"Did the industry waste a good crisis?"

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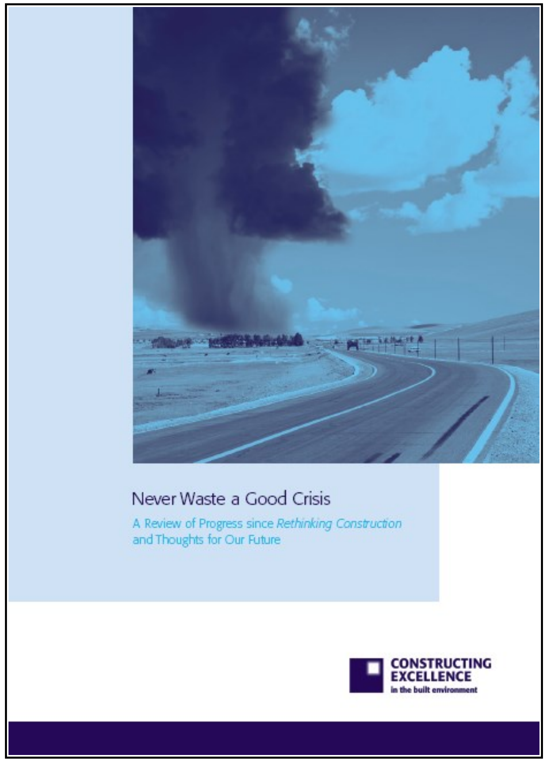

Don Ward

www.constructingexcellence.org.uk

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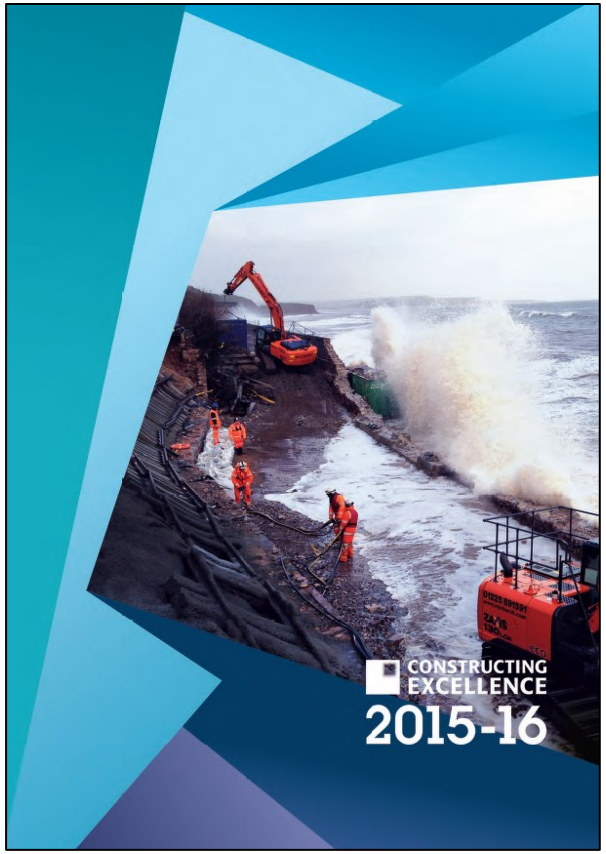
Excellence through Collaboration

CONSTRUCTING EXCELLENCE

A platform for industry improvement
to deliver better value
for clients, industry and users
through collaborative working

"BETTER TOGETHER"



The Constructing Excellence movement

80 national members, 9 regional Centres, 35 local best practice Clubs (2000 members), 650 G4C members, 9 partners in the International Alliance

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Construction Clients' Group
CONSTRUCTING EXCELLENCE

NORTHERN IRELAND
Constructing Excellence in Northern Ireland

NORTH WEST
Centre for Construction Innovation
- Cheshire Warrington & Wirral
- Lancashire
- Liverpool
- Manchester

NORTH EAST
Constructing Excellence in the North East
- North East

YORKSHIRE & HUMBER
Constructing Excellence in Yorkshire & Humber
- Yorkshire and Humber

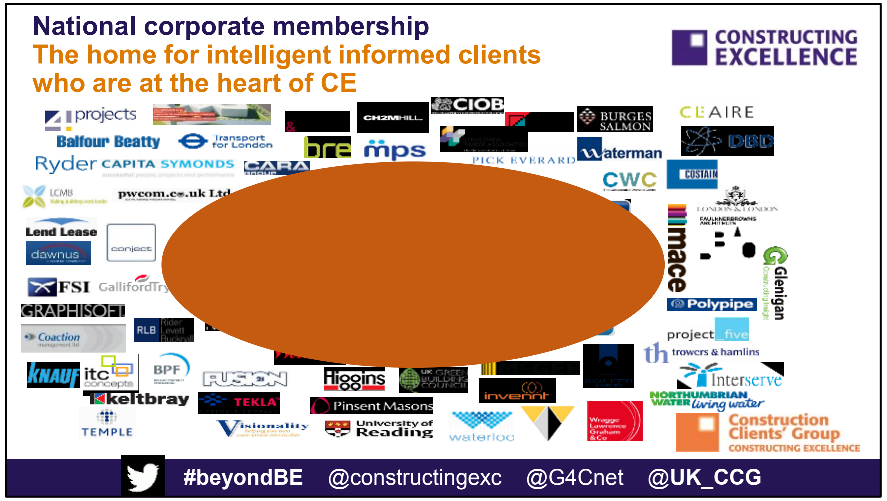
WALES
Constructing Excellence in Wales
- South West Wales
- South East Wales
- North Wales

MIDLANDS
Built Environment Hub
- East Midlands
- Coventry & Warwickshire
- Herefordshire & Worcestershire
- Birmingham
- Staffordshire
- Black Country
- Shropshire

EAST OF ENGLAND
Constructing Excellence in the East of England
- Norfolk
- Herts & Beds

SOUTH WEST
Constructing Excellence in the South West
- Bristol
- Cornwall
- Devon & Exeter
- Dorset
- Gloucestershire
- Plymouth
- Swindon
- Somerset

LONDON & THE SOUTH EAST
South East Centre for the Built Enviroment
- London
- Croydon
- Sussex
- Milton Keynes
- Oxford
- Hampshire
- Berkshire
- Kent



CELL
CONSTRUCTING EXCELLENCE IN LEARNING

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Nationally we are best known for…

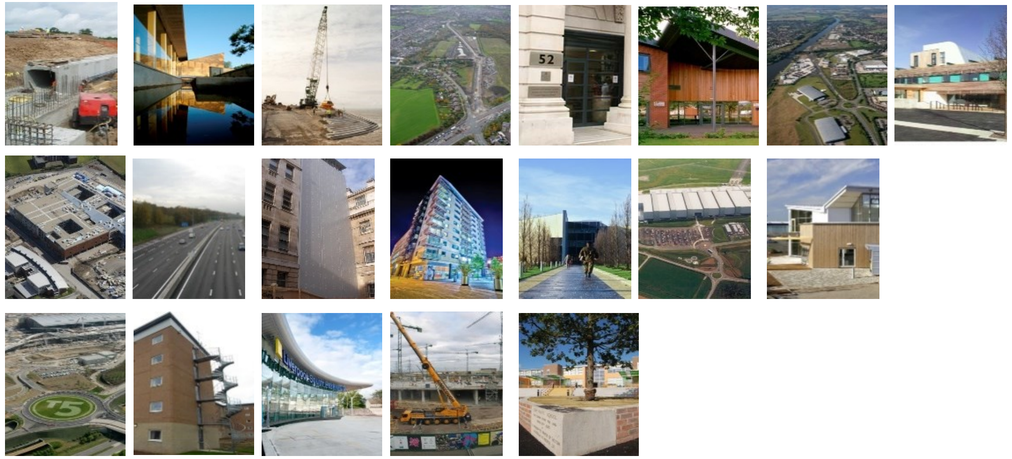
CONSTRUCTING EXCELLENCE

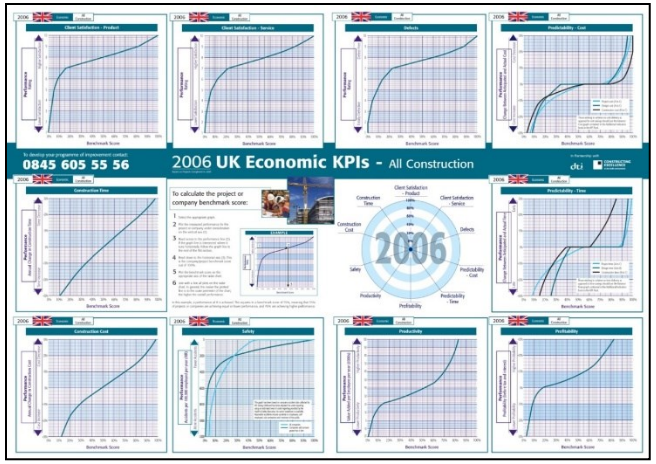
Track record – dating back over 20 years

