

Thriving commercially – the foundations for success



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Thriving Commercially- the Foundations for Success

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Nia Stewart

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David Mosey

Professor, The King's College London
Centre of Construction Law & Dispute Resolution

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‘Thriving commercially – the foundations for success’

How will ‘Constructing the Gold Standard’ affect client and industry commitments?



**Professor David Mosey CBE
Centre of Construction Law,
King's College London
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What is ‘*Constructing the Gold Standard*’?

- ‘*Constructing the Gold Standard*’ followed an independent review of construction frameworks with a brief to create:
 - *‘The components of a gold standard against which to measure frameworks and framework contracts*
 - *Standard contract terms that support the new gold standard*
 - *Training packages to enable early adoption of the new gold standard’*
- ‘*Constructing the Gold Standard*’ was published in December 2021 with 24 recommendations based on 120 contributions from framework providers, clients, contractors, specialists, consultants, managers and advisers
- Government have committed to adopt all 24 recommendations, with endorsement in the September 2022 Construction Playbook

Current frameworks: what is going wrong?

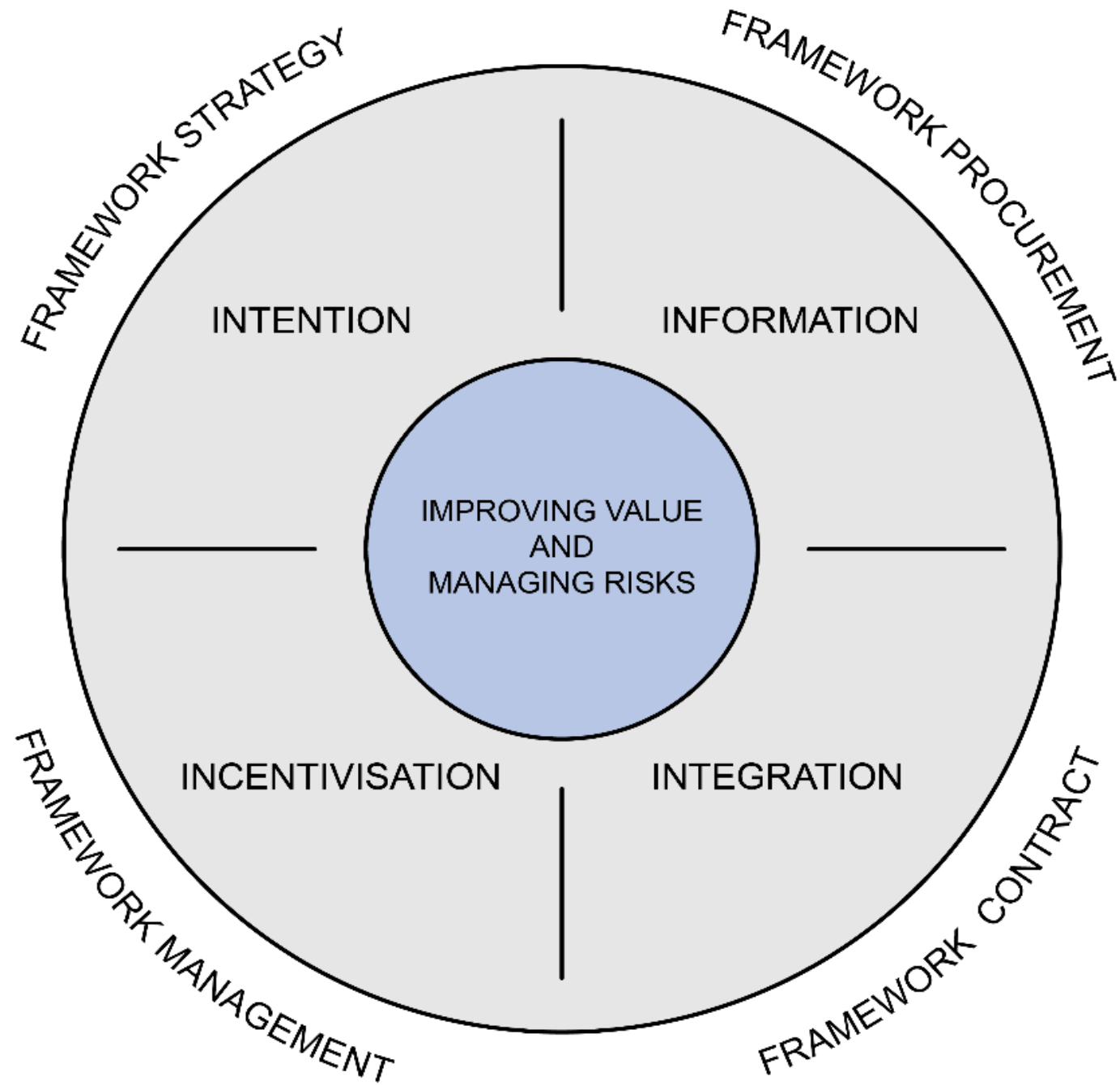
Industry contributors report cynicism, waste and failings:

- Where clients/ advisers invite bids for unrealistic frameworks based on inflated '*pipelines of work*'
- Where clients/ advisers treat frameworks as a quick fix rather than a '*strategic engine-room to generate improved value*' and are not '*sharing experience*' so as to embed improvements
- Where clients/ advisers do not create '*consistent, fair, value-based systems*' for selection, evaluation, award, measurement
- Where clients/ industry do not commit to '*framework contracts that integrate client needs, supplier investments, supply chain contributions and collaborative risk management*'

What are the Gold Standard recommendations?

Constructing the Gold Standard comprises recommendations, guidance, examples of good practice and case studies that bring together:

- **Framework Strategy** = clear and honest statements of client *Intention*, including as to pipelines of work
- **Framework Procurement** = clear understanding and full disclosure/use of *Information* provided by clients and bidders
- **Framework Contracts** = efficient *Integration* of the interests of framework providers, clients, managers and industry through multi-party contracts using proven systems of joint value improvement and risk management
- **Framework Management** = *Incentivisation* through fair and transparent call-off, feedback, performance measurement, problem-solving, rewards and shared learning



How will the Gold Standard be implemented?

- The use of *Gold Standard* frameworks, framework contracts and action plans to measure *Construction Playbook* implementation on a '*comply or explain*' basis
- Ensuring that all *Gold Standard* features are assessed by clients and industry when comparing the strengths and weaknesses of the different construction frameworks on offer
- Adopting only frameworks that prioritise safety, net zero carbon and the '*Compact with Industry*' = long-term relationships, fair returns, equitable treatment of risk, rewards for faster/ better/ greener delivery and collaboration at all levels of the supply chain
- Supporting *Gold Standard* frameworks, framework contracts and action plans through training, guidance and shared experience

Constructing Excellence Gold Standard Task Group (1)

- A '*Task Group*' of framework providers, clients and industry are currently working with Constructing Excellence and the Cabinet Office to develop and apply consistent measures for *Gold Standard* implementation
- The CE *Task Group* is trialling a two stage system of 'in principle' *Gold Standard* recognition and more detailed *Gold Standard* 'verification' by an '*Independent Verifier*' leading to sign-off by the *Task Group*
- The *Independent Verifier* reviews implementation of the *Gold Standard* in current frameworks and framework contracts and a 12 month action plan, in each case by reference to the 24 recommendations

Constructing Excellence Gold Standard Task Group (2)

- The CE *Task Group* is trialling the *Gold Standard* recognition and verification processes with Crown Commercial Service, LHC, CHIC, Places for People and Environment Agency
- The *Task Group* will facilitate a journey to compliance rather than a binary acceptance/ rejection of applications
- Intended value in constructive recommendations of the *Independent Verifier* – with costing/ details to be agreed
- The *Task Group* will create a community of framework providers and clients who implement *Gold Standard* frameworks, framework contracts and action plans
- *Task Group* proposals to exchange case studies and to develop *Gold Standard* training

