

Government Key Suppliers Conference

2 May 2012



Paul Morrell, Chief Construction Adviser







Low Carbon IGT Report, November 2010

IUK Cost of Delivery Study, December 2010

Budget, March 2011

BIS/HM Treasury Plan for Growth, March 2011

IUK Implementation Plan, March 2011

McNulty Review Final Report, April 2011

James Review, April 2011

Government Construction Strategy, May 2011

IUK Charter, June 2011

Low Carbon IGT – Government Response, June 2011

Government BIM Strategy, June 2011

LANSDALE CO-OP
CUSTOMERS
WANTED
APPLY WITHIN
NO EXPERIENCE NEEDED
FULL TRAINING GIVEN
MUST HAVE OWN
MONEY!

A large, modern office interior with a glass table and a large white sculpture. The room has large windows and a high ceiling. A man in a suit stands on the left, looking up. A woman in a suit stands next to him. Three other people are seated at the glass table, looking at a large white sculpture that resembles a stylized 'S' or a continuous loop. The sculpture is made of thick, white, curved panels. The office has a contemporary feel with a glass table and modern chairs.

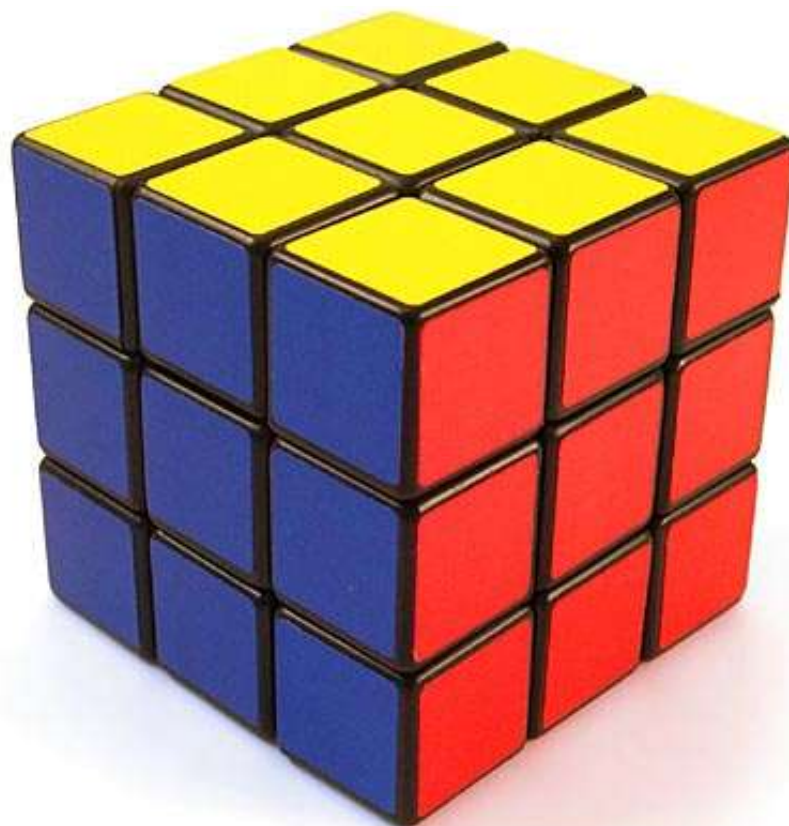
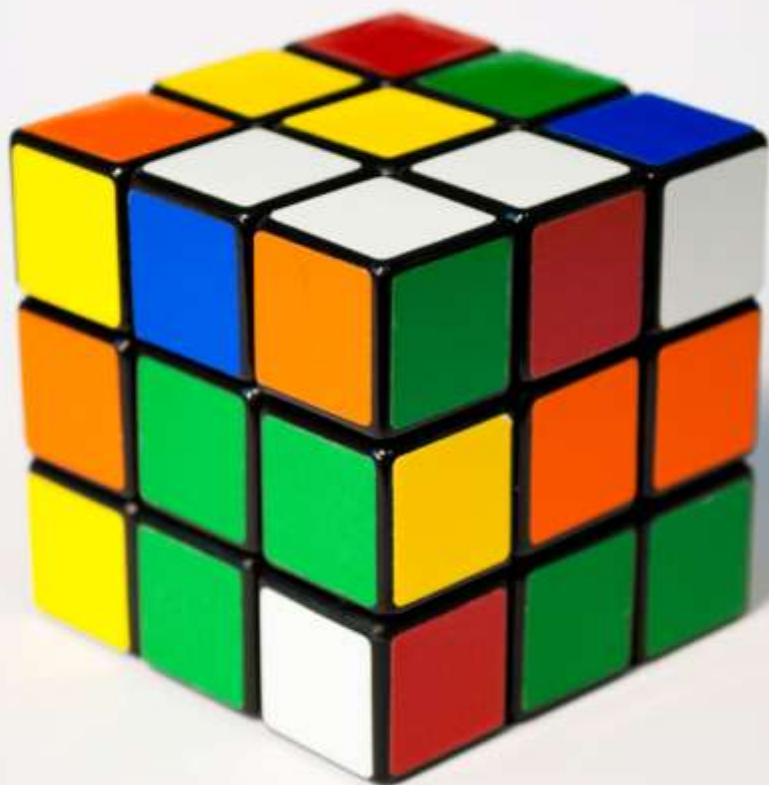
What's
Our
Problem
?

