

Constructing Excellence Webinar

Two Stage Open Book and Supply Chain Collaboration

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ECI, BIM and collaborative working

- *“UK Government Construction Strategy”* 2011 and 2016-2020 focused on ways to achieve savings and to improve value in public sector projects
- *“Early Contractor Involvement”* (ECI) procurement models recommended by UK Government to achieve savings and other improved value through collaborative project delivery by an integrated team, providing early shared access to reliable information **and** opportunities jointly to innovate and challenge risk/cost assumptions
- All UK public sector projects required to adopt *“BIM level 2”* since April 2016
- *“Effective frameworks”* recommended as a way to motivate improved value
- Linked to the ongoing search for a more *“collaborative culture”*

ECI Procurement Models

- *“New Procurement Models”* based on early contractor involvement recommended by UK Government and formally launched in July 2014 after two years of testing on a *“Trial Projects”* programme
- *“Cost Led Procurement”* - use of a framework mini-competition to obtain proposals for savings and improved value, within a stated cost ceiling, prior to team selection and prior to appointments
- *“Two Stage Open Book”* - use of conditional pre-construction phase appointments of team to obtain joint proposals for cost savings and improved value , within a stated budget, after selection and before start on site
- *“Integrated Project Insurance”* - use of project insurance without recourse, including cover for design problems and cost overruns, to create a *“no blame”* culture and to obtain additional proposals for savings and improved value

“Two Stage Open Book”-a summary

- ❑ Conditional appointments improve supply chain contributions, and build trust and clear integration, while retaining client controls
- ❑ Joint processes enable development of agreed designs/ costs/ interfaces/ risk management, and create a natural fit with BIM
- ❑ 7 Trial Project case studies show savings and improved value

Consultants and Tier 1 Contractor selected on Profit/Fees/Overheads and designs/other proposals (costed as appropriate) against Client brief and Project Budget	Integrated Team develop designs and costs, obtain savings/improved value within Project Budget while finalising work/supply packages and Tier 2/3 Subcontractors and Suppliers	Authority to proceed to construct for fixed price or target cost within Project Budget and Client brief
Brief and team engagement	Design/cost development	Decision to build

ECI, Two Stage Open Book and contracts

- ❑ Cabinet Office/King's College London "*Project Procurement and Delivery Guidance Using Two Stage Open Book and Supply Chain Collaboration*" published by UK Government July 2014
<https://www.gov.uk/government/publications/two-stage-open-book> describes key features/processes /outcomes
- ❑ Section 7 identifies "*Techniques for Success*" including "*Client leadership and governance*", "*Collaborative culture in place of adversarial behaviours*", use of a "*Conditional Contract*" and use of a "*Preconstruction Phase Timetable*"
- ❑ UK Government recommend "*Conditional Contracts*" for Two Stage Open Book - under JCTCE, NEC or PPC2000 contracts
- ❑ Systems for improved value through strategic collaborative working can be set out in "*FAC-1 framework alliance contract*", compatible with JCT, NEC and PPC2000 contracts, and with Two Stage Open Book, Cost Led Procurement and Integrated Project Insurance

Ministry of Justice, Cookham Wood Trial Project - £20m new build Young Offenders Institution



[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/325950/Cookham Wood case study CE format 130614.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/325950/Cookham_Wood_case_study_CE_format_130614.pdf)

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| <ul style="list-style-type: none">➤ Trialled Two Stage Open Book and BIM under PPC2000➤ Agreed cost savings (20%)➤ Improved programme certainty and time savings | <ul style="list-style-type: none">➤ Innovative design solutions and supply chain collaboration➤ BIM contributions captured in integrated timetables , service schedules and IPR licences |
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North Wales Prison BIM Trial Project



£157 million North Wales Prison trialled Two Stage Open Book with BIM Level 2, and used Supply Chain Collaboration to achieve agreed 26% savings plus innovations, improved quality and local business/ employment opportunities

http://constructingexcellence.org.uk/wp-content/uploads/2015/12/Trial-Projects-North-Wales-Prison-Case-Study_Final.pdf

Project Horizon- Supply Chain Collaboration

- Surrey County Council have used [Supply Chain Collaboration](#) under TPC2005 term contract and FAC-1 strategic alliance with Kier and tier 2/3 supply chain members
- Motivated by contract extension plus £100m of additional work
- Cost savings agreed against previously quoted rates through Supply Chain Collaboration led by Kier in return for supply chain members obtaining:
 - Greater involvement in planning work and developing continuity of work - 2%
 - Agreed minimum annual volume of work - 5%
 - Agreed minimum size of individual works orders -2%
 - Prompt(er) payment by main contractor -1%
 - Storage facilities in available space at Surrey depot -2%

Improved quality and social value

- Supply Chain Collaboration on Project Horizon also enabled :
 - *“Improved whole life value, including agreement of ten-year warranty for material and pavement design*
 - *Improved quality control through joint risk assessments and integrated team agreement of appropriate surface treatments and monitoring work on site*
 - *Improved apprentice commitments*
 - *Lean programming of individual tasks leading to time savings*
 - *Innovation through collaborative working, for example to increase recycling and reduce landfill”.*

http://constructingexcellence.org.uk/wp-content/uploads/2015/12/Trial-Projects-Horizon-Case-Study-Second-Year-Update_Final.pdf

- Current roll-out by Kier under **FAC-1** using same approach with wider range of supply chain members