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Government Construction Strategy 2016 – 2020

What's in it for me?

KEYNOTE PRESENTATION (9.05 – 9.35)

A spotlight on Dorset

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1.0 Introduction

- Throughout the presentation, I will be using a number of images of our work as a reminder of what we actually achieve.
- As Buildings and Construction Service Manager with Dorset County Council, I manage about 100 in-house multi-professional staff concerned with the design, delivery and maintenance of capital projects. We rely heavily on our mixed-economy partners for resource top up and also our contractors.
- I am not an expert on GCS, nor have we as a County Council treated it with particular reverence. It is a 'central' not 'local' government initiative. But there is something inevitable and inescapable about it. It feels like it has always been here, and always will be!
- The GCS is important because it is part of a great legacy of construction reports. Past aims, unfulfilled or partially fulfilled are carried forward – still pressing for attention.
- Importantly, the back story is vitally significant in interpreting the latest strategy.

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2.0 The Essence of the Government Construction Strategy

- With ability to exert influence as the largest construction client, the government wants to ensure taxpayers money is spent carefully.
- It wants to increase productivity and performance (on time, on budget, good quality) and reduce waste. To achieve this we need to 'work together'.
- We need to improve capability as a construction client, use benchmarking and focus on outcomes.
- It seeks to embed / increase use of technology including BIM level 2
- And deploy collaborative procurement techniques that:
 - Enable early contractor and supply chain involvement
 - Develop skills capacity and capability – drive to increase apprenticeships
 - Provide opportunities for SMEs
 - Promote fair payment through the use of project bank accounts
- Finally it seeks to enable and drive whole life approaches to cost and carbon reduction, across construction, operation and maintenance of public sector buildings.

3.0 My Personal Background (and how that fits into Dorset)

- I trained as an architect and had some excellent public sector experience in London (mid 1970's – mid 1980's). See Brentford Leisure Centre – John Laing – JCT. It all went very well, there was nothing particularly adversarial and the building is still very popular today.

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- With a legacy of post-war buildings – built too quickly and too cheaply, the emphasis was now on quality – well detailed durable buildings intended to last – but at a greater price than before.
- My life happily revolved around designing good buildings. Then throughout the 1980's the Thatcher government progressively introduced CCT – privatisation through from blue collar to white collar services.
- While meant to be a 'spur to efficiency', it became threatening and divisive – life time friends/colleagues became arch-enemies overnight. This did not lend itself to collaborative relationships. Internecine warfare prevailed between client/consultant and clients took an aggressive stance towards contractors.

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- In 1989, I moved to Dorset as Assistant County Architect to run the East office of the County Architect's Department in Bournemouth. A step up to a large team and programme of projects, but also needing to fend off the ongoing threat of CCT until it was eventually superseded by 'Best Value' in 2000.
- In Dorset, a hard commissioning/delivery split was quite damaging for a while, however, it progressively softened and finally disappeared after 25 years.
- Life became progressively interesting throughout the 1990's as we encountered 'Latham', Project and Strategic Partnering, then Egan (the M4I and Constructing Excellence).
- I became a champion for change in the organisation advocating the new thinking.

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4.0 The Latham Report 'Constructing the Team' 1994

- Sir Michael's 130 page report with 53 recommendations (GCS 16 pages) was a hugely influential ground-breaker – it brought a fresh way of looking at things after the misery of CCT. In many ways it was our saviour. We cut out the adversarial culture and learned to collaborate for the common good of the project, through teamwork and partnering.
- Latham advocated:
 - Government as a best practice client (this is still an aspiration)
 - Promoting excellence in design – took off with the excellent work of CABI – we must not lose importance of good design
 - Use of Co-ordinated Project Information CPI – a forerunner for BIM?
 - Promoting 'Partnering Contracts' and NEC contract. Price/Quality evaluation for contractor selection
 - Teamwork
 - Training
 - 30% Productivity Target
 - Dispute Resolution - adjudication
 - Mandatory trust funds for payment (now project bank accounts)
 - Latent defects insurance – now 'integrated insurance'

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- This led to integrated and collaborative approaches to 'partnering'. 'The Seven Pillars of Partnering' 1998.
- Innovation and 'Lean Thinking' start to make an appearance.
- The Construction Industry Board was established to implement the report with 39 recommendations achieved.

