



CabinetOffice

Government Construction Strategy

One Year On Report and Action Plan Update

July 2012

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Government Construction Strategy Implementation Report July 2012

Overview

One year on from the launch of the Government Construction Strategy (the Strategy), this publication takes stock of progress to date against the targets it set for reducing the costs of construction to Government, for the reform of the industry and for fostering innovation and growth.

The overarching aim is to reduce the cost of Government construction projects by 15-20% by the end of the Parliament; cost reductions which can then be reinvested in further Government projects, supporting economic growth. This year, we have made a start in delivering those cost reductions. Cost reductions of £72m have been achieved in-year. And whole project life¹ cost reductions of £279m have been identified on new contracts awarded and projects registered during 2011-12². This has been achieved through applying the principles of the Strategy to around £2.6bn of spend in the main procuring departments³. Forward trajectories by departments have been published to show the expected pattern of growth in cost reductions for future years.

We will continue to work closely with industry to achieve improvements and cost savings through a range of activities, focusing on our key priorities:

- unlocking innovation and growth by using the Government's purchasing power to drive industry change (eg through the Government's commitment to Building Information Modelling) and by providing transparency about the forward pipeline of contract opportunities which helps suppliers to respond to market opportunities;
- procurement reform and supporting SMEs – trialling of new models of procurement, streamlining the procurement process so it is easier for business to deal with Government, and strengthening supply chains so that SMEs can play their part in delivering better construction; and
- effective use of data and management information about what projects should cost to drive out waste and efficiency and to equip Government to function as an "intelligent client".

¹ Typically those cost reductions relating to the total project value corresponding to the construction phase and which are therefore realised over a number of years.

² The figure of £279m includes the £72m.

³ A full explanation of these cost reductions can be found within the Introduction and Table 1 in the Government Construction publication of July 2012: *Construction Cost Benchmarks, Cost Reduction Trajectories & Indicative Cost Reductions April 2011 to March 2012: Addendum July 2012*.

There has been excellent progress against major milestones in the Action Plan for the Strategy. In particular:

- industry has engaged energetically with the reform programme, with around 120 private sector representatives playing an active role in its development and governance;
- cost benchmarking data has been published by the seven main purchasing departments, providing a clear baseline for targeted reductions;
- cost reduction trajectories have been published by the seven departments, demonstrating that the proposed 15-20% cost reductions are achievable;
- three iterations of the construction and infrastructure pipeline have been published, providing industry with visibility over the forward work programme;
- the 2011/12 target for the value of contracts making use of Project Bank Accounts has been exceeded by 100%, providing improved payment speed and security to SMEs and others in the supply chain, and delivering expected savings of around 1% of project costs;
- the commitment to embrace Building Information Modelling (BIM) in Government projects over a 5-year time frame is positioning the UK to become a world leader in the take-up of BIM and has encouraged investment in the industry to support the revolutionary change that the use of BIM represents; and
- trial projects have been established to explore how Government can improve its performance as a client of the construction industry.

Introduction

The Strategy and accompanying Action Plan, launched in July 2011, set out a range of activities Government would undertake to reform industry practice, reduce waste and drive better value from its procurement of construction. The overall aim is to reduce costs of Government construction projects by 15-20% by the end of the Parliament; savings which can be reinvested in other Government projects.

This document and the appended update to the Action Plan together aim to provide an account of progress in the first year of implementation against each of the 13 themes of the original Strategy, and to set out next steps.

The Strategy is complementary to the three-year Infrastructure Cost Review programme led by Infrastructure UK; a number of the themes are common to both programmes and are progressed jointly by Cabinet Office and IUK. The Cost Review programme is on track, with the first annual report having identified projected savings for the period to the end of this Parliament and beyond of up to £1.5bn through changed behaviours and practice, consistent with the Cost Review principles. The Strategy also supports the Growth Review and the work led by the Department for Business, Innovation and Skills on skills development.

The Strategy was always known to be ambitious. When the original Action Plan was published, we expected the programme would evolve as we engaged with Government clients and industry. There are some elements of the original plan which have shifted in the proposed timetable or which are now being dealt with in a different way; details are provided below.

The focus of the Strategy has been on central Government and the actions it can take to improve construction. But we have continued to maintain links with comparable measures being taken in local Government through the National Improvement and Efficiency Partnership (NIEP). As the cost reductions and other benefits flowing from implementation of the Strategy are realised, we believe that we will have established models of best practice in construction that will be widely adopted across the wider public sector.

1. Co-ordination and leadership

The Strategy outlined the scale of the challenge in driving through this significant change programme, and the need for active involvement and leadership from both Government and industry.

The Government Construction Board (GCB) was established to have oversight over the Strategy. Membership comprises senior representatives from all the main departments that regularly procure construction services, ensuring that all Government clients are aligned with the Strategy. The Chair of the GCB, the Government's Chief Construction Adviser, reports directly to the Minister for the Cabinet Office.

A comprehensive governance structure has been put in place below the GCB, with a GCS Steering Committee (chaired by Andrew Wolstenholme of Crossrail) drawing together six Task Groups. Peter Hansford's Infrastructure Steering Committee, which oversees the Infrastructure Cost Review programme, draws together three further industry groups and also feeds into the GCB. A graphical representation of the structure and details of the groups' membership are published on the Cabinet Office website at <http://www.cabinetoffice.gov.uk/content/government-construction>.

The Task Groups were set up to capture and exploit expertise from those best placed to advise; bringing together people from industry (contractors, consultants, representative bodies and industry groups); academia; private and regulated infrastructure organisations; local government; the main procuring departments and agencies; and policy departments. Around 120 industry representatives have been actively involved. There has been an active programme of work across a range of workstreams, and some have produced reports with recommendations for Government to consider. Government is grateful to all Task Group members for their generosity with their time and expertise and for engaging so proactively, in an excellent example of public/private co-operation.

I've been delighted in the manner Cabinet Office, Treasury and all the departments – Ministry of Defence, Ministry of Justice, Highways Agency, Education, local authorities – have engaged with industry in developing a better approach to procurement of construction. Everyone has recognised that change can't be "done to" industry, but that there is a step that, when taken together between industry and government clients, can create a dramatic shift in the value for money that industry delivers for government clients and the taxpayer. A 15% reduction in cost with lower risks would be transformational.

The Procurement/Lean Client Task Group has brought together great experience from across industry, local authorities and central Government to make a comprehensive set of recommendations - to which Government and industry are already responding very positively. The trick will be to keep that momentum up, and deliver a lasting step change in the value that construction delivers for our nation and for the taxpayer, in facilities, infrastructure, economic growth and jobs.

Nick Pollard, Navigant, Chair of Procurement/Lean Client Task Group

The final reports of two Task Groups are published alongside this implementation report:

- the Procurement/Lean Client Task Group final report, covering new procurement models and lean procurement, the 'Intelligent Client', the effectiveness of frameworks; cross-Government collaboration in procurement and trial projects evaluation criteria; and
- the Standards and Lean Supply Chain Task Group final report on delivering value, fair payment and health, safety and occupational health.

Their work having been completed and their reports published, these two Task Groups will disband.

A programme of trial projects has been established to test a range of new approaches and models proposed by the Strategy, including new models of procurement; Building Information Modelling (BIM), Government Soft Landings, Project Bank Accounts and lean procurement. Details of trial projects announced to date including new trials added in July are available at <http://www.cabinetoffice.gov.uk/resource-library/trial-projects>.

Going forward, the governance structure underpinning implementation of the Strategy will change to better support the implementation of the trials: a new Trial Projects Delivery Group (TPDG) and corresponding Support Group will be established to drive action and the measurement and dissemination of outcomes in key areas. The TPDG will:

- steward (oversee, challenge and influence) the implementation, baselining and measurement of the trial projects developed in response to the requirements of the Strategy and the Infrastructure Cost Review;

- facilitate the development of operational experience in implementing existing Strategy and Cost Review recommendations and toolkits, and disseminate the acquired knowledge to promote the roll-out of successful approaches and practices; and
- where necessary, on the basis of trial project outcomes, refine approaches to make them more practicable.

In addition to establishing effective governance for the Strategy and establishing trial projects, a number of specific actions were planned in order to direct and support the programme of reform:

- the Government Construction Standards (incorporating the “Common Minimum Standards”) were refreshed in Autumn 2011 and will be reviewed again in Autumn 2012 and every two years thereafter. This does not (as originally envisaged) currently include links to Achieving Excellence in Construction, as that guidance is itself in need of reworking and updating to reflect developments in best practice since its publication in 2007. Achieving Excellence in Construction has accordingly been archived for the time being, while we concentrate on more immediate priorities of implementing the Strategy;
- the redesigned Better Public Buildings Award has been launched; an event to disseminate learning and good practice from nominees is planned for the Autumn, to follow the awards ceremony;
- the Green Construction Board has been launched by BIS to explore how to reduce carbon across the construction industry as a whole. This has led us to propose a different approach to the intention set out in the Strategy last year to review and update advice on the consideration of whole life value, by April 2012. Existing guidance (eg British Standard ISO 15686-5 Buildings and constructed assets – Service life planning – Part 5: Life cycle costing and the BCIS BSI related publication, Standardized Method of Life Cycle Costing for Construction Procurement) already covers much of the ground. We now propose to engage further with stakeholders from industry and the Green Construction Board and draw on experience from trial projects to ensure that current advice is comprehensive and non-duplicative. We expect to publish a statement on this in Spring 2013.

In addition to these actions, we will work with departments to better understand their progress in aligning with the Strategy and so develop a comprehensive picture for Government as a whole.

2. Forward programme and data

The Strategy includes a commitment to provide visibility of the forward programme of construction projects (“the pipeline”). Pipeline data is intended to give businesses greater awareness of the Government’s forward programme of construction so they can make more informed decisions over where they should invest and plan to compete. The data also allows Government and industry to work together to identify any skills and investment gaps so they can act to safeguard UK competitiveness and the potential for growth. Alongside the April 2012 pipeline, the Government published an initial analysis of strategic capability, using construction and tunnelling as an example and identifying some of the skills and changes required to meet future demand. The Government plans to build on this approach going forward.

The first iteration of the pipeline was published in July 2011. Updates were published in November 2011 and April 2012, and the approach has been rolled out to other sectors beyond construction. The latest iteration of the construction pipeline covers over 600 projects and programmes across both the public and private sectors worth c. £40bn over four years to 2014/15 (excluding rail and other regulated and private sector infrastructure investment). It has greater granularity and reach than earlier iterations; the intention is that over time virtually all central Government construction spend will be in the pipeline. We will seek feedback from industry about how the pipeline is used, and how it could be made more useful. Comments on the third iteration are below.

The pipeline provides interesting data for us. Broadly it confirms our understanding of future workload that we will quite often have gleaned from various sources and in this regard provides more accuracy than we have had previously had when considering strategic markets to our business.

Morgan Sindall

We want to congratulate you on the excellent progress that has been made with pipelines. Project information such as this is very important for the whole industry (all the way through the supply chain) and it is essential that the information is disseminated as widely as possible or at least the whole industry is made aware of what information is available.

Construction Products Association

We will appoint a private sector partner organisation to work with us further on the development of the pipeline to extend its coverage further into the wider public sector. The partner organisation will gather data, refine the presentation of that data to enable easier use and data mining and promote knowledge of the pipeline and its use across the construction sector.