Going well

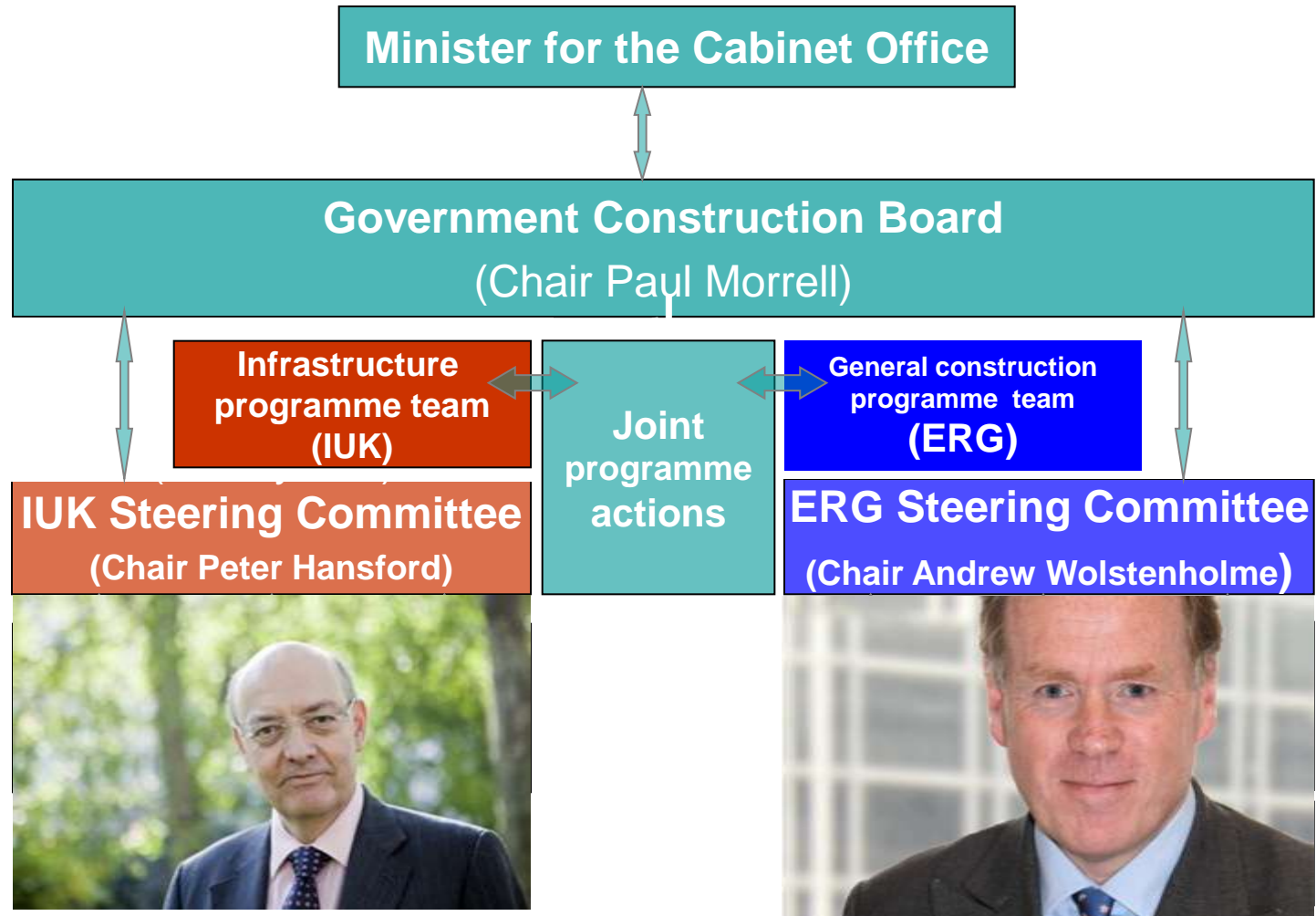


Still a lot to do

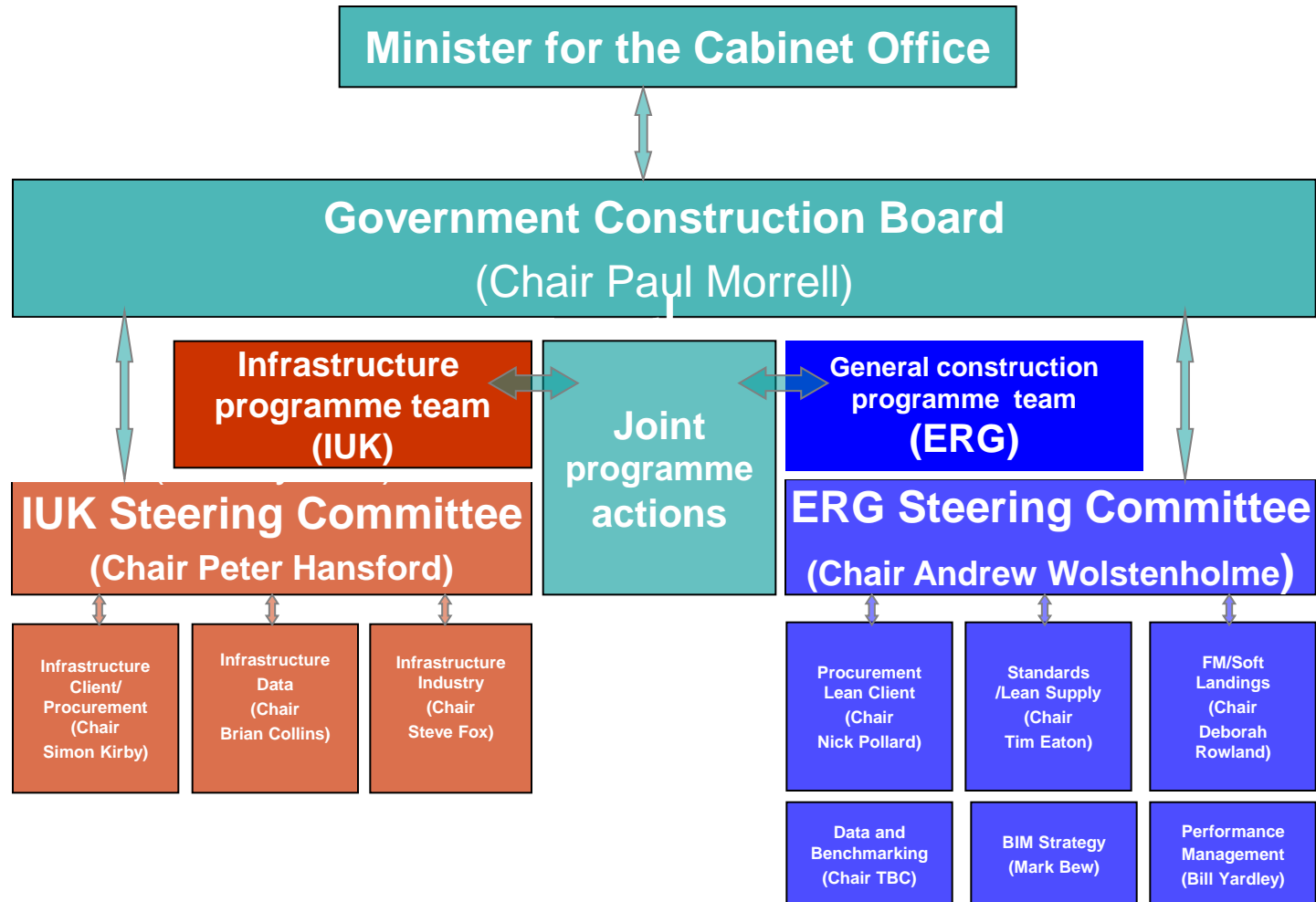




Government Construction Board

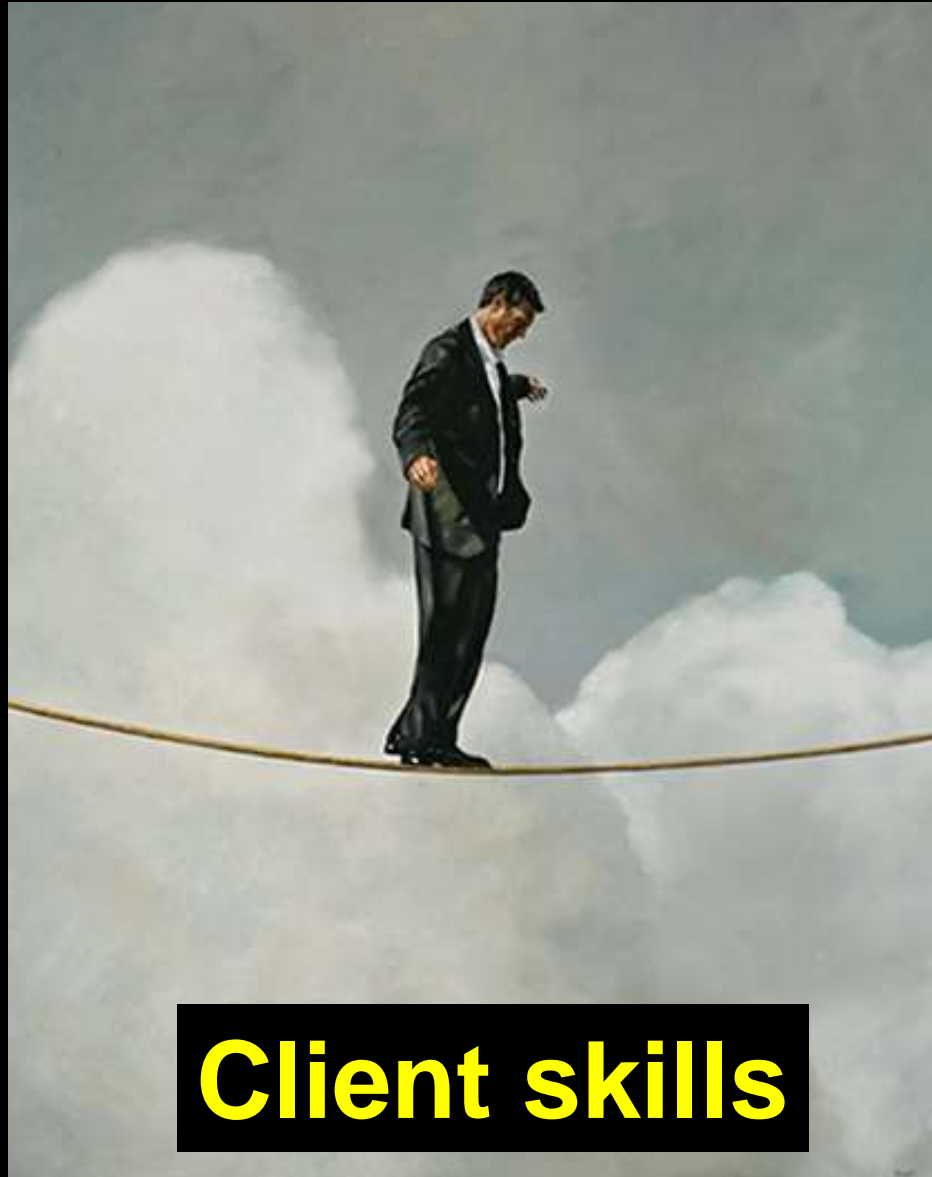


Government Construction Board



Government ConstructionBoard

- Paul Morrell, Chief Construction Adviser (Chair)
- Terry Stocks, MoJ
- Mike Green, Partnerships for Schools
- Peter Adams, Highways Agency
- Stephen Dance, Infrastructure UK
- Terrie Alafat, CLG
- Michael Clegg, Homes and Communities Agency
- William Jordan, Cabinet Office
- Bill Yardley, Defence Infrastructure Organisation
- Andrew Smith, NIEP
- Peter Sellars, Procure 21+
- Denis Walker, BIS
- Deborah Rowland, Government Property Unit
- Miles Jordan, Environment Agency
- Jeremy Allen, DECC