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5.0 The Egan Report: Rethinking Construction 1998

- Sir John Egan's 37 page report.
- A hard hitting industrialist's view of an underachieving industry which needed to improve and measure that improvement. We had too little Research and Development, too little innovation and profits were too low. It shook the industry who were not best pleased with Egan's ideas – but we all had to take note.
- 5 key drivers for change:
 - Committed leadership – still a factor
 - Focus on customer – still important for customer outcomes
 - Integrated processes and teams
 - Quality driven agenda
 - Commitment to people – all still relevant

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- Government to become best practice client – still the case.
- Annual 10% reductions in construction cost and time. Increase in predictability.
- 20% annual reduction in defects. (We aspired to zero defects and collected defects KPI's for a time).
- Partnering the supply chain – it never worked.
- Decent and safe working conditions.
- Skills improvement.
- Buildability/standardisation. Introduce Lean Construction techniques. We did a lot of 'process mapping' and 'systems thinking' work. We can always do more.
- Replace competitive tendering with long term relationships.
- Devised the Movement for Innovation (M4I).
- Demonstration projects launched.

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6.0 The Movement for Innovation (M4I)

- Christchurch Junior School – DCC applied for ‘Demonstration Project Status’ and made a pitch to M4I for acceptance
- Innovations were stated and measures identified
- Use of the 10 industry standard KPI’s – uploaded to national database
- Built around partnering/collaboration first use of NEC contract (Alfred McAlpine)
- 10% cost reduction – our client took 10%, then we had to work from there – we still saved a further 10%
- Sustainability
- Elimination of defects – our zero defects approach was mirrored by some contractors - eg Morgan Sindall – ‘Perfect Completion’
- Very successful – extended to Burton Primary School

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- Jointed ‘cluster groups’ – broken into professional disciplines
 - Joined into ‘Knowledge Exchange’
 - Overall a very exciting period – led to ‘Constructing Excellence’ in 2004
 - This work finally re-established our credibility and reputation, within the authority as a ‘centre for excellence’, and stood us in good stead ever since.

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7.0 Egan's Reflections 10 Years Later (2008)

- It's still on the agenda – moving in right direction but still wide of its targets
- 'Lean' alive and well but only developing slowly
- Had progressed more with larger contractors – less so with smaller ones
- Health and Safety on smaller jobs still 'appalling'
- We have not trained anybody for 20 years!

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- Government procurement driven by lowest price and PFI has come in for a lot of criticism. Emphasis on D&B did not foster good design. Egan feels government is still a relatively poor client. CAGE did much to define what makes a good client.
- Collaborative working is slowly increasing – the agenda was hugely ambitious and has only been a qualified success.
- It is all still on the agenda and is at least making progress.

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8.0 Latham Reflections 20 Years Later (2014)

- Some of the rhetoric around partnering has been exposed to be just that – it would lead to accusations of 'cosy' relationships. We still embrace its spirit, however.

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- It set off a modernisation process of a relatively primitive industry in the 1980's
- Led to:
 - Considerate Constructors Scheme
 - CSCS cards
 - Construction Line
 - Construction Act (but have payments to suppliers improved?)
 - Introduction of adjudication/mediation in lieu of the more onerous arbitration
- Legal backlash against NEC – we tried PPC 2000 but are back with JCT – we could not make the multi-party aspect work and it reverted to hierarchical arrangements down the supply chain
- Latham and Egan both led to the development of Frameworks – we use SCF
- But are we still quite adversarial at times?
- 30% cost reductions not met
- Latham is a significant influence on the way the industry works today

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9.0 The Government Construction Strategy 2011 and 2016

