

CE PROCUREMENT GROUP



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CONSTRUCTING THE TEAM

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FINAL REPORT OF THE
GOVERNMENT/INDUSTRY REVIEW OF
PROCUREMENT AND CONTRACTUAL
ARRANGEMENTS IN THE UK
CONSTRUCTION INDUSTRY

HMSO

RETHINKING CONSTRUCTION



THE REPORT OF THE CONSTRUCTION TASK FORCE

New models of construction procurement

This brings together guidance on new models of construction procurement, based on best practice in public sector construction.

From: [Cabinet Office](#) and [Efficiency and Reform Group](#)

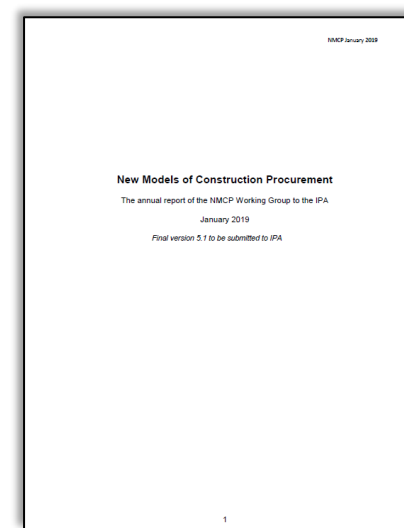
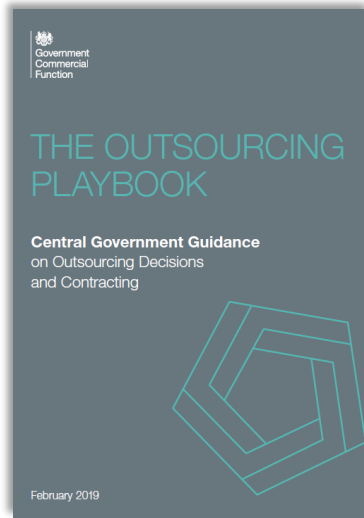
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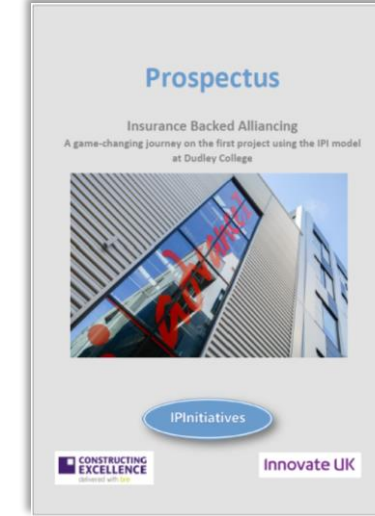
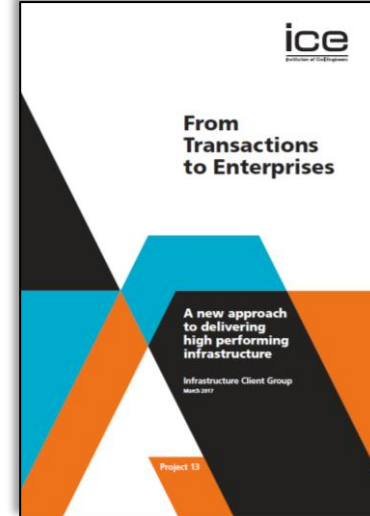
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- [Cost Led Procurement](#)
- [Integrated Project Insurance](#)

