



Collaboration & Procurement in the Covid-19 Era

Introduction

The construction industry remains in unprecedented times as it moves forward in the Covid-19 era.

In June 2020, the Construction Leadership Council launched the *Roadmap to Recovery*ⁱ; a strategy designed to drive the recovery of the construction and built environment sectors and the wider UK economy following the Covid-19 pandemic and economic downturn. Why? Because construction is uniquely placed to drive the national economic recovery, operating throughout the UK, employing 3.1m workers and exporting billions of pounds of products and services.

The three phases to the strategy- *Restart, Reset and Reinvent*- are planned to be delivered over a two year period. The final *Reinvent* stage (at 12-24 months) is designed to *transform the industry and deliver better value, collaboration and partnership*.

On 2 July 2020 Constructing Excellence Surrey Club (CESC) held a series of virtual round table discussions to debate two of the areas at the heart of the strategy - **collaboration** and **procurement**. Each group comprised both members and non- members of CESC from across the supply chain and other professional advisors. There was an opportunity to engage, discuss and debate around a standard set of questions and to reflect on the opportunities and blockers that the industry faces.

Whilst acknowledging that these were only a sample of views, the message from the CESC discussions was clear. Whilst the construction industry is historically resistant to change, the disruption from the pandemic has forced the dial to move. There is a real opportunity to move to a better model of working, delivering better value and increased sustainability. But only with full collaboration and support/direction from the "top down" will transformation truly be realised.

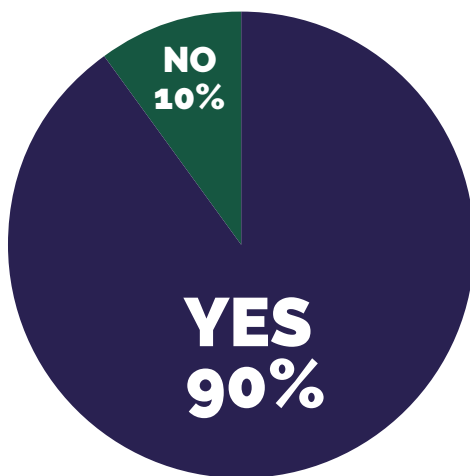
The details of the discussions are set out below.

ⁱ <http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2020/06/CLC-Roadmap-to-Recovery-01.06.20.pdf>

Collaboration

Quick poll 1:

1. Does the Construction Industry need to reinvent itself and work in more collaborative ways?



In the CESC quick poll for this question, an average of 90% of respondents voted yes. The 10% who voted no did so because they felt the construction industry was already re-inventing itself but still agreed that more collaboration was needed.

2. What strategies and innovations can be implemented to encourage better collaboration throughout a construction project?

The CESC responses to this question were as follows:

Choice of appropriate tender process

- (a) The tender process itself plays a significant part in encouraging better collaboration. It is felt that two- stage tendering offers greater scope for better collaboration than single stage. It can also permit greater value engineering.
- (b) Single stage tendering remains of concern and is felt to be a "race for the bottom".

There are already worrying signs of lowest cost tendering; as well as impacting on quality and programming this can also prejudice training and apprenticeship opportunities.

Ensuring collaboration starts at the earliest possible opportunity

- (a) Early collaboration is key to achieving better collaboration and a successful project outcome.
- (b) Collaboration with consultants in the production of robust feasibility studies and accurate definition of cost parameters should serve to minimise risks and facilitate greater collaboration throughout the life of a project.
- (c) Where collaboration starts in the pre- construction stage, design and construction can work hand in hand, with all relevant supply chain views taken into account.
- (d) It is recognised that greater collaboration in the pre-construction stage will necessitate a greater investment in up-front staff costs. However it is felt that this maximises the effectiveness of the de-risking process and should be outweighed by savings during the on-site construction process.
- (e) Early collaboration is particularly important where off-site manufacture is involved; this will avoid/ minimise the risk of later design changes, impact on programming and associated delays and cost increases.

Encouraging a "top down" approach to collaboration

- (a) Collaboration is more likely to be enhanced where there is direction from "the top". Leadership from the Client is thought by other supply chain members

to play a significant role in this. Where the Client takes the lead in acting collaboratively, this tends to encourage better collaboration throughout the whole supply chain.