Demonstrations programme - over 500 projects

KPIs – annual KPI data and industry report published

Regional awards programme – 8 events, 3000 attendees





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“Never waste a good crisis”

Wolstenholme, 2009

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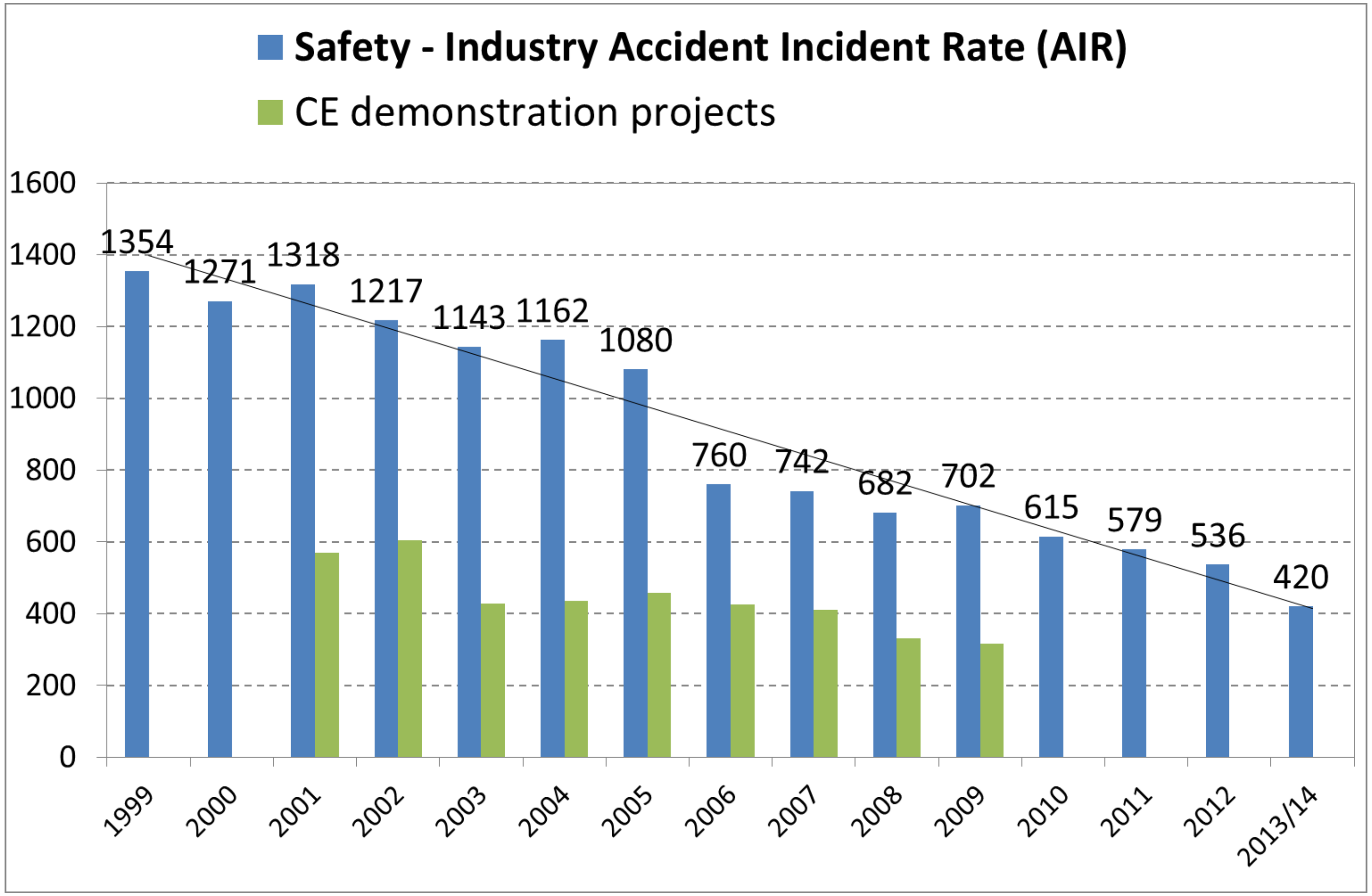
Safety has improved significantly



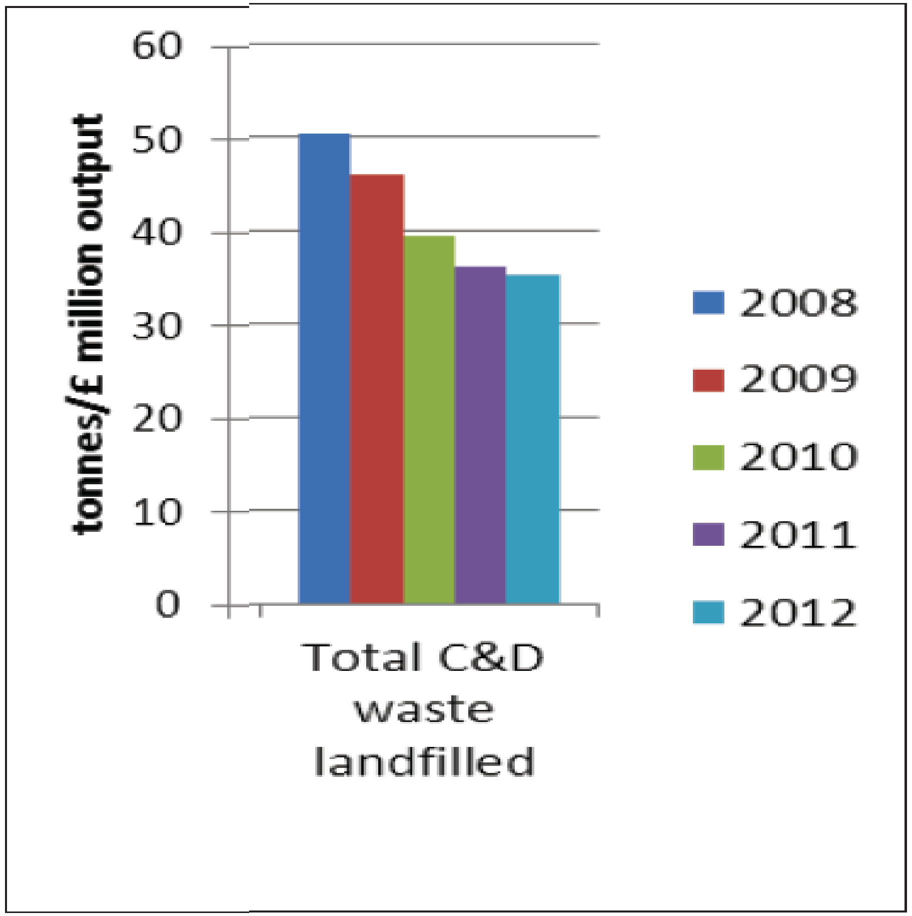
69% improvement, *c*.5% year on year

<u>Although</u>
only 48% of employee reportables are reported (HSE)

Waste landfilled

Figure B7: Changes in figures relative to construction output 2008 – 2012

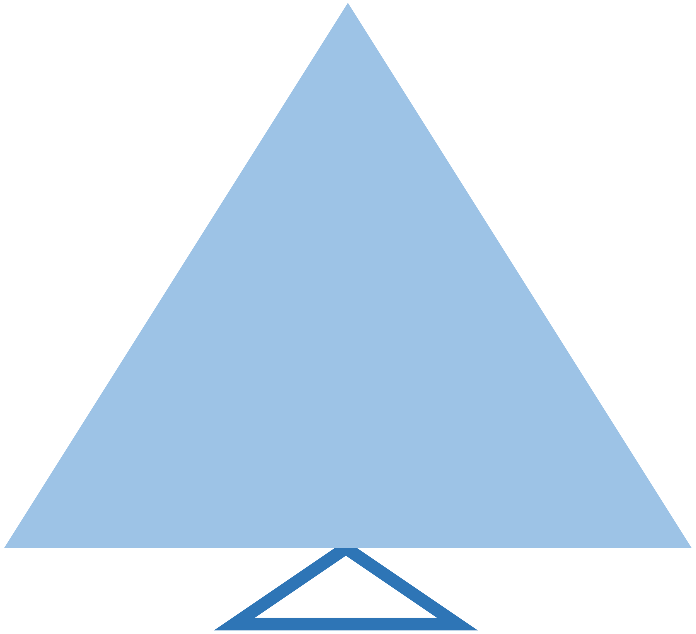
Green Construction Board report 23 “CD&E Waste”