The three iterations of the pipeline published to date were drawn together without use of the existing Public Sector Construction Database (PSCD); the use of PSCD will be reviewed over the next few months, in the light of the new outsourcing arrangement. Pipeline publication frequency is being moved from a quarterly to a six monthly basis following industry consultation and in line with the publication frequency of other Government pipelines.

The development of a process to measure the full impact of project cancellation has not (as originally planned) formed part of the first year's work on the implementation of the Strategy – it has not formed part of the agenda of any of the joint Government/industry task groups. This will now become a priority for the second year of the implementation of the Strategy. The work will now take account of the wider experience of project cancellation of the Major Projects Authority and across Government more generally, as well as of project cancellation in construction. The work will also take account of existing published material. New work will not be commissioned unnecessarily.

3. Governance and client skills

Good progress has been made towards establishing appropriate and transparent governance structures for all construction projects in departments; and equipping commissioning teams with “intelligent client” skills appropriate to specific programmes and projects.

Departments have started to provide details of the management accountability for projects on their websites; this practice will be further embedded and as new projects and programmes come onstream, relevant details will be added.

A set of “intelligent client behaviours” were defined in the interim Procurement/Lean Client Task Group report published in February 2012 and were refined in the final report published July 2012. This addresses the requirements of the original Action Plan to define necessary skills for governance roles and to establish the capability requirement to improve effectiveness of challenge functions in support of construction projects. The focus has been on the skills required for delivery of trial projects which are in train; as detailed above, the TPDG will ensure that learning from the trials is disseminated effectively.

We have been very pleased that the Intelligent Client principles developed at the University of Leeds have contributed to the recommendations of the Procurement and Lean Client Working Group, demonstrating buy in to these principles across government and industry. Intelligent Clients will be key to unlocking the behavioural changes required to bring about a step change in the performance of construction projects and the associated supply chain as they make the crucial procurement and delivery decisions.

Professor Denise Bower, University of Leeds

A Procurement Routemap tool has been developed and will be launched in Summer 2012. It allows departments to assess client maturity in undertaking different methods of project delivery; this will help departments to match their procurement approach to the skills they possess and identify development needs (see further details in section 11 below). Aligning capability against critical factors that define successful delivery will enable the identification of key risks and opportunities at a much earlier stage of project development. Using this information, clients and sponsors can develop more effective and informed procurement strategies and bridge the capability gap, increasing the likelihood of an efficient and successful outcome. The Achieving Excellence in Construction embedding tool will not now be used for the purpose of assessing client maturity (as envisaged when the Strategy was published), since it addresses more general client skills.

More broadly, the Major Projects Leadership Academy was established in Spring 2012 with a remit to improve the project leadership skills and capability across Government. The Government's Chief Construction Adviser was a member of the Steering Group for the Academy and has ensured that the Academy curriculum is relevant to construction, and the GCS programme team is engaged with the feedback and continuous improvement process following delivery of the first courses.

An active programme of work is underway to improve the capability and reputation of the Civil Service Procurement Profession more generally: the Government Procurement website <http://procurement.cabinetoffice.gov.uk/> provides details. The current focus is on provision of training to support lean sourcing; looking ahead, the skills framework for procurement will be refreshed in 2013.

4. Challenge

The steps taken to improve client skills (as discussed in section 3) will also contribute to delivering the objective of reinforcing governance and supporting the internal decision-making process, consistent with the Major Project Authority (MPA)'s Gateway Review processes. Details of how Starting Gate would improve early stage intervention and objective challenge were published in early 2011. All new major projects which come under the Government Major Projects Portfolio (approximately top 200 projects) are now subject to the Starting Gate review process and oversight by the Major Projects Authority. Review teams are comprised of subject matter experts (for whom, it was considered, a "checklist" approach would not add value).

For projects falling below the MPA threshold, challenge continues to be provided through departmental approval processes in line with HMT guidance (focussing on consideration of business cases for projects). We will work with departments in coming months to take stock of emerging best practice in challenge for projects below the MPA threshold, and develop further guidance on how internal departmental challenge processes can be further improved.

5. Value for money, standards and benchmarking

There has been a strong emphasis in Year 1 of the Strategy on identifying the criteria for value in Government construction projects, producing and using cost benchmark data and encouraging the use of outcome based specifications (in order to unlock innovation and remove unnecessary prescription). The Education Funding Agency (formerly Partnerships for Schools) and the Highways Agency are leaders in this field.

Effective use of historic cost data can deliver significant benefits (see box overleaf).

The Highways Agency (HA) has embarked upon a programme of improving their “Cost Intelligence”. The HA recruited commercial specialists, invested in systems and trawled historic cost data from some 65 major schemes.

The HA has built up a database which, alongside expert knowledge and judgement, enables the organisation to know what the construction of their future assets “should cost”.

During 2011 the advantages of this approach became clear: the HA working with industry to agree savings of nearly £200 million from submitted tenders.
Infrastructure Cost Review, Annual Report 2011-12, p38

We have published departmental cost baseline benchmarks, cost reduction trajectories and information on cost reductions achieved May 2010 – March 2012 for all seven main construction spending departments (available at <http://www.cabinetoffice.gov.uk/resource-library/construction-cost-benchmarks>) . In collaboration with the Infrastructure Cost Review, we have also published benchmark data for Network Rail and set out the data that will be published for London Underground in July. This shows baseline benchmark construction costs at 2009/10 and the targeted cost reduction to be achieved by 2015. Cost benchmark data is also presented in a diagrammatic form that shows the distribution of individual project costs. We are currently working with departments in relation to the publication of FY 2012-13 benchmark data in Spring 2013.

The EFA is committed to the use of benchmark data to maximise value for money from the programmes it manages. In our experience, this data can lever significant benefits to the client, allowing as it does an informed and objective challenge of not merely the costs, but contractors’ perceptions of what ‘matters’ to the public sector client.

We have already come a long way in responding to the challenge of this Government to deliver more for less, supported by the data we already generate. Going forward, we want to work with partners with a comparable estate in the private sector and across Government to share our experience and, potentially, appropriate information to provide a greater data set to inform the ongoing achievement of better value for money.

In the meantime, the gathering of this data remains a key objective, given the benefits we have already seen and know we can generate from its use, as a driver for continuous improvement both in the quality and cost of what we deliver.

Mike Green, Education Funding Agency

The availability of this data provides departments with a basis for making cost a stronger determinant in setting up projects, based on what is achievable in terms of cost effectiveness. It also opens the door to new forms of procurement, inviting bidders or companies within a framework to work collaboratively to “beat the benchmark”; and allows those who think they can do still better to demonstrate as much.

Taken together this information shows the range of costs currently paid for departmental construction projects and the plans departments are developing to reduce those costs. This provides further evidence that the Strategy’s overarching target – to achieve a sustainable 15-20% reduction in the cost of construction by the end of the Parliament – is achievable. In year cost reductions of £72m have been achieved on construction project spending in 2011-12. And whole project life⁴ cost reductions of £279m have been identified on new contracts awarded and projects registered during 2011-12⁵. This has been achieved through applying the principles of the Strategy to around £2.6bn of spend in the main procuring departments⁶. Departments will achieve increasing cost reductions from the implementation of the strategy year on year. Forward trajectories by departments have been published to show the expected pattern of growth in cost reductions for future years.

As leaders in lean construction, Thomas Vale are all always looking at ways to continuously improve our project delivery on behalf of our clients. Whilst we have a number of Constructing Excellence based KPIs that we benchmark our performance against, we have been unable to measure our cost performance against the rest of the industry. This was brought into sharper focus by the Government Construction Strategy stating that we had to reduce construction costs by 15 - 20%. But within the business the question was asked “20% off what?”

Having carried out further research we came across the recently published construction cost benchmarks and cost reduction trajectories. This data has proved particularly useful in the area of primary school costs where we are pioneering the use of Passivhaus technology. Through the use of Building Information Modelling and whole life costing, we are referencing benchmark costs to demonstrate both savings in capital cost, whole life costs and carbon. We believe the use of this Government based data validates our costing exercise and adds credibility to our client offering.

Steve Green, Associate Director, Thomas Vale

Alongside the cost benchmarking data, documents have been published setting out the principles of benchmarking standards, the cost reduction validation method and our expectations as to how this data would be used.

⁴ Typically those cost reductions relating to the total project value corresponding to the construction phase and which are therefore realised over a number of years.

⁵ The figure of £279m includes the £72m.

⁶ A full explanation of these cost reductions can be found within the Introduction and Table 1 in the Government Construction publication of July 2012: *Construction Cost Benchmarks, Cost Reduction Trajectories & Indicative Cost Reductions April 2011 to March 2012: Addendum July 2012*.

Benchmark data underpins the new cost-led procurement methods currently being trialled. The updated Action Plan identifies a range of milestones for further developing the benchmarking approach, including:

- undertaking public/private sector comparisons (with the assistance of the Building Cost Information Service);
- considering the cross Government comparison of elemental benchmarks (including non-product costs); and
- conducting a gap analysis to ensure the Strategy is being applied to all relevant expenditure.

Cabinet Office will also work with smaller departments (those beyond the seven main procurers but still with significant construction spend) to develop their cost reduction trajectories.

Guidance for departments on functional requirement setting is being published alongside this document as part of the Procurement/Lean Client Task Group report. This approach will be incorporated within the implementation of the trial projects.

6. Efficiency and elimination of waste

Government remains fully committed to the elimination of waste in its own procurement processes, for construction and for all other goods and services, through:

- better use of pre-procurement dialogue and earlier involvement in procurement processes of suppliers at all levels; and
- implementing lean procurement principles.

These principles are being applied to all new Government procurements.

The delivery of the Ministry of Justice's new prison facility, HMP Oakwood, used innovative delivery and construction processes, made possible through early contractor involvement procurement. Dynamic movement modelling, 'lean' management techniques and significant off site component manufacture and fabrication all combined to save over 76,000 hours of construction activity.

The offsite solutions avoided the use of external scaffold which supported a safer working environment. Only three reportable incidents were recorded in over 2.7m hours worked on site. The department is committed to early constructor engagement on all of its major projects.

Terry Stocks, Head of Project Delivery Unit, Ministry of Justice

In construction, trial projects testing out the new lean procurement approach are in train; and the BIM pilots are also expected to demonstrate big gains in process efficiency within the design and construction process. RICS and others will continue to work with us on further developing lean procurement.

In November 2011, Government announced a package of measures to further reform public procurement, including streamlining procurement processes, providing greater visibility of future opportunities, addressing supply chain capabilities, and negotiating in Europe to simplify the public procurement legislation. And in March 2012, 17 industry bodies and suppliers, including the UK Contractors' Group and Network Rail, signed a new 'Procurement Pledge'. The pledge sets out a long-term agreement to work with Government to reform public procurement to deliver greater efficiencies and support economic growth.

Lower value construction procurements (above £10K) are advertised on a single portal called Contracts Finder. Beyond those direct opportunities, Contracts Finder is now able to accommodate opportunities for SMEs to work for main contractors that don't already have a complete supply chain in place when awarded Government contracts. The pipeline and the capability analysis mentioned above also form part of that pledge.

The Procurement Routemap and other procurement efficiency and reform measures (discussed in section 11) will also have an impact on efficiency. In developing the Routemap, Infrastructure UK undertook a detailed analysis of EU infrastructure procurement practice. Cabinet Office is leading UK negotiations on reform of the EU procurement directives.