BUILDING ON EXISTING PROGRAMMES

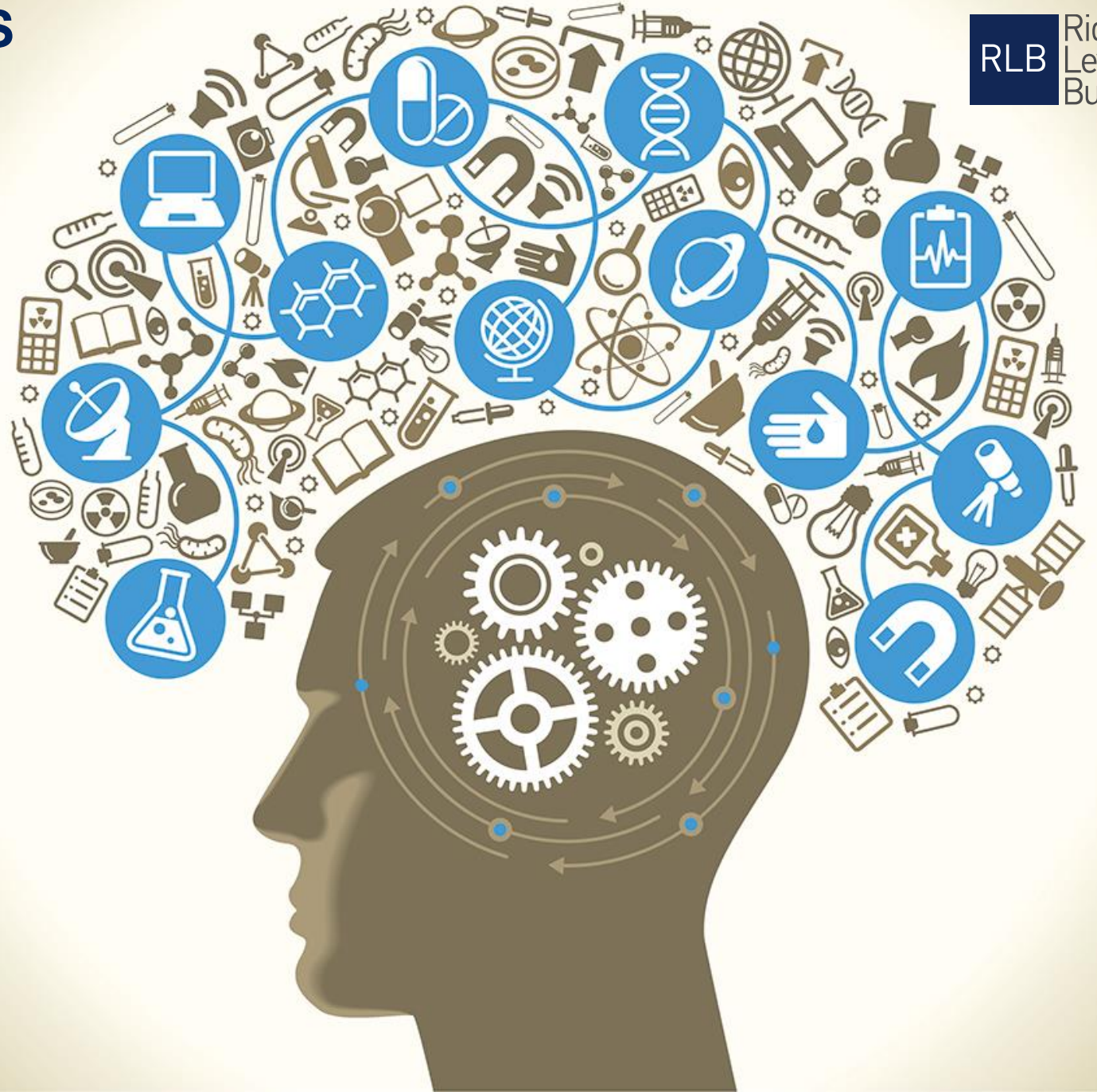


A Convergence Of View?



PROCUREMENT BEHAVIOURS

- Lack of consistent procurement methodology
- Lack of client and Advisor Knowledge
- Fear of the unknown
- Conviction that lowest price gives best value
- Pressure on annual budgets and procurement timescales

