...a better way of learning

this month



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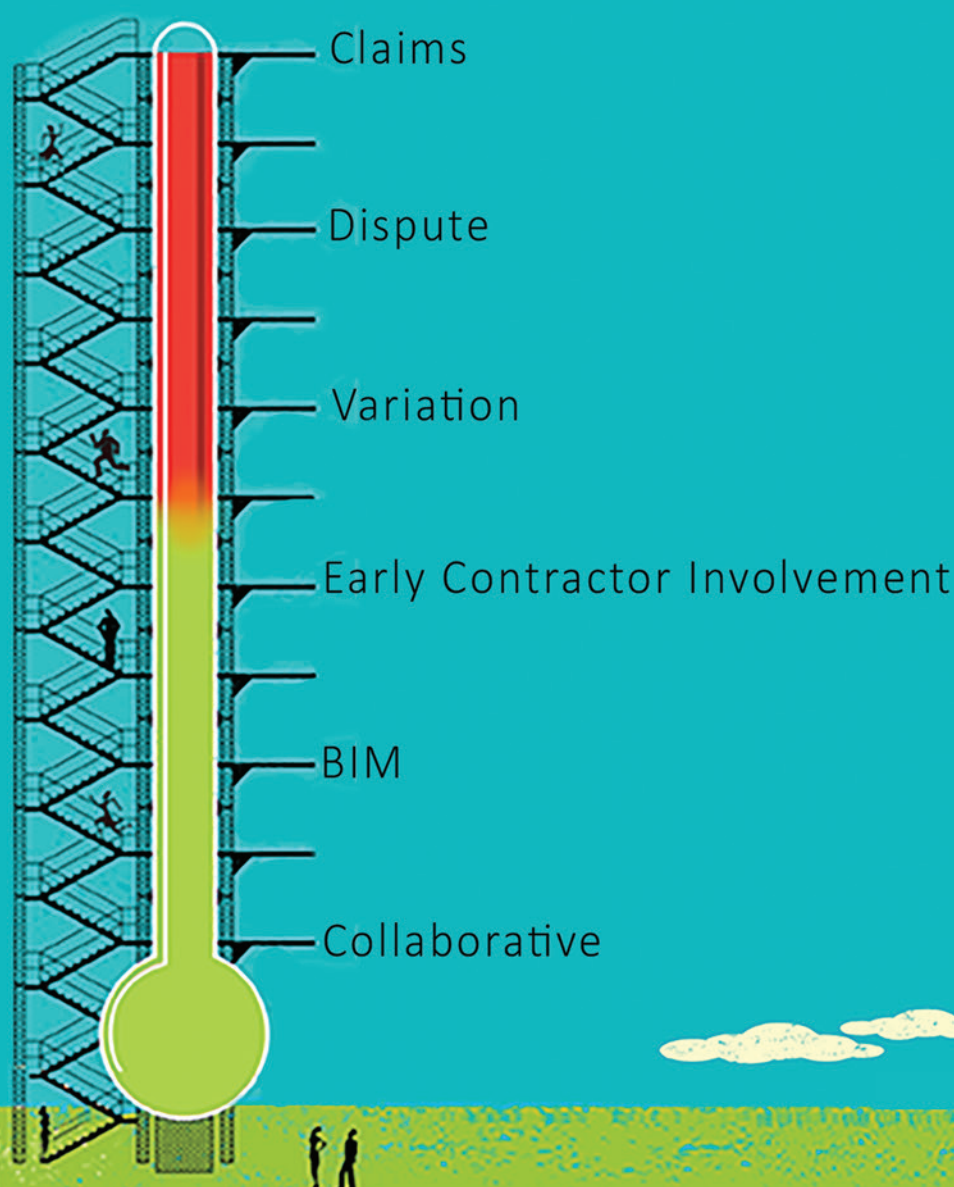
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A Critical Response to the *Farmer Review* *Prevention is better than the cure*

by Tim Whitehill



“**M**odernise or Die” is the message of the Farmer Review of the construction industry. Billed as ‘shocking reading’ it could be argued the review mirrors the findings of previous reports. A case of same old, same old?