29% reduction in construction & demolition waste landfilled 2008-2012

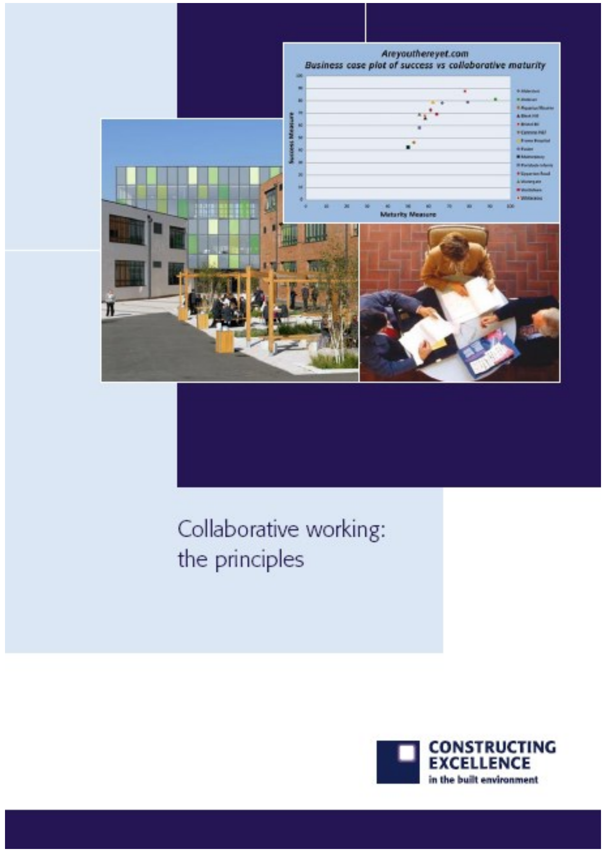
Three overriding principles of collaborative working

Common vision and leadership



Culture and behaviours

Processes and tools



There are 6 critical success factors for collaborative working

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Early involvement

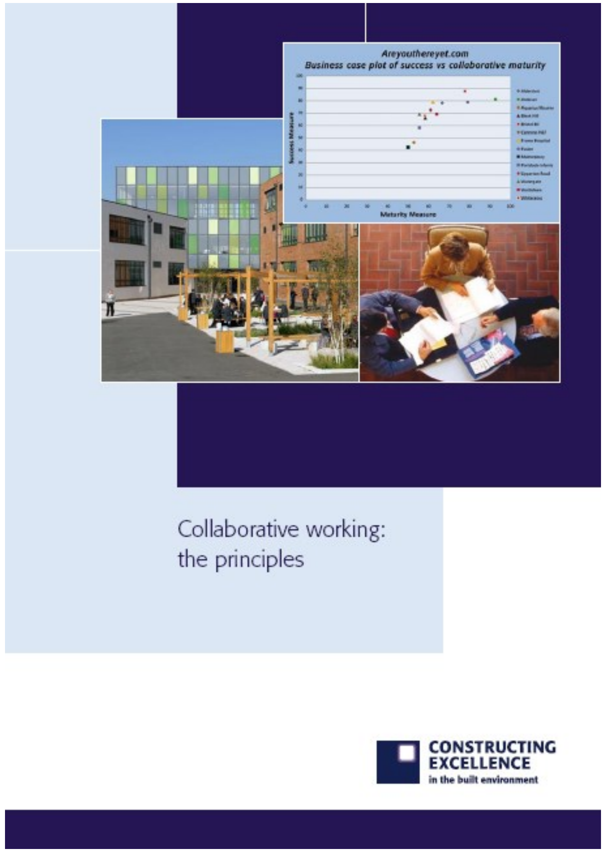
Selection by value

Common processes and tools **=> BIM**

Measurement of performance } **continuous**

Long-term relationships } **improvement**

Aligned commercial arrangements



The industry recession was a major threat to the sector

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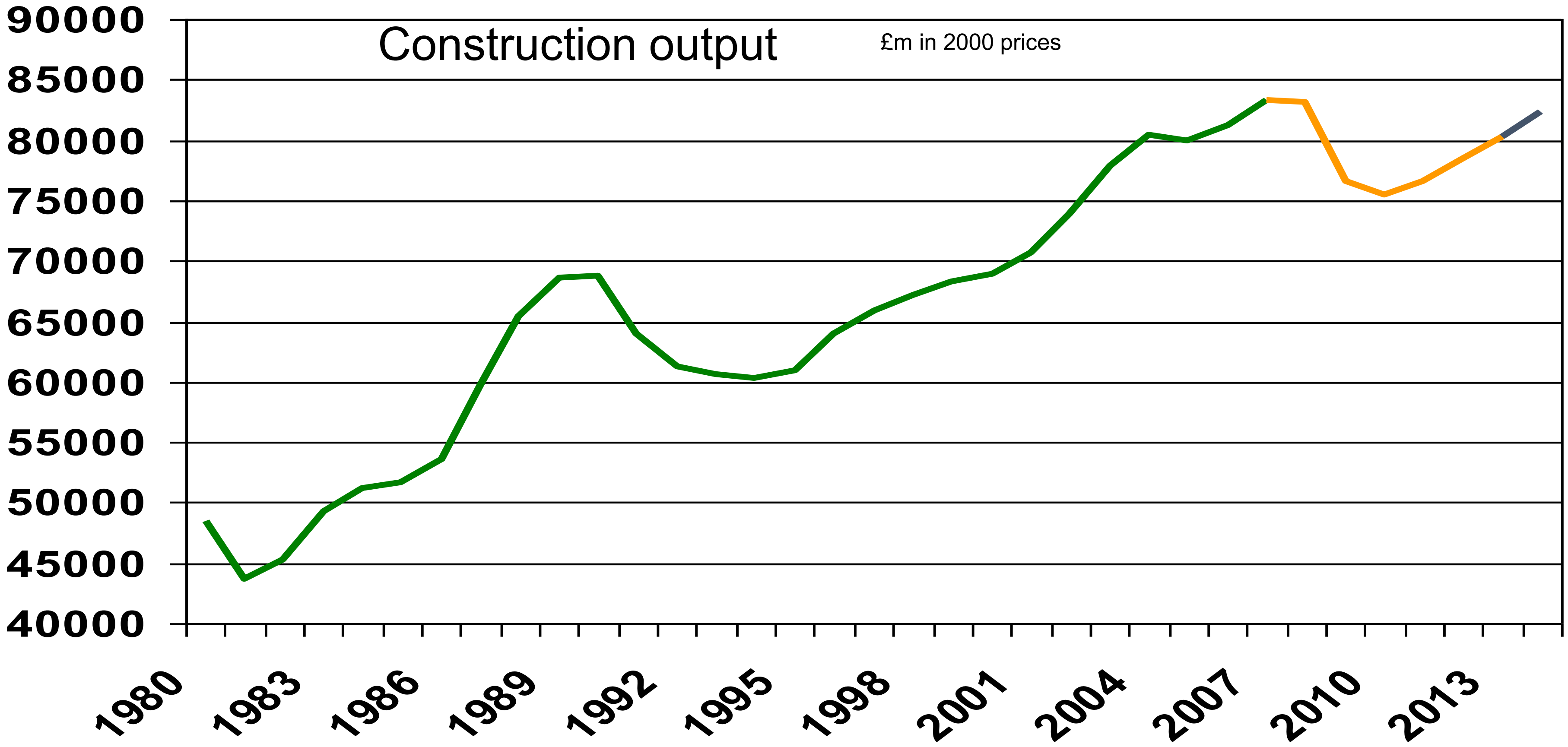

Source: CSN (ONS, NISRA, Experian)