Client skills

Major Projects Leadership Academy

- launched February 2012



Governance



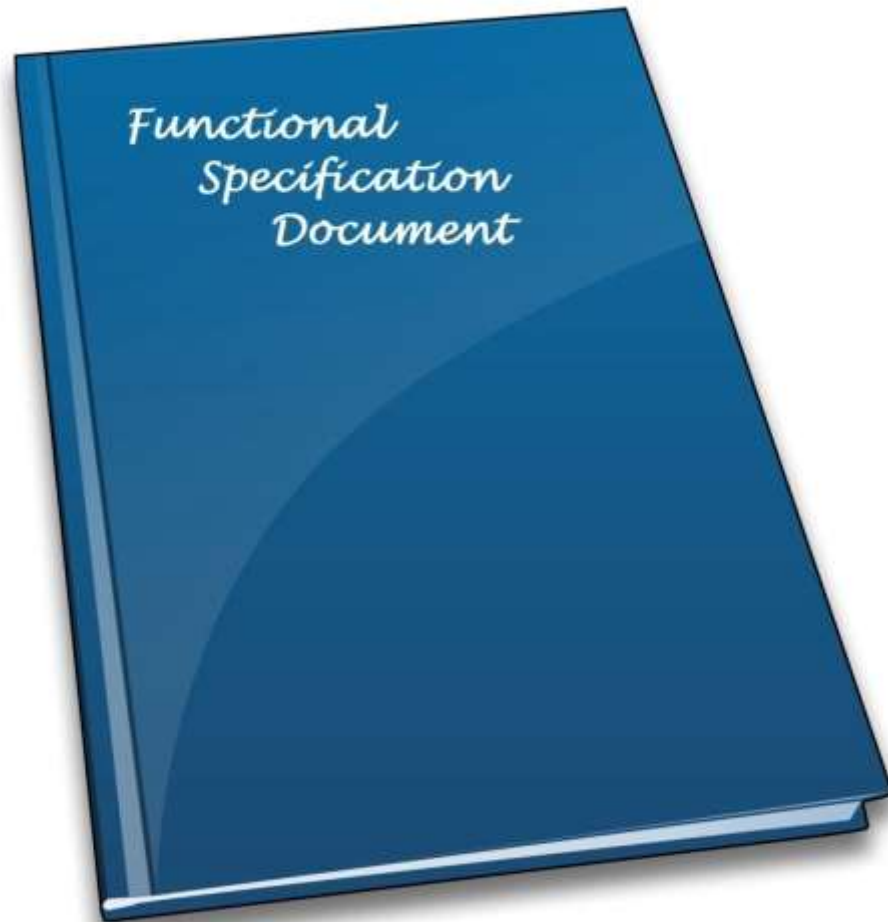


Challenge



Value in service delivery

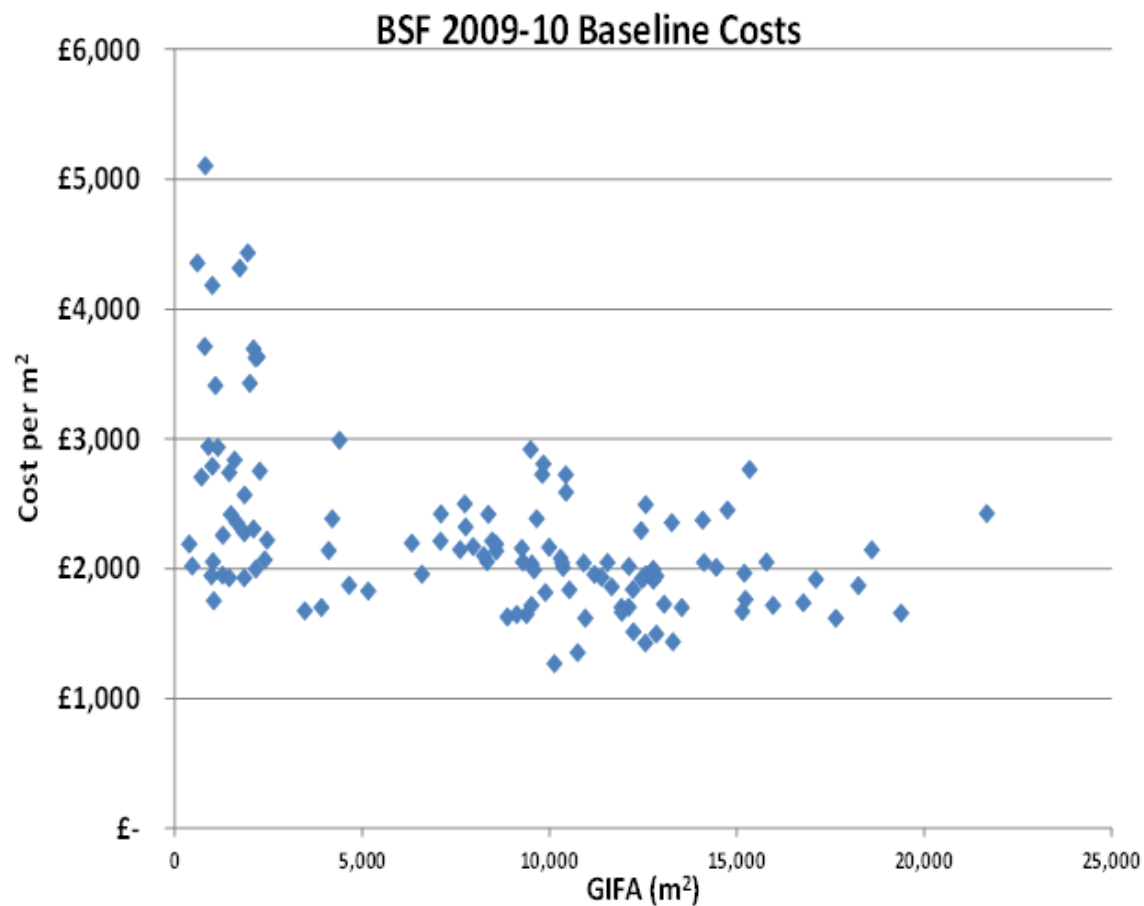
Standards



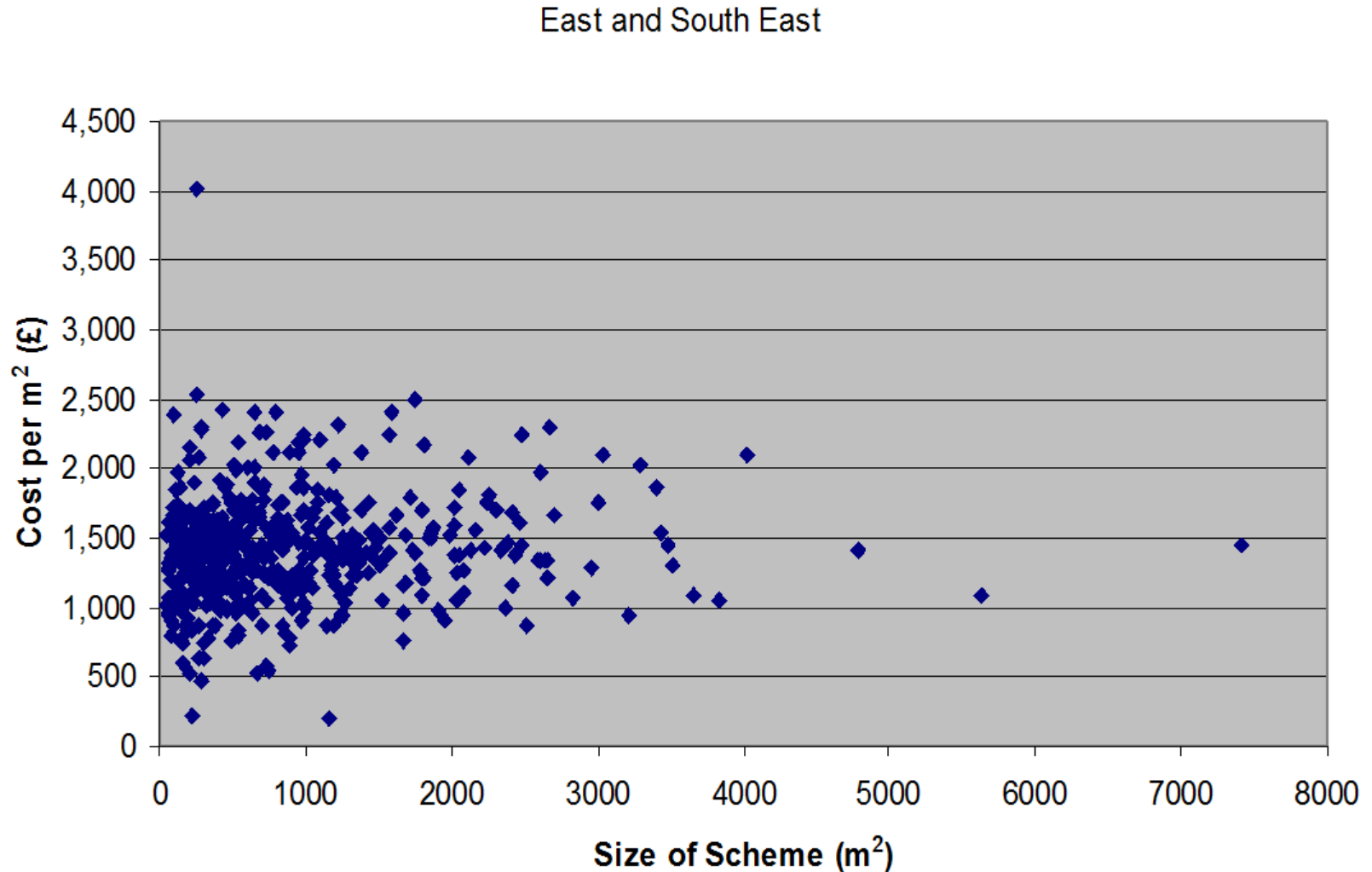


Benchmarking

DfE / EFA: New Build Secondary Schools

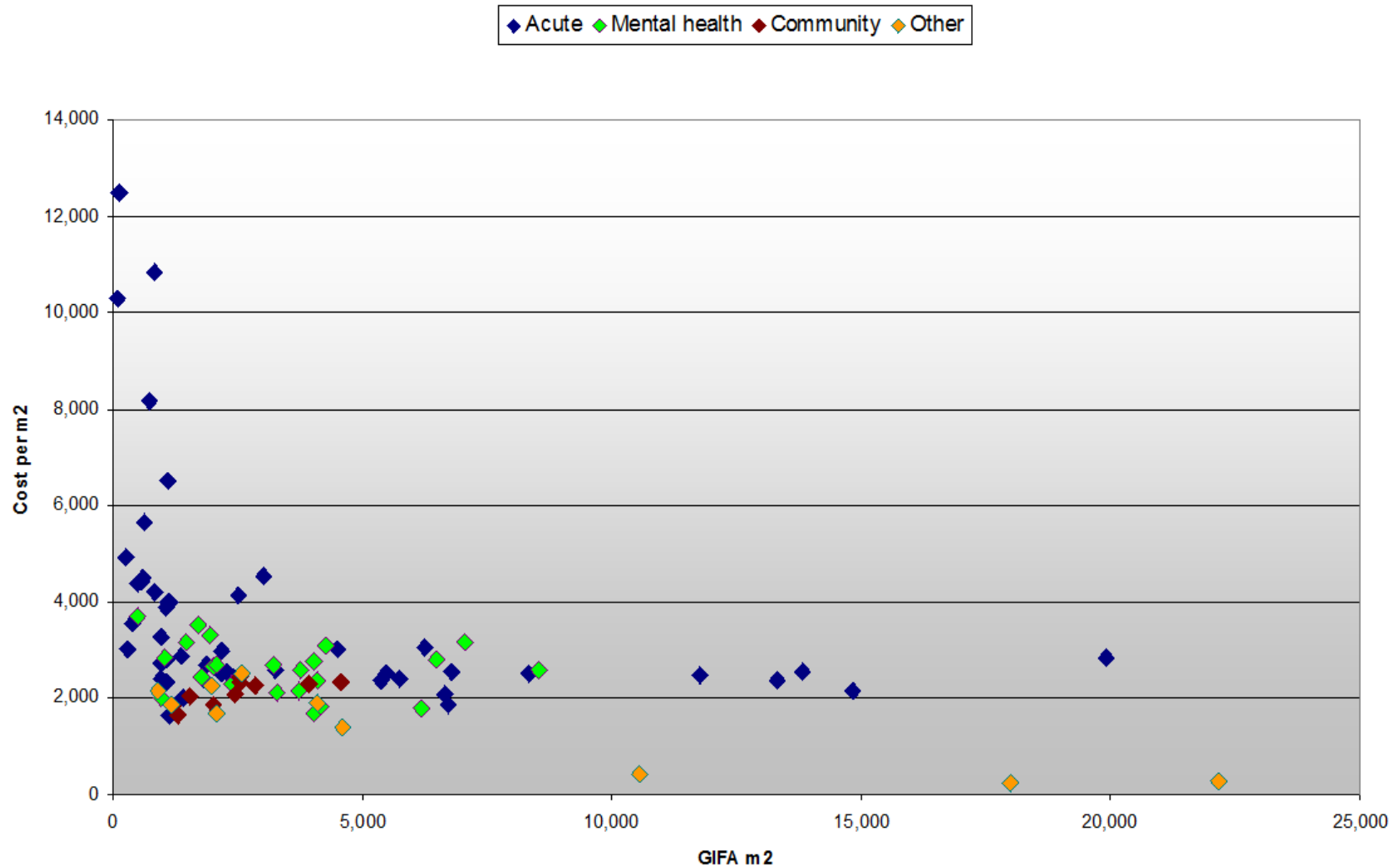


DCLG / HCA: New Build (1 of 5 regions)



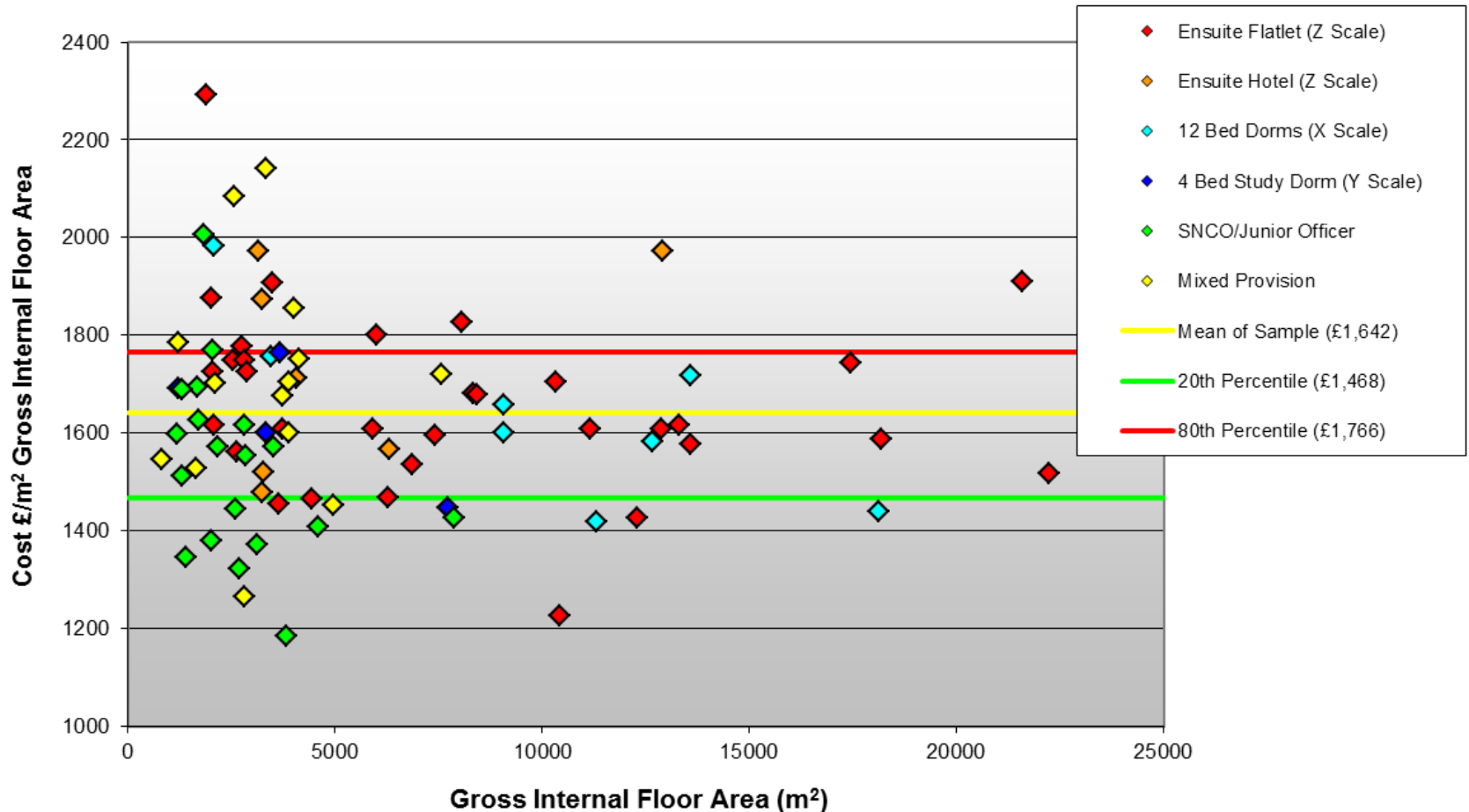
Procure 21/21+ - All types (new build)