The themes identified and the scale of the challenge to improve the industry outlined in the report are familiar. The Farmer Review identifies many of the issues that we know are holding the industry back. In this context the report is not wrong. That the industry is unproductive compared to other sectors and that there is low predictability in project delivery is no surprise. That there’s a looming skills shortage and that the industry falls short on R&D and investment in innovation aren’t ground breaking findings. The lack of industry collaboration and improvement culture? The industry doesn’t need another report to tell us that.

The problem with this report is that it lacks vision and a strategic outlook. The evidence on which the recommendations are based appears weak and the review comes across

as an extended thought leadership piece. In drawing the conclusions, it lacks rigour. More importantly, the review falls short in identifying recommendations which truly get to the root cause of the issues identified. They feel like an ill fitting collection of actions around a poorly argued set of conclusions. The treatment doesn't seem to address the diagnosis, to borrow the report's medical analogy. One of the big questions for any transformational change programme is whether to use carrots or sticks.

The UK government's strategic approach to encouraging innovation and change is broadly incentive based. In an environment where government is removing red tape to provide business with the freedom to innovate, it seems like a retrograde step to suggest government intervention and taxation to drive improvement. Never mind that these are blunt instruments, it is unlikely that either clients or supply chains will be arguing for greater regulation and taxation given the potential economic uncertainties following the outcome of the EU referendum. There is even a political question over whether any government should interfere at this level when previous research carried out for Constructing Excellence, Unlocking Productivity, indicated that the political framework was not a barrier to greater productivity.

Innovation and R&D need to be incentivised rather than prescribed. The sector and its clients will be more likely to address the concerns highlighted in the report through a more nuanced approach rather than a direct threat to their bottom line.

"isn't it the responsibility of clients (or more so their professional Advisers) to take better and more timely decisions when engaging the construction sector"

One of the big questions for any transformational change programme is whether to use carrots or sticks. The UK government's strategic approach to encouraging innovation and change is broadly incentive based.

In an environment where government is removing red tape to provide business with the freedom to innovate, it seems like a retrograde step to suggest government intervention and taxation to drive improvement. Never mind that these are blunt instruments, it is unlikely that either clients or supply chains will be arguing for greater regulation and taxation given the potential economic uncertainties following the outcome of the EU referendum. There is even a political question over whether any government should interfere at this level when previous research carried out for Constructing Excellence, Unlocking Productivity, indicated that the political framework was not a barrier to greater productivity. Innovation and R&D need to be incentivised rather than prescribed. The sector and its clients will be more likely to address the concerns

highlighted in the report through a more nuanced approach rather than a direct threat to their bottom line. On the whole, and before we ever release another review, is it about time the government and other construction clients start to face fact. A private and civil based construction industry, without long-term strategic partnerships between client and supplier, can only ever be built on a fragmented and short term business model. Coupled with often unintelligent, one-off and cost sensitive clients, it is therefore inevitable that it should be fraught with haphazardness throughout its delivery. Perhaps only a return to militarisation of the sector would remedy this for certain. However that not being a realistic way forward, and in the knowledge of its haphazardness, isn't it the responsibility of clients (or more so their professional Advisers) to take better and more timely decisions when engaging the construction sector? Early involvement, collaborative working and proper BIM implementation would assist nicely - as the medical profession will often prescribe; prevention is better than the cure.

"It's time for clients to take responsibility for the future health of the industry..."

Tim Whitehill





Let's focus on efficiency to banish Brexit blues...

by Dr. Andy Ainsworth

Now that the dust has started to settle following the referendum on the UK's membership of the European Union, the initial sparks of panic on the financial markets and in political circles have been followed by feelings of reflection, pragmatism and an apparent willingness to find a constructive solution. There is no doubt, however, that the outcome of the referendum has resulted in a significant degree of uncertainty, particularly for the construction sector.