Gold Standard frameworks, framework contracts and action plans create collaborative systems that are *'practical, agile, commercially viable, easily usable and supported by guidance and training'*, avoiding the *'Bermuda Triangle' of idealistic debate, cynical criticism and unrealised good intentions'*



Questions and further information

- Please read '*Constructing the Gold Standard*' which is at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041002/Constructing_The_Gold_Standard_Final.pdf
- For regular Gold Standard and FAC-1 guidance and case studies, please follow the '*Alliance Steering Group*' on LinkedIn
- I can be contacted personally on LinkedIn and on david.mosey@kcl.ac.uk

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Seditwa Mohlala

Senior Cost Manager and Chartered Surveyor,
Turner & Townsend

#ceconference2023



Next generation viewpoint

Sesitwa Mohlala



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Introduction & Welcome

Context: Next Generation

Challenges & Opportunities

Viewpoints



Introduction

- Senior Cost Manager, Turner & Townsend
- Infrastructure experience, various sectors
- London Mayors Young Professional Panel member



Context: Next Generation



What are the needs of the next generation, and can our industry accommodate them?

- They seek successful careers, work life balance, Good remuneration and being themselves
- Historic image of the Construction Industry & It's perception
- General lack of knowledge of types of professionals in the Construction industry/ Built Environment
- Looking for an industry that attracts their interests and is progressive
- Desire to travel and have some flexibility

Challenges & Opportunities

Global shortages driving up **energy prices**
Affecting consumers and businesses

Inflation rises

Supply Chain instability

Construction Labour Market Stretched

Potential Recession 2023?

Social

Political & Economical

EDI progression

Technical

Environmental

Viewpoints



Cultural & Behavioural
shift required

Focus on
Digital

Automating
Construction
Processes

Innovation

Sustainable
Procurement

Investing in
diverse talent

Focus on
Sustainability

How do we thrive through this uncertainty?

“Never Waste a Good Crisis”

Ref: Wolstenholme Report by Andrew Wolstenholme, commissioned by
Constructing Excellence (2009)

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Lisa Kelvey

Major Projects Advisory Lead UK and Global
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The future of construction