A number of elements of the Government's reform of the procurement process are particularly designed to help SMEs, including in particular on Pre-Qualification Questionnaires (PQQs) and Project Bank Accounts. The GCB has agreed to embed the use of standard unamended forms of contract, and to adopt a standard PQQ – PAS 91 – which all Government departments are required to use. Cabinet Office is contributing to the British Standards Institute's ongoing work to improve and simplify PAS91.

Going forward, we intend to ask main contractors working on Government projects to adopt PAS91 as their standard in qualifying specialists for their own supply chains. Work is in hand to improve the way in which Government framework contracts operate (see section 10). More generally, Government is encouraging greater transparency in procurement and contracting, including of tender evaluation criteria, and is improving its dialogue with representative industry trade bodies (including through a new SME Panel). All departments have published their own Action Plan for opening up more business to SMEs and appointed senior SME champions to drive change.

Government recognises that prompt payment is a key issue in construction, particularly for SMEs down the supply chain. A mandatory contractual obligation was put in place, taking effect for all central Government contracts placed after 1 January 2011, to pay down to tier three within 30 days. Any deviation from this obligation can be reported anonymously to the Cabinet Office through its Mystery Shopper service.

Building on this approach, the GCB agreed to roll out Project Bank Accounts (through which payments are made directly and simultaneously to members of the supply chain) across its construction programme, to be adopted as the default position unless there are compelling reasons to do otherwise. The target for value of contracts put through PBAs (£500m in 2011/12) has been exceeded by 100%. Highways Agency, which has been pioneering PBA implementation in Government, now plans to extend their use across the entirety of its programme. Cabinet Office has produced a PBA "how-to" guide for Government clients and will continue to support the trial projects in this area. The early

success of prompt payment initiatives in construction is paving the way for wider application of the policy, beyond construction (initially to Facilities Management and Defence).

We would like to see Project Bank Accounts used on all of our projects. We know when we will get paid and the payments are reliable; we are therefore able to guarantee on time payments to our suppliers. This improved cash flow benefits the whole supply chain, making it easier for both us and our suppliers to provide the best service to our clients. As Project Bank Accounts become more widely used, I can see the potential for cost savings as we will spend less time chasing our own money.

Michael Jones, MD, Bauer Technologies Limited

Project Bank Accounts are an effective means of ensuring that monies paid by the client are distributed fairly and promptly to the Specialist Contractors delivering the work on site. Improving cash flow through the supply chain has long term benefits for the construction industry and its clients including increased efficiency and better value.

Kevin Louch, President, National Specialist Contractors' Council

Making fair payment a contractual requirement and increasing the use of PBAs on Government funded projects are both welcomed by the Specialist Engineering Contractors' Group. Seeing them implemented on a substantial scale at a time of economic difficulties when payment and cash flow issues across the supply chain are so important – especially for SMEs – is encouraging and a credit to those who have promoted the principles of fair payment for such a long time.

Trevor Hursthouse, Chairman, Specialist Engineering Contractors' Group

7. Building Information Modelling (BIM)

The Strategy announced the Government's commitment that it would require fully collaborative 3D BIM on all centrally procured construction contracts by 2016, and great strides have been made over the past year to prepare for this. Four pathfinder trial projects are underway in the Ministry of Justice and other departments are developing their implementation plans. The expectation is that all seven major departments that procure construction will be engaged by the end of 2013.

Ministry of Justice's lead in adopting BIM is part of a series of initiatives to improve deliver processes in our own practice and our supply chains. We aim to become one of the first departments to be BIM-enabled.

We are currently running four construction projects using BIM. With the first, Cookham Wood Prison, we have become one of the first clients in Europe to issue BIM Employer's Information Requirements with the tender. The BIM model has received an extremely positive response from the market, and we aim for all our future major projects to be BIM-enabled within 18 months.

Our implementation of BIM has given us a focus on driving out waste through improved standardisation, better stakeholder engagement and improved asset data gathering. All of this underpins our aim for continuous improvement, which in turn plays a major part in reaching our savings targets of 20%.

Terry Stocks, Head of Project Delivery Unit, Ministry of Justice

The legal, commercial and insurance protocols for BIM are nearing completion; the structured digital data exchange format known as COBie UK 2012 has been prepared and a number of institutions including RIBA have been working with the Construction Industry Council (CIC) to develop BIM-enabled plans of work. A Publicly Available Standard (PAS), 1192-2:2012, which documents the delivery of BIM-enabled design and construction information, is undergoing public consultation with an operational version covering asset management and operation due for the end of 2012. Work on a comprehensive training strategy is underway along with general supply chain guidance.

Links are also being forged with complementary programmes for developing private and public-private sector collaborations in the form of BIM for Retail, BIM for Rail and BIM for Developers. A reciprocal Memorandum of Agreement has been reached with buildingSMART US to develop a national BIM standard with the principles of interoperability. This will be key to future delivery of Level 3 "Open & Shared" BIM. A network of regional BIM hubs, co-ordinated by the Construction Industry Council, is being developed to act as the first point for BIM advice to industry, SMEs and clients, encouraging the sharing of BIM knowledge and best practice. A microsite, www.bimtaskgroup.org, has also been established.

At David Miller Architects we believe BIM represents a fantastic opportunity for smaller practices like us. We are more adaptable and can implement change quickly and easily so there is even the opportunity for small practices to lead rather than to follow. Putting the current economic environment together with a new game changing process, there is a real opportunity to change the odds.

We are confident that the consistency in our output has generated repeat business, not least because we have been able to drive efficiencies from project to project. The quality controlled output has given the team confidence; BIM has reduced the drudgery of production of information, enabling our talented staff to punch above their weight which has improved team motivation. The BIM workflow has simplified our design management and allowed us to build our internal process around BIM; this has included accreditations for ISO 9001, 14001 and Investors in People. This highlights that BIM is a process change not a software purchase.

Reviewing fee income against technical costs the business case is clear. In the initial stages, as we were learning, our costs and income remained fairly parallel. However once we became more experienced and made the full commitment to use BIM tools on all projects, our costs have flattened out and our fee income has continued to rise.

David Miller, Director/Principal Architect, David Miller Architects

Innovation and efficiency are at the heart of our strategy and our ongoing BIM actions are designed to provide us with competitive advantage. It extends across all of our capabilities and markets, from infrastructure investment and professional services to construction and on-going asset management and enables us to provide our clients with a wealth of new information about the infrastructure we are building and managing on their behalf.

At Balfour Beatty, BIM is very much becoming part of the way we think and work, unlocking new efficiencies for our customers, our supply chain and our projects. We have already used BIM on a number of high profile projects including the San Francisco Bay Bridge, the widening of the M25 outside London, and design and construction for the replacement of Terminal 2 at London Heathrow International Airport. For the new Terminal 2B, the largest ever airside project at Heathrow, the use of BIM helped the company coordinate over 30 active stakeholders through 13 interfacing projects and enabled a peak workforce of 1,600 to complete work, including a 2 km diaphragm wall, the largest in Europe, ahead of schedule.

BIM is a fundamental a part of our integrator philosophy, ensuring best value at every stage of the project life-cycle. The Government Construction Strategy promotes integrated supply chains. For Balfour Beatty we are realising this agenda through our BIM approach to asset creation, maintenance and operation. We believe that the Government Construction Strategy and its BIM requirements will impact all members of the supply chain and herald a new era where intelligent decision making and optimal asset performance will be facilitated by structured "in-use" asset data.

Ian Tyler, Chief Executive, Balfour Beatty

8. Alignment of design/construction with operation and asset management

Soft Landings is the process of aligning the interests of those who design and construct an asset with the interests of those who use and manage it. It aims to improve client and user experiences, with reduced re-visits, and to give a product that meets and performs to client expectations. This is based on the Building Services Research and Information Association (BSRIA) soft landings framework.

Work to promote Soft Landings has been taken forward by one of the six joint Government/industry Task Groups established for the implementation of the Strategy; and 10 trial projects are in train. The trials have been designed to cover the different stages in the lifecycle of projects to identify how client behaviours need to change at each stage to deliver Government Soft Landings.

A draft policy document on Government Soft Landings, which will reflect emerging findings from the trials and which will be supported by guidance and a process map that reflects the BIM stages and approach, will be considered by the GCB in the Autumn. Proposals will then be developed for the roll-out of the agreed strategy.

BSRIA welcomes the adoption of the “Soft Landings” process into Government procurement of buildings.

The historical disconnect between delivery of a new building and its subsequent efficient operation has to be addressed if we are to meet our whole life cost reduction and performance improvement targets.

I am delighted that the processes contained within the Soft Landings framework are being adopted within Government procurement because at its best this will ensure that client expectations are properly expressed within the brief and are fully addressed throughout the delivery chain right through to the actions of the building operators and users.

I am pleased that BSRIA is able to contribute to both this action and to the work being carried out within the BIM group to ensure full integration of Soft Landings into a single, comprehensive plan of work.

Andrew Eastwell, Chief Executive, BSRIA

9. Supplier relationship management

The Government's Chief Construction Adviser hosts a series of twice-yearly conferences for Government's top 30 construction suppliers to discuss progress in implementing the Strategy and engage them in developing it further. A quarterly newsletter reporting on progress with implementation and encouraging two-way dialogue is issued to over 500 contacts (back copies are available at <http://www.cabinetoffice.gov.uk/resource-library/progress-implementing-government-construction-strategy>). The Government Construction Summit, run in conjunction with the private sector, aims to reach out to the industry more widely. And individual departments are increasingly engaging directly with their principal suppliers.

The Government has appointed a team of Crown Representatives – a group of senior commercial figures from across the public and private sectors – to manage Government's commercial relationships with its major strategic suppliers and, following the renegotiation programme initiated in 2010, to consolidate the Government's position as a single, more demanding customer. The Crown Representatives provide a single interface across a supplier's portfolio of contracts, work with suppliers and departments to deliver demonstrable cost savings across existing and new contracts, and support Government's reform agenda by facilitating the introduction of business improvement ideas from industry/suppliers. A Crown Representative for SMEs, Stephen Allott, has also been appointed, and he has begun to engage with construction trade bodies. The GCB has taken the role of Crown Commercial Representative for construction suppliers in general.

Within construction, the theme of performance management has been taken forward to implementation by one of the joint Government/industry Task Groups. A process for measurement of supplier performance, including Supplier Alignment Agreements, has been piloted and will be rolled out with the top 10 strategic suppliers. The aim is to baseline performance, agree progress against that baseline, and drive continuous improvement.

A refreshed Definition of Excellence in Construction developed by the Task Group is being published in July 2012 which does not seek to replicate the guidance that already exists, but rather to be a generic statement of intent to be agreed by both the industry and client sides as a baseline for setting plans and assessing performance. The Task Group's work will encompass the range of Government policy related to SMEs as detailed at section 6 above and including in particular Fair Payment through PBAs (and how quickly this is being cascaded through the supply chain), innovation and gainshare reward mechanisms, intelligent use of the published pipeline within the supply chain, procurement options that include SME early contractor involvement, reducing barriers to entry through standardisation of process throughout the supply chain, and localism issues on employment.

The overall aim is to encourage good behaviours and fair treatment of suppliers through the supply chain, so to support SME partners and deliver maximum value.

Government would like to see greater support offered to SMEs in the supply chain, along the lines of that provided by the Canary Wharf Group to the East London Business Partnership.

