

# Constructing Excellence 'Procuring For Value'

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North West Construction Hub

at

Constructing Excellence event

Trowers & Hamlin - Manchester

Wednesday 17<sup>th</sup> April 2019

# North West Construction Hub

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**John Finlay BSc MRICS** - Former Capital Procurement Manager MCC and Procurement lead on NWCH, now Director, Value In Construction Limited

**Clare Huber** - NWCH Client, NWCH Board Member, and Major Projects Programme Manager, Cheshire West & Chester Council

**Katy Harris** - Head of Pre-Construction, Seddon Construction Ltd - NWCH Constructor Partner



# 'Procuring for Value' and NWCH

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- Introduction
- NWCH ..... What it is
- NWCH is all about ' Procuring for Value'
- NWCH impact as a 'facilitator'
- Other Initiatives supporting this way of working
- Clare Huber ..... The 'Storyhouse' story ..... Value through collaboration
- Katy Harris ... Seddon Construction ..... How we do it. Value through collaboration
- Reflections
- Value In Construction
- Questions

# Introduction

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- NWCH applauds and supports Ann Bentley's 'Procuring for Value' report
- NWCH believe an industry mindset / culture change is needed to maximise 'Value' outcomes
- NWCH will present how we 'do it' as a collaborative venture
  - Background of NWCH and the 'Consultant perspective' - **John Finlay**
  - The 'Client perspective' – **Clare Huber**
  - The 'Contractor perspective' – **Katy Harris**

# What is the North West Construction Hub ?

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- Lead organisation on behalf of North West Public Sector Bodies.
- This based on an understanding of what would work well for public sector organisations, based on Framework success originally at Manchester City Council
- Responsible for establishing Frameworks, letting procurement agreements, playing a pivotal role in the management of the various frameworks.
- Benchmarking and performance measurement of those agreements and management model for a partnering arrangement available across the North West
- Establishing long term collaborative relationships between Clients, Professionals and Framework partners
- If used as intended, the results are less waste, less duplication, local engagement and greater efficiencies which gives better value for money, including positive Social Value outcomes

# What were the 'drivers' behind NWCH?

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## 2008

NWIEP commissioned Manchester City Council to setup and manage three construction Frameworks based on 'Constructing Excellence' principles, for the public sector in the North West region.

### **Big focus on:**

- Early Contractor Involvement aimed at lean design / low waste / lean costs / 'sustainable' solutions – Social, Economic, & Environmental
- 'One Team' approach founded on 'trust and no blame culture'
- Target Cost partnering contracts with pain/gain share mechanisms
- Open Book Accounting
- Added Value – Apprenticeships, Carbon reduction, Waste to landfill reduction, Fair Payment

# What were the 'drivers' behind NWCH?

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## Seeks to achieve:

- Less waste
- Less duplication
- Local supply chain engagement
- Greater efficiencies which gives better value for money

## In response to:

- Latham Report
- Egan Report
- National Procurement Strategy
- Social Value Act



Public Services (Social Value) Act 2012

# Key success factors

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- Strong Client Leadership
- Client commitment to partnered working
- Client people with a the right partnering culture
- Client objectives are very clear
- Successful / compliant OJEU procurement process
- Seek partners whose 'offer' mirrors what Client wants
- Manage the Framework – Client leads, Partners positively engage in the management process
- Manage the project 'call – off' process
- Performance management / continuous improvement

# Collaborative Working

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## Special Interest Groups (SIGs)