- Paul Morrell said the GCS 2011 contains ‘virtually no new thinking’ hence the importance of the back story
- It proposes a procurement model which:
 - Clients brief on performance and outcome – there are issues with skills and governance, however
 - Supply chain engage in design process
 - Price benchmarking/cost targeting – ensuring VFM
 - Incentivises research and innovation
 - Gives industry visibility of pipeline – we attempt to do this locally
 - Aligns designers, constructors with occupiers – soft landings

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- Out of it pops up:
 - Co-ordination and leadership
 - Efficiency/elimination of waste (Lean)
 - BIM – level 2
 - New procurement models – mini competition around a challenging target cost
 - Integrated project insurance
 - Project Bank Accounts
 - Effective use of frameworks

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- In 2016 the thrust is similar and is very much a progress report against 2011 action plan with more focus on:
 - Client capacity - Our client capacity is seriously depleted – capability (intelligent client) is so important and we do constitute that.
 - Government soft landings - We intend to embrace this as we continue to move towards an ‘outcomes’ based approach.
 - Benchmarking – We contribute to the ‘National School Delivery Cost Benchmarking’ (Hampshire CC/EFA) – cost/m² and cost/pupil only – not cost in use. Egan called for better predictability but benchmarking shows a wide divergence in net cost/m².
 - Apprentices – DCC is gearing up to take advantage of new apprenticeship levy being introduced in 2017 – we strongly advocate ‘social value’ through our consultants and contractors frameworks.
 - KPI data collection – Has now reduced to a minimum – time and cost only.
 - BIM – In the process of introduction – we are part of the 50% who have not caught up with this yet.
 - Project Bank Accounts – Not adopted – DCC not likely to default. Very little evidence of contractors failing to pay subcontractors.
 - New models of procurement – We use Southern Construction Framework (SCF) 2 stage process based on collaborative behaviours through the early engagement of contractors to improve predictability of project cost, time and quality performance. Moves away from lowest price tendering and encourages collaborative behaviours to drive out waste.
 - Whole life approaches to cost and carbon – Inhibited by political timescales being short and capital and revenue budgets sitting in different areas. We are not incentivised to take a whole life approach but do design for low maintenance. Building Regulations (Part L) have driven a low carbon approach through highly insulated buildings and energy efficient systems.

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- Sponsor Prime Minister's – Better Public Building Award – See Corfe Castle School – SCALA Civic Building of the Year award 2015.

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10.0 Case Study

Lytchett Minster School: Creative Arts Block

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- December 2012 – total destruction of Creative Arts Block following lightning strike
- In excess of £12.0m loss.
- CE hosted an excellent presentation on the storm damaged railway line at Dawlish (£35m rebuild, February 2014) – it is staggering what can be achieved through collaborative teamwork in times of adversity

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- Lightning strike at 6.00am captured on CCTV – fire service called 1 hour later – a total loss. School lost 3,000m² 20% of its' teaching space
- Through frameworks we had contractors in on Day 1

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- Within 3 months we handed over temporary facilities – an ex-Olympic De-Boer system building with theatre and music/dance performance spaces all specially created inside

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- After 3 years we completed the 'like for like', replacement of the 10 year old building updated to new regulations – all costs met by insurance
- A spirit of collaborative endeavour like no other led to one of the most rewarding experiences in 'making a difference' with many of the usual bureaucratic frustrations removed

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11.0 Conclusion and Key Message

- Avoid conflict – adversary and taking contractual positions.
- Try to co-operate, be constructive, be helpful, be positive, 'can-do', find solutions together.

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- Build the team, trust the team, make it work.
- Innovate: always look for new and better ways to do things. Learn from experience – improve the outcome for the customer.
- Try to enjoy it – have fun. What we do is very creative.
- The GCS contains a legacy of good intentions from Latham/Egan essentially still part of the agenda. Do not lose sight of good design in post 'James Review' era.

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- I applaud the government for showing leadership as indeed we must do locally in our business and through our professional associations in which 'Constructing Excellence' has a huge part to play.