East London Business Place (ELBP) is a free local procurement support service supported by a partnership of private and public sector organisations, chaired by East London Business Alliance and led by the Canary Wharf Group. It provides local procurement support to buyers and suppliers across the London Thames Gateway. The ELBP provides a free business support and a sourcing and matching service for local businesses.

ELBP seeks to remove barriers to SMEs' supply chain involvement. In relation to suppliers, it provides free face-to-face business advice and one to one and group support to improve competitiveness/fitness to supply. It also runs free events such as workshops, seminars, networking opportunities and procurement clinics. With regards to buyers, it helps to reduce sourcing and contracting time via effective and prompt supply chain brokerage and provides 24/7 access to a quality database of 3,500+ local suppliers across the spectrum of trades and disciplines.

Since April 2008, over 3,500 businesses have registered with the ELBP and nearly 3,951 contracts have been awarded, 84% of which with a value of £10k or less. Through the ELBP and its forerunner, the Canary Wharf Local Business Liaison Office, since 1997 over £730m of contracts have been directly placed with local SMEs.

Gay Harrington, Director, East London Business Place

10. Competitiveness and reducing duplication (whole public sector)

The main focus of this workstream over the past 12 months has been the work carried out by a subgroup of the Procurement /Lean Client Task Group to assess the effectiveness of framework agreements. This work was undertaken to explore how far the use of procurement frameworks in the construction sector serves as a barrier to market entry – particularly for SMEs – and if so, what action Government should take.

Evidence collated by the Task Group indicates that there are benefits in the use of effective frameworks and those that are properly planned, procured and operated deliver great value. In particular, they provide a basis for the longer term relationship that businesses are looking for, with the opportunity to know something of the client's future pipeline of work; to make an early contribution to design ideas; to take economies of scale where they are genuinely available; and to collaborate with a settled supply chain in coming up with new ways of meeting the client's need – all of which help unlock innovation. The Task Group report – published in July 2012 – recommends that Government ensures the core principles and features of effective frameworks are incorporated in future frameworks.

The work of the Task Group complements action being taken by the NIEP community to improve opportunities for SMEs, including by structuring frameworks by value band and/or geographic location.

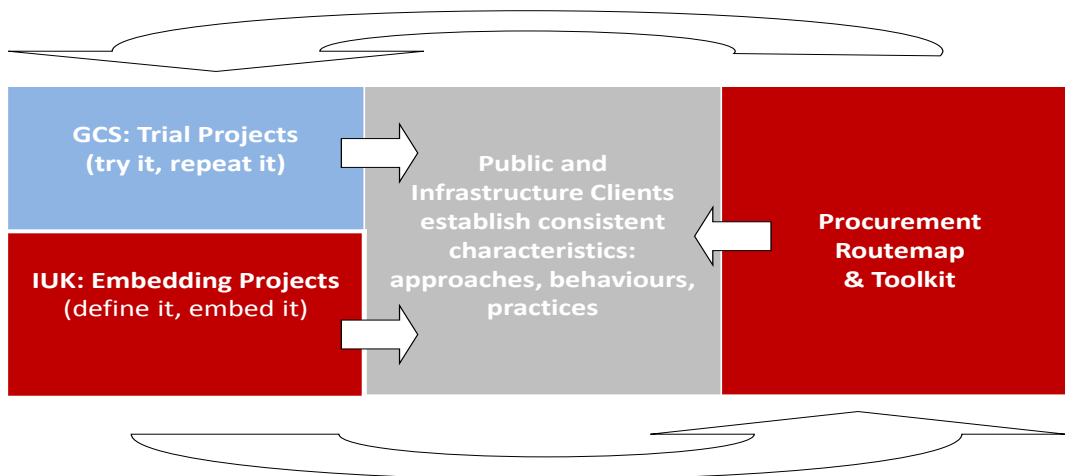
The action to identify the best use of routes to market has been taken forward via the Procurement Routemap as discussed above.

11. New procurement models

The approaches taken by the Strategy and Infrastructure Cost Review to reform Government procurement of construction projects are complementary and mutually supporting. They are based on a common view of the consistent characteristics – approaches, behaviours and practices – that need to be engendered across clients and the supply chain, including:

- improved client capability – clients who know what they want, what it should cost, how best to go to market and manage the quality of relationships;
- effective communication of transparent and smoothed pipelines of work where possible (see section 2);
- longer term collaborative and integrated relationships that remove waste and incentivise innovation and continuous improvement at all levels of the supply chain; and
- better use of pre-procurement dialogue and earlier involvement in procurement processes of suppliers at all levels.

The diagram below shows how the deployment of a combination of procurement trial projects, infrastructure embedding projects and the application of the Procurement Routemap and toolkit – supported by the Trial Projects Delivery Group - are intended to be mutually reinforcing in the delivery of these consistent characteristics.



In implementing the Strategy, industry members of the Procurement Task Group played a key role in the proposal and development of three alternative models of procurement,

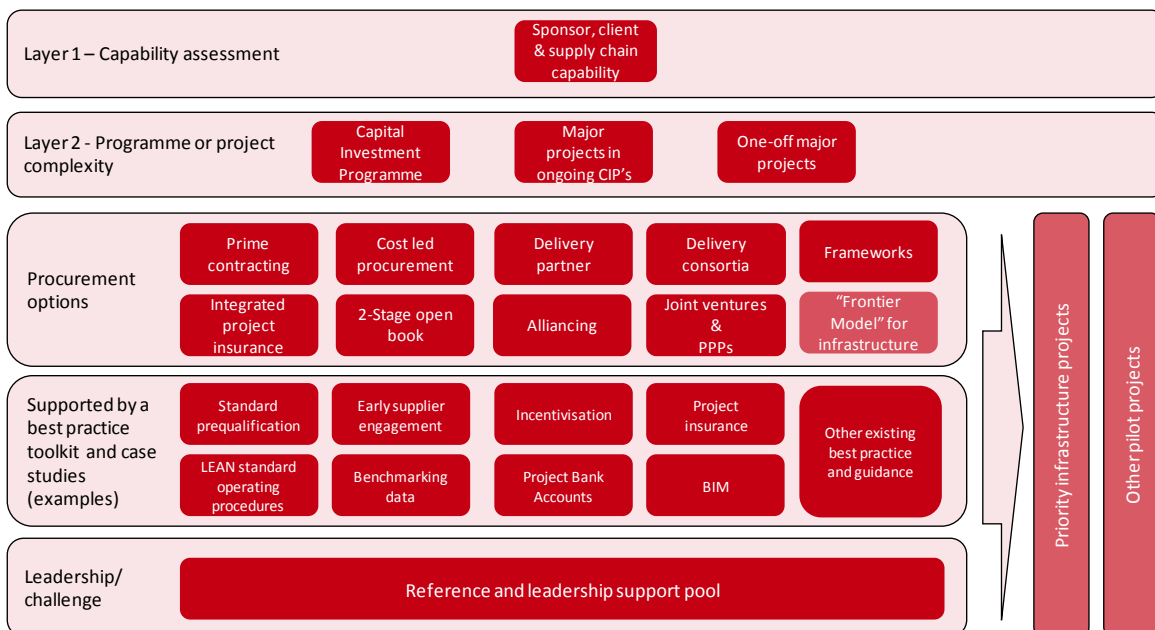
which address these consistent characteristics and are designed to deliver better value for money. Further detail on how the three models (Cost Led Procurement,

Integrated Project Insurance and Two Stage Open Book) work is available in the Task Group report, available at <http://www.cabinetoffice.gov.uk/resource-library/Government-construction-task-groups>. The models are now being trialled; the Trial Projects Delivery Group will support the projects and ensure that learning is effectively disseminated.

In support of the Infrastructure Cost Review, Government identified the specific procurement approaches and behaviours that have been successful in delivering improved performance and cost savings of between 12 per cent and 25 per cent. The outputs of this work have been incorporated into an overarching framework or ‘Routemap’ to help public and private procuring clients select the most appropriate procurement strategy for different infrastructure programmes or projects. This Routemap (developed with input from industry and procurement lawyers) is underpinned by:

- assessment tools that consider client capability, project complexity and minimum capability requirements in selecting from the range of possible procurement routes;
- best practice case studies, resources and enabling policy and guidance to support a move towards alternative delivery routes that promote collaboration, integration and better use of supply chains; and
- access to a “mentoring pool” and industry leaders to promote new practices and assist less mature client (and supply chain) organisations.

Chart: Components of the Procurement Routemap (originally published in the Infrastructure Cost Review Annual Report April 2012)



There is a growing list of projects that have delivered (or are delivering) significant savings through the use of new procurement models and/or better supplier involvement principles.

The Highways Agency has effectively utilised three-way gainshare reward mechanisms in its project to convert the M62 in West Yorkshire into a managed motorway. Gainshare rewards incentivise collaborative working and innovation by sharing the financial gain associated with the achievement of exceptional performance in the delivery of a project. Clients and suppliers also share the burden of a project not having met the performance criteria. Gainshare funds are shared between the client, the project supplier and the managed motorway programme suppliers.

Funds are created by the supplier actively managing risk, opportunity and performance on each scheme it undertakes. Incentives are linked to the client's key objectives for the project with the aim of achieving exceptional performance through:

- *achieving more efficient planning and production and using standardized design solutions;*
- *consolidating expenditure and aggregating procurement;*
- *managing subcontractor performance and working collaboratively across the programme;*
- *achieving exceptional levels of safety, quality and sustainability; and*
- *achieving or bettering target price.*

Peter Adams, Highways Agency

The Highways Agency used a variety of techniques in delivering the M53 Bidston Moss Viaduct Project. Production control enabled HA to rigorously measure task completion against non-completion, increasing communication and transparency across the supply chain, facilitating improved team integration which resulted in better relationships and reduced the need for rework. The team was structured cross-functionally, encouraging focus on delivering the project goals, not company aims. Collaborative mapping set out the steps required to achieve short term targets, averaging the on time completion of 90%+ of deadlines, up from c.40%.

By using lean procurement techniques throughout the lifecycle of the project, HA delivered savings of nearly £2.8m.

Peter Adams, Highways Agency

Worth Farm, the second flood storage reservoir in a sequence of reservoirs to be constructed, was the subject of cost led procurement and negotiation with the incumbent National Contractors' Framework 2 Supplier from the first reservoir. Environment Agency used cost led procurement and reduced the procurement times by an estimated six weeks and delivered savings of over £100,000.

Once the contract was awarded, the Agency adopted an integrated team approach working with Exeter University and the Mindsets in Partnership Tool. Lean construction approaches were used to set clear project milestones to mitigate against project overruns and delays. On a like for like basis, Worth Farm is currently four weeks ahead of its predecessor reservoir.

The £2.1m construction contract began in March 2012 and is due to be completed by December 2012. Using Lean to streamline and speed up construction shows the Environment Agency's commitment to new ways of working to achieve 15% efficiencies on our allocated budget.

Environment Agency

It is great that the Worth Farm reservoir is benefiting from the experiences gained from the Tilgate Lake reservoir and I am pleased at how the integrated incentivised approach has focused the project team to deliver the EA's efficiency targets.

Brian Mackay, Galliford Try Contract Manager

The threat of imminent failure of the 1.5km long Rye Harbour Western Training Wall prompted a fast-track approach to approvals, procurement and construction. Expressions of Interest were issued to four Framework Suppliers. The successful contractor was selected on quality, having relevant experience of working on similar schemes for the Waterways programme, at Rye Harbour previously and delivering schemes through an Alliance.