DH ProCure21 Programme: 2009/2010 Baseline: Aggregate Scatter All Types (New Build)



MoD: New Build (SLAM)

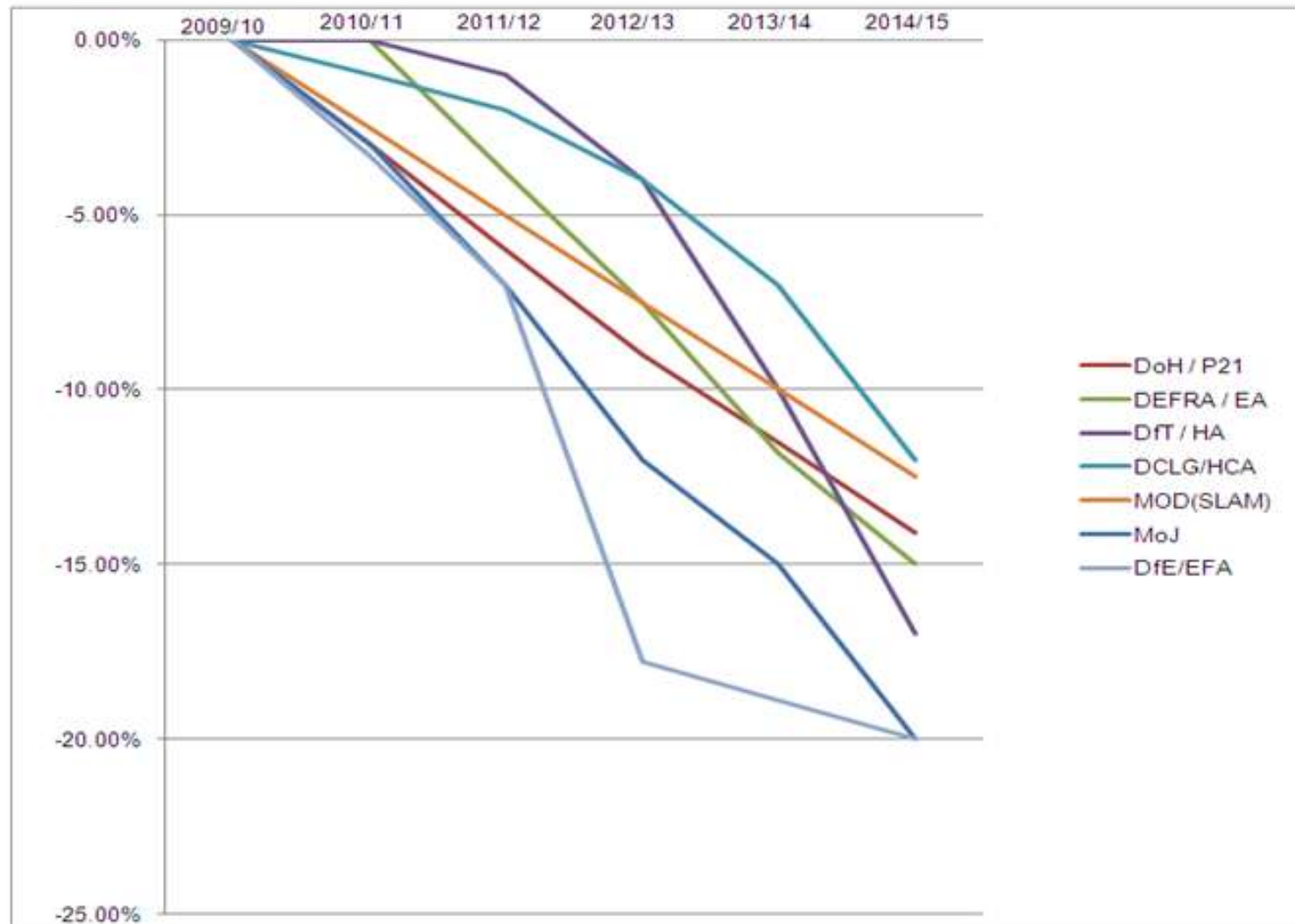
MoD Single Living Accommodation Modernisation (SLAM) Project
2009/2010 Baseline - Aggregate Scatter All Types (New Build only)

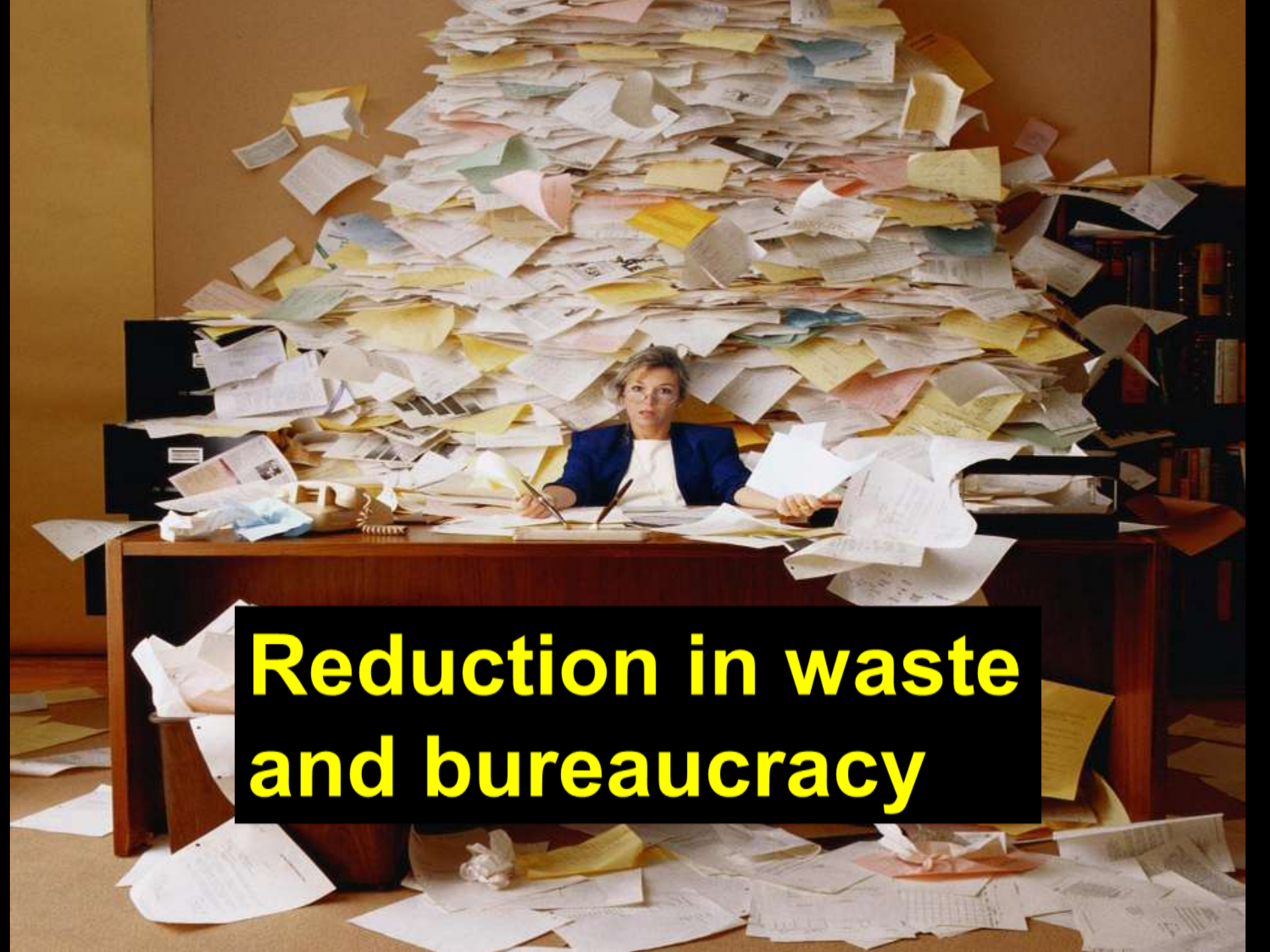




I am laying down the challenge to major Government suppliers to ask them what they can do to take cost out.

