

Government Construction Newsletter 4, December '12

Since September's update on Construction, a number of changes have taken place on the construction landscape. Peter Hansford's appointment as Chief Construction Adviser took effect on 1 December and he has most certainly hit the ground running through his engagement with Government and industry colleagues. Peter has identified his key areas of focus: cost, carbon, innovation and skills, and we look forward to working with him on this agenda.

The Construction Team also welcomes Chloe Smith, Minister for Political and Constitutional Reform, who will be working with Francis Maude, Minister for the Cabinet Office, on efficiency and reform in construction. Chloe has already participated in a number of construction related activities, including speaking at NFB and NSCC conferences.

Departments continued their progress in delivering cost reduction targets in the first half of 2012/13. In-year cost reductions of £69m have been achieved to date which were reported as part of wider savings presented at Cabinet Office's inaugural analysts' event in October. Further information can be found at: [Cost Reduction Targets](#).

Government's commitment to publishing data to help clients and suppliers better understand its forward programme of work as well as benchmark the costs of construction continues. The updated Government Construction Funded Pipeline was published at the end of November, followed by the update on Data and Benchmarking in the beginning of December.

Industrial Strategy for Construction

Vince Cable announced the development of industrial strategies for a number of sectors, including construction. This recognises that for businesses to invest and grow, they need long term certainty and a government that behaves more like a business, making and sticking to long-term plans that will tackle economic weakness and instability. The Industrial Strategy will set out a long-term, whole of Government approach to support business giving confidence now for investment and growth.

Peter Hansford has been tasked with taking forward the Industrial Strategy for Construction, which will set a plan to take the industry to 2025. It will bolster valuable existing work, including the Government Construction Strategy, the Infrastructure UK Cost Reduction Plan, the BIM Strategy, and the Green Construction Board. It will provide an overarching context to these important 'building blocks' and address the linkages between them. The Industrial Strategy will implement a number of project streams including whole life value, SME engagement, innovation and supply chain analysis and will be published in Summer 2013.

New focus for industry/government cost saving efforts

Government and industry efforts to reduce the cost of infrastructure and general construction are now being focused through a single steering group chaired by Crossrail CEO Andrew Wolstenholme. The new group met for the first time on 4 December and will be supported by HM Treasury, Cabinet Office and the Institution of Civil Engineers.

The Government Construction Strategy and Infrastructure Cost Review programmes are both seeking to deliver sustainable cost savings of 15-20%. The new structure will enable a focused and simplified effort to tackle shared priorities including; improving commissioning and procurement, developing more effective benchmarking and asset information, and the roll out of BIM across construction and infrastructure. It will also be a focal point for feedback from a series of projects trialling ideas developed within the programme. Further details of the IUK and Government Construction programmes are available at [Infrastructure Cost Review](#) and [GCS One Year On Report and Action Plan](#)

An update from IUK on the Autumn Statement and National Infrastructure Plan

Alongside the Autumn Statement, an update to the National Infrastructure Plan was published on 6th December which contained a number of announcements on new public investment in infrastructure including £1.5 billion to enhance and improve the road network and reduce congestion. In addition, a further £120m was announced to build new flood defences. These projects are part of an updated infrastructure pipeline of over £330 billion, an increase of £70 billion from 2011. More information is available at: [Autumn Statement 2012](#)

The Autumn Statement also announced a new approach to public private partnerships. PF2 is a new, faster and more transparent approach to securing investment in public infrastructure. The Government will become a shareholder in future projects to ensure a more collaborative approach to improving project performance and managing risk, and will share in the financial rewards alongside private sector shareholders: [Private Finance 2](#)

The new Commercial Secretary to the Treasury, Lord Deighton, formally Chief Executive Officer of LOCOG, will start in January 2013, with a focus on delivery. Alongside an early joint assessment of departmental delivery capacity by IUK and the Major Projects Authority, Government will also strengthen the mandate of Infrastructure UK and increase its commercial expertise to boost the delivery of growth enhancing infrastructure projects across Government.

Government construction pipeline

The fourth iteration of the Government funded construction pipeline was published in November. It includes 1200 projects and programmes with a value of around £40bn in the four years to 2014/15.

Government is working with industry to improve the pipeline and the latest version substantially increases the level of granularity and 'reach' beyond the major construction spending departments. The latest publication extends the data on local roads maintenance, now covering over 150 local authorities and boroughs.

The pipeline will be updated twice yearly – the next iteration is due during April 2013 which will be the first publication to be led by Barbour-ABI; the private sector partner recently appointed by government to manage, maintain and to develop the pipeline. Barbour-ABI and Government are currently consulting with industry and government clients on current usage and scope for future improvements.

Publication of Cost Benchmarking Principles

The outcome of the progress departments have made in implementing the cost benchmarking principles was reported for the first time in December. The report identifies specific actions to be addressed by departments both individually and collectively, including the sharing and comparing

data between departments, the supply chain and private clients. The report can be found at: [Departmental Cost Benchmarking Progress](#)

Fair Payment

Francis Maude was nominated one of 14 Fair Payment Champions by the National Specialist Contractors Council (NSCC), an SME industry body, for his commitment to improving payment practices within the construction industry. The contractual requirement on central Government construction contracts for payment to be made down to tier 3 suppliers within 30 days led NSCC to comment: *“Government is leading the way when it comes to fair payment practices and its support has been fundamental to the progress that has been made by the Fair Payment Campaign over the past five years”*.

Central government departments are pioneering the use of Project Bank Accounts (PBAs) to improve the speed and security of payment to members of construction supply chains, many of which are SMEs. Last year £1.1bn worth of projects were signed using PBAs against a target of £0.5bn, and this year’s target of £2bn looks well in sight with 6 months to go.