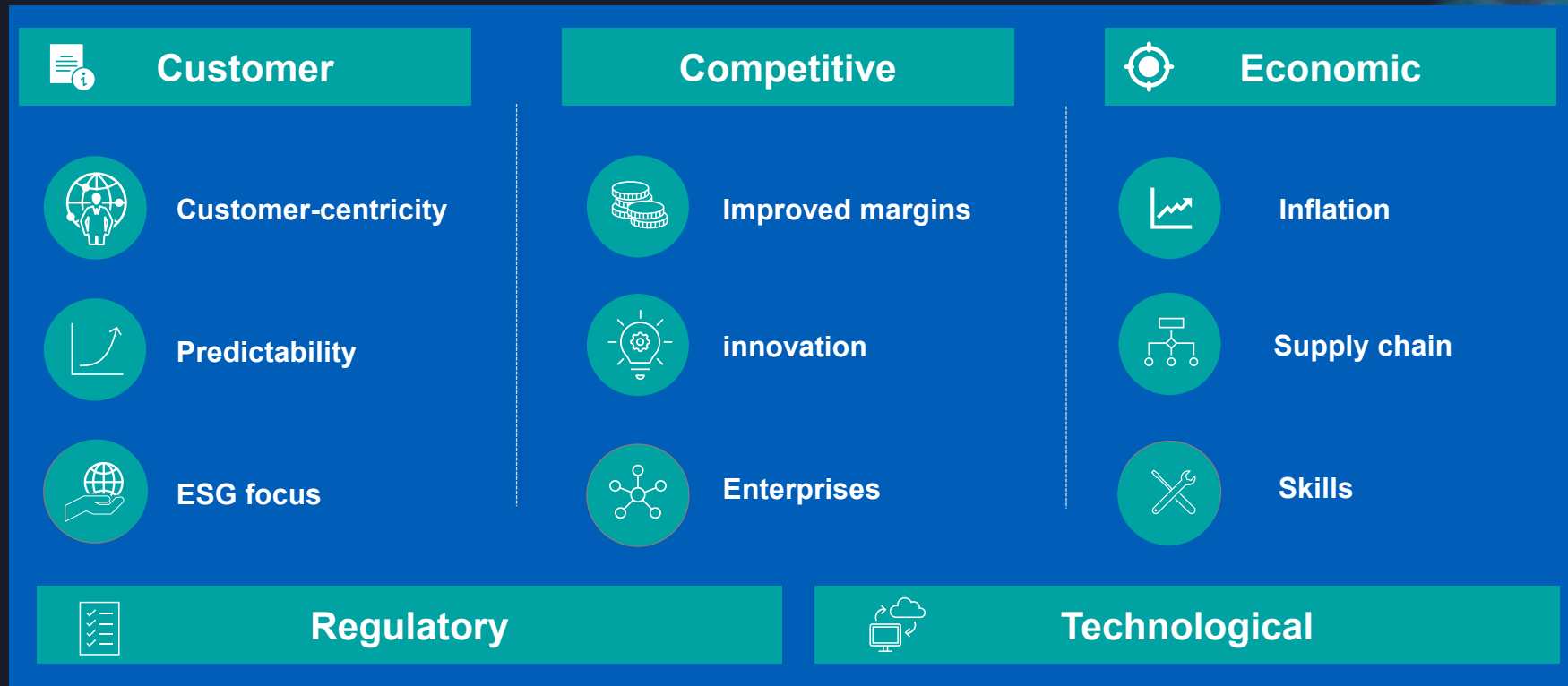
Lisa Kelvey

Principal - Major Projects Advisory
Global Sustainable Infrastructure Lead

January 2023

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Increasing signals of change