‘Economic climate change’ meant companies faced a stark choice

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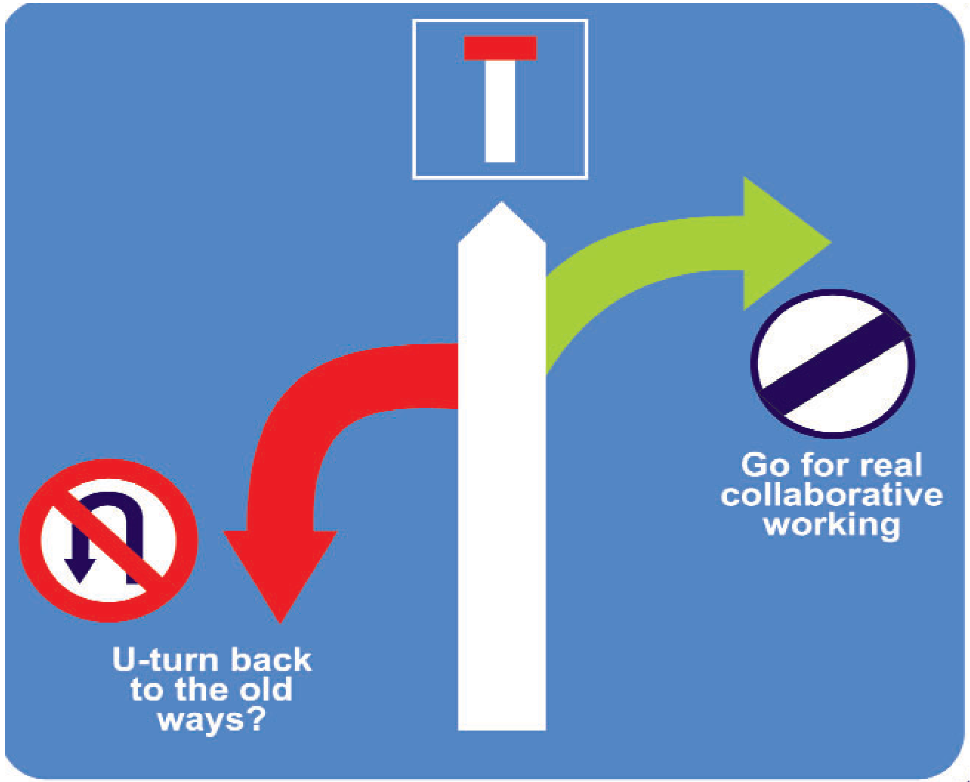
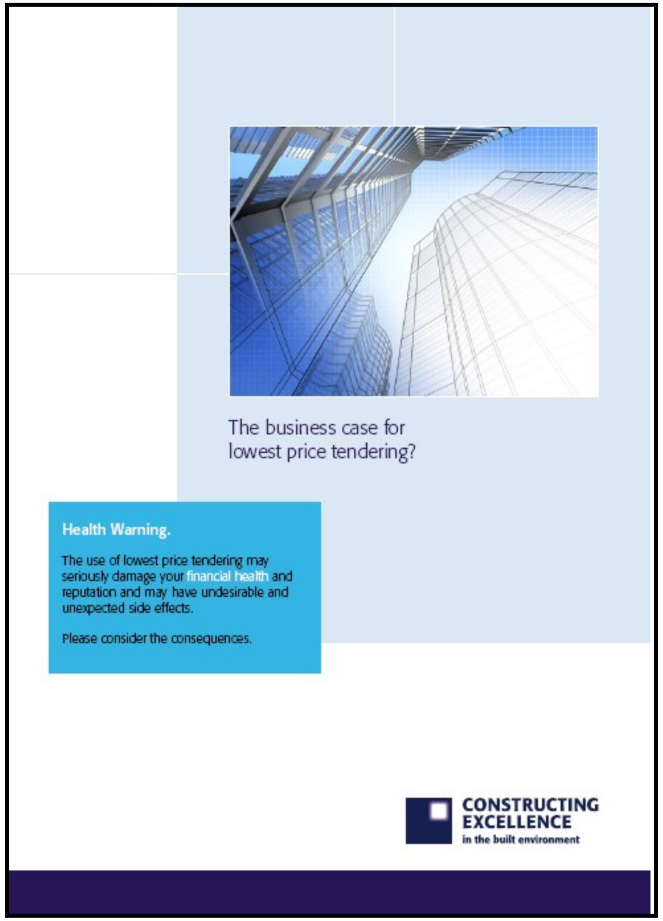


Collaborative Working Champions ‘Survival Guide’ 2009



The business case for lowest price tendering? 2011

“Never waste a good crisis”

The industry has improved over the last decade

4 blockers have slowed the pace of change

Recession should provide the impetus needed for further change

Collaborative working is even more important for this next era

Four ‘blockers’ have slowed the pace of change

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Business and economic models

Capability

Delivery model

Industry structure

We identified 8 “big themes for future action”

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Understand [value in] the built environment

Focus much more on the [low carbon] environment

Find a cohesive voice for our industry

Adopt new business models that promote change

Develop a new generation of leaders

Integrate education and training[/development]

Procure for value

Suppliers to take the lead

Customers' and suppliers' viewpoints

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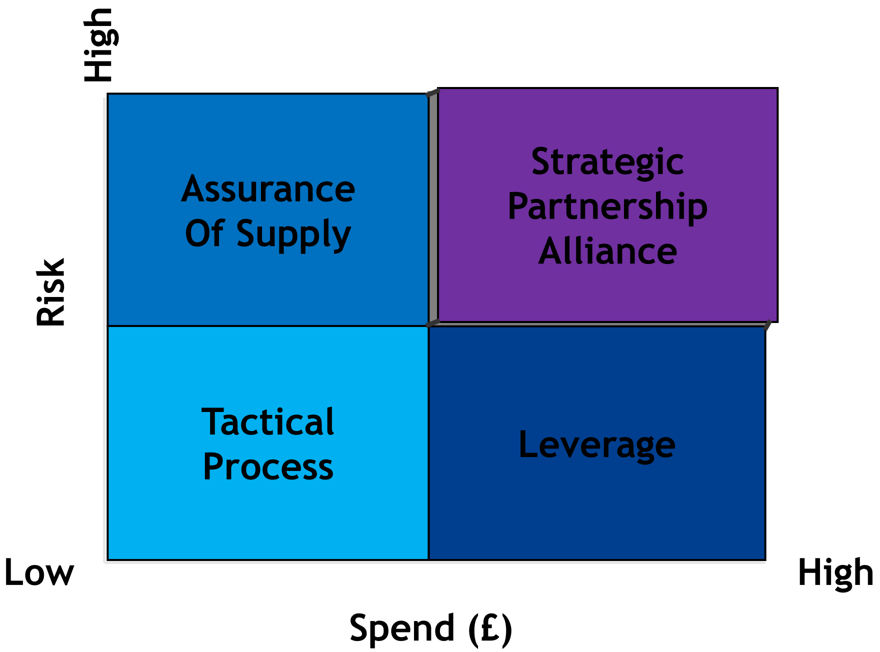
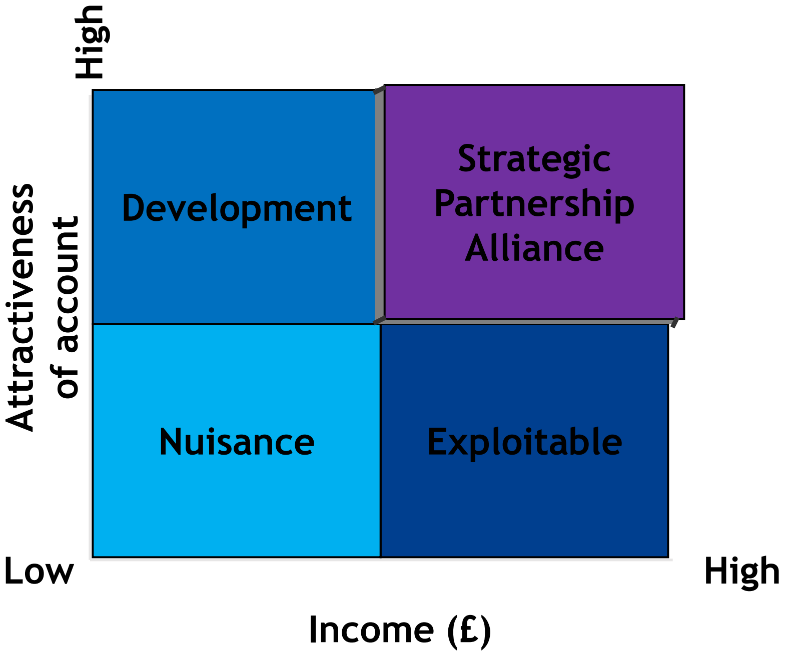


Customer



Supplier

£2.84 - The "economic multiplier" made a compelling argument for investment

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LEK report for UKCG, 2009/2012 *

