



WILLMOTT DIXON

SINCE 1852

The Construction Playbook

HM Government response to improving
built environment outcomes through
smarter procurement

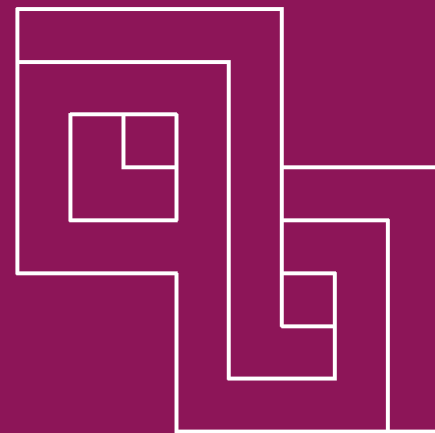


HM Government

THE CONSTRUCTION PLAYBOOK

Government Guidance

on sourcing and contracting public works
projects and programmes



Version 1.1
September 2022

Objectives

Up to £37 billion of public works contracts across economic and social infrastructure will be brought to market over the next year, and the Government is committed to delivering better, faster and greener solutions that support the recovery from the COVID-19 pandemic and build the economy of the future while improving building and workplace safety.

- **Improve building and workplace safety to create safe facilities and protect the health, safety and wellbeing of the workforce.**
- **Take strides towards the UK's 2050 net zero commitment and focus on a whole life carbon approach to fight climate change and deliver greener facilities designed for the future.**
- **Promote social value to help local communities recover from COVID-19, tackle economic inequality, promote equal opportunities and improve wellbeing.**

Outcomes

The Construction Playbook, which is the result of extensive collaboration from across the public and private sectors, brings together expertise and best practice to reform the industry and transform how public works projects and programmes are assessed, procured and managed. Government leadership is crucial and the Playbook is mandatory for central Government and arm's length bodies (ALBs) on a 'comply or explain' basis, with the wider public sector encouraged to take account of it.

- **Clear and Appropriate outcome-based specifications.** Designed with industry to drive continuous improvement and innovation.
- **Longer Term contracting across portfolios.** Long term plans for key asset types and to drive better value through public spending.
- **Standardised designs and components/interfaces.**
- **Increased Innovation and MMC**, with clear requirements set to suppliers.
- **Sustainable, win-win contracting that incentivise better outcomes.** Improved risk management and better financial health in the sector.
- **Improved Financial Assessments and preparedness for when things go wrong**, better resolution planning for critical contracts.
- **Faster end to end delivery.** Invest time and resources upfront to set up projects for success.

What they expect us to do

The Construction Playbook sets out what the Government expects (and will contract for) from industry, and suppliers will need to review their standards, behaviours and ways of working. Some of the things that contracting authorities will be requiring from the supply chain include:

- **Early** engagement to co-develop solutions and implement collaborative ways of working.
- Bidding with a **fair margin** baked in.
- Ensuring **risks are managed** by those best able to bear and manage them.
- Ensuring the policies set out in the Playbook **flow down through the supply** chain and subcontractors and suppliers are treated in accordance with the Supplier Code of Conduct.
- Development of safe, innovative, sustainable, **manufacturing-led solutions** using Modern Methods of Construction.
- Investment in automated, digital **payment and contracting systems** and processes.
- **Prompt payment** of supply chains.
- Implementing **quality management** processes, such as ISO 9001.
- Investment in **skills, people and innovation**.
- Putting in place an appropriately experienced **Senior Responsible Owner (SRO)** and resourced cross-functional teams to meet the expectations set out by contracting authorities.
- Meeting the standards in the **UK BIM Framework**.

Key Policies

1. Commercial pipelines

Publish comprehensive pipelines, looking ahead three to five years, to help suppliers understand the Government's long-term demand and prepare themselves to respond to contract opportunities.

2. Market health & capability assessments

Assess the market to enable project and programme teams to identify potential opportunities and limitations in the market, take advantage of emerging technologies and innovation, and consider actions to increase competition and improve market health.

3. Portfolios and longer term contracting

Develop long-term plans, with appropriate work brought together in portfolios, to give industry the certainty required to invest in new technologies and Modern Methods of Construction to deliver improved productivity and efficiency savings.

4. Harmonise, digitise and rationalise demand

Seek opportunities to develop and adopt common standards and specifications and use cross-sector product platforms to create a more resilient pipeline and drive efficiencies, innovation and productivity.

5. Further embed digital technologies

Apply the **UK BIM Framework** to standardise the approach to generating and classifying data, information security and data exchange, and to support the adoption of the Information Management Framework and the creation of the National Digital Twin.

6. Early supply chain involvement (ESI)

Involve the whole supply chain early in the project lifecycle to help develop clear, outcome-focussed designs and specifications, reduce downstream issues, and achieve planned outcomes and value for money.

