

Appendix C - The UK Reform Movement & Measures

Research into more efficient means of construction procurement has been underway in a number of overseas countries for the last decade.

1.1.1 The United Kingdom Construction Industry

The UK has been very active in encouraging new and innovative best practices with the support of the Government. In the mid-nineties a wide spread recognition arose of the need for the construction industry to improve the service it provided to its clients, while also ensuring future viability for the wide range of organisations that operated in the industry.

In response to Sir Michael Latham's 1994 report 'Constructing the Team'⁵ and Sir John Egan's 1998 report 'Rethinking Construction'⁶ a number of cross industry bodies were formed to drive change. These included:

- Reading Construction Forum
- Design Build Foundation
- Construction Best Practice Programme
- Movement for Innovation
- The Housing Forum
- Local Government Task Force
- Rethinking Construction
- Constructing Excellence
- Construction Clients' Group

Whilst significant progress has been made in driving these initiatives into the practicing industry with many examples of projects that have been run in accordance with the fundamental principles, a need to stream-line initiatives became apparent. All of the above activities were therefore united as Constructing Excellence to form a powerful, influential voice for improvement in the built environment sector.

The Constructing Excellence Vision and Mission are summarised as follows:

“Vision: For the UK construction industry to realise maximum value to all clients, end users and stakeholders and exceed their expectations through the consistent delivery of world-class products and services.

Mission: Constructing Excellence aims to deliver improved industry performance resulting in a demonstrably better built environment.”

Of particular note has been 'The Demonstration Project Programme.' Through this initiative several project teams have developed innovative approaches and shared the knowledge of the processes and outcomes with the rest of industry over the last six years.

This knowledge has then been distilled and packaged into a series of toolkits for 'Best Practice.' One example of a toolkit is the 'Local Government Frame-working Toolkit'⁷ developed to help Local Government procure on Best Value principles.

Research into the 'Demonstration Projects' has shown that the following criteria typically offer the maximum potential for performance improvement:

- Procurement on Best Value (quality based selection).
- Committed leadership (especially from the client).
- Partnering the supply chain (now standard across public sector in UK).
- Open book accounting.
- Focus on the customer (client sponsor & end user).
- Improved implementation via an integrated team and collaborative processes.
- Adoption of a quality driven agenda.
- Commitment to & respect for people (training, development, H&S, site conditions).

- Focus on product development (particularly for clients with repeat projects).
- Focus on production of components.
- Ambitious target setting & efficient measurement of performance.
- Incentives around meeting targets.

The diagram below shows how these elements interact to deliver considerable year on year improvements in performance:

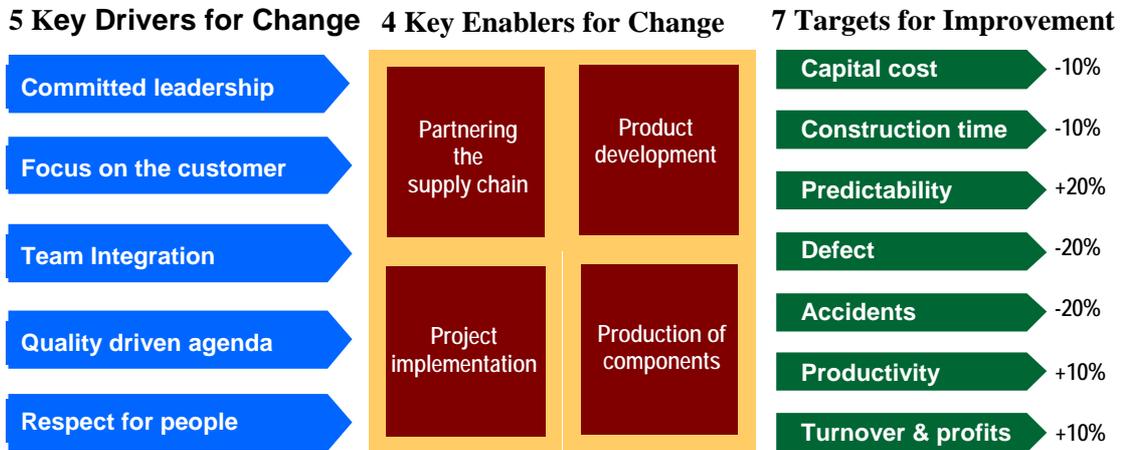


Figure 2: The Constructing Excellence 5-4-7 Model

Source: Constructing Excellence

The industry wide initiative has delivered numerous dramatic improvements in construction project delivery in the following:

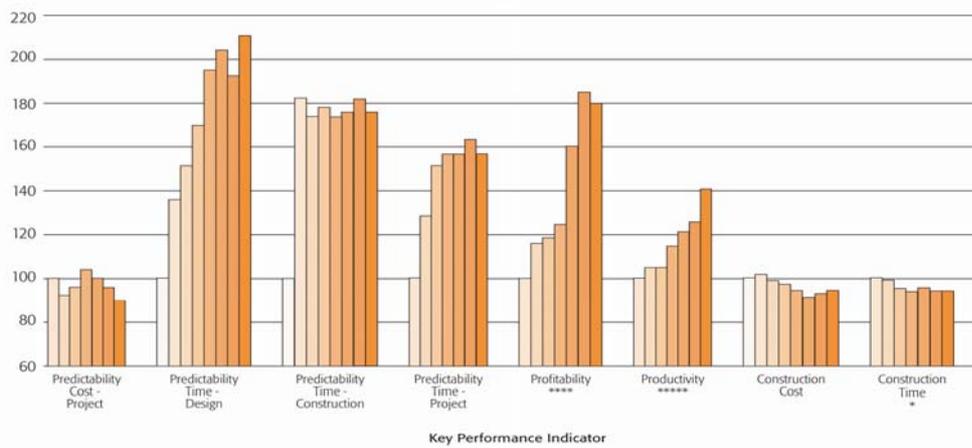
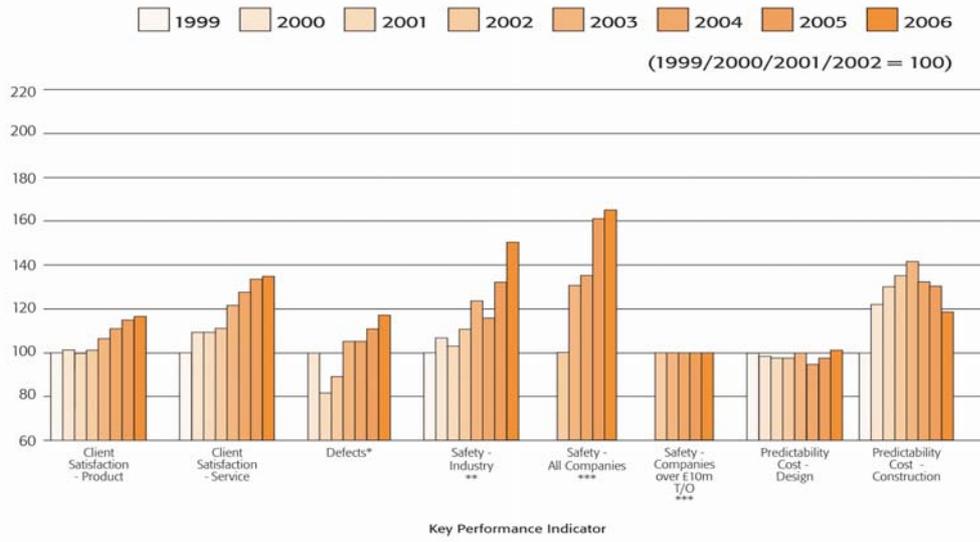
- Capital Cost reductions between 6% & 14% across the whole project & from project to project (up to 40-50% on specific components).
- Construction time reductions of typically 30%, although some specific examples dramatically reduce the time to build using off site prefabrication & partnering with their second tier supply chain.
- Predictability of programme & budget improvement by 20% & more.
- Reduction in the number of defects at handover.
- Reduction in the number of site accidents by 50-60% in 2 years or less with consequent substantial reductions in project costs.
- Productivity improvements of up to 10 to 15% per year.
- Increased profitability creating a healthier industry, able to reinvest in training and R&D.

Some specific Examples of Improvements in Construction in the UK comprise:

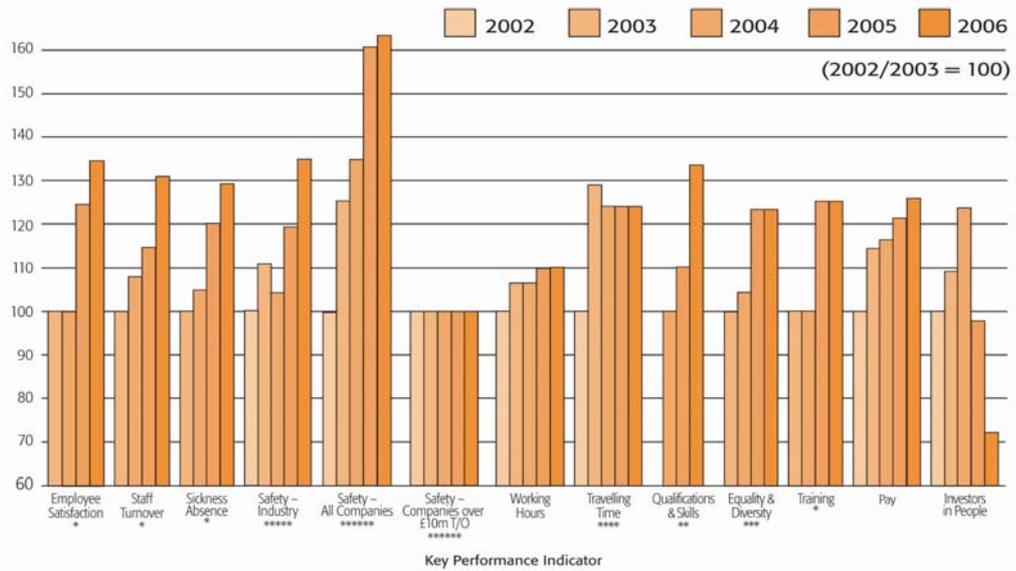
- Tesco Stores have reduced the capital cost of their stores by 40% in five years.
- Argent, a UK developer, has reduced the capital cost of office construction by 33% and total project time by 50% since 1991.
- BAA Pavement Team in UK have reduced project time on airport runways and taxiways by more than 30%, reduced accidents by 50%, and achieved 95% predictability of cost and time in two years.

Under the Constructing Excellence initiative, assisted by significant Government funding, a large number of projects have been completed using the best practices identified. These have resulted in substantial benefits to all involved.

ECONOMIC KPIS - ALL CONSTRUCTION - PERFORMANCE OVER EIGHT YEARS TO 2006



RESPECT FOR PEOPLE - ALL CONSTRUCTION - PERFORMANCE OVER FIVE YEARS TO 2006



ENVIRONMENT - ALL CONSTRUCTION - PERFORMANCE OVER FOUR YEARS TO 2006