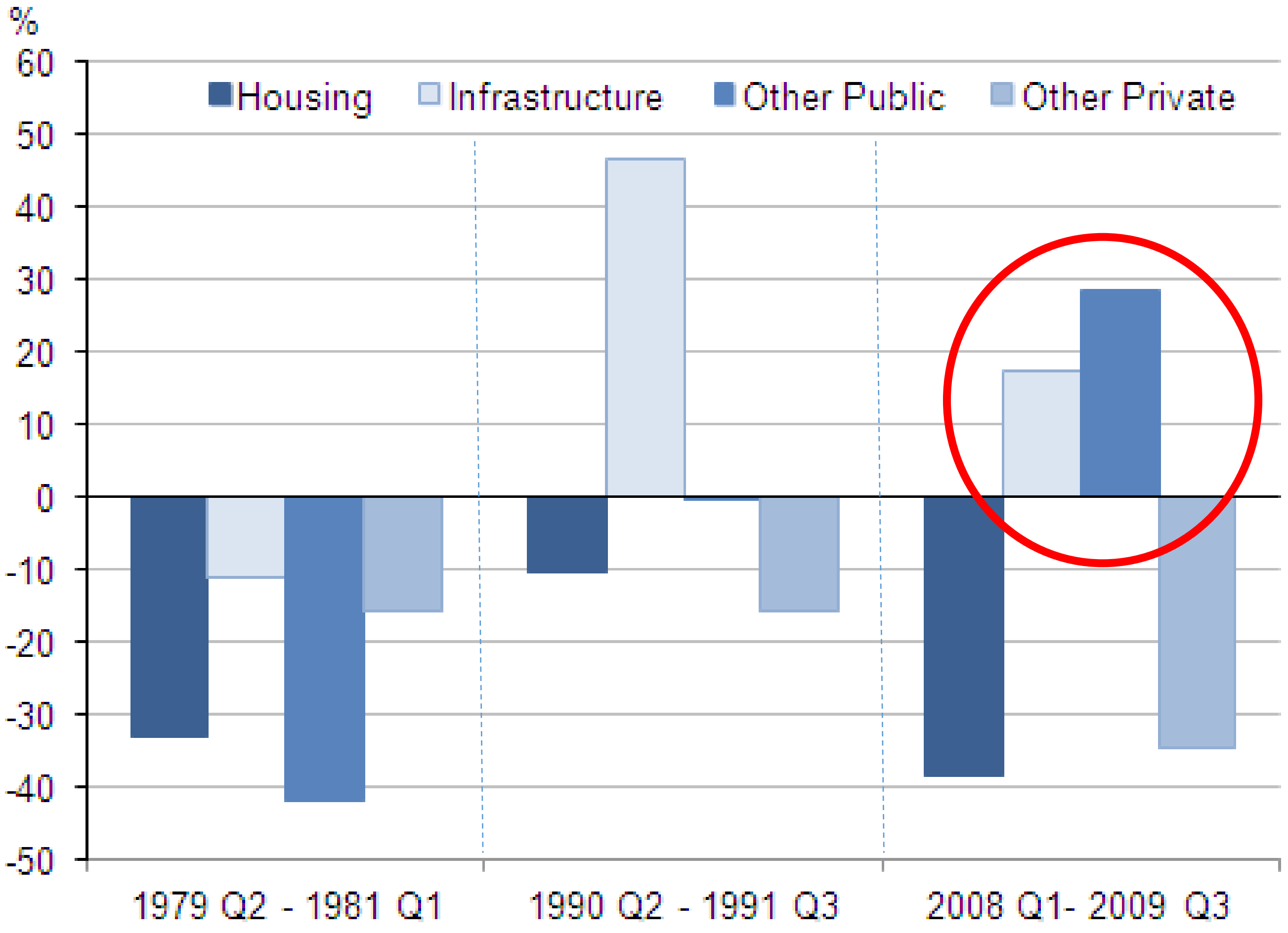
Informed HMG's "Plan for Growth" 2010

- £1 investment generates nearly £3 of economic impact
  - Construction is a local industry
- 56p increased tax take and benefits savings to HMG
- Imports < 8% of total supply
  - Construction is a domestic industry
- Extra £1-£2 end value (eg in better education outcomes)
- One of the highest such factors

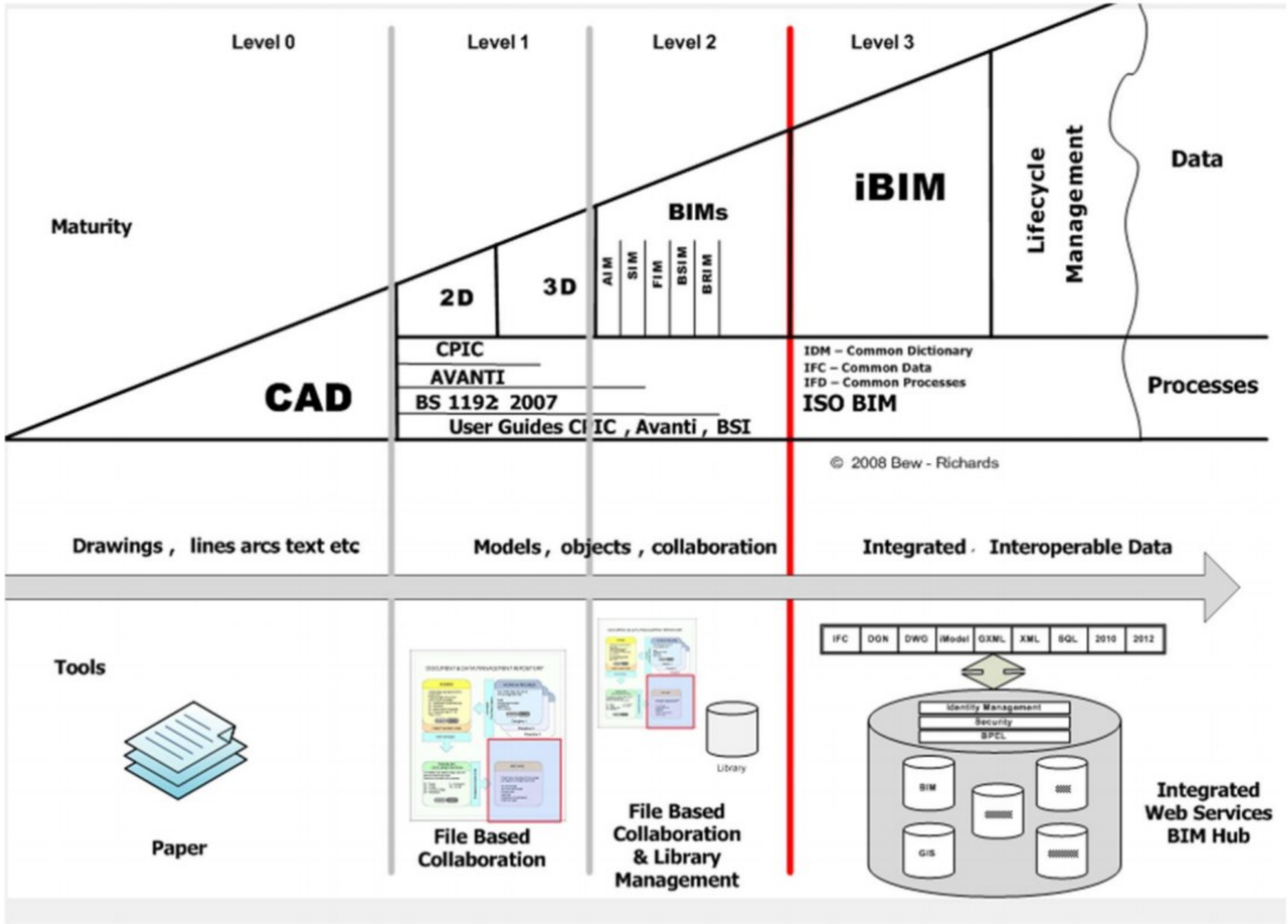
** Construction in the UK economy - The benefits of investment*

Impact of the 2008-9 recession

Comparison of construction downturns, ONS, 2013



BIM - mandated by HMG from April 2016



Government Construction Strategy
New models of procurement, 2014

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HM Government

Three modern methods:

- Two-stage open book
- Cost Led
- Integrated Project Insurance

All feature early supplier engagement, transparency of cost, integrated team working, collaborative working

Trial projects programme on-going via CE

Adoption proven to contribute considerably to cost reductions

Cost certainty, better long-term value

Commended by the Chief Construction Advisor for wide adoption


Cabinet Office

New Models of Construction Procurement

Introduction to the Guidance for Cost Led Procurement, Integrated Project Insurance and Two Stage Open Book

