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## GOVERNMENT CONSTRUCTION NEWSLETTER - FEBRUARY 2014

### ***Message from Peter Hansford, Government Chief Construction Adviser***

A great deal has happened since our last newsletter in September. The Infrastructure Carbon Review was published in November which sets out a series of actions for government, clients and suppliers to reduce carbon from the UK's infrastructure assets. A recommendation of the review is that Government and industry clients should work together to incorporate carbon reduction objectives within all their infrastructure projects and programmes by 2016. A Two Years On report was published at an event in January to celebrate the ongoing work of the Green Construction Board; and draft guidance on new models of construction procurement was also launched last month, which will help public sector clients to repeat the successes of the Government Construction Strategy's trial projects programme, in achieving savings through working with their supply chain. These and other initiatives are covered in this newsletter.



A lot of work has also been taking place to develop the implementation plan for *Construction 2025*, connecting ambitions to tangible actions. This is focusing particularly on the next 3 years – 2014-17. Early work has concentrated on analysis of the supply chain; the development of a payment charter; work on critical skills, particularly in housebuilding; and work on the innovation challenges facing our industry, identifying the

big game changers that can transform construction by 2025.

Communication of this work is important if we are to maintain the momentum of the industrial strategy, and ensure that everyone in the industry and Government can continue to engage with the process. To this end, you will see greater and more regular coverage of the work on *Construction 2025* in future publications.

## Welcome to John Manzoni, new CEO of MPA



This month, John Manzoni joined the Cabinet Office as the new Chief Executive Officer of the Major Projects Authority (MPA), which is home to the Cabinet Office construction team.

John has more than 30 years' board level experience in the private sector, holding senior strategic and operational leadership roles at global, regional and local level. Most recently he was President and CEO of Canadian oil and gas company Talisman Energy Inc.

Before that he spent 24 years at BP, helping it grow to become one of the world's largest energy companies.

The MPA scrutinises and assures major project delivery, improving our record of delivering Britain's most important projects. Last year it saved citizens £1.7 billion by helping departments to improve project execution. Under John's leadership the MPA will go even further by providing strong focus to improving the execution and delivery of projects.

## New guidance to cut waste in public sector construction procurement

On 29 January, the Minister for Civil Society, Nick Hurd, welcomed the Government's launch of draft guidance to help streamline processes and embed best practice in the procurement of public sector construction projects. The guidance comes as a result of the Government Construction Strategy initiative which sets out to achieve up to 20% savings in Government construction projects.



Taking the lead, government has introduced three new procurement models to help both public sector clients and industry to work together more collaboratively and effectively. These models are: [Cost Led Procurement](#) and [Two Stage Open Book](#), which are well tested, and [Integrated Project Insurance](#), which public clients are encouraged to trial.

The draft guidance aims to encourage public sector clients to adopt these new models. The guidance highlights the benefits of embedding the models at particular stages and details what's involved. The likely benefits include: reducing the cost of public sector construction projects, reducing risk, and promoting greater innovation and improving supply chain relationships.

With the support of industry, a series of government construction projects were used to test run the new procurement models as part of a trial projects programme. These trials demonstrate that the projects were able to cut waste, improve efficiency, and encourage a more collaborative supply chain. The guidance builds on the successes and lessons learnt of the trial projects. The outcome of the trial projects, [Case Study Reports](#), makes it clear that following the models can lead to real savings.

The draft guidance documents will be showcased at an event on 9 April 2014 at the Royal Institute of Chartered Surveyors in London. The event is aimed at central and local government clients and will showcase the procurement models, bringing to life the methods through discussion with the guidance mentors and early adopters. We will use the feedback from attendees to inform the final version of the guidance that will be launched at the Government Construction Summit in July. If you're interested in attending the event, please contact the [Cabinet Office Construction team](#).

## **Infrastructure Carbon Review: Saving carbon and costs**

Infrastructure businesses are under increasing pressure to grow and, at the same time, reduce costs. There is another pressure facing the built environment: to reduce the carbon that is in, or used on, the buildings and infrastructure they created.

Major industry leaders joined Commercial Secretary, Lord Deighton and Business and Energy Minister, Michael Fallon on 25 November to sign a joint initiative to take action to reduce carbon in infrastructure which could save as much as 24 million tonnes of carbon and £1.46 billion a year by 2050.

The initiative to save valuable resources by using new technologies, construction techniques and low carbon materials to cut down on emissions was signed at the launch of the [Infrastructure Carbon Review](#). Currently infrastructure and related areas like energy account for around half of all UK carbon emissions. Cutting the volume of materials consumed in construction for example, and using existing resources more efficiently will reduce the cost as well as carbon.

The Review, developed by industry and supported by government through the Infrastructure Working Group under the Green Construction Board, makes the business case for low carbon and challenges the construction sector to get behind it and implement real change.



Chris Newsome, Director Anglian Water and Chair of Green Construction Board's Infrastructure Working Group, said:

"This review is about reducing carbon and reducing cost. Leaders across the infrastructure sector are endorsing the review and taking action to release the value of lower carbon solutions. I've been very proud to be associated with the infrastructure carbon review and the long term benefits it will deliver within the UK."