Chart 2: Department Cost Reduction Trajectories





**Reduction in waste
and bureaucracy**

PAS 91:2010

Construction related procurement – Prequalification questionnaires



BIS | Department for Business
Innovation & Skills



Local
Partnerships

SAFEcontractor



NFB
National Federation of Builders

Business
Finance and
Procurement



Cabinet Office







New procurement models









Integration









Benchmarking

Trial projects





Frameworks





25%

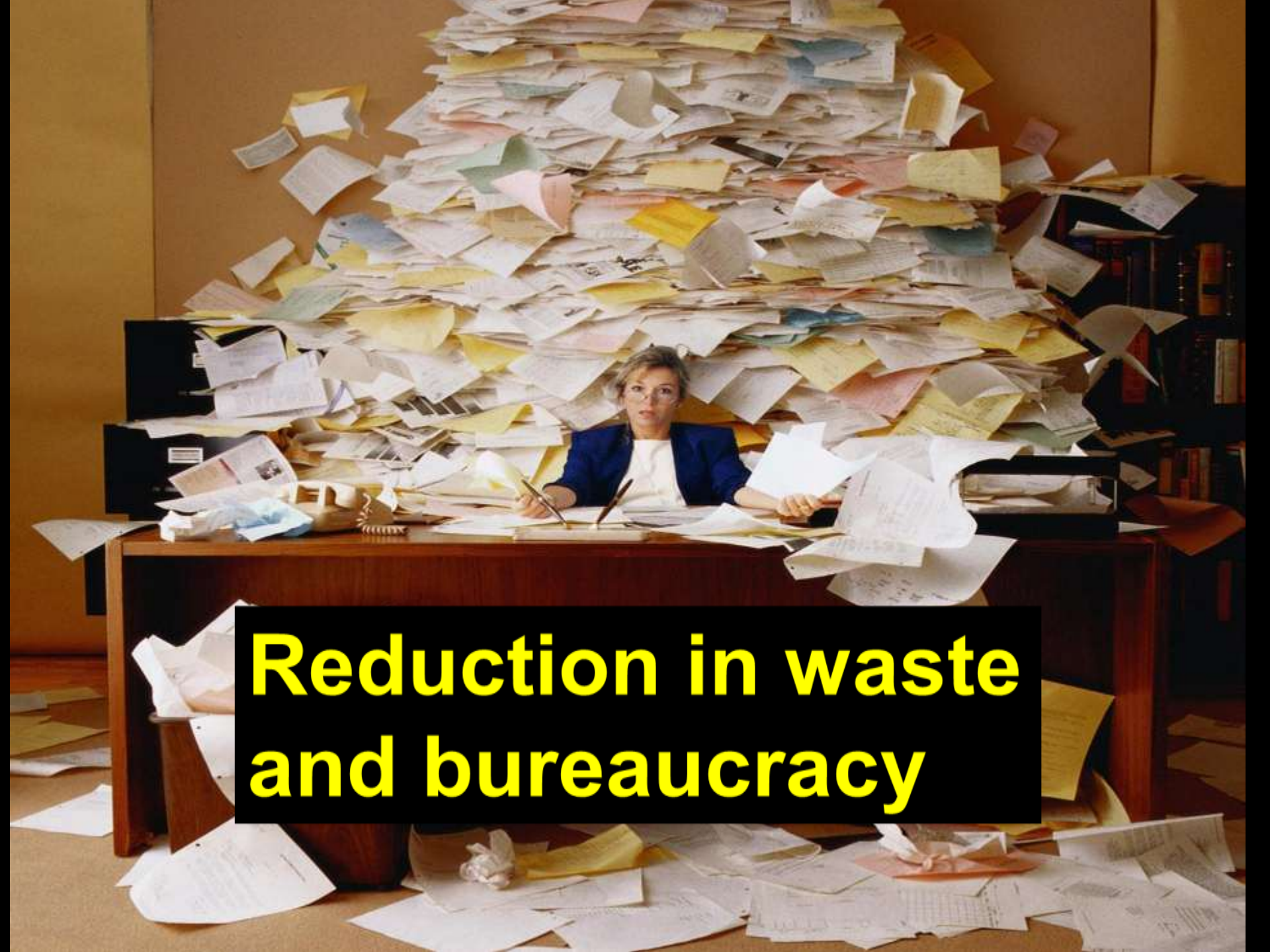


Development of the supply chain









**Reduction in waste
and bureaucracy**

PAS 91:2010

Construction related procurement
– Prequalification questionnaires



Guide to best 'Fair Payment' practices

Construction procurement



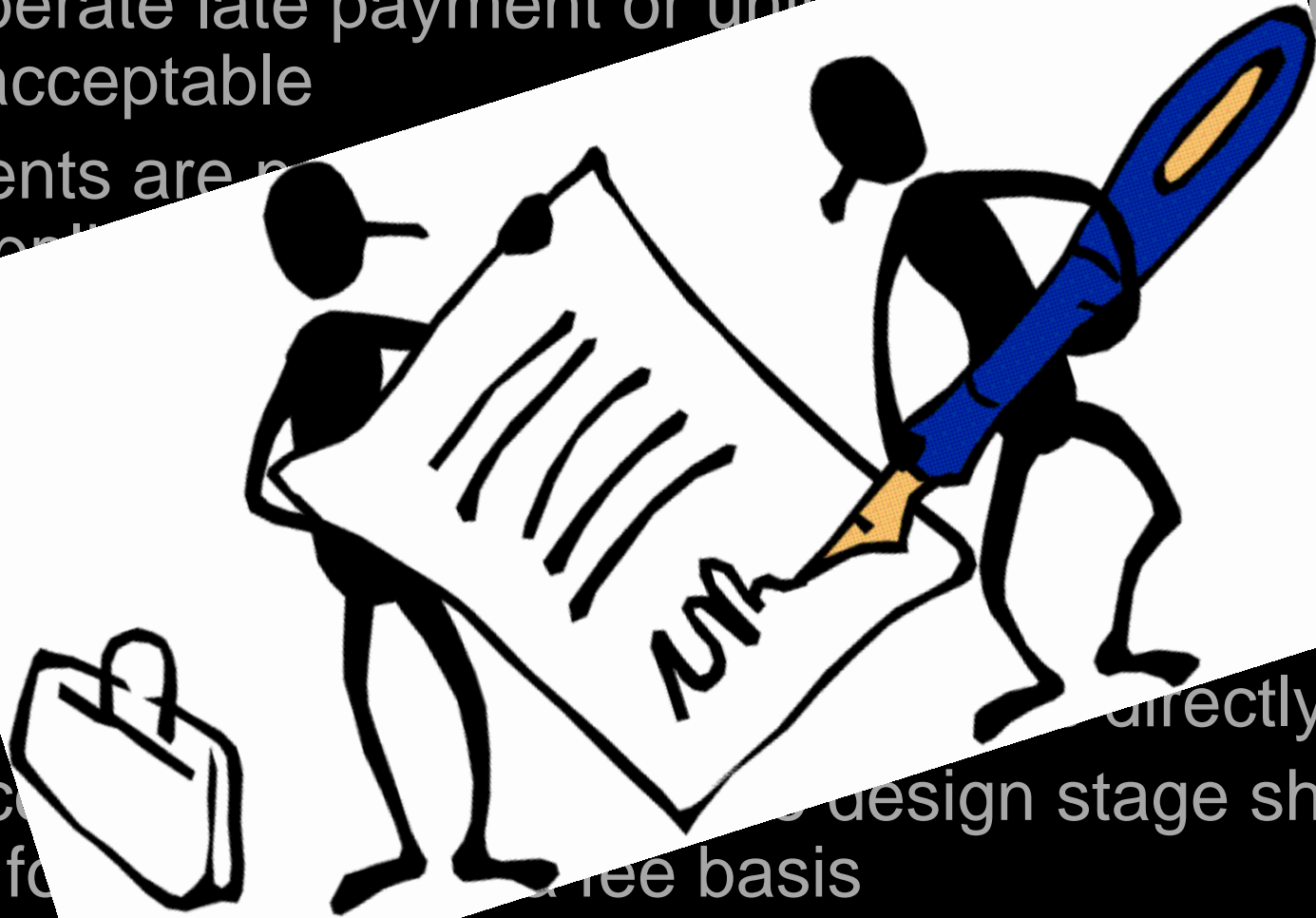
Fair payment

Principles of fair payment

- Deliberate late payment or unjustifiable withholding is not acceptable
- If clients are not applying retentions, they should not be applied along the supply chain
- Payment periods not to exceed 30 days
- Payments will be made by electronic BACS transfer
- Past payment performance will be a key prequalifying criterion in the selection of lead contractors
- Clients may wish to pay subcontractors directly
- Subcontractors involved at the design stage should be paid for their time on a fee basis
- Valuation processes should be replaced by milestone payments and payment schedules

Principles of fair payment

- Deliberate late payment or unjustified withholding is not acceptable
- If clients are not paid, the project should not be approved
- Payment should be made in accordance with the contract
- Payment should be made in accordance with the contract
- Payment should be made in accordance with the contract
- Payment should be made in accordance with the contract
- Client should be paid directly
- Subcontractors should be paid for design stage should be paid for on a free basis
- Valuation processes should be replaced by milestone payments and payment schedules



Principles of fair payment

- Deliberate late payment or unjustifiable withholding is not acceptable
- If clients are not paid, they should not be applied for
- Payment should be made
- Payments should be made
- Past payment history should be a criterion in
- Clients must be paid directly
- Subcontractors should be paid for the work
- Valuation should be based on milestone payments and payment schedules





Soft Landings

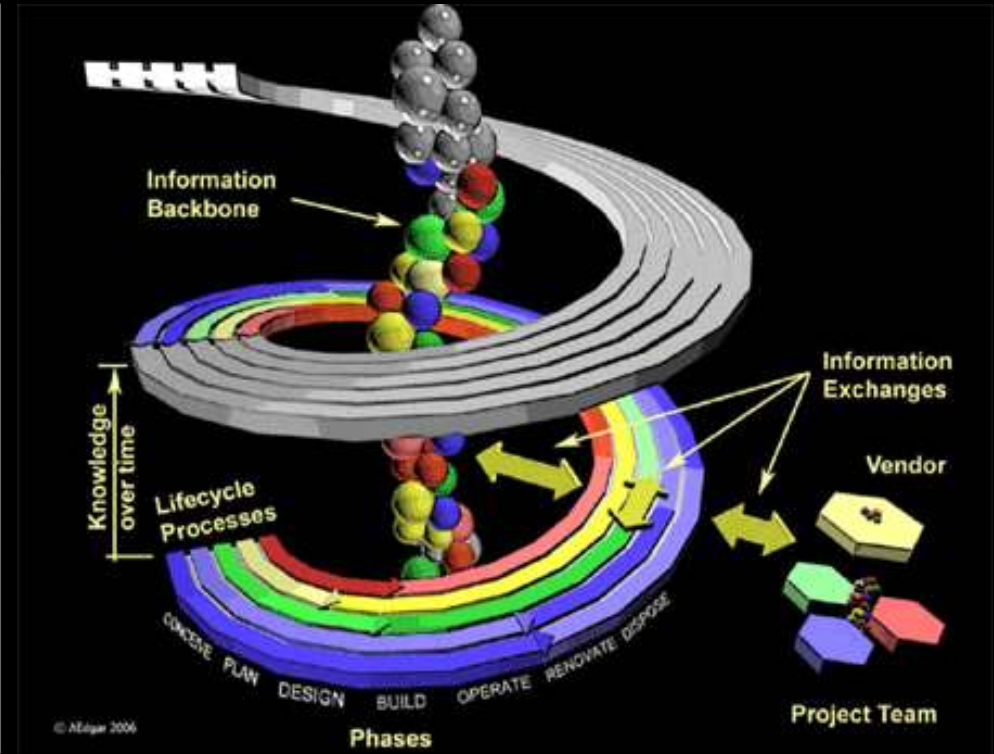
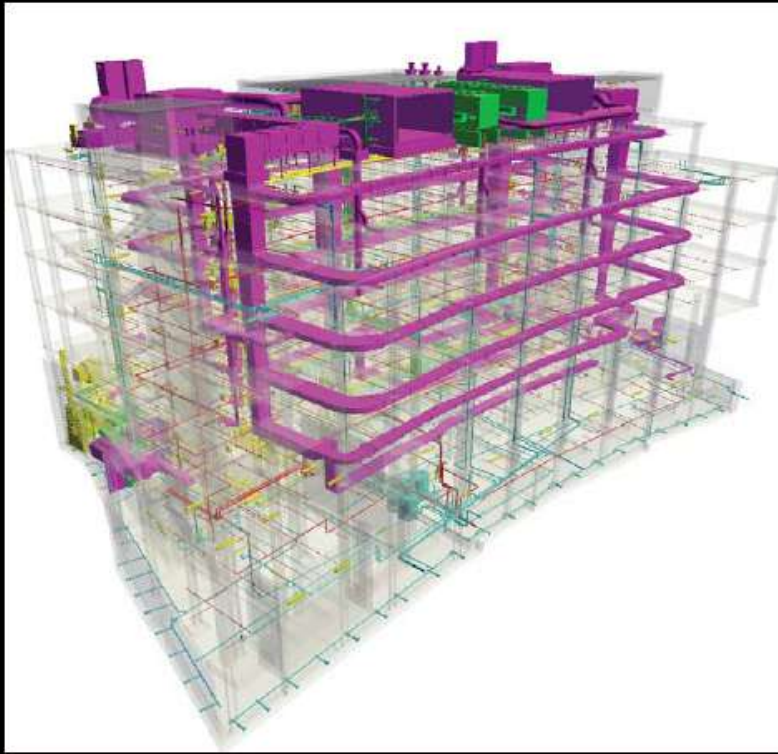




- **Soft landings now mapped to Gateway process**
- **and integrated into BIM data protocols**
- **Policy document due for publication in June**



Building Information Modelling (and Management)





They've mandated BIM!