January 2014

Two-stage open-book procurement

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	PROJECT	SAVINGS	OTHER BENEFITS
 	Cookham Wood Youth Justice Board - Ministry of Justice	**20%**	Cost and programme certainty lean programming Innovation through collaboration reduced prospective operating costs
	Project Horizon	**17% (+16%)**	Improved whole life value improved warranties and quality control employment and skills commitments increased recycling/reduced landfill
	Supply Chain Management Group, Hackney/Haringey	**14%**	Improved end user satisfaction reduced defects reduced waste to landfill, carbon emissions improved employment and skills
	Archbishop Beck school, Liverpool	**20%**	Improved programme certainty innovations through early engagement of the team improved local employment and skills commitment

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Cost-led procurement

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PROJECT	SAVINGS	OTHER BENEFITS
Rye Harbour, Environment Agency	**6%**	Streamlined up-front procurement processes continuous development of the project team innovation through ECI and collaborative working significant time savings
Upper Mole, Environment Agency	**15% targeted savings**	Driving innovation through the supply chain integration and collaborative working benefitting the local labour force and economy
Anchor Property Delivery Transformation	**9%**	Improved services for customers and efficiency supply chain integration continuous improvement of client skills incl cost, risk & value engineering
North West New-build Housing (Procure Plus)	**20%**	6 previously unemployed local residents all achieved NVQ qualifications and then supported into future employment

Influencing the mega projects of today to improve the industry of tomorrow

- and setting the bar ever higher for the next one

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T5 Heathrow

London 2012

Crossrail

Nuclear power

HS2

Client satisfaction suffered in the recession

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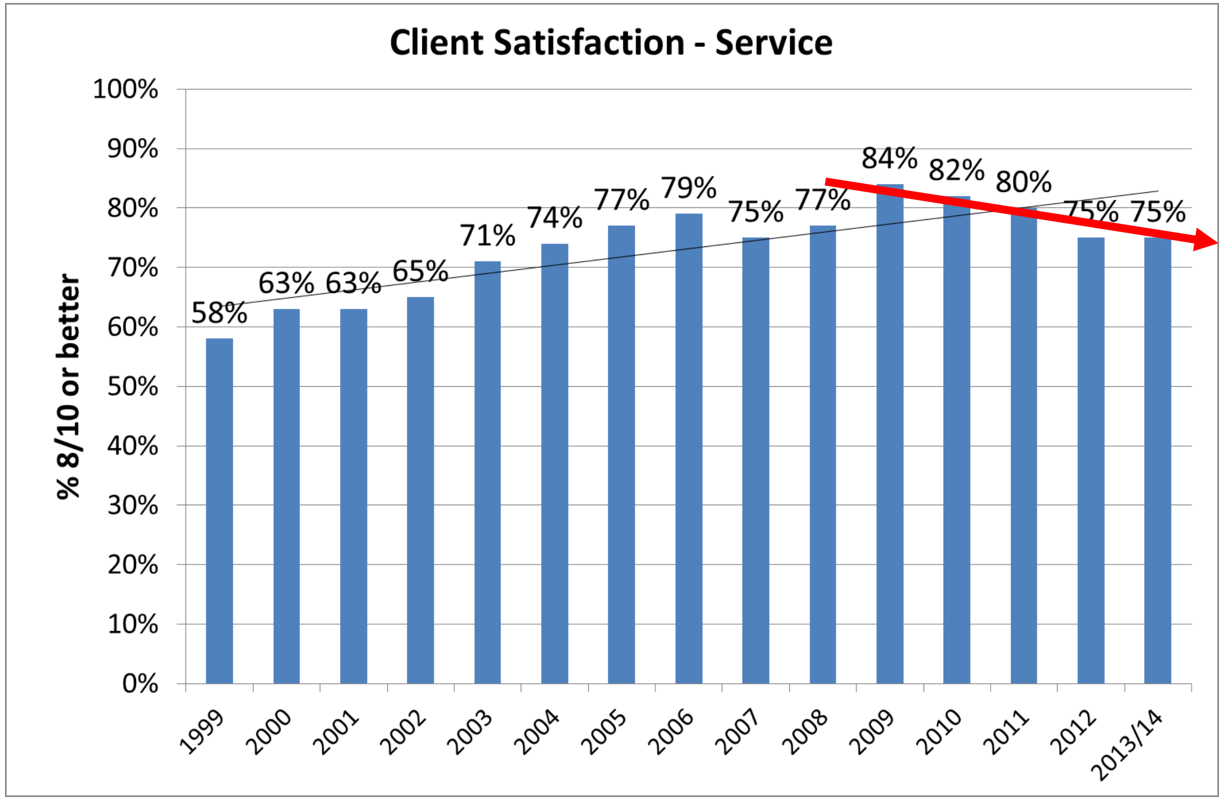

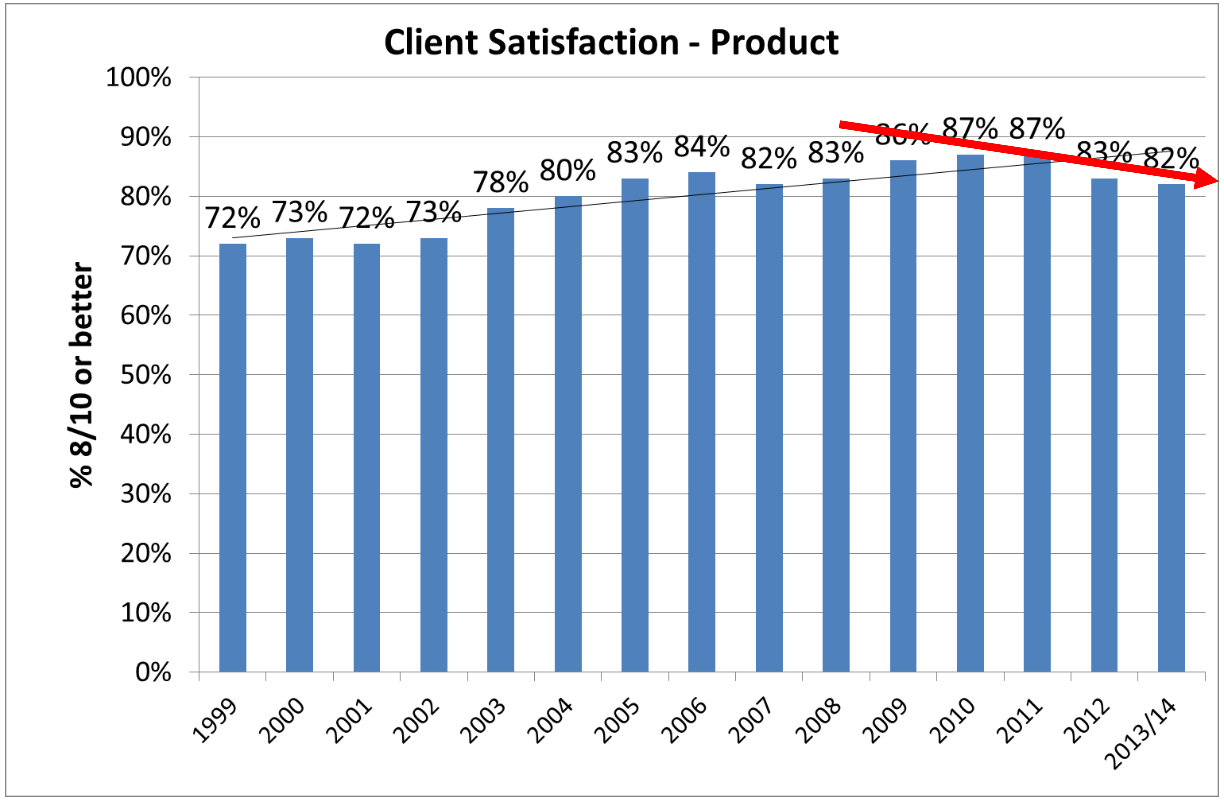

Construction 2025, BIS, 2013

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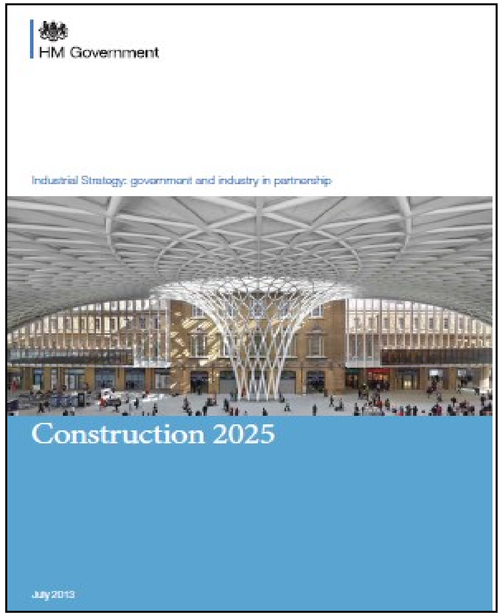
HM Government