- Business development
- Supply chain
- Digital Construction
- Social Value

# NWCH impact

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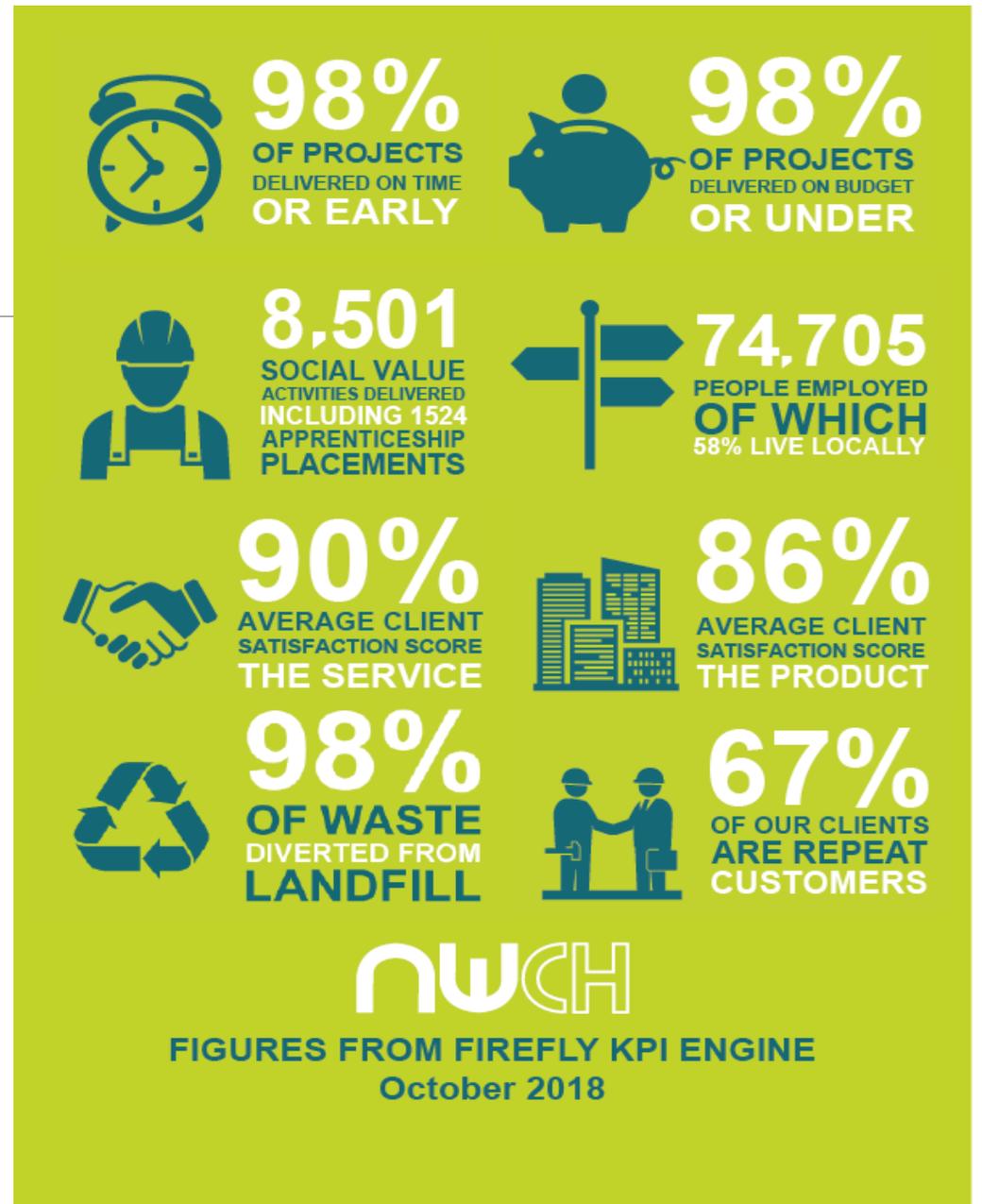
**£1.8b** work in the three Frameworks

**374** projects

**101** Clients from NW public sector



# Impact to date .... KPIs



# Other recent initiatives supporting this way of working ( 1 )

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- **‘Get it Right Initiative’** (November 2015) .... [www.getitright.com](http://www.getitright.com) ...
  - 21% construction industry turnover spent on ‘correcting errors’ ..... ( 7 x industry average profit margin )
- **LGA ‘ National Procurement Strategy for Local Government in England – Delivering the ambition** (June 2018)
  - Construction is one of four major areas of spend ..... Strongly advocates ‘partnership’ working