Government recognise the ongoing need to tackle poor payment practice. Anyone experiencing problems in Government procurement, including unfair practices in the supply chain, is encouraged to use the Mystery Shopper service to anonymously report where this is happening. [Mystery Shopper Scheme](#)

Key Suppliers Conference – 21 November

Key construction suppliers to Government gathered together to discuss joint progress towards the delivery of 15-20% reduction in the cost of construction as well as a wide range of other topical issues affecting industry. Delegates heard from BIS Minister Michael Fallon and Stephen Kelly, Chief Operating Officer for UK Government on the priorities for government.

Andy Page, Global Supplier Development Executive at Rolls Royce provided a fascinating insight on how they are working to achieve a *“world class supply chain”* in the aerospace sector which prompted a lively debate about what it would take for a similar approach be applied in construction. Members of the audience (perhaps thinking of their next flight) were impressed by the obvious commitment to strive for performance improvement. Perhaps the need for a culture of zero defects was well understood, and appreciated, by all!

The next event is planned for May 2013.

Peter Hanford and Juliet Mountford visit Coventry University

In his first week in post Peter Hansford, together with Juliet Mountford, Director of Government Construction, visited Coventry University to see what it is doing to help boost the construction industry. They visited the pioneering Advanced Construction Technologies centre, where they were given a demonstration of the facility’s state-of-the-art virtual reality capabilities.

Through 3D simulation, the multimillion pound centre - one of only three in the world - is able to create ‘immersive’ virtual construction sites to train workers in a true-to-life environment with realistic site management situations. The centre is used to boost trainees’ experience and decision-making skills, without the risks associated with on-site work.

They then visited the University’s brand new £55 million Engineering and Computing building where an innovative project is underway to invite businesses to come and test new environmental technologies for use in the construction industry. The *Sustainable Building Futures* project aims to encourage knowledge transfer and collaboration between SMEs and the University – as well as offering construction firms access to the latest facilities to help boost productivity.

Building Information Modelling & Government Soft Landings

The third quarter of the year seems to ring the BIM Conference season, with two of the industry's largest gatherings for the ICE and Autodesk events. Case studies were shown of over £25bn of infrastructure being delivered using BIM tools to great effect.

The adoption of Government Soft Landings has also moved forward with new dedicated resources, it is expected the remaining documentation will be published early in the New Year. Via the CIC, a network of BIM Regional Hubs have been established and it is estimated that over 10,000 people have been reached through the network this year.

The BIM and GSL Task Group would like to thank all of the people who have been involved in the project this year for their support and commitment to the project. If you would like to get involved or would like more information on the work of both teams please go to [BIM Task Group](#)

Wage Incentive

Wage incentives worth up to £2,275 are available for you to take on a young person. This would more than cover your national insurance contributions for that individual for a year!

Applying and claiming for the wage incentive is simple. To find out more, call Jobcentre Plus on: 0845 601 2001 (option 2) or textphone 0845 601 2002 for people with speech or hearing impairments. For information about wage incentives through the Work Programme or Work Choice, contact your local provider:

- Work Programme [Work Programme Providers](#)
- Work Choice [Work Choice Providers](#)

Green Construction Board – One Year On Event

In early December Peter Hansford hosted a conference where the Green Construction Board took a wide audience of industry and Government stakeholders through its achievements in its first year and its future plans.

The Board's co-chairs Michael Fallon and Mike Putnam, Chief Executive and President of Skanska UK, gave key note speeches followed by presentations from each of the Board's seven working groups. The Board's One Year On Report can be found at: [Green Construction Board One Year On Report](#)

Saying Farewell to Paul Morrell

On a chilly December evening in London, many colleagues joined Paul Morrell, the exiting Chief Construction Adviser, to say goodbye and thank you. The incoming Chief Construction Adviser, Peter Hansford was able to thank Paul in person for his considerable work and for establishing a strong legacy on which he can now build. Chloe Smith joined the throng of industry and Whitehall colleagues to wish him well. In keeping with Paul Morrell style, his parting speech was heartfelt and genuine, but alas, no PowerPoint. We wish him well in his retirement and thank the Construction Industry Council for sponsoring the event.

Trial Projects Winter Event

On 29 January 2013, members of the Trial Projects Delivery and Support Groups will come together for the first time with departmental project teams implementing trial projects. The event, hosted by the Royal Institution of Chartered Surveyors at their London headquarters, will provide an opportunity for experiences and expertise to be shared by practitioners. Chloe Smith has been invited to give the opening address, together with Stephen Kelly and Peter Hansford. A limited number of places are available to those wishing to contribute further trial projects or relevant experiences during the break-out sessions and these can be applied for by e-mailing: GovernmentConstructionTeam@cabinet-office.gsi.gov.uk.

Forward look at upcoming Construction Events

| Event | Location | Date |
|---|---|-----------|
| BIM VTs go live | BIM web microsite | 21/12/12 |
| BIM 2050 Group Launch | Business Design Centre, 52 Upper Street | 16/01/13 |
| RICS North East Policy Summit | Times Square, Newcastle | 25/01/13 |
| Trial Projects Delivery Group Event | 1 Parliament Square | 29/01/13 |
| RICS BIM National Event | TBC | 13/02/13 |
| PM's Award follow on Event | QEII Conference Centre | 26/02/13 |
| Ecobuild (BIS Green Construction Event) | Excel Exhibition Centre | 5-7/03/13 |
| Construction Summit | Park Plaza Hotel | 02/07/13 |

We want these newsletters to generate two-way conversation: we actively encourage dialogue and engagement and so would be very pleased to receive comments, queries and feedback to GovernmentConstructionTeam@cabinet-office.gsi.gov.uk or InfrastructureCost@hmtreasury.gsi.gov.uk.

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