The delivery vehicle was to use the Design and Build philosophy, incorporating cost led procurement, and for the Environment Agency, as an informed client, to set the target based on historic project data and negotiation with our preferred framework supplier. This method was used as an innovative pathfinder delivery model: the approach proved to be very effective and the team reduced the pre-business case programme by least three months.

The £5m construction contract started in January 2012 and is due to be completed by December 2012. The faster procurement timescales have already saved an estimated £200,000 with further savings expected. The Environment Agency is committed to new ways of working to achieve 15% efficiencies on our allocated budget by March 2015.

Environment Agency

I was excited to be approached to be part of this initiative and relish the opportunity to innovate the current process leading to better ways of working.

Richard Barnes, JCE National Framework Manager

The procurement process that the Ministry of Justice implemented for the new Strategic Alliance Agreements for construction works is an exemplar in how to conduct a large and complex procurement process. From the first industry engagement to the award and mobilisation of the frameworks, every key date has been hit. Indeed the whole procurement process, which lasted 12 months, was completed within a few working days of the original programme.

The level of effort in the bidding process was proportionate for the scale of opportunity but demanding in terms of technical and commercial proposals. Every question was geared towards identifying constructor partners who would work collaboratively and innovatively to deliver 'better for less' in line with the Government Construction Strategy, whether driving the involvement of SMEs or leading the way on implementing BIM Level 2. This has been a refreshing approach and one that other public bodies should aspire towards.

Simon Gorski, Lend Lease

The construction and insurance industry's movers and shakers have been developing the Integrated Project Insurance (IPI) model for years and, finally, this Government is listening to us and is now ready to start trial projects.

Its prerequisite is integrated collaborative working by all contractors, consultants, specialists and key suppliers appointed from the outset under a no-blame/no claim alliance, supported by independent facilitation and risk assurance. That is modern best practice but the revolutionary element is that IPI will insure the agreed design solution and budget so that there is sufficient cash flow for all members of the supply chain to be paid. This is good news for all, especially SMEs and companies lower down the supply chain.

Martin Davis, Specialist Engineering Alliance

The actions on reviewing approaches to risk and contingency have been taken forward via the Infrastructure Cost Review programme. As a first step, the Government has brought together an 'Expert Risk Group' drawn from major infrastructure operators and deliverers⁷ to review current practice and consider alternative approaches to contingency management. The Government will clarify the current guidance on Optimism Bias in the 'Green Book' with particular recognition of organisations with mature costing methodologies, and develop supplementary guidance to ensure that project sponsors of infrastructure projects with mature risk estimating capabilities:

- adopt an approach for accounting for the cost impact of "unknown unknowns" that reflects the specific reasons for the need to adjust for the expected differences between initial estimates and expected out-turns;

⁷ Including, but not limited to, Network Rail, London Underground, the Highways Agency, the Environment Agency, British Airports Authority, National Grid and Infrastructure UK.

- focus the production of initial project estimates more on setting a realistic affordability envelope and less on a project budget; and
- place a greater emphasis on the use of Quantitative Risk Analysis (QRA) to build bottom-up cost estimates.

Revised 'Green Book' infrastructure risk and contingency guidance will be in place by December 2012, and at which point we will consider whether further steps are needed to tailor this for the remainder of Government's construction programme.

12. Client relationship management

The objective of developing a range of overarching procurement strategies, which as originally envisaged would have used the PSCD as the basis of analysis, is now being taken forward through work on the Procurement Routemap (see section 11).

Government has taken forward work to explore opportunities for centralised procurement of common components through the Government Procurement Service, which acts as an integrator to bring departments' requirements together. Five frameworks are already in place, covering a range of products and services (including modular buildings, building materials, project management and design, disposals and sustainability support) and GPS will work to further develop this approach going forward.

Within the highways sector, the Highways Agency is implementing a category management approach that facilitates the aggregation of demand across the sector by being open and available to local highways authorities. It is envisaged that GPS could therefore build on this approach by creating similar, construction-related frameworks where the value added can be demonstrated.

The National Infrastructure Plan 2011 restated the Cost Review objective to bear down on unnecessary costs by aiming to reduce by more than 50 per cent the number of bespoke in-house standards that apply to infrastructure projects, and promote consistency between client groups. The application of technical standards, particularly in-house standards and prescriptive client requirements, adds cost and complexity to infrastructure delivery in the UK. Consistency of engineering standards across industry groups enables consultants and contractors to invest in developing skills, products and solutions to deliver and maintain infrastructure assets more cost effectively.

The Infrastructure Cost Review has highlighted a separate issue of how local authority highways organisations use and interpret both current and superseded Highways Agency standards. There is evidence of an inconsistent approach between different local authorities that can act as a barrier to standardisation and the sharing of best practice and lead to increased costs. The £6.25bn M25 PFI contract between the Highways Agency and Connect Plus required an extensive number of departures from current HA standards. Whilst the project followed the normal HA departures process, the incentive mechanisms in the contract (sharing savings between the contractor and Government) encouraged collaborative behaviours to resolve the issues quickly, preventing delays to progress and

contributing to significant cost savings. In addition, HA utilised a variety of techniques to manage relationships down through the supply chain.

Connect Plus is the design, build, finance and operate contractor for the M25, balancing the need to add capacity to 63 miles of the M25 whilst operating and maintaining one of the country's busiest and most important roads. In April of this year it commenced a change management programme with an intelligent client led approach to the M25 project and has been able to cost effectively deliver its programme bringing with it efficiency and innovation.

Benefits have been delivered through the use of techniques which personalise business relationships throughout the supply chain:

- *Engagement of a collaboration expert on evaluation panels at the procurement stage*
- *Use of a balanced scorecard to ensure performance management and continuous improvement throughout the life of the contract. This is combined with a forum for organisational leaders to discuss the effectiveness of the supply chain community with the opportunity to provide feedback to the client on the delivery of the vision and goals of the project.*
- *Use of specialist techniques that foster self awareness and emotional intelligence to encourage ownership and desire for success for all organisations in the chain*
- *Early peer group engagement to deal with issues as they arise to maintain trust and open dialogue in the relationships throughout the chain*

As a result, all tiers of the supply chain are encouraged to challenge accepted ways thinking in order to consider how to "mine" the value sitting all the way along the supply chain. The result of this is increased levels of proactive engagement and support for preventing and mitigating potential issues and risks. Responsibility and accountability for performance in the area of collaboration and innovation is expected from all leaders across the integrated team.

Bev Waugh, Connect Plus and Nicola Temporal, Temporal Consulting

IUK's Industry Standards Group is looking specifically at driving out duplication and redundancy in technical standards for infrastructure assets, focussing initially on the transport sector. Efforts to move away from the use of bespoke design standards are already delivering savings in the significant pipeline of escalators on London Underground/Crossrail, and the approach is being rolled out to procurement of lifts.

In Summer 2012, the Industry Standards Group is submitting its report to Government on the benefits that can be achieved through rationalisation of how clients set out their technical requirements and will present recommendations for extending this approach into other sectors beyond transport. It is also announcing trial projects with the Highways Agency to ring-fence a number of projects and provide industry with the opportunity to challenge existing standards and fast-track the process of agreeing departures; and will

expand the programme to include other infrastructure sectors and specific priority infrastructure projects and programmes.

In addition to looking at Tier 1 procurement options, the development of the Strategy has also provided a platform for considering innovation in the way that clients do business with their appointed contractors when creating supply chains at tier 2.

An existing example of collaboration at tier 2 between appointed contractors, supply chain members and the client was considered. This mature model, developed by the supply chain management group (Hackney Homes, Homes for Haringey and LB Newham) has been proved to deliver very significant savings, improved quality, long-term asset management benefits, and a reduction in the client and contractor resources required to deliver projects.

In essence, the client facilitates the re-engineering (pre or post contract) of a common supply chain, operating at common costs and under common conditions, which is employed by the appointed tier 1 contractor or contractors.

This is not a new form of procurement but is simply a better, way of doing business, allowing the client to maximise the benefits of investment by closer contact with the supply chain.

Alan Turner, Director, Supply Chain Management Group

13. Implementation of existing and emerging Government policy in relation to sustainability and carbon

At the time the Government Construction Strategy was published, the Government response to the Low Carbon Construction Innovation and Growth Team report was awaited. When the report, the Low Carbon Construction Action Plan, was issued, there were a number of actions which fall to Government to take forward through its procurement activities. These included: actions to reduce green house gas emissions, waste and water consumption for the central Government estate; to refresh and revise the Government Construction Standards; and to agree the principles of functional requirement setting and review how whole life value will be measured.

Government is committed to ensure that new additions to the estate are placed in the top quartile of energy performance (measured by EPC rating, C(69) or better), wherever possible. There is also the expectation that core buildings will meet minimum standards or have improvement plans in place. A “worst 100 buildings challenge” has been launched along with a review of the best 25 buildings for shared lessons.

As detailed above, the Government Construction Standards have been refreshed and more thorough review of their content and fitness for purpose is due to be undertaken over the coming period.

The optimisation of whole life value underpins all work in this area. As described in section 1 above, the Cabinet Office intends to publish new guidance on achievement of whole life value in spring 2013. We will work closely with the Green Construction Board over the coming months to understand the private sector view of best practice in the field of the measurement of whole life value, and will ensure that the new guidance reflects the importance of value for money considerations in decisions about carbon reduction and wider sustainability measures.

Other Low Carbon Construction Action Plan actions (for instance, around the publication of a pipeline of publicly funded work and BIM) are covered elsewhere in this report.

In taking this forward, and in keeping the agenda fresh and relevant, it is important that there are effective links between the Government Construction Board chaired by the Chief Construction Adviser and the Green Construction Board chaired by the Minister for Business and Enterprise. Cabinet Office, Infrastructure UK and the Chief Construction Adviser are all members of the Green Construction Board, the remit of which extends beyond carbon into areas such as the construction buying standards for sourcing sustainable materials and sustainability through design.