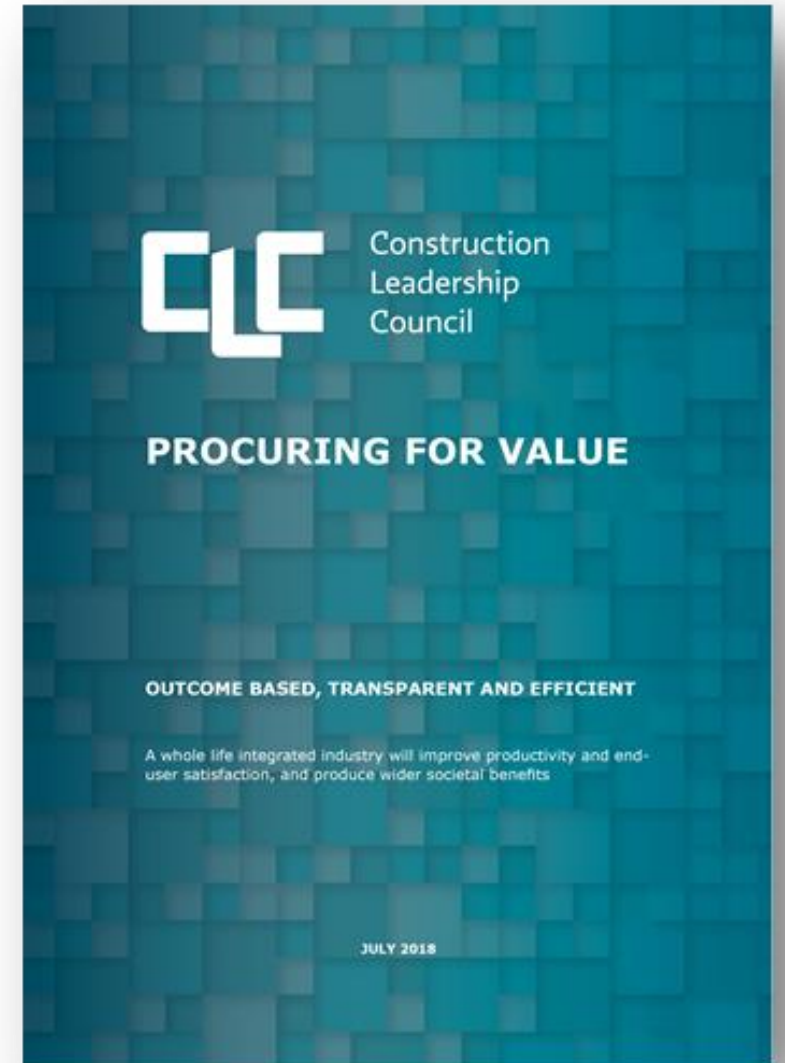


PROCURING FOR VALUE - THEMES

Theme 1: Client Pull – Outcome Based Procurement

Theme 2: Increase Transparency on the Performance of Suppliers and Assets

Theme 3: Supplier Push – Improve Procurement Efficiency and ‘Get the Basics Right’



The aims of promoting a consistent way of defining and assessing value are:

- To give policy makers and budget holders a deeper understanding of value; and therefore
- To enable them to make meaningful value choices and trade-offs within a fixed budget.

Leaving the European Union gives policy makers the opportunity to re-consider the way built assets are procured and what really constitutes the Most Economically Advantageous for the UK as a whole.

PROPOSAL – A PRACTICAL TOOL

- Open-source and freely available
- Flexible and multi-faceted
- Embedded into the services that professional advisors offer – in the same way that the RIBA stages and design codes are embedded.
- Will enhance the services offered by professional advisors – enabling them to facilitate, challenge and work with clients to develop their optimum value solutions.

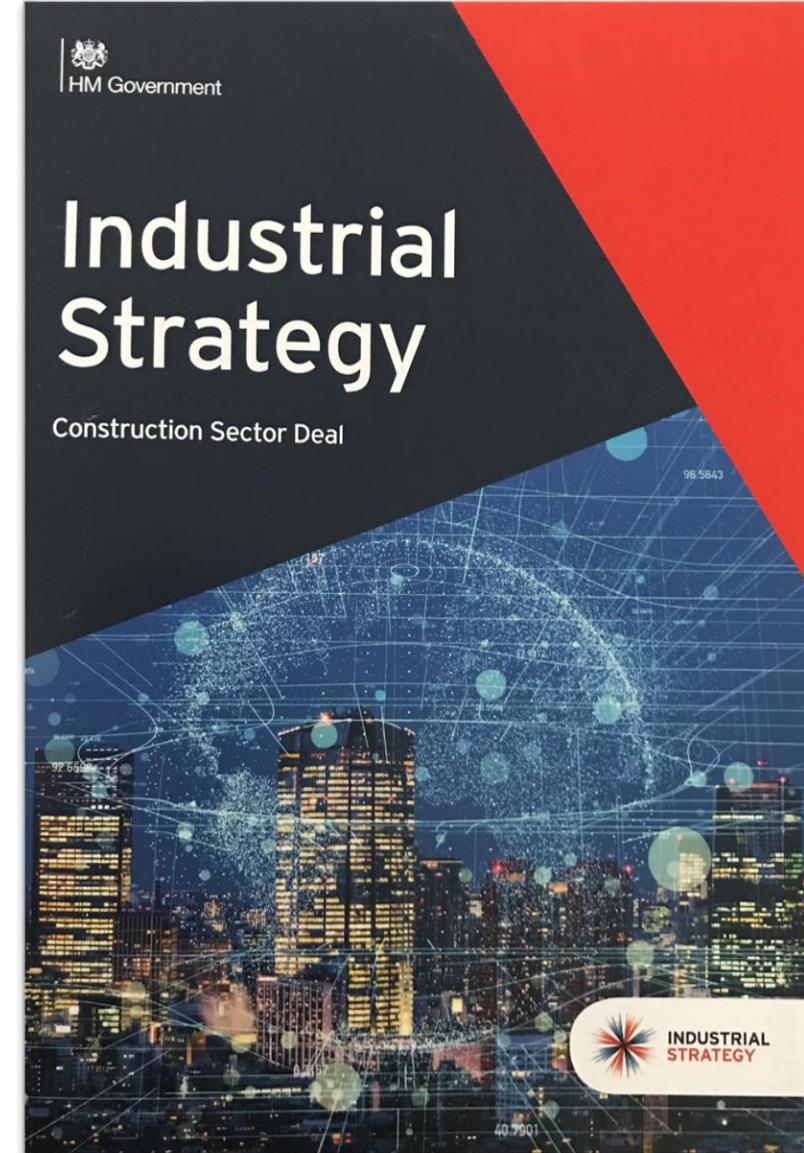
To change behaviours across the construction sector the Tool must:

- Be digital
- Be open access
- Be user friendly
- Enable practitioners to do a better job
- Be inclusive - allowing ideas to flow – taking out hierarchy and silos
- Provide hard data on value and cost – to bust the cycle of the “race to the bottom”
- Identify who is accountable for delivering each element of value
- Enable the delivery of value to be incentivised
- Allow minimum acceptable levels of value to be built in

- The development of New Tool will only be successful if it is consolidated by training, CPD, good practice and is supported by major public sector procurers.
- Consideration should be given to third-part accreditation for practitioners to use the tool.

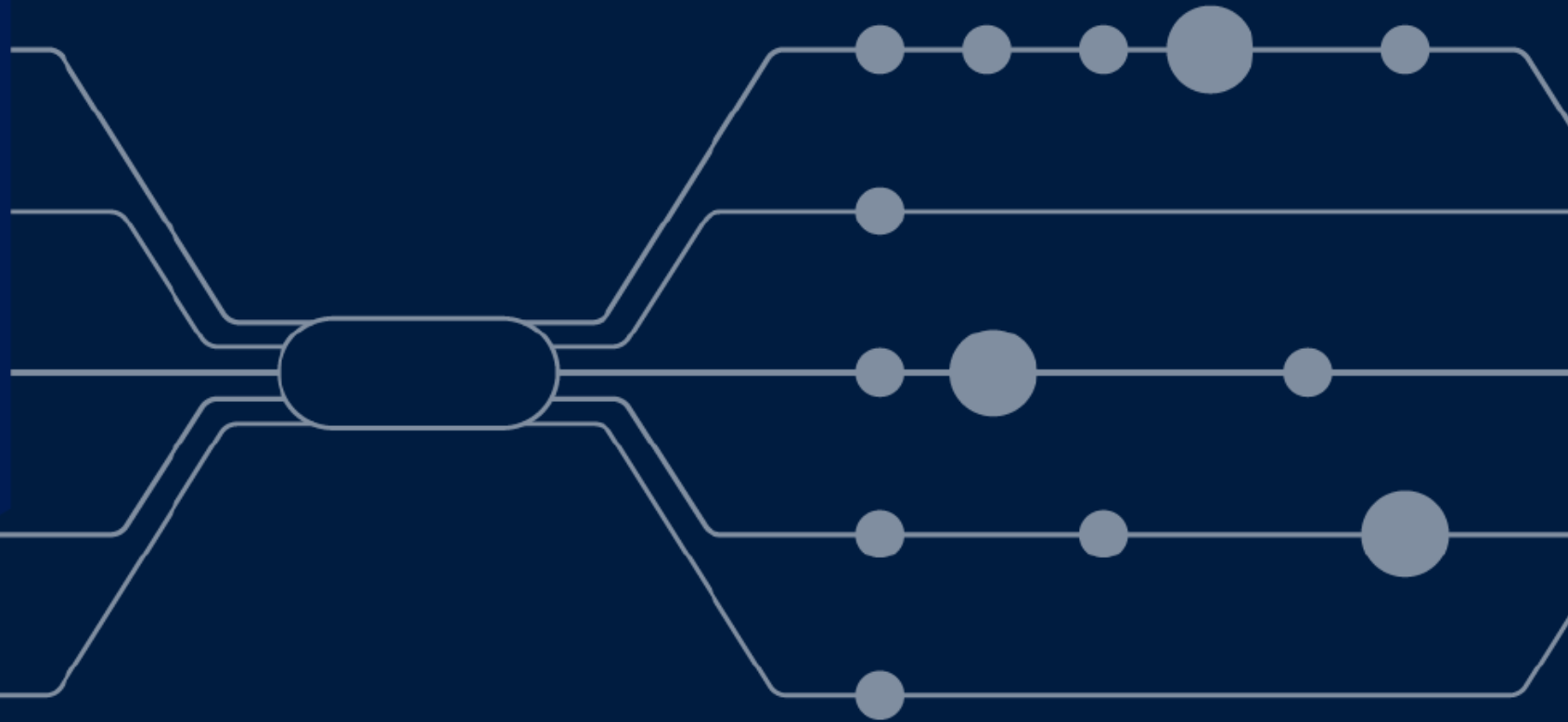
CONSTRUCTION SECTOR DEAL

| Government Action | Sector Action |
|---|---|
| <p>Improve the lifetime performance of buildings, through better procurement:</p> | <p>Improve the lifetime performance of buildings, through better procurement:</p> |
| <ul style="list-style-type: none">Embed 'procure for value' approach in public procurement and build capability to do this through the Infrastructure Projects Authority (IPA) and government departments across Whitehall. | <ul style="list-style-type: none">Develop an industry wide definition of value which takes into account more than capital cost.Produce a universally applicable methodology for procurement and promote common and consistent standards across industry. |

