Revisiting

“NO TURNING BACK”

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Village Hotel, Swansea

ADEILADU ARBENIGRWYDD YNG NGHYMRU

CONSTRUCTING EXCELLENCE IN WALES

Geoff Wildman

Vice Chair

South West Wales

Best Practice Club

Revisiting

"NO TURNING BACK"

Ed Evans – Director CEWales

What was No Turning Back (NTB) all about?

"The case for a renewed emphasis on Best Value and Collaborative Working in Public Sector Construction Procurement"

Why revisit NTB?

- Economic climate has changed
- Are NTB recommendations still relevant?
- Is the Construction Procurement Strategy still relevant?
- Has any progress been made?
- How do different sectors see things?
- Are we focusing effort in the right areas?
  - Policies
  - Implementation

Format of review

- Established CEW task group with ToR
- Engage with the industry
- Asking the right questions (via survey)
  - Workshops
  - Construction Procurement Steering Group
- Task group to receive report
- Task group to present to Minister

Shaping the survey

Are we getting greater value from the investment?

- **Visibility** - Do you have greater visibility of your programme of work?
- **Consistency** - Are procurement processes applied consistently?
- **Competency** - Is Public sector more competent in its procurement practice?
- **Communication** - Do clients communicate better with the industry?
- **Capacity** - Does the industry have sufficient capacity to procure better?
- **Culture** - Is the industry more collaborative now than 4 years ago?

What did we discover?

- **Advances have been made in:**
  1. The visibility of the Public Sector construction pipeline
  2. Communication and collaboration, and
  3. Contribution of public investment works to sustainable community benefit, employment and training.

- **Progress has not been so good in:**
  1. Overall procurement capability and expertise
  2. Moving from lowest price to value in tender evaluation, and
  3. Reforming payment processes.

Achievements

- **Visibility**
  - WIIP
  - LA Forward Programme
  - Direct engagement
- **Procurement**
  - Standardisation eg SQUID, regional frameworks
  - Good practices eg average price tenders, Price/Quality
- **Collaboration**
  - Feels more collaborative than 10 years ago!
  - Good experiences when it works well
  - “those are the jobs we all want to work on”
  - ECI/BIM
- **Community and Sustainability**
  - The big success story
  - Proof that change is possible

Gaps

- **Visibility**
  - Much improved, but certainty & communication remain highly variable
  - Practices vary across clients
- **Procurement**
  - Slow/limited/no move from lowest price to value evaluation
  - Significant variability in approaches to procurement – even within frameworks
  - Mixed views on frameworks
- **Collaboration**
  - Limited evidence of 'real' collaboration
  - Good Practices exist
- **Payment**
  - Half respondents say fair payment isn't happening
  - Inconsistent application by clients 'diluting'/confusing the message
- **Capability**
  - Concerns with capability of procurement teams to deal with construction matters remain (this may refer to procurement **and** delivery)
- **Community and Sustainability**
  - Concerns 'on the ground' that 'hearts and minds' have yet to be won
  - Performance across Wales highly inconsistent
  - Opportunities lost

Some broader issues to consider

- **Fragmentation of the industry and inconsistency are still key issues in project delivery, identified by both demand and supply sides**
  - One contractor commented that "Inconsistent and often incoherent tendering strategies plague the pursuit of value for money and any pockets of good practice fail to gain traction widely"
  - A public client thinks the process still seems "very fragmented", dominated by "lots of different frameworks with everyone doing their own thing"
- **Progress affected by the difficult economic conditions experienced over the last 5 years and the behaviours of both clients and suppliers**
  - Many clients have sought to reduce prices by exploiting the demand by suppliers for work against ever decreasing public sector investment and opportunities
  - However, with a recovering private sector market and labour costs rising in response to shortages of skilled and experienced professional and trades personnel this situation cannot continue as suppliers become more selective of the projects they bid for and the clients they work for

Conclusions

- This report presents a **mixed picture**
- Progress on the recommendations from 2010 – **but not to the extent or pace needed**
- This has undoubtedly been affected by the **difficult economic conditions** experienced over the last 5 years and the behaviours of both clients and suppliers
- **Visibility** – much improved, but greater certainty needed with far better communication
- **Procurement** – increased standardisation but inconsistent application and lack of client commitment
- **Collaboration** – pockets of improvement but not ‘culturally mainstream’
- **Payment** – remains inconsistent, yet to see benefits
- **Capability** – significant concerns remain in procurement **and** delivery capability
- **Community and Sustainability** – much improved, but ‘hearts and minds’ remain to be won

Recommendations

1. **Visibility, certainty of information and stronger communication**
   a. Need to improve to compete in an increasingly active and buoyant market
2. **Apply the standard processes already developed in a consistent fashion with an emphasis on collaborative procurement practices**
   a. closer scrutiny of projects which are not based on value outcomes
   b. Construction Commitment Charter to be mandated
3. **The performance of projects needs to be managed and scrutinised via Key Performance Indicators to ensure that real value is being consistently delivered**
4. **Industry perceives little evidence of collaboration and is concerned with procurement capability and competence across public sector clients**
   a. Fitness checks should be undertaken with a specific focus on construction procurement AND delivery teams.
5. **Develop a mature and respectful partnership between clients and suppliers**
   a. Government and major public clients must lead the way in adopting **open communication and simple processes**
   b. supply sector must **evidence** their delivery of best value outcomes
   c. Further drive **fair payment practices**

In Summary

The direction of travel set by the Welsh Government; and developed by the steering group, has offered leadership and greater clarity.

The positive steps taken by some in the industry, clients and suppliers, are delivering positive outcomes and show what can be achieved.

However, implementation/pace of change is highly variable across Wales hence, potential value to the Welsh economy is not being fully realised.

With all areas of the UK competing for funds to develop their built infrastructure, Wales must show that its own construction sector is capable, confident and well placed to add real value to every pound spent on public sector programmes.