By endorsing the initiative, government and industry will work together to implement, monitor and review progress against individual voluntary objectives. The Green Construction Board will host a cross-industry event in the summer to maintain the momentum; share knowledge, best practice and promote its business advantages.

## Green Construction Board continues to reduce carbon emissions



Government and construction industry leaders met on 10 February to mark the second anniversary of the Green Construction Board (GCB) and announced that it will continue its work for a further two years. Its focus will be a reduction in industry carbon emissions. The event coincided with the publication of the Board's [Two Years On report](#). Business and Energy Minister, Michael Fallon joined with the government's Chief Construction Adviser, Peter Hansford and President and CEO of Skanska UK, Mike Putnam to provide an update on the work of the Board and chair a panel discussion.

The six GCB working groups gave an update on activities and priorities for the year ahead. Two working groups have a sector focus on Infrastructure and Buildings, and a third group considers the valuation process for different market sectors and the potential to stimulate demand. A further three working groups look at key cross-cutting themes: Knowledge and Skills, Greening the Industry, and Promotion.

GCB's achievements include the publication of the [Low Carbon Construction Routemap for the Built Environment](#) and the [Infrastructure Carbon Review](#). The Low Carbon Construction Routemap sets out actions with key performance indicators that can be used to deliver and measure progress in meeting the UK Government target of 80% reduction in greenhouse gas emission in the built environment. The Infrastructure Carbon Review makes clear to industry that reducing carbon reduces cost.

The GCB was established in October 2011 to provide strategic leadership to the sector on this agenda. It owns and monitors the implementation of the actions in the [Low Carbon Construction Action Plan](#). The Board also draws together Government and industry to discuss the business opportunities which will be created by the transition to a more sustainable economy and how best to take advantage of them. Since the publication of [Construction 2025 - the Industrial Strategy](#) for construction in July 2013, the GCB has a key role in delivering the ambition of reducing greenhouse gas emissions in the built environment by 50% by 2025.

## European Parliament encourages the use of BIM

On 15 January, the European Parliament approved a Directive for Public Sector Procurement which included references to BIM. These references highlight the benefits of BIM in public construction projects and encourage public authorities to use BIM where appropriate. The Directive puts in place a wide range of public sector economic and social goals that must be implemented in all European Member States by 2016. The references to BIM in the Directive allow for all EU Member States to recommend or specify the use of BIM in publicly funded construction and building projects.



The BIM Task Group welcomed this decision and see it as providing European public procurers an opportunity to ensure greater value for public money and a more efficient construction sector.

The [Outcome of Negotiations](#) provides a summary preview of the broader content within the new directive. It will be seen from paragraphs 13-16 of the Procurement Policy Note that Government is keen to transpose the directive to UK domestic law as soon as possible and it is intended that the draft detailed arrangements for that will be published later in 2014.

Prior to the vote, the UK BIM Task Group with Norway's public estate owner, Statsbygg, organised the first European BIM Conference held in Brussels for public estate owners. At the conference, European and international delegates explored the opportunity for collaborating on BIM and national programmes. More information on the European BIM Conference for Public Estate Owners is in the [BIM Task Group Newsletter](#).

## New BIM tool to be developed

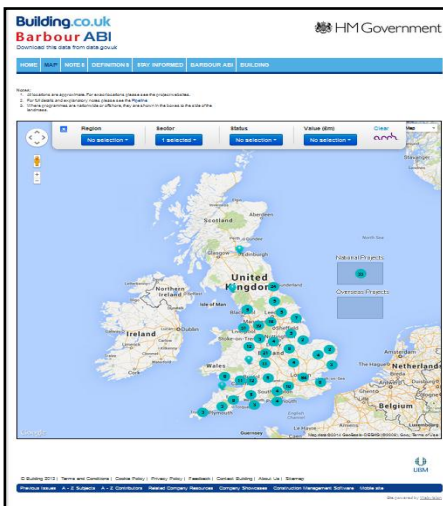
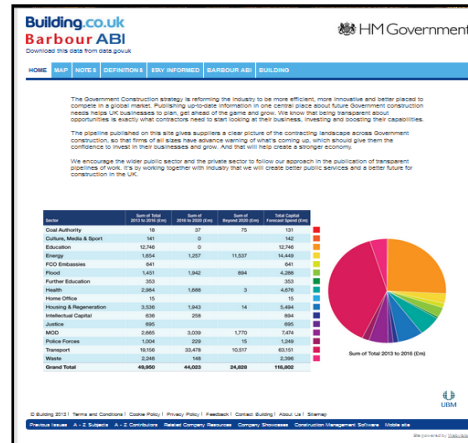


The UK BIM Task Group is working with the Technology Strategy Board to support the development of a new free-to-use digital tool. The tool will test delivery of required data, encompass the publicly available PAS 1192 standards, and provide a classification system to form a structure for data exchange.