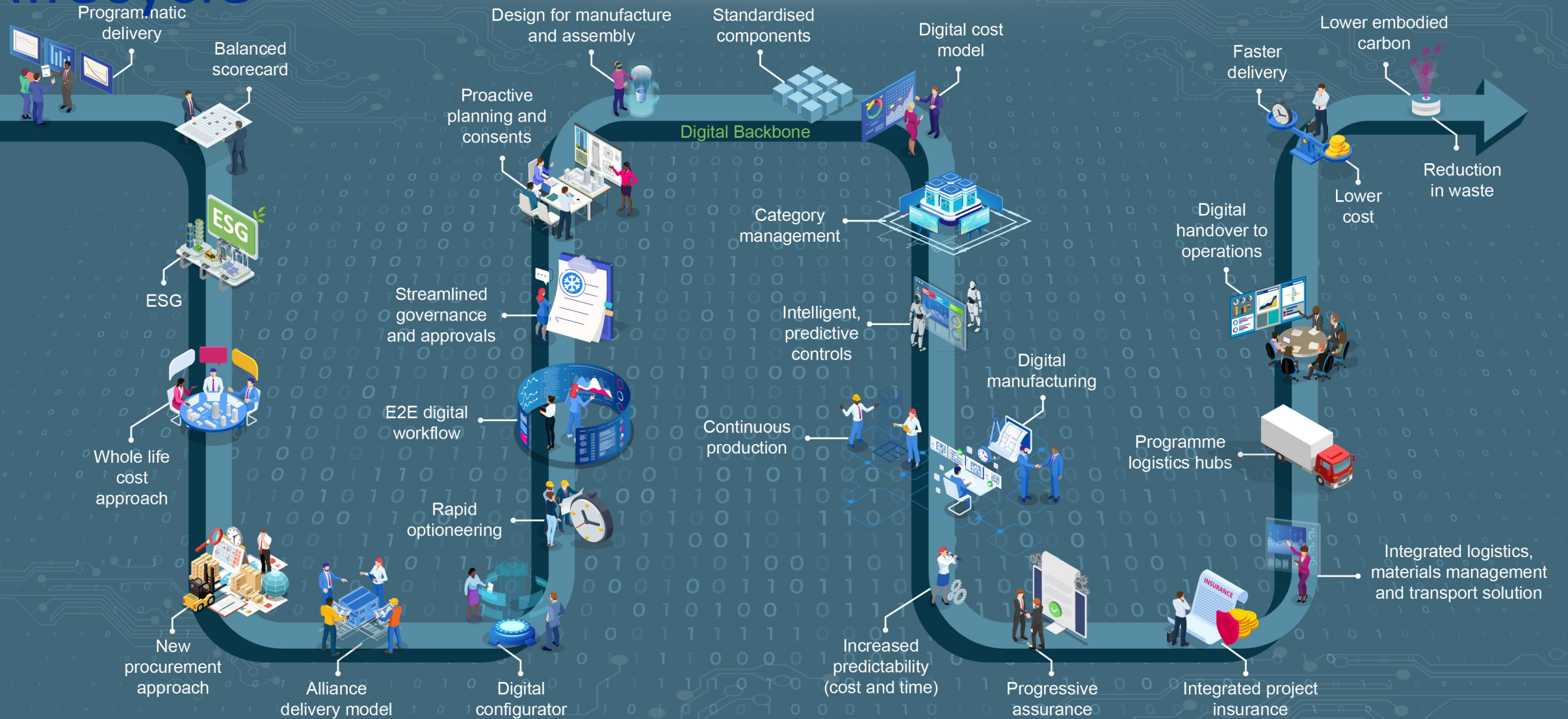


Construction businesses have been slow to adapt their business models – they recognise the need for change but are uncertain on how to address it or where to focus investment

The successful construction firm of the future requires a winning business model supported by a connected operating model



New capabilities are needed across the lifecycle



Business models of the future



Integrated Asset Builder

Vertically integrated asset builder
Controls E2E production system – design, site, factory, construction management / logistics / assembly



Product Creator

Technology developer - develops and manufactures components and subsystems



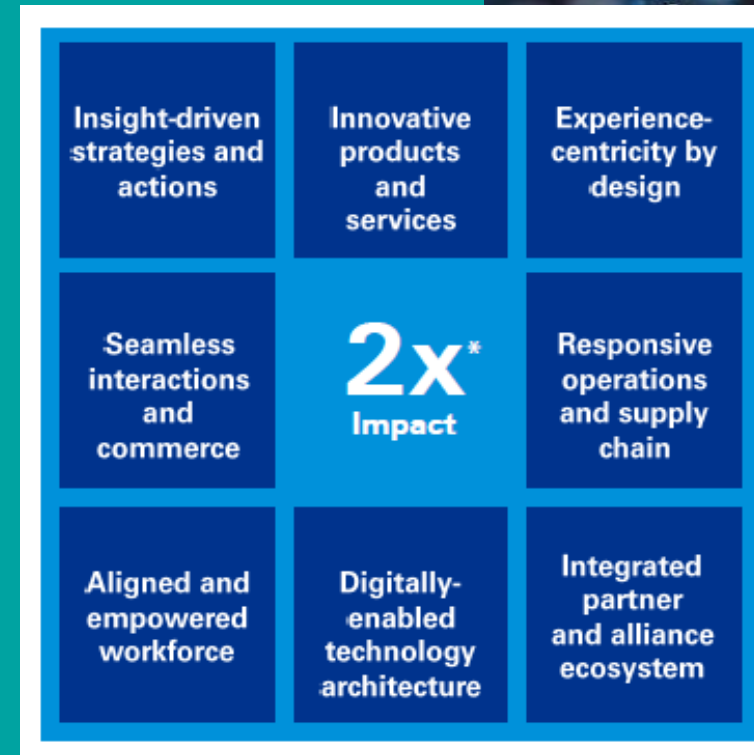
Network Integrator

Integrates system design - ensures components and subsystems are developed as integrated packages
Integrates production system – construction management / logistics / assembly



Service Provider

Provides skilled labour (e.g. assembly), specialist capability (e.g. earthworks or piling) or professional services to support the production system or ongoing maintenance and repair service of the asset





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Scott Tacchi

Head of MMC,
Sir Robert McAlpine

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Audience Q&A Session

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