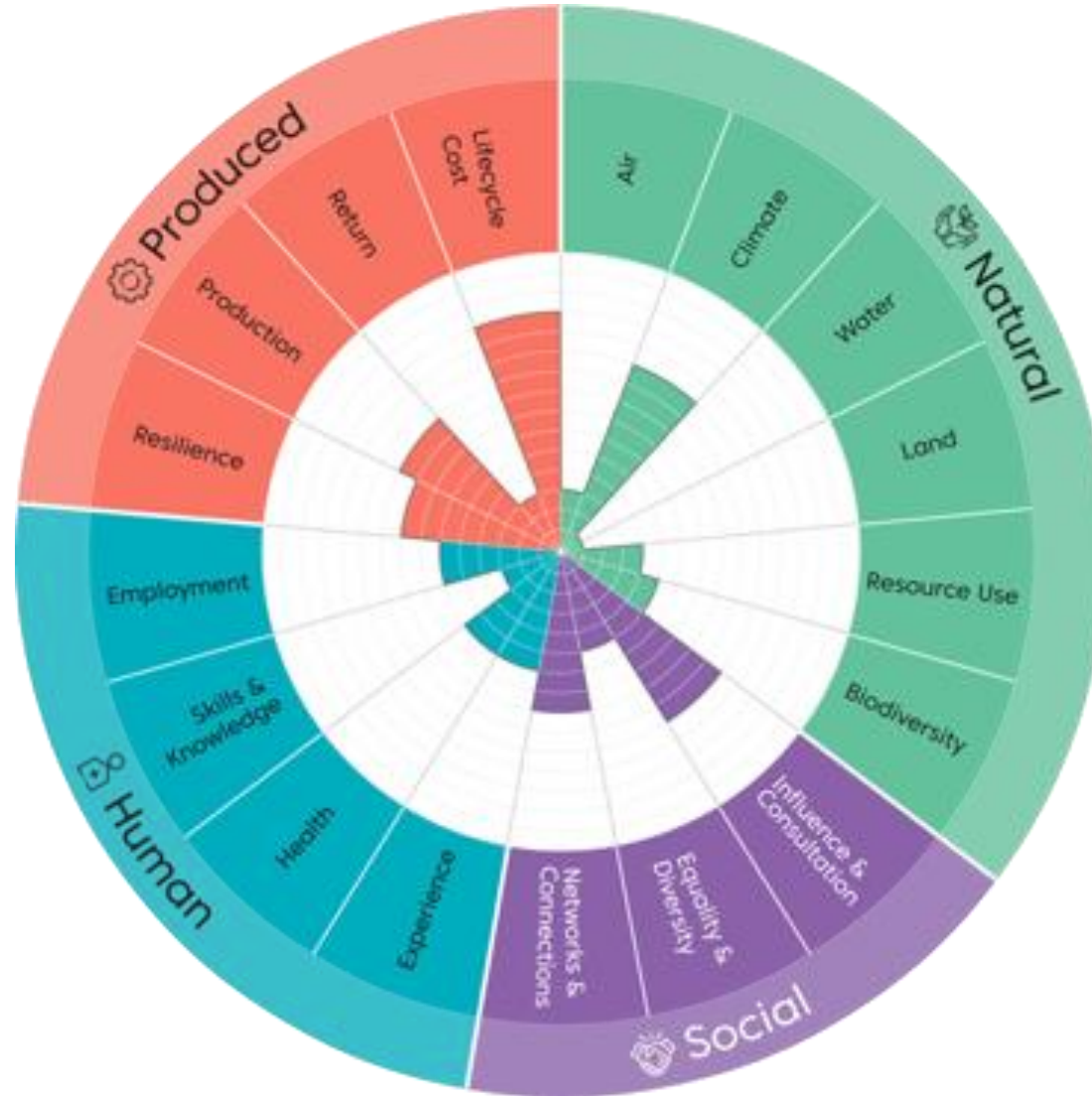


Better outcomes from
what we deliver and
how we deliver it.

Leading to a more
sustainable built
environment and a
more sustainable model
for our industry



VALUE-BASED DECISION-MAKING



Organising our values



SCORECARDS

| | | | Measurements of Success | Scorecard 2 - Optioneering | | | | Scorecard 5 - Appointment of delivery organisation (Tender) | | | | | |
|----------------------|--|-------------------|---------------------------------------|--|------|--------|--------------------|---|---|-----------------------------|--------|--------------------|------|
| Outcome Drivers | Weight | Primary Metric(s) | Metric (Primary or Proxy) | Performance Range | | | Relative weighting | Metric (Primary or Proxy) | Performance Range | | | Relative weighting | |
| | | | | Worst | Best | Target | | | Worst | Best | Target | | |
| Climate | Design for net zero carbon in operation | 5.6% | kgCO ₂ /m ² /yr | Forecast kgCO ₂ /m ² /yr | | | | 11.5% | | | | | |
| Biodiversity | Protect and Enhance Biodiversity across the site | 1.6% | No. (Ex-offender jobs created) | | | | | | Number of roles provided or facilitated | | | | 2.3% |
| Employment | Provide sustainable employment opportunities for ex-offenders | 4.3% | £ (economic impact) | Forecast £ impact | | | | 8.8% | Contractor's economic impact | | | | 6.0% |
| | Provide relevant training opportunities for current offenders | 1.6% | Hours (Training) | | | | | | Contractor's on-site programme - | | | | 2.3% |