To establish a performance brief, the first of three workshops was held on 10 January at the Department for Business Innovation and Skills (BIS). The brief is for a Small Business Research Initiative funded project to support and take advantage of the publicly available standards for BIM. The competition brief has since been published and further details of the competition and workshops are in the [BIM Task Group Newsletter](#).

## Government Construction Pipeline published in December

The Government Construction Pipeline, valued at nearly £119bn, was published on 4 December 2013. This is a £10bn increase in value from when the Pipeline was published in August 2013. The pipeline aims to provide suppliers with visibility of demand for Government construction projects, fulfilling the commitments made in the Plan for Growth at Budget 2011. The Pipeline aims to provide supply chains with the confidence to plan and invest, and effectively prepare to compete with others in the market. Cabinet Office and Infrastructure UK have partnered with Barbour ABI to collate and publish the Pipeline data.

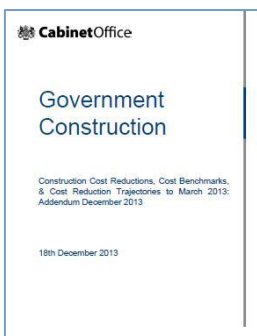


The Construction Pipeline includes projects in 16 sectors, including Health, Justice, Education, Roads and Housing. It also highlights publicly funded infrastructure projects, published by Infrastructure UK. The pipeline can be downloaded in Excel format on [gov.uk](http://gov.uk) and [data.gov.uk](http://data.gov.uk).

To provide more information for suppliers, Departments have now included details of project location. Barbour ABI has showcased this information by upgrading the site to include an [interactive map tool for easy navigation](#). Projects and programmes can be accessed by using drop down menus for region, sector, status and value.

If you have any feedback or suggestions to help further improve the Pipeline or the map view, contact the [Cabinet Office Construction team](#).

## Data & Cost Benchmarking Report



In keeping with the Cabinet Office Construction team's commitment to transparency, an addendum to the Autumn Data & Cost Benchmarking report has been published. This included a published Half Year saving of £293m on an expenditure of £1.3bn (22.5%).

New Cost Distribution charts for MoD Service Family Accommodation (SFA) and Education Funding Agency (EFA) Capital programmes were also published. Additional elemental cost benchmark data were also provided by EFA and Ministry of Justice. [The publication can be found on Gov.UK.](#)

## Supporting efficiency in Local Government procurement



Representatives from the Cabinet Office Construction team spoke on 5 February in Westminster at the Local Government Association's first national conference on the National Procurement Strategy's Construction Workstream.

Delegates heard about the Construction Strategy for local government which complements the Government Construction Strategy as well as the Industrial Strategy for Construction: Construction 2025. The event featured a wide range of local authorities and focused on the progress being made through collaborative working and shared services.

Peter Hansford, Chief Construction Advisor, gave a keynote address and Andrew Butt, Interim Deputy Director of the Construction team, led a breakout session on the efficiency programmes set out in the Government Construction Strategy. Phil Heenan, Head of Construction Policy & Standards, also led a breakout session on the standardised approach to PQQs set out in PAS 91, and participated in the conference's closing Q&A session.

## KEY UPCOMING EVENTS

### Showcasing the new models of construction procurement

*Wednesday 9 April, 1-5pm*

*Royal Institute of Chartered Surveyors, London*

This event will showcase the new draft guidance documents for government construction procurement. The event will provide an interactive setting for central and local government clients to engage with the models and pose questions to the guidance mentors and project leads who have recently trialled the methods. Feedback received during the event will inform the final version of the guidance that will be published in July.

If you are interested in attending the event, please contact the [Cabinet Office Construction team](#). Attendance is on a first come first serve basis.

### Government Construction Summit

*Wednesday 2 July*

*Marriot Grosvenor Square Hotel, London*

The third annual [Government Construction Summit](#) is taking place on 2 July. It is one of the biggest events for both government and the construction industry to come together, share and collaborate on all aspects of construction. The event will feature speeches and panel discussions from high profile government and industry leaders. You can register your interest on the [website](#) and more details will be available in the Spring.

## Saying farewell to Dr. Norma Wood



Special thanks to Dr. Norma Wood for her strong interim leadership as Director General for the Cabinet Office's Major Projects Authority (MPA) since David Pitchford's departure.

Norma's experience of leading large-scale teams to deliver exceptional results at pace on time and on budget led her to cement the MPA 'Built to Last' plans.

Prior to the MPA, Norma was the Transformation Director of Universal Credit, leading the intervention and re-setting programme with a clear blueprint and transition plan.

Thanks to Norma for all of her hard work and support over the interim period and best of luck in the future.

We want this newsletter to generate a two-way **dialogue** and would be very pleased to receive **comments, queries** and **feedback** to [GovernmentConstructionTeam@cabinet-office.gsi.gov.uk](mailto:GovernmentConstructionTeam@cabinet-office.gsi.gov.uk) or [InfrastructureCost@hmtreasury.gsi.gov.uk](mailto:InfrastructureCost@hmtreasury.gsi.gov.uk).

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