## Other recent initiatives supporting this way of working ( 2 )

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- **iGov Survey – Procurement approaches across the Public Sector: Challenges and Opportunities** (September – October 2018)
  - Over 60% say a lack of internal understanding of business need is the main barrier to successful procurement. Saying ‘ That’s the way we have always done it’ is inherently dangerous to future procurement.
- **Cabinet Office – ‘The Outsourcing Playbook’ – Guidance on Outsourcing decisions and contracts** (February 2019)
  - Designed to improve how government works with industry and the voluntary sector

# NWCH - Client Partner perspective

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**Clare Huber** - NWCH Client, NWCH Board Member, and Major Projects Programme Manager, Cheshire West & Chester Council

# Capability

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Flexible approach - Contractors were invited to submit a review of delivered theatre projects

The review was conducted to establish a view on their theatre delivery capability and understanding of our requirements. Four of the five contractors on the High Value Framework responded within the timescale requested with the fifth apologising for being unable to respond. Information was received from:

Laing O'Rourke

Lend Lease

Wates Construction

Kier Construction

These case studies, prior to any formal process, were vital to give the Council confidence of the Capability of Hub contractors

# The strategy

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## **The Strategy**

Following a review of the project delivery criteria, which included the Council's current Construction Procurement Strategy, a review of Traditional Construction processes, research on previous Theatre construction projects and the key points that needed to be addressed following lessons learned from those projects, a review of timescales, programme, resource, along with the Council's objectives and values, this strategy outlines and addresses all these points and details how each element will be supported by the Strategy.

The Strategy was to utilise the North West Construction Hub High Value Framework in a partnering design and construct contract, from the current design stage at RIBA B.

# The Result



# Awards

## **Awards for Storyhouse - WINNER**

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Best Refurbishment – Building Awards

RIBA National Award – RIBA Awards

RIBA North West Award – RIBA Awards

Best Public Building – Brick Awards

Best Entertainment or Leisure Venue FX – Design Awards

Special Award for Community Impact and Engagement – Civic Trust Awards

Collaboration Award – Royal Town and Planning Institute

The Civic Trust Award

Winner, 'Best Change of Use of an Existing Building' category – LABC Building Excellence Awards

RICS Awards – Highly Commended, 'Community Benefit' category, North-West Region

Large Visitor Attraction – Marketing Cheshire Awards

# Awards

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RICS Awards – Highly Commended, ‘Community Benefit’ category, North-West Region

Large Visitor Attraction – Marketing Cheshire Awards

Best Marketing Project – Marketing Cheshire Awards

Nominee

BBC’s Public Building of the Decade (winner Cheshire category)

Best Building – The Stage Awards (2018)

Best Design (A Little Night Music) The Stage Awards (2018)

Best Play for Children and Young People (The Secret Seven) The Stage Awards (2018)

Best Cultural Building The Architects Awards

# NWCH - Constructor Partner perspective

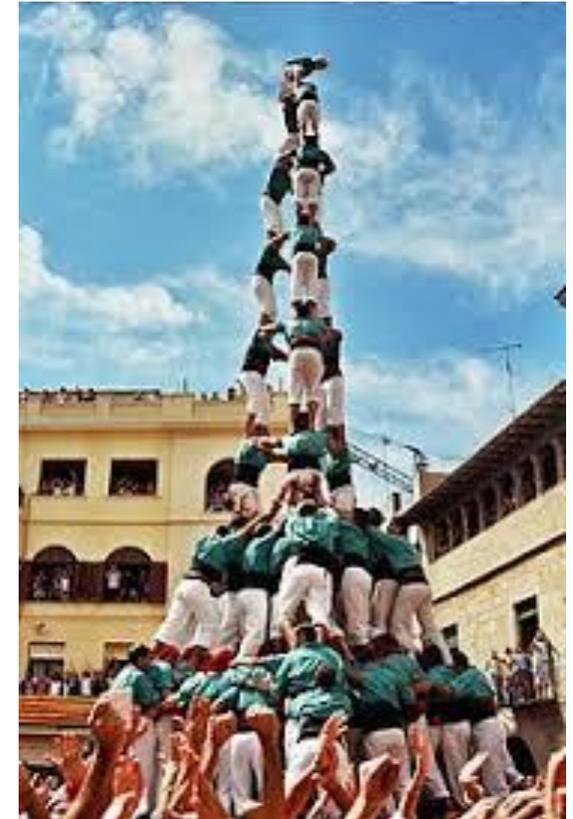
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**Katy Harris** - Head of Pre-Construction, Seddon  
Construction Ltd - NWCH Constructor Partner