| Equality & Diversity | Increase the diversity of the construction workforce in relation to gender and minority groups | 0.4% | % Minority Groups | | | | | | Contractor's D&I stats and plan | | | | 0.5% |
| | | | % Female | | | | | | Contractor's D&I stats and plan | | | | 0.0% |
| Lifecycle Cost | To create an efficient asset that minimises lifecycle costs | 43.4% | 5 year occupation cost | Forecast 5 year occupation cost | | | | 0.0% | - | | | | |
| | | | Capital cost | Capital cost model | | | | | 88.8% | Contractor's tender price £ | | | |
| Production | Standard, repeatable design that minimises duplication of effort across the estate portfolio | 7.4% | £/m ² (GIA) | Forecast £/m ² (GIA) | | | | 15.0% | - | | | | |
| | | 100.0% | | | | | | 100.0% | | | | | 100% |

VALUE BASED CHOICES

| Capital | Baseline | Supplier 1 | Supplier 2 | Supplier 3 |
|--------------|--------------|------------|--------------|--------------|
| Natural | 100 | 110 | 190 | 150 |
| Social | 250 | 180 | 275 | 235 |
| Human | 150 | 50 | 120 | 90 |
| Produced | 500 | 600 | 680 | 600 |
| Total | 1,000 | 940 | 1,265 | 1,075 |





Value Toolkit Pilot Training

September 2022

ADOPTION AT SCALE – TWIN STRATEGY

RICS, RIBA, CIOB, ICE, CIC

IPA – Legacy Sponsor

INDUSTRY CONSORTIUM
ESTABLISHED TO SUPPORT AT SCALE
DEPLOYMENT AND DEVELOPMENT

GOVERNMENT ADOPT AND
CASCADE AT SCALE

INDUSTRY AND
GOVERNMENT JOINT
VENTURE

Governance
Group

AT A MINIMUM BSI FLEX
STANDARD IS DEVELOPED TO
UNDERPIN METHODOLOGY

BSI Flex 390 v1.0:2022-06

**Built environment. Value-based decision
making. Specification**

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RLB

Rider
Levett
Bucknall