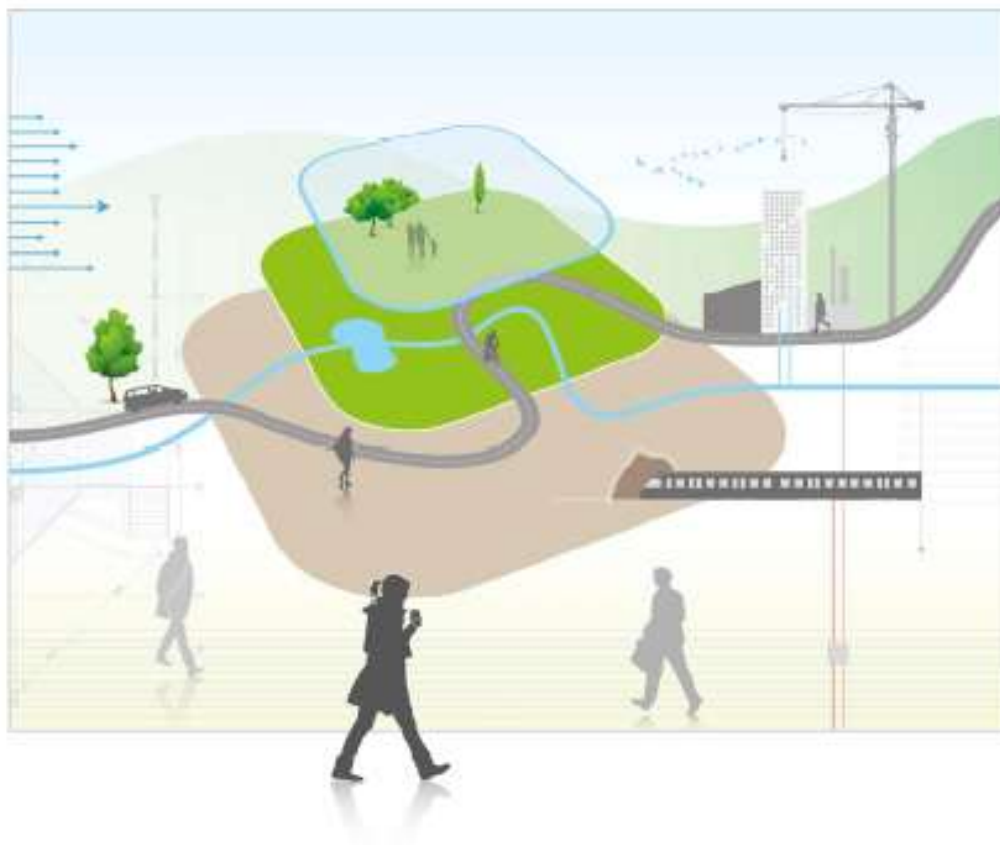


**CALM
DOWN
DEAR**



BIM

Management for
value, cost & carbon
improvement



Government Construction Client Group Building Information Modelling (BIM) Working Party Strategy Paper

BIM: A Blinding Flash of the Efficient



BIM implementation

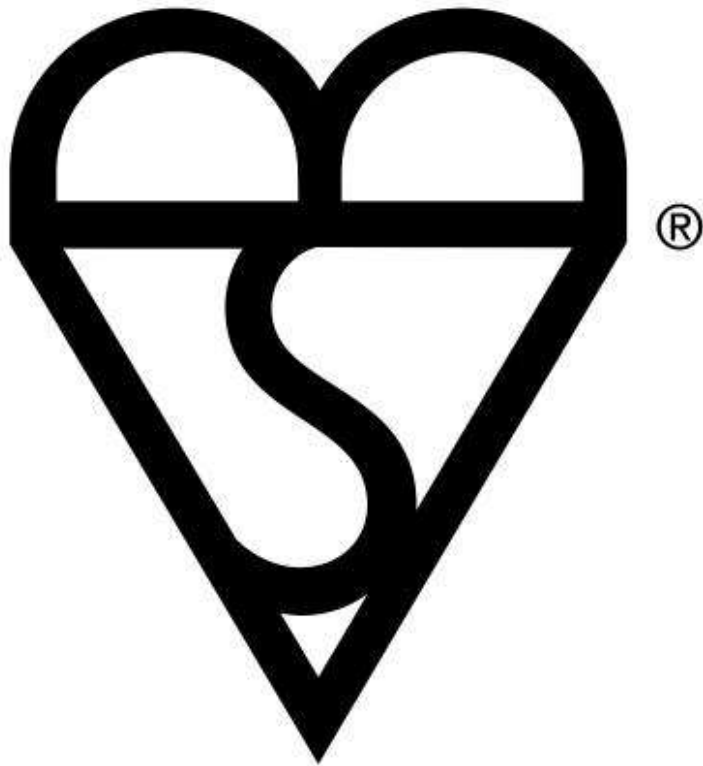
- MOJ BIM strategy complete and the first 4 pilot projects are currently being implemented
- Workshop process has commenced in EFA
- Plans being developed for roll-out across all programmes
- Overlay for plans of work prepared ready for release later this month
- PAS 119-2 ready for public consultation and should go live in June/July
- Working with preferred partners to establish regional BIM hubs throughout the country.
- Working with other sectors to share experience and seek alignment



Contracts and Legal

- Ownership and sharing
- Copyright and IPR
- Insurance
- Contracts

Standards and methodologies



Training & Support Systems (packaging the “push”)

- Technology
- Training
- Accreditation
- Support Organisations
- Documentation
- Shrink Wrapping
- Organisation





Data drops

Visualization



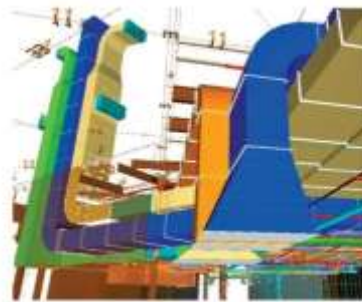
Integration



Co-ordination



Construction



Maintenance









Edventure
(Bryanston Square)



Learning Barn
(BAM Design)



EcoCanopy
(Bryden Wood/
Ashe Construction)



Nurture Future
(Cartwright Pickard/
Tarmac Building Products)

Sunesis
(Scape/Willmott Dixon)

Pipeline





2 Years →

Evolution of the Pipeline

Pipeline Edition	Number of Entries	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Grand Total April 2012	629	11614	10586	9908	8738
Grand Total November 2011	452	10232	9796	9000	7207
Grand Total May 2011	7	8300	7200	6500	



Beyond CSR?



HM TREASURY



Infrastructure UK

National Infrastructure Plan 2011

November 2011

Coalition on target to trim up to £3bn from infrastructure costs, says Treasury

Finance minister Lord Sassoon reveals first fruits of cost review aiming to shave 15% from public sector construction spend

Larry Elliott, economics editor
The Guardian, Monday 23 April 2012



Westminster tube station. One cost saving will come from the joint procurement of escalators by London Underground and Crossrail. Photograph: Garry Weaser

The government is on course to hit its target of making savings of between £2bn and £3bn on the bill for the nation's infrastructure by 2015, the Treasury said on Monday.

Lord Sassoon, the commercial secretary to the Treasury, said cost cuts of £1.5bn had been identified – including £600m on road schemes and £400m from London Underground (LU).

"It is vitally important that utility bill payers and taxpayers get good value for every pound spent on infrastructure," Sassoon said as he announced the findings of the cost review launched in 2011. "Every pound saved through this cost review programme is a pound more that can be spent on new infrastructure in the UK."

U.K. Says It Shaved \$2.4 Billion From Its Infrastructure Budget

By Gonzalo Vina - Apr 23, 2012 12:01 AM GMT+0100

f t in + 0 COMMENTS

QUEUE

The U.K. trimmed 1.5 billion pounds (\$2.4 billion) from its infrastructure budget as it seeks to streamline the way it carries out the construction of roads, rail and public buildings, the Treasury said.

The government said it shaved 600 million pounds from the 3.2 billion-pound construction bill on 20 road projects as part of a three-year plan to reduce overall infrastructure costs by as much as 3 billion pounds. It said it cut 400 million pounds from London Underground building costs.

"Every pound saved through this review program is a pound more that can be spent on new infrastructure for the U.K.," Treasury Minister Lord James Sassoon said in a statement.

Infrastructure building has risen to about 20 billion pounds a year, and Prime Minister David Cameron, seeking ways to stimulate Britain's economy without using public money, said last month that private investment in roads must be accelerated.

New Civil Engineer

NCE
www.nce.co.uk

LEADER: JOIN THE DEBATE

Our future prosperity is in need of a clear, bold infrastructure vision
Antony Oliver NCE Editor



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Government says industry on track to cut cost of delivering infrastructure

23 April 2012 | By NCE Editorial

The construction industry is on track to deliver cost savings demanded by government, according to the first annual report of Infrastructure UK's three year cost review programme.

construction news
cnplus.co.uk

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Government on track to make £3bn of savings on rail and roads

1 April 2012 | By Luke Cross

The government is on track to make up to £3 billion of annual savings on infrastructure projects after cutting costs on highways and London Underground schemes, it said today.

The Telegraph

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Government digs up £1.5bn of infrastructure savings

The Government claims to have found as much as £1.5bn of savings on the cost of delivering public sector infrastructure projects.