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Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary	
			2011	2012	2013	2014			
1.	Co-ordination and leadership	1(i) To improve co-ordination of, and consistency between, approaches to construction procurement across Government.	1.1.1 Establish the Government Construction Board and agree Terms of Reference. (June 2011)	1.1.2 Quarterly meetings of Government Construction Board.	1.1.3 Quarterly meetings of Government Construction Board.	1.1.4 Quarterly meetings of Government Construction Board.	Overarching change programme established.	GCB established Sept 2011 and meets quarterly. Membership drawn from all key construction departments. Membership changed July 2011. http://www.cabinetoffice.gov.uk/sites/default/files/resources/gcb-membership.pdf	
			1.2.1 Publish full governance structure for programme of reform, including Government/ Industry Steering Group and Task Groups. (July 2011)	1.2.2 Meetings of Steering Group and Task Groups and other Implementation Boards as appropriate.	1.2.3 Meetings of Steering Group and Task Groups and other Implementation Boards as appropriate.	1.2.4 Meetings of Steering Group and Task Groups and other Implementation Boards as appropriate.			Governance structures published on CO website. Programme of Task Group and Steering Committee meetings in place.
			1.3.2 Convene Trial Projects Delivery Group to implement trials and disseminate learning. (Summer 2012)	1.3.3 Monitor trial project outcomes and begin periodic publication of case studies (From Mar 2013)					

Key: **Blue text: work stream completed**
Green text: work stream ongoing
Purple text: work stream taken forward in an alternative way
Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
1.	Co-ordination and leadership	1(ii) To engage with industry to secure participation in improvement initiatives.	1.4.1 Appointment of programme management resource. (July 2011)				Governance structure for the programme is clear.	Resource appointed 1 st August 2011.
			1.5.1 Work with industry to appoint appropriate industry resource to support programme management and working groups. (from July 2011)	1.5.2 Work with industry to appoint appropriate industry resource to support programme management and working/ implementation groups. (Ongoing)	1.5.3 Work with industry to appoint appropriate industry resource to support programme management and working/ implementation groups. (Ongoing)	1.5.4 Work with industry to appoint appropriate industry resource to support programme management and working/ implementation groups. (Ongoing)	Publish updates as teams change to adapt from moving to review to implementation	Some 120 industry representatives have been engaged across 6 Task Groups.
			1.6.1 Set baseline and establish benefits achieved 2010-11. (Summer 2011)	1.6.2 Publish latest cost reduction progress during 12/13 (Spring 2013)	1.6.3 Publish latest cost reduction progress during 13/14 (Spring 2014)	1.6.4 Publish latest cost reduction progress during 14/15 (Spring 2015)	Progress of cost reduction against 15-20% target.	Department baseline benchmarks (2009-10 and subsequent years), cost reduction trajectories (to 2015) and cost reductions achieved between May 2010 and March 2012 established and subsequently

Key: **Blue text: work stream completed**
Green text: work stream ongoing
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Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary	
			2011	2012	2013	2014			
								published February and April 2012.	
1.	Co-ordination and leadership	1(iii) To direct and support a programme of reform.	1.7.1 Publish Strategy and summary Action Plan. (May 2011)	1.7.2 Report on progress and publish updated Action Plan (July 2012)	1.7.3 Report on progress and publish updated Action Plan (July 2013)	1.7.4 Report on progress and publish updated Action Plan (July 2014)	Publish Annual anniversary update to Action Plan (July 2012)	Published May 2011 and publicly launched by MCO July 2011. Revised Plan to be published 2 nd July 2012 at Government Construction Summit.	
			1.8.1 Government Construction Board to ratify Action Plan. (July 2011)	1.8.2 GCB to ratify Action Plan revisions (June 2012)	1.8.3 GCB to ratify Action Plan revisions (June 2013)	1.8.4 GCB to ratify Action Plan revisions (June 2014)			GCB Approval to revisions
			1.9.1 Refresh and re-mandate Government Construction Standards (formerly "Common Minimum Standards") (September 2011) – including "Achieving Excellence in Construction" standards where relevant (From October 2011) .	1.9.2 Government Construction Standards to be reviewed (Autumn 2012) 1.9.3 Consider way forward on Achieving Excellence In Construction (Autumn 2012)		1.9.4 Government Construction Standards to be reviewed (September 2014)			

Key: **Blue text:** work stream completed
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Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
1.	Co-ordination and leadership	1(iii) To direct and support a programme of reform.						Excellence in Construction has been deferred to overcome conflicting priorities.
			1.10.1 Establish a programme of trial projects in connection with the actions below. (October 2011)	1.10.2 Establish the trial project governance and extend and manage the programme (Summer 2012)	1.10.3 Manage the trial project programme and report on an annual basis (Summer 2013)	1.10.4 Manage the trial project programme and report on an annual basis (Summer 2014)	Maintain high level of participation by Depts and Industry	Programme of trials established, and will be augmented. First trial project kick-off meeting with MoD in April, Industry proposers of Cost Led Procurement and Integrated Project Insurance met with MoD project teams. Follow up meeting confirmed arrangements for trialling IPI on the Royal Marines project at Lympstone. Next steps - moving towards the appointment of an IPI team - include assessment of existing contract

Key: **Blue text: work stream completed**
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Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
1.	Co-ordination and leadership						forms for suitability and assessment of alignment with relevant procurement regulations.	
		1(iv) To stress cost effectiveness as a key driver, without loss of whole life value.	1.11.1 Launch a redesigned Better Public Buildings Award. (July 2011)		1.11.3 Review and update existing advice on the consideration of whole life value (Spring 2013)		PM agreed to sponsor the Better Public Buildings Award. The award criteria have been revised to align with the Government Construction Strategy and the Green Construction Board objectives. Work to explore practicalities of whole life cost will be taken forward with private sector and Green CB colleagues, drawing on experience from BIM trials	

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Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
1.	Co-ordination and leadership			1.12.2 Event to disseminate detailed learning of good practice from winners/ short listed projects of Better Public Buildings Award. (November 2012)	1.12.3 Repeat event. (November 2013)	1.12.4 Repeat event. (November 2014)		Follow-up event disseminating learning from Better Public Building Awards 2012 arranged for Nov 2012
				1.13.2 Departmental alignment review (Autumn 2012)			Level of departmental alignment to the Strategy	Review project will facilitate shared learning and best practice dissemination across departments.
2.	Forward Programme and data	2(i) To provide procuring Departments with visibility of the total pipeline to identify opportunities for collaboration and the need for market management.	2.1.1 The Cabinet Office to develop and implement guidance for maintaining and publishing forward work programmes across all central Government Departments. (Summer 2011)	2.1.2 Forward pipeline of construction projects published on a agreed periodic basis (Ongoing)	2.1.3 Forward pipeline of construction projects published on a agreed periodic basis (Ongoing)	2.1.4 Forward pipeline of construction projects published on a agreed periodic basis (Ongoing)	Population and publication of the pipeline on agreed periodic basis.	Pipelines published July and Nov 2011, and April 2012, covering circa £10bn of projects. Guidance included in the publication and being followed, and more granular data being provided and extended to

Key: **Blue text: work stream completed**
Green text: work stream ongoing
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Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
2.	Forward Programme and data							<p>smaller depts. Pipeline will be published on 6-monthly basis going forward, in line with needs of industry.</p> <p>Outsource provider identified to source, publish and develop the pipeline. Public Sector Construction Database does not form part of the pipeline currently as its being delivered through other means in collaboration with IUK. Once the outsourced supplier is appointed consideration will be given to how the PSCD will figure in the benchmarking and project</p>

Key: Blue text: work stream completed
Green text: work stream ongoing
Purple text: work stream taken forward in an alternative way
Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary	
			2011	2012	2013	2014			
2.	Forward Programme and data							performance part of our work	
		2(ii) To maximise across Government the benefits derived from historic cost data		2.2.2 Establish data requirements to improve effectiveness of central challenge functions in support of construction projects. (April 2012)					Benchmark data published enabling MPA, Gateway peer reviews and central departments to provide challenge more effectively.
		2(iii) To provide suppliers with visibility of the pipeline so they can equip themselves to respond or invest.	2.3.1 First external publication of forward pipeline derived from PSCD. (Autumn 2011)	2.3.2 Survey suppliers and departments to confirm how pipeline information is being used in practice. (Autumn 2012)	2.3.3 Survey suppliers and departments to confirm how pipeline information is being used in practice. (Autumn 2013)	2.3.4 Survey suppliers and departments to confirm how pipeline information is being used in practice. (Autumn 2014)	Population and publication of the pipeline on agreed 6 monthly basis.	Pipelines published July and Nov 2011, and April 2012, covering circa £10bn of projects. Guidance being followed, and more granular data being provided and extended to smaller departments. Publication schedule to suit the needs of industry	

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2.	Forward Programme and data							<p>Outsource provider identified to source, publish and develop the pipeline.</p> <p>The use of the Public Sector Construction Database will be reviewed after appointment of the outsourced pipeline provider.</p>
		2(iv) To ensure that decisions to postpone or cancel projects or programmes are timely and informed by a full analysis of impact.			2.4.3 Review existing research and material on the full cost effect of project cancellation and develop guidance (Autumn 2013)		Guidance published	The action to establish guidance has been deferred. Work will take account of wider experience across Government and existing published material. In the mean time the impact of project cancellation should be assessed on an individual basis as needed.

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3.	Governance and client skills	3(i) To establish appropriate governance structures, consistent with the remit and edicts of the Major Projects Authority; and to give transparency to management accountability within Government.	3.1.1 Re-affirm and publish project/ programme governance structures for funded projects. (September 2011)				Publish governance structures, and the accountable individuals, for all projects and programmes.	A departmental responsibility to publish. CO worked with departments to establish requirements for publication. This will be followed up in the alignment review.
		3(ii) To equip commissioning teams with the necessary client skills appropriate to specific projects and programmes.	3.2.1 Define necessary skills for defined roles in governance structure with particular reference to the 20% target. (January 2012)	3.2.2 Establish capability requirement to improve effectiveness of central challenge functions in support of construction projects (April 2012)			Commissioning teams equipped with the appropriate skills and capability.	Procurement TG reported in January 2012 (published February) setting out skills with reference to capability to deliver 20% target ("intelligent" client behaviours). Focus has been on the skills required for delivery of trial

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3.	Governance and client skills							projects which will be established and linked to the trial project timetable rather than a central challenge function. The MPA have established the Major Projects Leadership Academy to improve the project leadership skills and capability across Government
				3.3.2 Establish common principles for assessing capability. (April 2012)				Trial projects evaluation criteria incorporating assessment of intelligent client behaviours established and published in final Procurement TG report July 2012. Government to publish the 'Routemap' tool Summer 2012

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3.	Governance and client skills							(see Action Point 6.14.1).
				3.4.2 Roll out challenge capability and track progress, through use of the Achieving Excellence in Construction embedding tool. (From July 2012)				The Routemap will be rolled out from Summer 2012 for use by departments and construction procurers. The future of the Achieving Excellence suite of guidance will be reviewed. See Action 1.9.3.
				3.5.2 Establish framework for sharing/ enhancing skills between areas of expertise (e.g. project roles in programme or governance structures). (From June 2012)			Consistent approaches and core training content across departments. Demonstrate positive progress towards the capability/ behaviour related targets.	Trial projects support framework co-ordinated by Constructing Excellence established Summer 2012. The Major Projects Leadership Academy has also been established to improve the project leadership skills and capability across Government

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								mentor roles for sharing/ enhancing skills. Active programme of work to improve capability in procurement also underway.
4.	Challenge	4(i) To reinforce governance and to support the internal decision making process, consistent with the MPA's Starting Gate process.	4.1.1 Work with IUK and the MPA to develop the check lists within the Starting Gate process (for the major projects portfolio) (From April 2011)	4.1.2 Work with departments in coming months to take stock of emerging best practice in challenge for projects below the MPA threshold. (from Autumn 2012)	4.1.3 Monitor and review the implementation of the challenge process. (Ongoing from June 2013)		Guidance published.	Improved early stage intervention and objective challenge, through the ERG Starting Gate process was announced/ published in early 2011. MPA subject matter experts to be provided with a face to face briefing approach where a check list approach is not needed.
5.	Value for money, standards and benchmarking	5(i) To identify the criteria for value against which suppliers' propositions will be	5.1.1 Agree principles of functional requirement setting (based on measures of value for money, and centred on performance/ output) across Government.	5.1.2 Encourage the use of outcome based specifications and processes that will encourage	5.1.3 Assess and review implementation of the principles for setting standards.		Departmental measures of value for money are confirmed, there are consistent principles applied	Guidance for functional requirement setting drawing on existing practice published July 2012.
5.	Value for							

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	money, standards and benchmarking	appraised.	(March 2012)	innovation and remove unnecessary prescription. (Ongoing from March 2012) Roll out new guidance setting standards across Departments. (From March 2012)	(From March 2013)		and criteria are communicated to the market. Supplier innovations and influence on value through early involvement are evident and measurable.	The approach to functional requirement setting will be rolled out with the trial projects.
					5.2.3 Departments to implement new models to promote whole life, outcome based specifications as a means to encouraging supply chain innovation. (From Autumn 2013)		Demonstration on trial projects.	