Industrial Strategy: government and industry in partnership

Construction 2025

July 2013

- People
- Smart
- Sustainable
- Growth
- Leadership

Lower costs

33%

reduction in the initial cost of construction and the whole life cost of built assets

Faster delivery

50%

reduction in the overall time, from inception to completion, for newbuild and refurbished assets

Lower emissions

50%

reduction in greenhouse gas emissions in the built environment

Improvement in exports

50%

reduction in the trade gap between total exports and total imports for construction products and materials

Construction output is recovering

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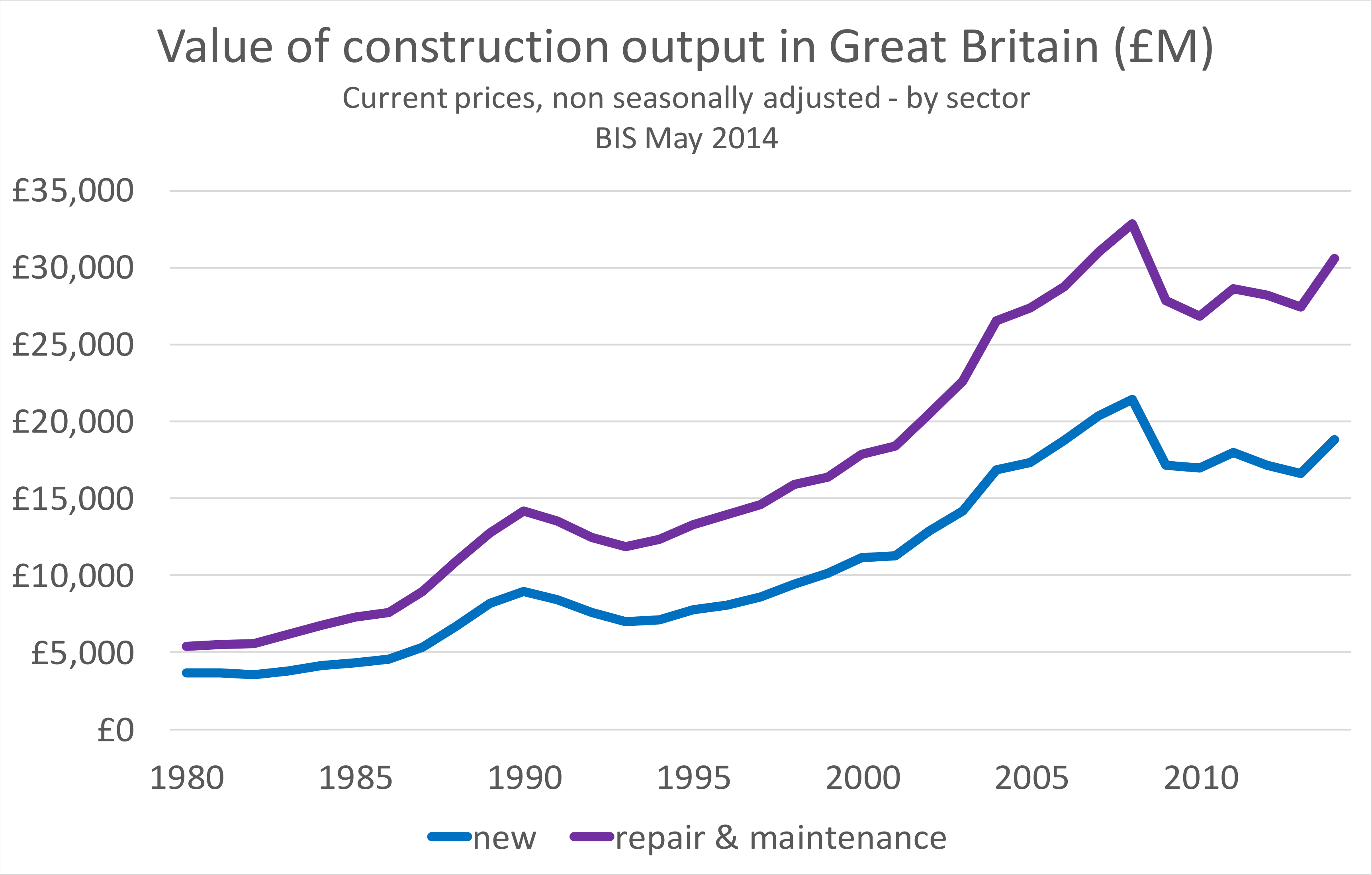

Never waste a good crisis, 2009

We are setting an exceptional performance agenda

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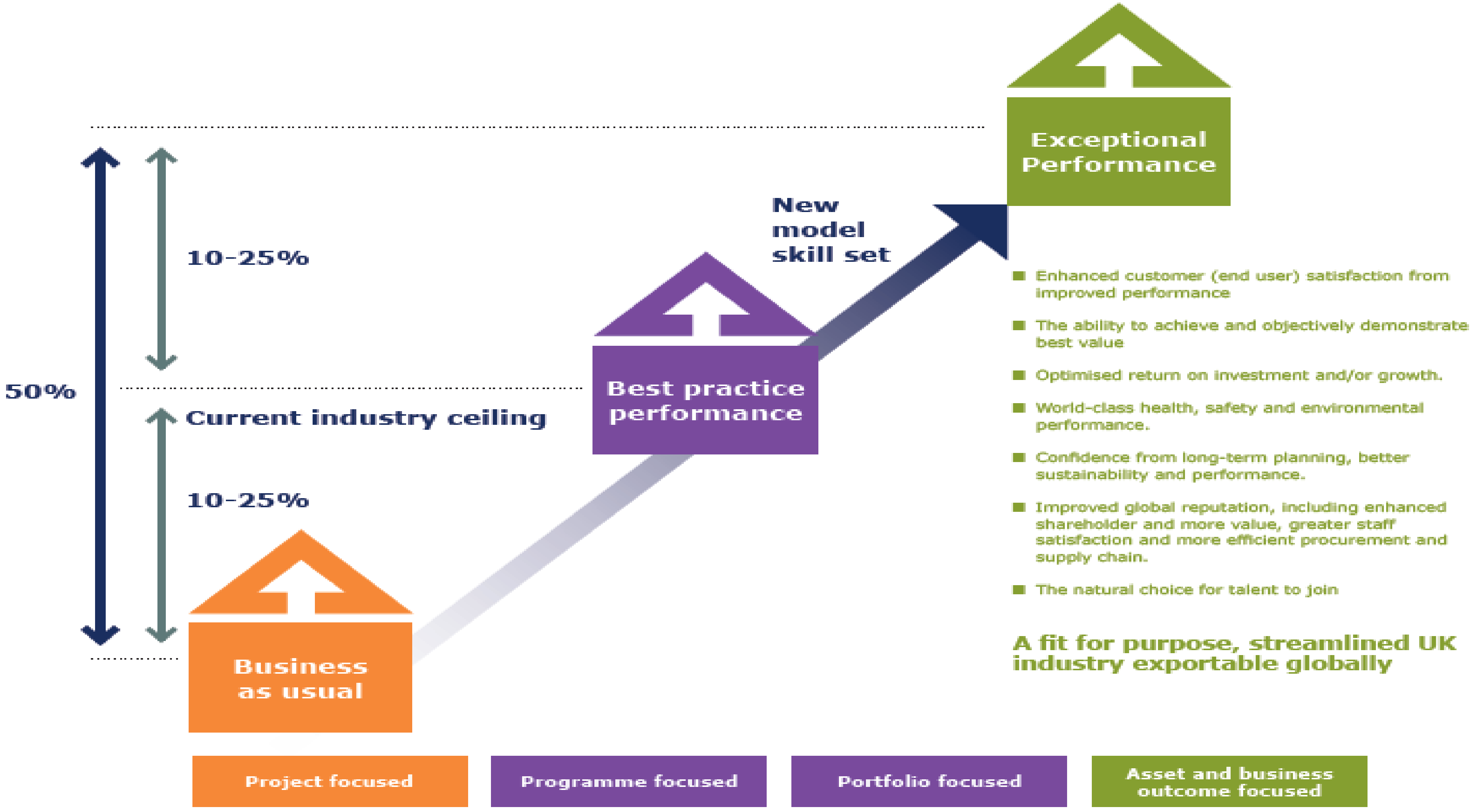


Radical innovation or continuous improvement?