- (b) Whilst it is recognised that each Client is different, more consistent Client leadership on collaboration across projects is likely to lead to more successful outcomes. As collaboration increases, trust will build and the prospects of more successful innovation will be realised.
- (c) The Government's recent pledge of investment in construction and infrastructure is felt to be a real opportunity for local authorities to lead from the front and to ensure engagement from local politicians as well as the construction team.
- (d) Collaboration is improved where there is a culture of "we are in this together". It is felt that steps are being taken in the industry to achieve this but more needs to be done.
- (e) This "top down" leadership on collaboration can also be facilitated by ensuring that there is a clear Brief in place from the start. It is important to set aside sufficient time to ensure this the Brief is correct. Ensuring that the Client is fully appraised of the risks and that there are realistic programmes and proper audits in place will maximise the prospects of continued effective collaboration as the project proceeds. Clarity of roles and responsibilities from the start will enhance performance. A clear Brief is also regarded as fundamental to controlling costs; a lack of costs' control is seen as a risk to effective collaboration.

Encouraging a strategy of openness, support and goodwill

- (a) Challenges are inevitable; where they arise openness and engagement as opposed to a strict contractual approach may achieve

a mutually acceptable outcome and encourage greater collaboration and trust.

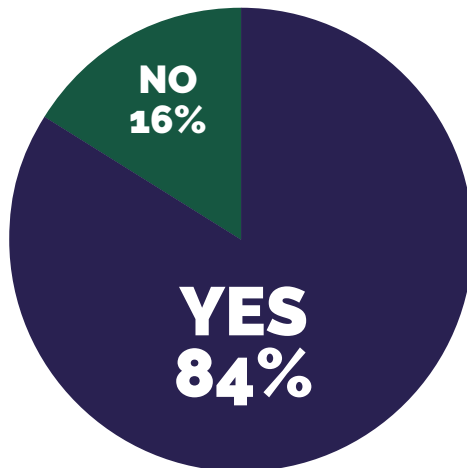
Greater use of technology

- (a) The necessary and greater use of technology as a result of Covid-19 has moved the dial in the quest for better collaboration and is seen as a major innovation to move it further.
- (b) The saving of travel time has been shown to achieve swifter and more focussed meetings.
- (c) The frequency and quality of discussions with other projects members, clients and new contacts has increased through the use of technology in lockdown. Many feel more connected to the people they are working with, particularly given the insight gained into the more human side of people's personalities and lives.
- (d) Consultations on schemes and projects have been enhanced. The enforced use of technology in lockdown has enabled more engagement with communities where schemes have required this. Groups which may otherwise have been marginalised have been able to have their say.
- (e) It has proved easier through technology to achieve stakeholder engagement in projects and to align interests.
- (f) Collaborative design workshops through technology can be more powerful and can still continue throughout the project.

"Those that invest and innovate to improve technology will emerge stronger."

Quick poll 2:

3. Have you been collaborating more effectively since lockdown?



4. What do you think the biggest challenge to collaboration will be in the future and how do we get round this?

The CESC responses to this question were as follows:

Recession/economic slowdown

- (a) Economic downturn risks pushing clients and consultants to adopt the single stage tender route- this is a race to the bottom.

Lowest cost tendering even absent any recession/ economic slowdown

- (a) Lowest cost tendering will necessarily result in less collaboration, regardless of any long term recession/ economic slowdown.
- (b) There is concern that this is already starting to take place.

Lack of consideration of the whole life cycle cost of a project.

- (a) There needs to be a focus on the whole life cycle and cost of a project.
- (b) A failure to ensure at pre-tender stage that the weightings of project costs are directed to innovation and collaboration will be prejudicial to ensuring future collaboration.

Getting contractual too quickly when challenges arise

- (a) Getting contractual very quickly can hinder collaboration. There needs to be a focus on "we" rather than "us and them".
- (b) Parties need to try to resolve potential disputes early by getting together to find pragmatic and commercial solutions where possible.

Lack of courage

- (a) Achieving better collaboration requires courage to adopt new behaviours and processes.
- (b) This includes moving away from single-stage tendering, being more agile and embracing greater use of technology.
- (c) A lack of courage to embrace and implement change will prejudice the prospect of better collaboration in the future.

A failure to build long term strategic relationships

- (a) It is felt that big capital work projects are less commonly undertaken and the financial implications of these may be less widely understood.
- (b) Repeat projects that are similar can lead to more collaboration.
- (c) Building long term strategic partnerships/ relationships to undertake these types of projects will facilitate better collaboration.