Savings have been found by improved procurement methods particularly on roads and the London Underground. Photo: PA

Economics
Finance - Philip Aldrick

IN ECONOMICS

Government commitment to infrastructure delivery

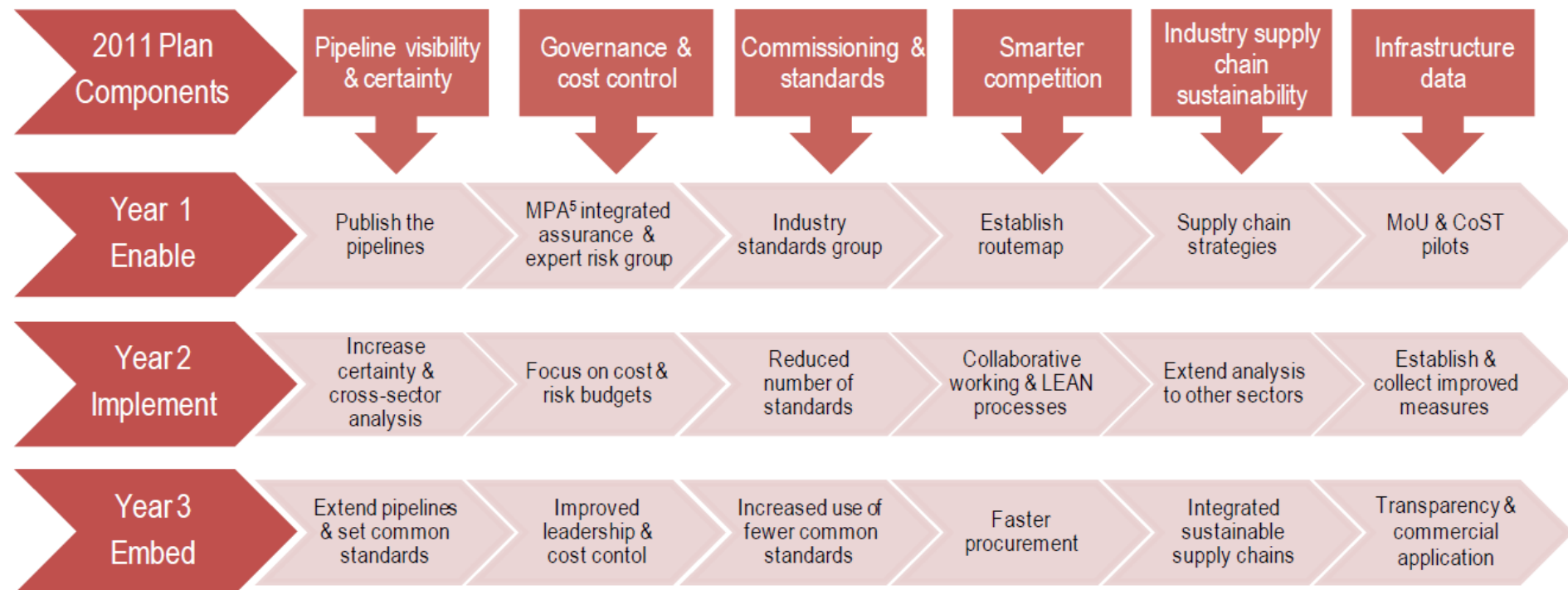
- Updated the National Infrastructure Plan 2011
- Published the infrastructure pipeline alongside the public sector construction pipeline
- Infrastructure a key feature of the Autumn Statement and Budget 2012
- Established the new Infrastructure Cabinet Committee
- Exploring new approaches to funding infrastructure investment
- Using pipeline to identify supply chain issues
- Renewed focus on models that work for economic infrastructure
- **Published the first annual Infrastructure Cost Review report**

Implementing the Infrastructure Cost Review

- UK civils costs consistently in upper quartile
- Potential savings of 15% to 20% identified (£2bn to £3bn annually)
- Key implementation objectives:
 - pipeline visibility and certainty
 - supply chain engagement
 - competition / procurement models
 - focus on cost + risk (not budgets)
 - engineering standards
 - infrastructure data / benchmarking

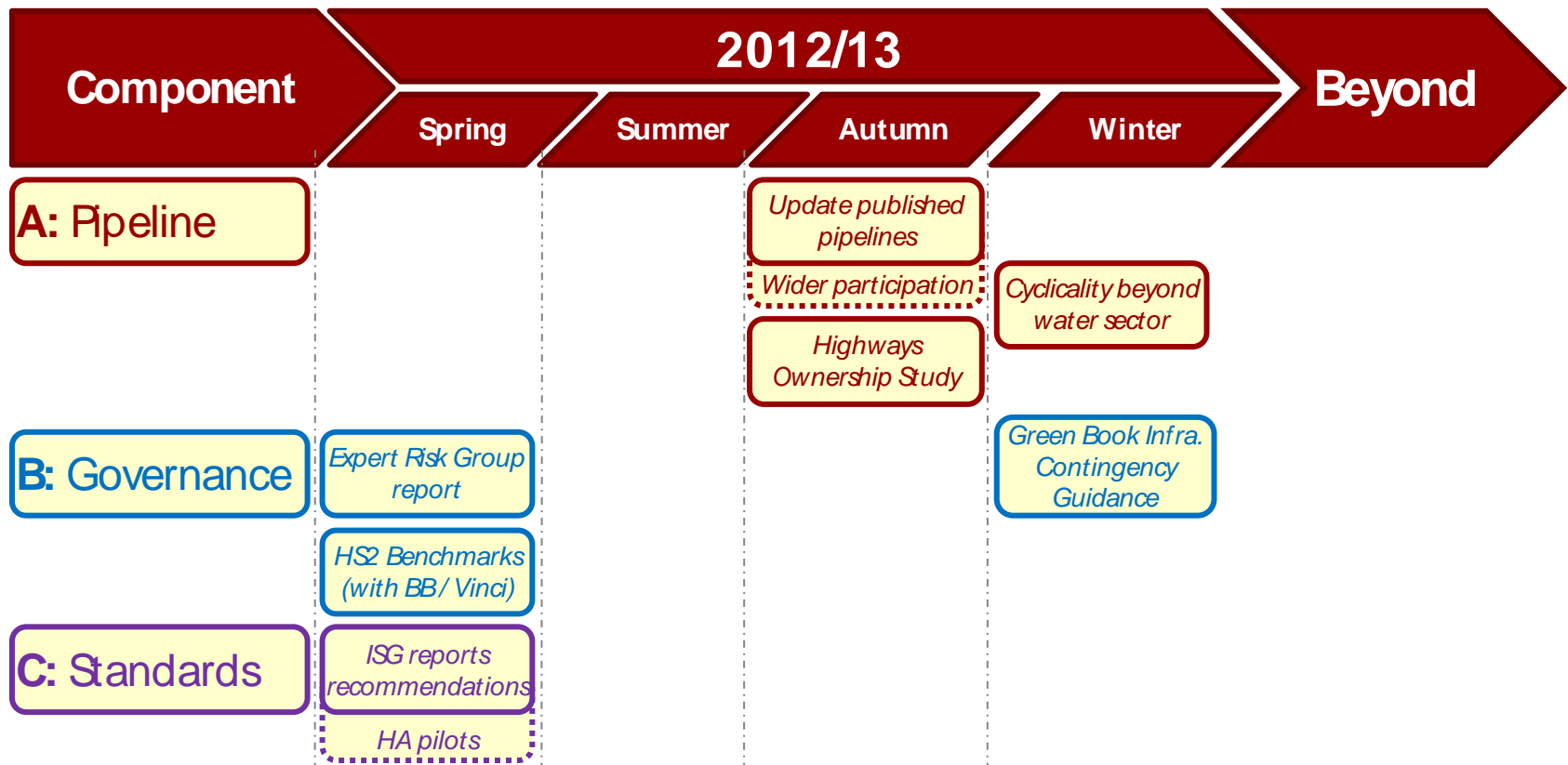
...need to change client & industry behaviours

2011 Implementation Plan



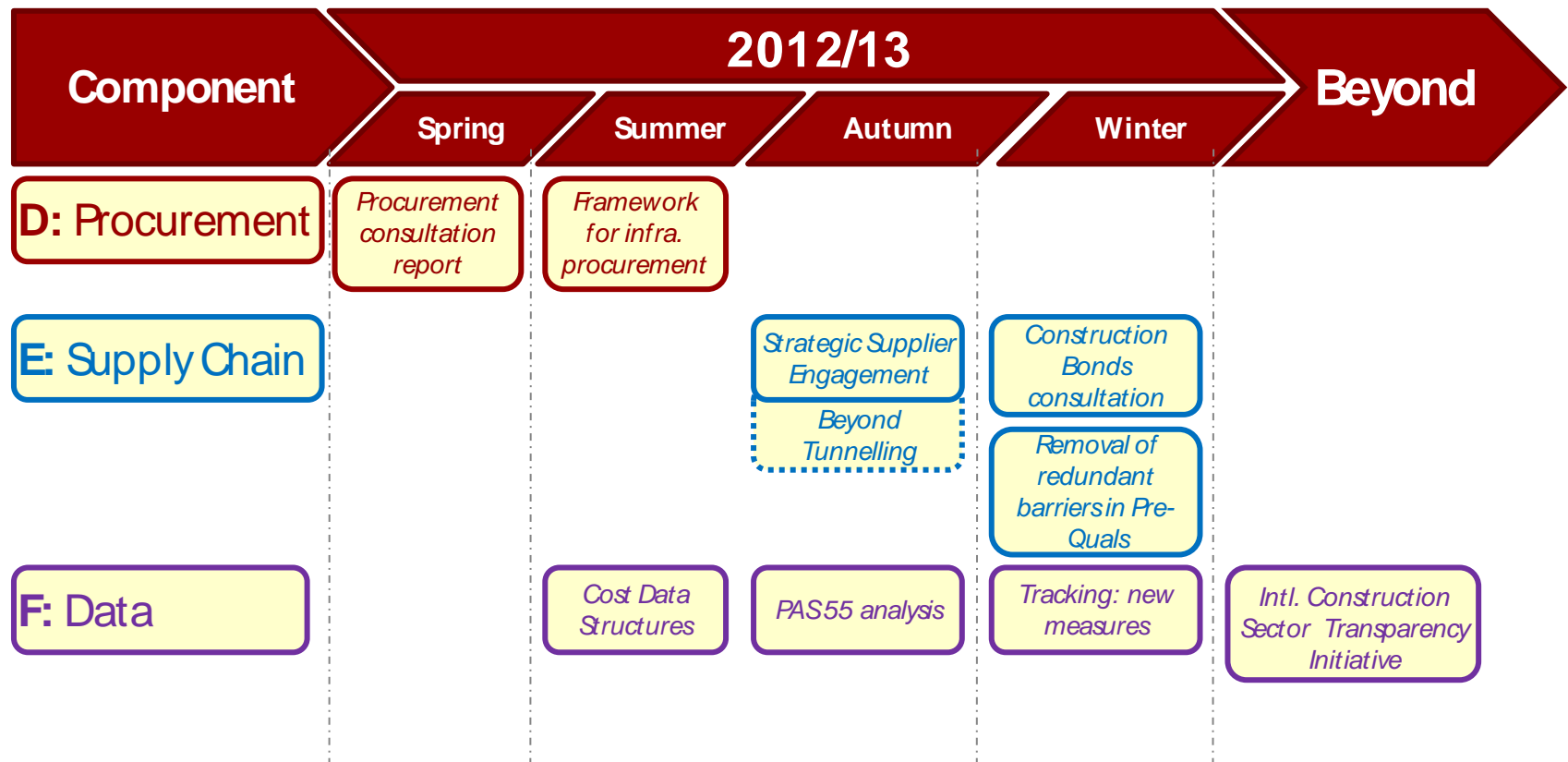
2011 Implementation Plan

Forward look to Year 2: “*Implement*”



2011 Implementation Plan

Forward look to Year 2: “*Implement*”