The Prime Minister and others have warned of choppy waters ahead. Forecasts for growth in the economy are being revised. Estimates have ranged from an optimistic growth rate of 2% over the next year to predictions of a mild recession in 2017. The Office for Budget Responsibility forecast is somewhere in the middle but in truth, no one knows what the long-term impacts of the UK leaving the EU will be. It is likely that the UK will see slower growth in the short term and the Chancellor has indicated that reducing the deficit by controlling public spending remains a priority.

There have been encouraging signs of the government's commitment to continued investment in infrastructure in the shape of the third runway at Heathrow and HS2. Furthermore, EDF has committed to a new nuclear power station at Hinkley Point. In an environment of greater uncertainty, a forward infrastructure pipeline of more than £400 billion to be delivered over the next decade will provide our industry with some degree of comfort. Beyond this, however, there are grave concerns about the confidence of investors in the UK, particularly when infrastructure funding is heavily reliant on foreign investment.

Recent past experience can serve us well

The sector is still recovering from the impacts of last recession following the global financial crisis. One of the upshots of that correction was a renewed focus on efficiency in the construction sector. The 2011 Government Construction Strategy set a target of 20% reduction in construction costs over the last parliament. The most recent iteration of the Government Construction Strategy aims to save a further

£1.7 billion by 2020. In an environment where public sector capital spend might again be squeezed, it is in the industry's interest to embrace new ways to improve productivity and efficiency. We have made good progress in adopting new ways of working to address these challenges. The use of Building Information Modelling (BIM) is spearheading a drive for more efficient project delivery. BIM and digital construction alongside a greater focus on collaborative working and lean techniques all have the potential to deliver savings not only for the public purse but for companies across the supply chain. We can be encouraged that the government has moved to calm fears of the potential impacts of the referendum result. However, in the short to medium term it would do well to focus on delivering the objectives of the construction strategy. Improving procurement, delivering on its commitment to better collaboration and of course continuing to support the adoption of BIM would go a long way mitigating the potential fallout on the sector from the UK's decision to leave the EU. The next two years or so (depending on when the Article 50 process is



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triggered) will see UK will go through a period of readjustment. It provides an opportunity for our sector to readjust to the new reality, whatever that looks like. Now is the time our sector in partnership with government should be investing in up-skilling its people, in developing and adopting new processes and implementing new technology to support project delivery. There are some significant challenges ahead and Brexit is undoubtedly going to make life more difficult for the industry. But perhaps it is also a wake up call for all of us to renew our efforts to adopt smarter ways of working.



“There are some significant challenges ahead and Brexit is undoubtedly going to make life more difficult for the industry. But perhaps it is also a wake up call for all of us to renew our efforts to adopt smarter ways of working.”

Dr. Andy Ainsworth



Social Value: becoming a key differentiator in winning work?

By Dr. Michelle Brennan

The Social Value Act has been in full swing for over 3 years now. Since its inception its use by public sector clients has increased year on year, with research by Social Enterprise UK demonstrating that 70% of public sector clients now use social value in the procurement process.

With more than a decade of austerity and the recent Brexit result, it should come as no surprise that the public sector is using the Act to unlock additional value from business when commissioning. Requiring contractors to deliver social value whilst delivering the main elements of contracts means that clients benefit getting more directly and indirectly for their money bringing significant benefits to the people they serve by making the local £1 work harder.

It is perhaps for this reason many clients have chosen to go beyond the minimum requirements of the Act, applying the legislation to contracts for goods and works as well as services, and to all contract values not just those above the OJEU threshold. For example, Durham County Council considers social value for contracts above £50,000 and Sunderland Council applies the Act to all procurements above £5,000.

In addition to social value being requested on contracts above the thresholds, the weighting of social value has also increased.

Recent frameworks such as the STAR

framework (Salford, Trafford and Rochdale) gave social value a 10% weighting whilst The Factory project in Manchester procured through the Northwest Construction Hub gave it a 30% weighting.

What does social value look like?

Social value asks the question: 'If £1 is spent on the delivery of services, can that same £1 also be used to produce a wider benefit to the community?'. The answer is yes it can and these wider benefits to the community are great. What is requested in terms of social value varies client to client dependent on the needs of that particular locality. Some clients specify what they require and ask only how bidders will help them secure that additional value. Others are asking more open questions leaving the innovation to the bidder.