Product

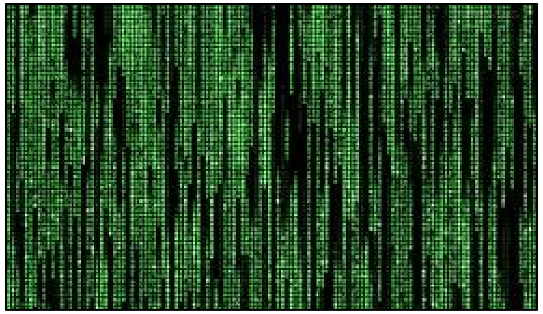
Process

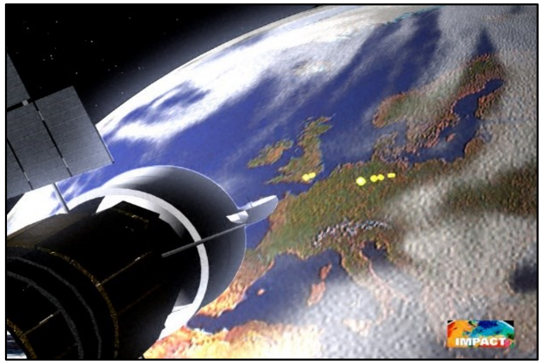
Business models

Materials

People

Data, technology





The value of client outcomes far outweighs the project costs

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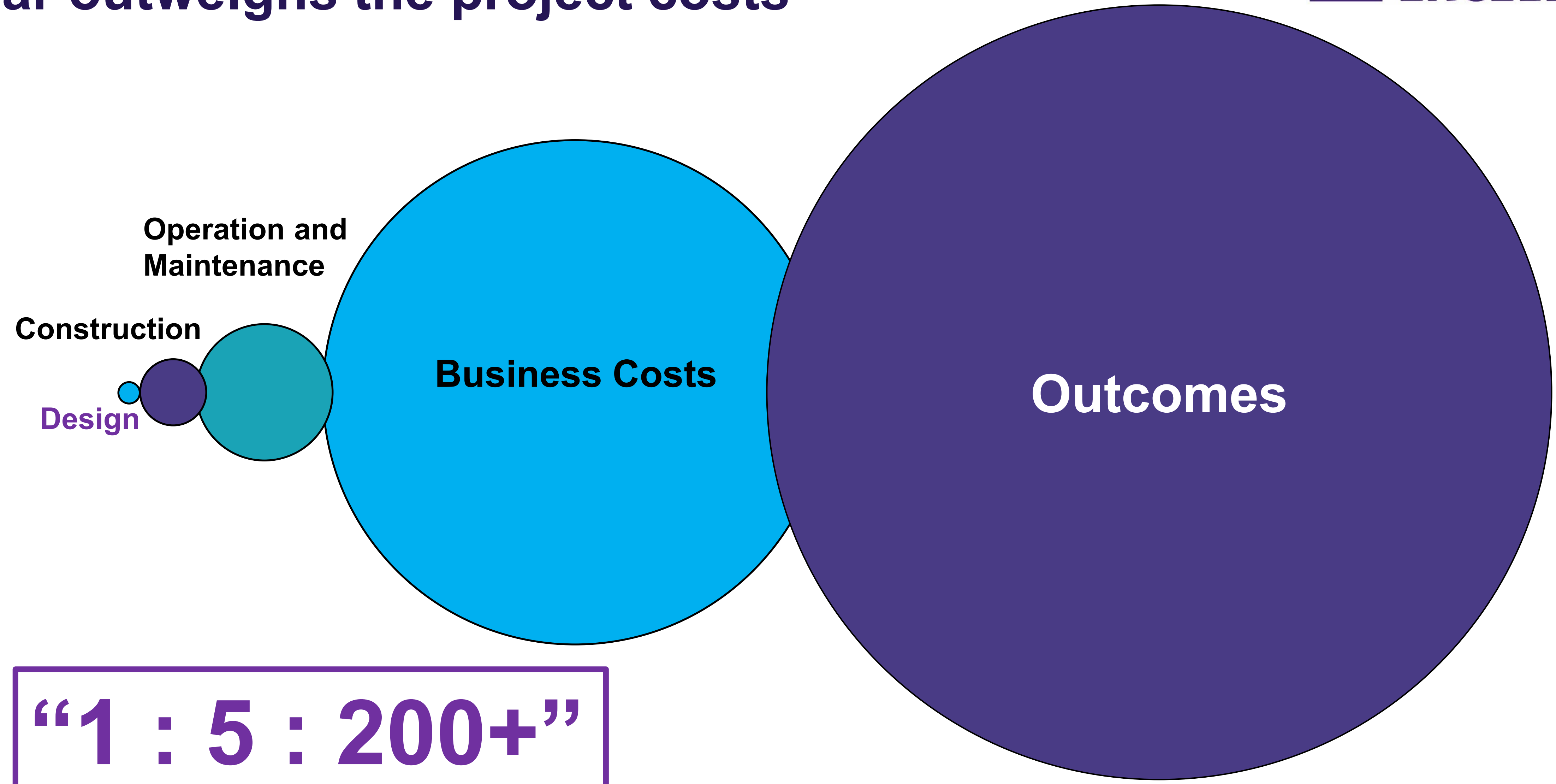

"1 : 5 : 200+"

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Achieving Vision 2025

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G4C
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CELL
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- Respect for people
- Collaborative working
- BIM
- Lean
- Value/outcomes

“Big themes for future action”

Understand [value in] the built environment	Yes?
Focus much more on the [low carbon] environment	Yes?
Find a cohesive voice for our industry	CLC/SFC?
Adopt new business models that promote change	??
Develop a new generation of leaders	G4C+
Integrate education and training[/development]	Go Construct
Procure for [whole life] value	?
Suppliers to take the lead	No?
DIGITAL	**YES?**

"Better together"

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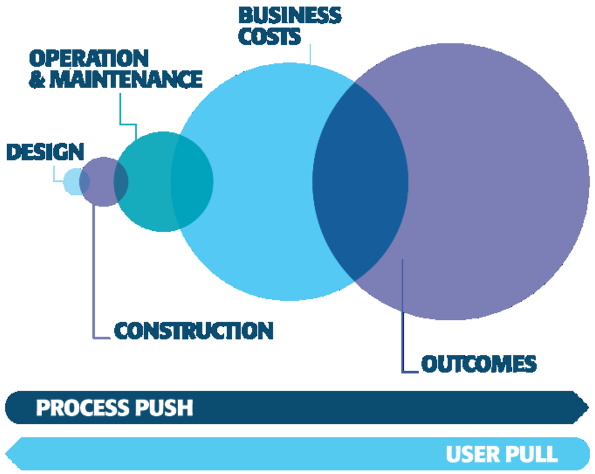
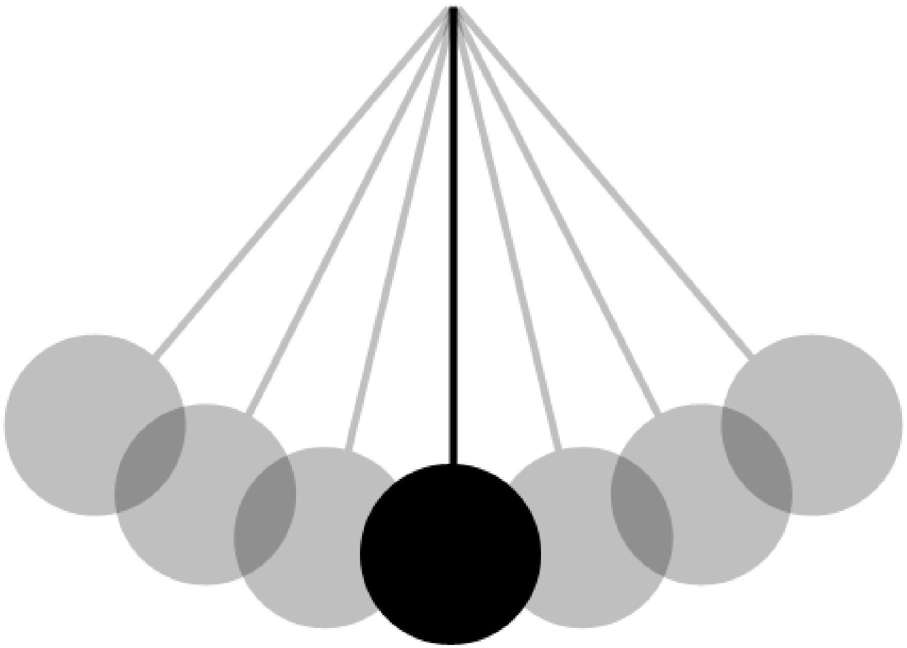
Better ideas and inspiration

Better evidence and intelligence

Better conversations and connections

Better influence and leadership





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