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5.	Value for money, standards and benchmarking	5(ii) To set challenging cost targets in the context of clear criteria for value, informed by what has been achieved on other projects and supply chain analysis. To motivate suppliers and remove impediments to delivery. To seek and deliver product and process innovation at all levels of the supply chain.	5.4.1 Establish quality of benchmarking data in Departments. (June 2011)				Trial projects demonstrating the outcome of cost led procurements which provide practices that can be rolled out across central Government.	Reported to GCB June 2011 that existing quality of benchmarking data within Departments provided basis for developing cost led procurement approaches and subsequently published.
			5.5.1 Agree principles of benchmarking standards (January 2012)					
			5.6.1 Communicate an expectation of the use of benchmarking for public sector construction. (January 2012).					
			5.7.1 Identify and establish pilots for the extended use of benchmarking in setting cost targets. (October 2011).	5.7.2 Report on the outcomes of the pilots for the extended use of benchmarking in setting cost targets. (Ongoing)				

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5.	Value for money, standards and benchmarking			5.8.2 Depts to bring benchmarking up to an agreed standard (using agreed common measures and formats where possible), and share across Government. (From March 2012)	5.8.3 Monitor and review implementation (From March 2013)		Cost effective by comparison with relevant private sector comparators.	Principles published Feb 2012 and promulgated/ recommended by departments.
					5.9.3 Benchmark publication update (Spring 2013)	5.9.4 Benchmark publication update (Spring 2014)		
				5.9.2 Identify private partners with whom Government can compare benchmark data and report on outcomes (Winter 2012/13)	5.9.3 Survey depts to determine feasibility of incorporating elemental benchmarks and, if feasible, develop and implement practical approach. (Spring 2013)			

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5.	Value for money, standards and benchmarking				5.10.3 Confirm ambitious cost reduction trajectories are being applied to a significant proportion of the spend. (Spring 2013)			
					5.11.3 Develop and implement with departments the measurement of programme benefits in line with the publication of the cost reduction validation method (Spring 2013)			
				5.12.2 Undertake a gap analysis with departments to determine any short fall against the benchmarking principles				

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5.	Value for money, standards and benchmarking			published Feb 12 and confirm any corresponding Action Plans (Autumn 2012)				
		5(iii) To confirm that non-product costs (fees, Departmental overheads etc) are proportionate from project to project, and contribute to improving whole life value.	5.13.1 Establish, define targets and implement a methodology for indicating total project costs across Departments. (From September 2011)	5.13.2 Monitor and report on progress of reducing non product costs. (Ongoing)				Methodology incorporated within the principles of benchmarking published February 2012. Non product costs to be included in developing the practical approach to elemental benchmarking. Departments accountable for setting their own targets using the methodology and their data.
6.	Efficiency and elimination of waste	6(i) To eliminate waste and duplication that leads to unnecessary cost or delay	6.1.1 Agree moves towards use of standard form(s) of contract, without unnecessary bespoke amendment. (Summer 2011)				Unamended contracts used by Departments in accordance with defined targets	The GCB agreed to the use of standard unamended forms of contracts at its meeting of March 2011.

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6.	Efficiency and elimination of waste	in the procurement process.						
			6.2.1 Consider the use of integrated project insurance to support objective 11(ii) and report. (Winter 2011)	6.2.2 Integrated Project Insurance being rolled out with the implementation of trial projects (from May 2012)	6.2.3 Linked to management and monitoring of trial projects. (ongoing)	6.2.4 Linked to management and monitoring of trial projects. (ongoing)	Project insurance tested evaluated and potentially rolled out.	Being addressed by new models of procurement trial projects.
		6(ii) To reduce the barriers to entry represented by onerous, unduly complex or protracted procedures	6.5.1 Embed the use of standardised prequalification form (PAS 91). Ongoing	6.5.2 Assess the level of usage of PAS 91 by departments (Autumn 2012)	6.5.3 Assess the level of usage of PAS 91 by departments (Autumn 2013)	6.5.4 Assess the level of usage of PAS 91 by departments (Autumn 2014)	PAS 91 used by Government clients and suppliers and down the supply chain	Package of procurement reform and support in place, aimed at SMEs in general. GCB members agreed to move to towards the British Standard, PAS91 in Dec 2010. BSI is seeking to promote exemplar users of PAS in both public and private sector. Cabinet Office contributing to BSI work to improve and simplify PAS91

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6.	Efficiency and elimination of waste		6.6.1 Streamline procurement process on basis consistent with principles of the Cabinet Office proposals for "lean procurement" generally. (January 2012)	6.6.2 Roll out the recommendations from the Cabinet Office workstream. (Winter 2012/13)			Lean procurement piloted.	The lean procurement process was announced in Jan 2012. A sector workshop was run with Construction team during Feb 12. Trial projects testing streamlined procurement process are underway.
		6(iii) To speed cash flow through the supply chain to reduce the working capital burden and increase security of payment for lower tiers of the supply chain, particularly including SMEs	6.7.1 Identify and implement lean procurement pilot(s). (From December 2011).	6.7.2 Monitor progress of reducing time for procurement. (Ongoing)			Speed of procurement reduced to the target.	
			6.8.1 Embed revised fair payment provisions, including sample checks through the supply chain. (Ongoing)				Fair Payment provisions secured contractually throughout all central Government projects, without exception.	Action now with industry for Fair Payment provision reporting established through 'Mystery Shopper' service. Use of Project Bank Accounts the default Government position to deliver fair payment in future.

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6.	Efficiency and elimination of waste		6.9.1 Define target for increased use of project bank accounts ("PBAs"). (August 2011)	6.9.2 Monitor the roll out and use of PBAs (as the default approach) and capture lessons for future use. (Spring and Autumn 2012)	6.9.3 Monitor the roll out and use of PBAs (as the default approach) and capture lessons for future use. (Ongoing)	6.9.4 Monitor the roll out and use of PBAs (as the default approach) and capture lessons for future use. (Ongoing)	Increased use of PBAs to defined targets	GCB agreed targets Sept 11. Spring 2012 survey confirms 2011/12 target of £500M exceeded by 100%. See also the links below: http://www.cabinetoffice.gov.uk/news/highways-quickest-route-fair-payment-small-businesses http://www.cabinetoffice.gov.uk/news/%C2%A34-billion-flow-directly-smes-through-Government-construction-projects-and-new-construction-pip http://www.cabinetoffice.gov.uk/sites/default/files/resources/Project%20Ba

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								nk%20Accounts2briefing.pdf
6.	Efficiency and elimination of waste			6.10.2 Develop PBA How to Guide and publish (July 2012)				
		6(iv) To manage contingency allowances so they are realistic but do not create the expectation that they will be spent.	6.11.1 Agree standard approach towards risk/contingency management, in conjunction with IUK. (January 2012)				Measurement shows appropriate level, management and use of contingency.	Government has brought together an 'Expert Risk Group' drawn from major infrastructure operators and deliverers to review and consider alternative approaches. The outputs are being applied in support of priority infrastructure projects [IUK Infrastructure Cost Review annual report 2011-12]

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6.	Efficiency and elimination of waste	6(v) To assess the performance of current procurement practices in delivering required outcomes.	<p>6.12.1 Review current practice and explore procurement models which maximise value.</p> <p>6.13.1 Consider alternatives to current procurement processes and interpretation/ application of EU Directives. (Autumn 2011)</p>	<p>6.12.2 Commence implementation of recommendations through trial projects. (November 2012)</p>	<p>6.12.3 Reduce reliance within the public sector on the inappropriate use of short-term competition on the basis of initial capital cost as the primary means for driving efficiency.</p>		<p>Benchmarking demonstrates reduction contributing to the overall 15-20% reduction.</p> <p>Trial project practices adopted</p>	<p>In November 2011, Government announced a package of measures to further reform public procurement (http://www.cabinetoffice.gov.uk/news/radical-package-unveiled-support-business-and-promote-growth). These measures included streamlining procurement processes, providing greater visibility on the pipeline of future opportunities, addressing supply chain capabilities, and negotiating in Europe to simplify the public procurement legislation. In April 2012 the</p>

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6.	Efficiency and elimination of waste							Government provided an update on progress, publishing £70bn in potential future opportunities including the updated construction pipeline http://www.cabinetoffice.gov.uk/news/70-billion-potential-Government-business-published-boost-uk-growth
			6.14.1 Encourage greater risk based assessment of competition and procurement options with greater focus on innovation, cost/value and performance outcomes. (To be agreed 2011)	6.14.2 Risk based assessment of competition and procurement options incorporated in the "Procurement Routemap" (Summer 2012)	6.14.3 Following publication of the Procurement Routemap and feedback from trial projects IUK will explore the requirement for supplementary	6.14.4 Application of the Procurement Routemap in public sector decision making. (from March 2014)		Government has completed analysis of existing approaches to procurement across infrastructure sectors. A Procurement Routemap, will be published (Summer 2012)

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6.	Efficiency and elimination of waste				guidance (e.g. the Green Book).(from March 2013)			which incorporates these approaches and is informed by the work of the Procurement Task Group.
			<p>6.15.1 Government to work with industry and the Procurement Lawyers Association (PLA) to encourage a more pragmatic approach to compliance.</p> <p>Support the EU consultation on procurement Directives to ensure revisions are consistent with UK objectives to remove wastage and procurement legislation that stifles innovation. (Ongoing)</p>	<p>6.15.2 Identify compliance issues arising from interpretation of EU procurement directives. Identify remedies, features of best practice or case studies to illustrate alternative approaches. (Ongoing)</p>	<p>6.15.3 Monitor uptake of new approaches to early market engagement during pre-procurement stage and new models of "ECI" (Early Contractor Involvement). (Ongoing)</p>		<p>Number of major projects and programmes adopting lean procurement principles.</p>	<p>In developing a Procurement Routemap for publication (Summer 2012), Government has led engagement with a group of procurement lawyers outside of the PLA. As part of wider Cabinet Office, HMT and BIS review leading up to the autumn statement 2011, IUK undertook a detailed analysis of EU infrastructure procurement practice. Cabinet Office is leading negotiations on</p>

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								EU procurement directives.
7.	Building Information Modelling (“BIM”)	7(i) To introduce a progressive programme of mandated use of fully collaborative Building Information Modelling for Government projects by 2016.	7.1.1 Creation of the implementation plan and team to deliver. (July 2011)	7.1.2 Begin phased roll out to all Government Projects. (From Summer 2012)			Completion of agreed pilots.	Detailed implementation plan developed, published and team established. Projects identified in MOJ as early adopter. 4 sub groups established. The Construction Industry Council is providing support.
				7.2.2 Commence roll out of four MOJ pathfinder projects. All projects live. (end 2012)				Projects identified and in various stages of implementation.
				7.3.2 Define and mandate the expected standard (information set) for Government projects. (April 2012)			Commencement of roll out achieved.	UK Government structured data set, COBie UK 2012 is complete and templates have been published on the BIM Task Group website: www.bimtaskgroup.org