Providing jobs and apprentices appears to be a high priority for clients and it's no wonder. The provision of jobs can have a knock-on effect in many areas. Not only can it potentially lift people out of poverty, it can put money back in Government pockets through getting people off benefits and into work. Social growth means economic growth.

Custodians of social value.

The construction sector by its very nature is in receipt of many millions of pounds of public sector funds. By virtue of this fact we are by default the custodians of social value and can deliver its greatest impact. It is therefore without doubt that public sector procurement will continue to differentiate the market on its potential to maximise social return on investment.

Across the board we are seeing social value being requested in terms of:

- Helping our local communities through charitable work, donations and sponsorship
- Helping young people in communities by giving school talks on construction.
- Taking proactive measures to reduce carbon footprint
- Having effective recycling measures for any waste produced
- Sourcing local labour and materials wherever possible
- Investing in apprenticeships and training

Next FREE Webinar


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Presented by Dr. Michelle Brennan

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BIM: Get ready to be a Client

By Dr. Andy Ainsworth

“We're not doing BIM because our clients aren't asking for it” is a refrain that our consultants have become familiar with over the last few years. This reflects a mood among some contractors that BIM is entirely client led. This is despite the government's BIM strategy envisaging a 'push' as well as a 'pull' mechanism. And whilst the 'push' has created some momentum across the industry, the lack of client drive for BIM has been a barrier to progress.

There is evidence which supports the need to develop client capability. The Construction News BIM survey reported less than 25% of tenders include an Employer's Information Requirement (EIR) with specific data needs set out. It is not uncommon to see tenders asking for projects to be 'delivered to BIM Level 2.' So what can clients do to be BIM-ready?

Start with the end in mind

Before a client can establish their Employer's Information Requirements they need to understand their Asset Information Requirements, which in turn need to be underpinned by Organisational Information Requirements. The common word here is Information. It has been known for clients to ask for every piece of information they could have rather than specifying the information that would be useful. Starting with the end in mind and working backwards is a good way of looking at it. Clients need to consider the

information they need at each stage of a project to make effective decisions. The information to support the effective and efficient operation of a building by engaging can be identified by engaging facilities management teams and building end-users. The focus should be on the information you (and they) need how the data will be used the format it should be delivered in.

How do I buy BIM?

The procurement process is a critical step in a BIM project. Getting this step right provides clients with a better chance of successfully delivering effective outcomes. Well-crafted EIRs provide a framework for the supply chain to respond using the Pre-contract BIM Execution Plan (BEP). So clients need to understand how to develop BIM-specific capability questions and how to use the Pre-contract BEP as part of the selection criteria. This leads on to the next question: Do clients know what they want from their supply chains?

It's good to talk

One of the key requirements for a client is understanding the skills, experience and capability of supply chains. Many clients use frameworks which can provide a potential route to engaging with supply chains. It is surprising how few clients have yet to engage with their supply chains around BIM and this is a missed opportunity given the work that has been done by many organisations to

develop their capabilities. This includes working with design and analysis software and in implementing Common Data Environments. Opening the conversation with designers and contractors provides a better understanding of their knowledge and skills. It also provides a basis for developing a consistent understanding for using BIM on projects and for collaborative working.

What do I do next?

If you are looking to develop your BIM readiness and capability, talk to Project Five. Our Unlocking the Potential of BIM workshop is a good first step to gain the basic understanding of what BIM is and how it can benefit you. Our BIM Maturity Assessment provides a more in-depth analysis of your knowledge and capability around BIM, helping you develop a strategy to implement effective ways of working to support it.

More widely we can work on every aspect of BIM with clients, whether it be at a strategic level or hands on with projects. We work directly with clients and with supply chains to develop the right skills, drive BIM implementation, develop and apply project processes and embed collaborative working. We continually seek to develop more effective ways to realise the benefits of BIM by ensuring both clients and their supply chains are ready.

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14:30 PM



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