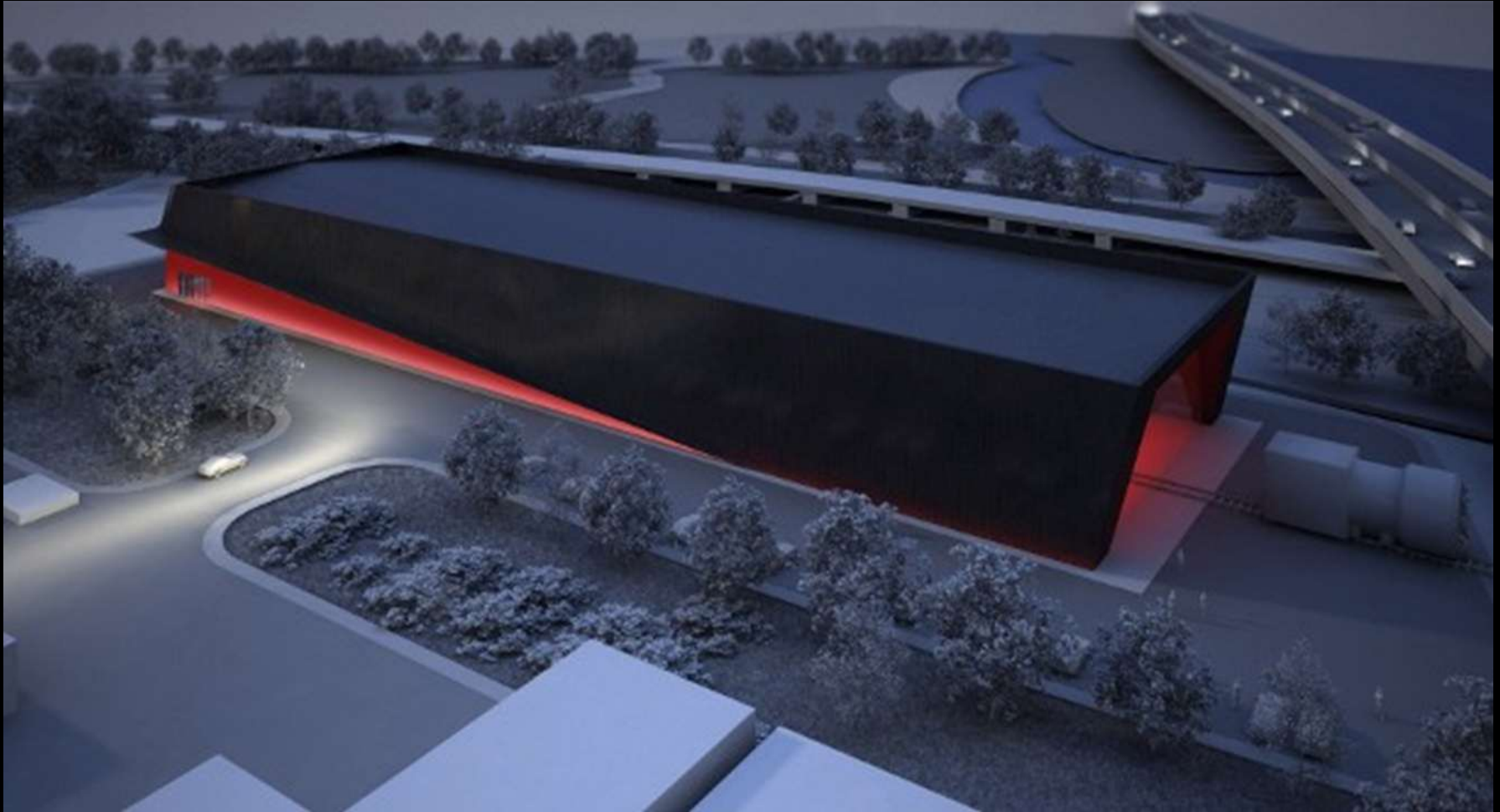
Building capacity







Tunnelling and Underground Construction Academy, Ilford





Charter



**Infrastructure Cost Review:
Charter Commitments**

The Charter commitments

The Charter aims to change behaviours and working practice for infrastructure delivery. Government will seek to change behaviour to:

1. provide improved transparency and certainty around the infrastructure forward programme;
2. group projects into more efficient longer-term programmes with clear outcome based objectives;
3. encourage innovation and allow for earlier and integrated supply chain involvement through improved competition and procurement processes;
4. seek the best whole life outcome rather than seeking the lowest cost for a given specification;
5. select supply chain partners on the basis of their ability to deliver innovative solutions set against transparent and affordable cost targets and long-term outcomes;
6. develop appropriate client technical expertise and intelligent commissioning capability and make better use of infrastructure data to support decision making and the setting of cost targets; and
7. create the environment for industry to invest in new technologies and skills improvement to deliver greater outcome-based efficiencies.

Government will look to industry and its leaders to:

1. improve the industry's coordination and communication with Government;
2. be proactive in supporting Government and infrastructure clients to develop and implement new models of procurement and other means to reduce costs and remove wastage;
3. develop long-term strategies to invest in innovation, training and improve safety, productivity and skills; and
4. promote industry collaboration and joint venturing as a means to improving efficiency and growth.



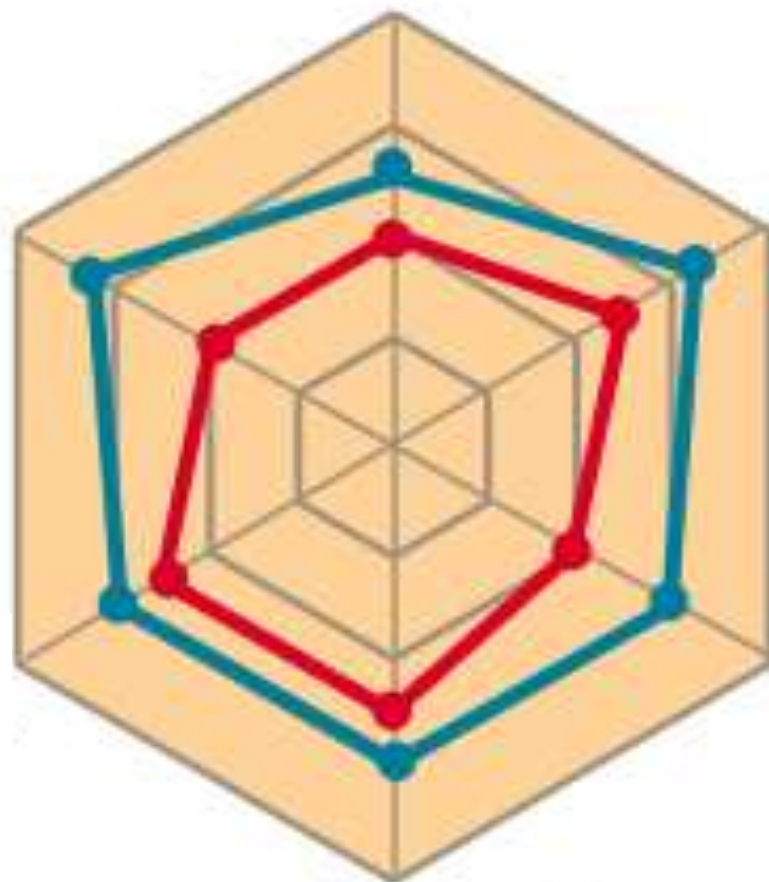
NEW CUSTOMER CARE
COURSE

GIVE US
YOUR
MONEY
AND GO
AWAY



Performance measurement and management

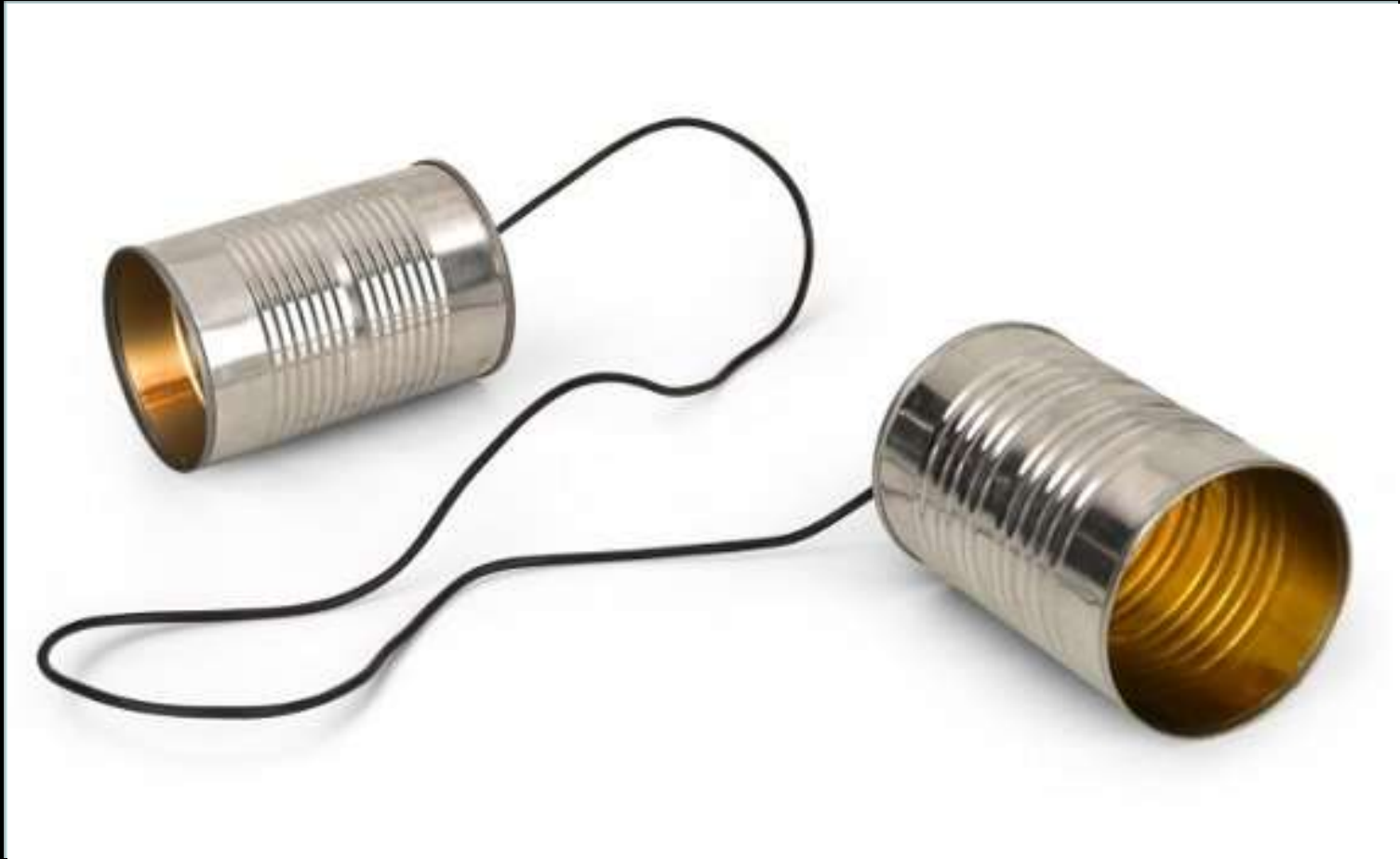




Communications.



Communications.



<http://www.cabinetoffice.gov.uk/resource-library/construction-newsletters>



2 July 2012