Lack of in person face to face contact

- (a) Surprisingly, a lack of personal face-to-face contact with clients, contacts and project teams was not seen as higher up on the list of biggest challenges to collaboration. As set out above, the enforced greater use of technology during lockdown has been perceived on balance as a positive step.
- (b) However, the nuances of in- person meetings are still seen by some as an important measure in driving collaboration;

one representative cited an example of being able to resolve four months' worth of issues in one 15 minute on-site meeting.

- (c) Where trust can only be achieved through face to face contact this cannot be ignored. What builds trust will drive collaboration.

"Collaborative procurement will save money and drive value."

Procurement

1. How can we use new/ different procurementⁱⁱ models to deliver better value?

The CESC responses to this question were as follows:

Understanding what "value" means and choosing the best procurement method to achieve it.

- (a) The value will be driven by the Client Brief. It may not be monetary.
- (b) There is likely to be a differential in value between those clients that own the asset and will operate it after construction and those that build to sell.
- (c) Choosing the cheapest price procurement may be attractive but this risks the operating costs ultimately be higher than

the designed operating costs for the project.

- (d) There needs to be a holistic view to allow life cycle valuation. For example, what will the benefits be in 10-20 years' time?
- (e) It is thought that there may be greater scope for viability modelling from clients as part of defining value.
- (f) Going forwards, choosing the best procurement method may involve more UK manufacture to mitigate against the impact of international/ health disruptions.

Placing greater emphasis in the procurement route on innovation and sustainability

- (a) More importance should be placed in the procurement route on innovation and sustainability. It is felt that there is just "lip service" applied to these criteria at the moment and that all weighting goes in other areas.

Placing greater value on quality

- (a) There needs to be a greater focus in the procurement process on achieving quality.
- (b) At the heart of this in ensuring good design.

Placing a greater emphasis on collaboration

- (a) Ensuring collaborative procurement is a necessary component of driving value and more integration is needed to achieve this.
- (b) Collaborative procurement should save money and drive value.

Ensuring that the contract encourages collaboration

- (a) The contractual framework is an important early step in driving value in the procurement process.
- (b) Whilst the contract will define the

ⁱⁱ "procurement" is taken to mean labour, materials and services on every level throughout the scope of the project

allocation of risks and embody the parties' rights, obligations and liabilities it is also an opportunity to facilitate collaboration.

- (c) Some models help to engender collaborative and integrated working practices- for example the JCT Constructing Excellence Contract, the PPC and NEC forms of contract and the Project 13 enterprise approach published by the ICE to delivering major infrastructure projects.
- (d) Careful steps should be taken to ensure at drafting stage that the contract terms (as amended where necessary) reflect the desired risk allocations, collaboration measures and value structure. Contractual provisions and procedures should be understood and followed during the course of the project.
- (e) Ensuring that end of contract/ project reviews take place to discuss what went well and what could be improved is likely to drive better value through the procurement process.

Sharing data to prove the value of innovation

- (a) Sharing data between supply chain members and professional consultants is seen as key to proving the value of innovation.
- (b) This is particularly so in the case of modularising buildings where lots of buildings have the same components. It is felt that, despite studies into the benefits of modular construction, most clients will wish to wait to see how successful developments are before putting their foot in the water. The general view was that modular construction has not yet reached the threshold where the benefits and savings are readily apparent.

Consideration of repurposing existing buildings and infrastructure in place of new construction

- (a) There is a growing need to talk about the future of development and bringing "life" to spaces. For many buildings, there is unlikely to be a return to office working on pre-Covid 19 scales. Alongside Government investment in *new* construction and infrastructure projects, there is an opportunity to embrace and be innovative in *repurposing* high streets, buildings, developments and infrastructure.
- (b) This involves a shift from building based on profit to a model of what is required.
- (c) Where there is to be repurposing of existing buildings and infrastructure, value is most likely to be achieved by using the lightest touch and designing economically.
- (d) Whilst the carbon element of mechanical and electrical components has declined, its use in construction remains high. Greater commitment is necessary to reduce the amount of carbon in construction; repurposing existing buildings and infrastructure can contribute to this reduction.

"What builds trust will drive collaboration. With better collaboration, innovation will follow."

Conclusion

It is clear from the outcome of the CESC round table discussions that by focussing on **collaboration and **procurement** there is a real opportunity to move to a better model of working, delivering better value and increased sustainability.**

The overwhelming response was that this opportunity should not be lost but that transformation depends on engagement throughout the whole supply chain, with particular leadership from the "top down".

CESC is planning further opportunities for members and non-members to continue the dialogue around these issues and to help influence change.

"There is a risk that once the health issues pass we will just return to what we did before. There is an opportunity here that cannot be lost".