***Seddon***

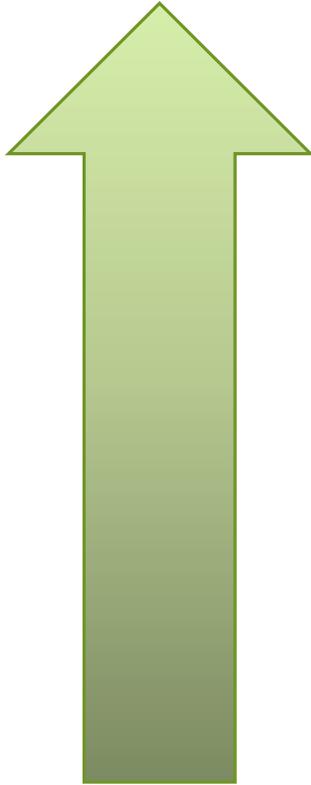
# Collaboration – a contractors perspective

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# Collaboration – a contractors perspective

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- ✓ Innovation
- ✓ Continuous improvement/shared best practice
- ✓ Profitable work/Investment
- ✓ Efficiencies
- ✓ Long term relationships
- ✓ CSR outcomes
- ✓ Integrated teams
- ✓ Shared risk and opportunities – identified early
- ✓ Shared information/collaborative platforms
- ✓ Clear/common goals

# Collaboration – a contractors perspective

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# Reflections

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# Optimising Value

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## **What are some of the challenges in optimising Value ?**

- Existing traditional ways of working / industry cultures
- 'Silo' mentalities
- Lack of client and client advisor knowledge and expertise
- Fear of doing it differently ( Status quo 'comfort zone' )
- Deep in-built conviction that lowest price gives best value

## **What are some of the solutions to these challenges ?**

- Development of a common definition of 'Value' and a consistent procurement methodology
- Enhanced competencies in both clients and advisors aimed at embracing the 'new' Values
- Embracing collaborative working cultures / delivery models

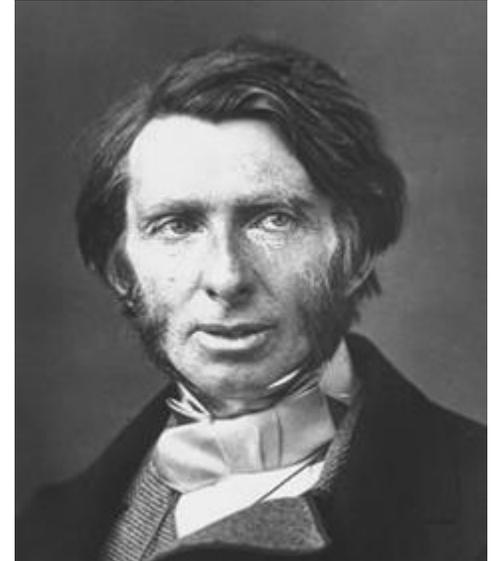
# Intelligent effort

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*“A thing is worth [ value ] what it can do for you, not what you choose to pay for it.”*

*“Quality is never an accident. It is always the result of intelligent effort.”*

John Ruskin - prominent Victorian social thinker and philanthropist



‘Collaboration’ for NWCH means fully embracing ‘intelligent effort’.

It brings together a diversity of knowledge, experience, and skill, which when acting together, can achieve far more than the sum of the parts.

# Value in Construction Limited

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## Public Sector Stakeholder Consultancy

- Client support
- Consultant support
- Contractor support

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# Thank You !

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## Questions