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7.	Building Information Modelling (“BIM”)							along with example files. PAS1192-2:2012 “Building Information Management – Information requirements for the capital delivery phase of construction projects” drafted and currently undergoing consultation. Once published in Summer 2012 it will be uploaded onto the website.
				7.4.2 Identify trial projects in multiple Departments to achieve delivery via 3D fully collaborative BIM. (July 2012)			Complete built record of the project available for the purposes of asset management.	Quick start cross departmental BIM workshops and surgeries ongoing.
					7.5.3 BIM strategy and execution programme			

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7.	Building Information Modelling ("BIM")				created by 2 departments (Spring 2013) Additional 2 departments (July 2013) Remaining key spending departments (end 2013)			
				7.6.2 Creation of explicit departmental embarkation plans illustrating ramped maturity towards the 2016 horizon (August 2012)			Seven key spending departments to have embarkation plans.	
				7.7.2 BIM legal, commercial and insurance protocols crafted (Autumn 2012)				
				7.8.2 Regional BIM hubs go live enabling industry to deliver Government BIM requirements (from Autumn 2012)				The Construction Industry Council (C.I.C.) will be facilitating the roll out and management of the BIM Task Group Regional

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7.	Building Information Modelling (“BIM”)							Hub Network. These anchor networks are being mobilised and will go live Autumn 2012.
				7.9.2 Evaluate trial projects and make recommendations. (Ongoing)	7.9.2 Evaluate trial projects and make recommendations.	7.9.2 Evaluate trial projects and make recommendations.		Criteria and standards being established against which trial projects will be evaluated.
8.	Alignment of design/ construction with operation and asset management	8(i) To align interests between those who design and construct an asset and those who subsequently use it.		8.1.2 Trial introduction of a period (say 3 to 5 years) of post completion proving of the asset by the constructors. Note connection with BIM and its potential to connect design and construction info to asset management. (Summer 2012) 8.2.2 Prepare guidance document to assist	8.1.3 Management and monitoring of trial projects (ongoing)	8.1.4 Management and monitoring of trial projects (ongoing)	Projects designed and delivered to required standards; and to allow the asset to operate to the required standard for its whole life.	Trial projects identified and published with different elements being trialled on projects at appropriate stages. http://www.cabinetoffice.gov.uk/sites/default/files/resources/GCS%20Publication%2010%20February%202012_ETrial%20Projects_0.pdf BSRIA are conducting many of the trial projects.

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8.	Alignment of design/ construction with operation and asset management			departmental implementation (Summer 2012)				The <i>Government Soft Landings</i> workstream, which is focused on integrating design and construction with whole-life operation, continues to engage closely with the BIM team and is bringing forward further trial projects. The draft policy document on Government Soft Landings, which will be supported by guidance and a process map that reflects the BIM stages and approach, will also be published in July.
9.	Supplier Relationship Management	9(i) To measure supplier performance across all programmes	9.1.1 Programme of supplier conferences and dialogue with individual suppliers.	9.1.2 Programme of supplier conferences and dialogue with individual	9.1.3 Programme of supplier conferences and dialogue with individual	9.1.4 Programme of supplier conferences and dialogue with individual	Key suppliers' performance routinely measured and communicated across	Supplier conferences held April 2011, Jan 2012, May and July 2012. Regular contact

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9.	Supplier Relationship Management	to support objectives 12(i) & (ii) and 5(iii).		suppliers. (Ongoing)	suppliers. (Ongoing)	suppliers. (Ongoing)	Government programmes (client and supply side) through a common process.	with key suppliers and a whole industry conference 2 nd July. Publication of newsletters on a quarterly basis.
		9(ii) To develop and implement a shared programme for efficiency and reform.	9.2.1 Routinely assess and communicate key suppliers' performance across Government programmes through a Common Assessment Framework. (Ongoing)	9.2.2 Performance process for construction developed and redefined. (Summer 2012)			Delivery against agreed targets	System of Crown Reps established (incl for SMEs). Assessment of key supplier performance trialled with a number of suppliers.
		9(iii) To require suppliers to align with a shared view of excellence and to cascade good practice down through the supply chain.	9.3.1 Redefine a shared view of excellence. (January 2012)	9.3.2 Implement shared view of excellence to be incorporated into strategic alignment agreements with key suppliers. (from Summer 2012)			Delivery against agreed targets	Definition established in January 2012 by the Performance Management Task Group. The definition is currently being socialised prior to being incorporated into the performance management process.

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9.	Supplier Relationship Management		9.4.1 Formalise the process of compliance and improvement through Supplier Alignment Agreements. (Ongoing from Dec 11)	9.4.2 Strategic alignment agreements with key suppliers to be redesigned (Autumn 2012)			Delivery against agreed targets	Supplier alignment agreements trialled with a number of suppliers. SAA process to be incorporated as part of cohesive Performance Management Process. This will encompass work to support SMEs in particular.
10.	Competitiveness and reducing duplication (whole public sector)	10(i) To assess the effectiveness of frameworks, in collaboration with Departments and the National Improvement and Efficiency Partnership for Construction.	10.1.1 Investigate effectiveness of use of frameworks - in terms of criteria for selection and value to the taxpayer. (Autumn 2011)	10.1.2 Study findings and recommendations made. Commence implementation of recommendations (from July 2012)	10.1.3 Delivery of a platform that ensures Government and the wider public sector have visibility of good quality procurement channels to market.		Investigation complete and recommendations made by a time to be agreed.	Report on the Effectiveness of Frameworks published as part of the final Procurement Task Group report (July 2012). NIEP working on improving frameworks through value banding/geographical location.

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			10.2.1 Identify the best use of routes to market. (Initial view January 2012)	10.2.2 Analyse departmental use of routes to market. (Winter 2012)			Spend focussed on appropriate routes to market by client capability. Portion of spend target as set through quality frameworks	Government Procurement Routemap to be published Summer 2012. In relation to frameworks this is complete and is also now related to the Routemap.
11.	New Procurement Models	11(i) To investigate alternative forms of procurement and contractual arrangement that offer better value and affordability.	11.1.1 Develop new model competition and procurement processes in collaboration with Departments and their agencies to encourage innovation through integration and earlier supply chain involvement. (January 2012)	11.1.2 Commence implementation of recommendations through trial projects. (from April 2012)	11.1.3 Evaluation of trial projects (from Spring 13)		<p>Truly integrated team demonstrated - ie designers and constructors with full supply chain reporting to client on a collective basis.</p> <p>All parties share common agreement in terms of key principles.</p> <p>Simplified contractual arrangements and risk pricing brought together.</p>	<p>New model competition and procurement processes developed by Procurement Task Group; report published Feb 2012.</p> <p>Programme of trial projects established.</p> <p>MoD trial projects kick-off event delivered April 2012.</p> <p>Procurement Routemap incorporates these</p>

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Orange text: new work stream

Government Construction Strategy Action Plan (Revised) July 2012

	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
			2011	2012	2013	2014		
11.	New Procurement Models						Evidence of team problem solving.	approaches and has been informed by the work of the Procurement Task Group (see Action 6.14.2 for details).
		11(ii) Consistent with the initiatives above, to review approaches to incentive and risk apportionment						Issues of risk and incentive considered as part of work to develop new models of procurement.
		11(iii) To investigate the variety of options for using private finance and appropriate risk transfer to the private sector in the delivery of capital projects.	11.2.1 Infrastructure UK to lead, working closely with the Cabinet Office (Ongoing)	11.2.2 Infrastructure UK to lead, working closely with the Cabinet Office (Ongoing)			Benchmarking demonstrates reduction contributing to the overall target reduction of up to 20%. Trial project practices adopted.	PFI review closed 10 February 2012. Awaiting HMT report.

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	Theme	Objective	Specific Actions and Timescales				Measures	Commentary
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12.	Client Relationship Management	12(i) To develop a range of overarching procurement strategies appropriate to the whole programme.	12.1.1 Analysis of PSCD Departmental input to identify the range of opportunities, and identify trial projects. (January 2012)				<p>Trial projects demonstrate practicality and benefits of aggregation.</p> <p>Potential roll out of piloted approaches.</p>	Work to develop range of procurement strategies being taken forward via Procurement Routemap. The Public Sector Construction Database is not current. It will be reviewed (see Action Point 2.1). However, pipeline data now available for departments to evaluate the opportunities for their programmes. The Routemap will provide departments with more informed choices on procurement routes together with the appropriate skill set required.
		12(ii) To explore opportunities		12.2.2 With departments, identify			Greater use of centralised procurement and	Workshops held with departments. The Government

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12.	Client Relationship Management	for centralised procurement of common components.		opportunities to centralise purchasing and set targets. (April 2012)			resulting cost reductions.	Procurement Service (GPS) provide the centralised commodity opportunity and have a number of construction related frameworks in existence / under consideration. GPS will work with construction team on further development of their approach to commons goods and services offering in the construction sector.
		12(iii) To investigate the scope for reducing transaction costs and seeking economies of scale and volume-related	12.3.1 Confirm existing and potential key suppliers to central Government. (Autumn 2011)	12.3.2 With departments and key suppliers, identify opportunities to reduce transaction costs – for example by greater use of standardised			Simplified / centralised processes leading to cost savings.	Top 30 suppliers to Government identified and engaged. Government has reviewed standards to bear down on unnecessary costs

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			2011	2012	2013	2014		
12.	Client Relationship Management	discounts.		<p>processes. (April 2012)</p> <p>12.3.3 Deliver and evaluate trial projects. (From Autumn 2012)</p>				<p>by aiming to reduce by more than 50% the number of bespoke in-house standards. This work is being taken forwards by IUK.</p> <p>Work on trial projects has been deferred from June 2012 to overcome conflicting priorities.</p>
		12(iv) To investigate the scope for increased product	12.4.1 Investigate scope for further standardisation of buildings, systems or components across Government	12.4.2 Implement commodity procurement for identified			Opportunities defined, implemented as appropriate and realised.	Workshops held with departments. The GPS provide the centralised commodity

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12.	Client Relationship Management	standardisation to support objectives 12(ii) & (iii) within and between programmes.	programmes. (From June 2011)	opportunities. (Summer 2012)				<p>opportunity and have a number of construction related frameworks in existence/under consideration.</p> <p>Standardisation of buildings and systems to be incorporated in new models of procurement trial projects where appropriate.</p>
13.	Implementation of existing and emerging Government policy in relation to sustainability and carbon	13(i) To deliver future carbon reductions in the Government estate through the procurement of new construction - for example by developing approaches to appraising construction					<p>Reduced carbon emissions, water consumption and waste to landfill in accordance with agreed targets.</p> <p>The State of the Estate report published each year provides an assessment of the efficiency and sustainability of the civil estate</p>	<p>The Government response to the Low Carbon IGT report supported recommendations under the GCS Action Plan, and committed the Government to play its part in delivery.</p> <p>A variety of the themes outlined in the Strategy also contribute to</p>

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		projects on a whole life carbon basis including embodied carbon, and working with departments and industry to deliver existing and emerging <i>Strategy for Sustainable Construction</i> targets.					including reporting on progress made towards ensuring buildings that become part of the civil estate fall within the top quartile of energy performance and if they do not, giving reasons.	Government policy in terms of sustainability and carbon including, but not limited to BIM, whole life value, early supply chain involvement to foster innovation and intelligent client measures.

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