7. Outcome-based approach

Set clear and measurable outcomes focussed on whole life value, performance and cost at the outset of a project or programme, using the new IPA Project Scorecard, to help suppliers understand the ambitions of the contracting authority without being prescriptive about how to deliver outcomes.



Preparation and planning



Publication



Selection



Evaluation and award



Contract Implementation

Key Policies

8. Benchmarking and should cost models

Undertake benchmarking of key project deliverables and agreed outcomes to drive consistency and robustness of cost estimates, and use this data to produce Should Cost Models (SCMs) to better understand whole life costs and risks.

9. Delivery model assessments

Follow an analytical, evidence-based process early in the preparation and planning stage of a project or programme to decide the most appropriate delivery model, in order to achieve the desired outcomes and support a value-based approach.

10. Effective contracting

Use standard construction contracts, with appropriate KPIs and standard 'boilerplate clauses' for project-specific requirements, to support an exchange of data, drive collaboration, improve value and manage risk. Frameworks will be reviewed and consolidated where appropriate, and a new 'gold standard' will be adopted.

11. Risk allocation

Ensure risks are allocated to, and managed by, those best able to bear and manage them to deliver value for money and successful outcomes. The fundamental principle should be that contracts are profitable and offer a fair return to ensure the market is sustainable.

12. Payment mechanism and pricing approach

As a general principle, link payment to the delivery of outputs and/or of the work value and supplier performance to ensure it incentivises the desired behaviours or outcomes, making the construction sector a thriving and dynamic market that is sustainable in the long term.

13. Assessing the economic and financial standing of suppliers

Assess the economic and financial standing of suppliers during the selection process, against the minimum standard, to safeguard the delivery of projects and programmes against a supplier going out of business during the life of a contract.

14. Resolution planning

Require suppliers of critical public works contracts to provide resolution planning information to help ensure the continuity of projects and their orderly transfer to a new supplier in the event of supplier insolvency.



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Contract implementation

1. Collaboration

- KP1 – Commercial Pipeline (3 to 5 years)
- KP11, Risk Allocation, best place and better assessments.
- KP14, Resolution Planning. Methods to plan and mitigate conflict



Collaboration

- Publishing pipelines and enable the wider supply chain to prepare better, invest in products, people and stimulates R&D. Greater confidence to work with colleges and apprentices.
- Undertake a market assessment, know the barriers and capacities. (soft market testing for example).
- **Earlier engagement of delivery partners, leverage specialist skills and supply chain.**
- Contracts that reward continuous improvement and create certainty of workload. Create portfolios not just single projects –leverage wider groups such as health, homes and leisure. Review 1/4ly.
- Contracts that support consortia between SMEs. Support the SMEs in the supply chain, work with larger businesses to spend local and forge closer links. Establish the right KPIs.
- Explore opportunities to develop solutions to mitigate risks, have in place a joint risk register which is aligned to project outcomes. Be transparent and work together. Inappropriate risk transfer is the biggest issue of suppliers into public sector as noted by the NAO.



2. MMC and Data

- KP 4, Harmonise, Digitise. Platforms and standard design elements.



MMC and Data

- Support the development and use of consistent specifications and standards. Work across sectors to develop a common language and components.
- Share designs, datasets and digital object libraries.
- Set a clear target for MMC and use this to drive efficiencies; working with other bodies to share evidence will drive innovation.
- Engage with platform based products and create new frameworks to stimulate development with a common set of metrics.
- Further embed digital technology and adopt the UK BIM Framework.
- Golden Thread



3. Strengthening Financial Assessment

- KP2 – Market Health, capabilities and capacity.
- KP 10, Effective contracting, long term value.
- KP12, Payment and Pricing. Fairness.
- KP13, assess financial standing.



Strengthening Financial Assessment

- Avoid short term thinking, eradicate unreasonable T&Cs (e.g. unlimited liabilities or vague scopes) and payment mechanisms – evidence shows this creates a bias to low cost, low quality outcomes and increases likelihood of supplier failure. Carillion?! Contracts should be profitable and sustainable.
- Soft Market Testing and regular supplier engagement.
- Regular payments support cashflow, very important for SME health.
- Selection of bidders on their business health, not on the project. Provide feedback if not deemed to be low risk, do not penalise on their size. Have in place systems to regularly review financial and operational health. Earlier intervention is the key.



4. Value

- KP7, Outcome based approach. Embed project scorecards and Value Toolkit.
- KP9, Benchmarking and should cost models (Lifecycle not just build phase).



Value

- Mentioned throughout the whole document. Assess the whole life cost, including social value, operations, management, replacement and adaptation costs. Carbon and fuel costs sensitivities especially important.
- Adoption of the Project Scorecard (see also PPN 06/20).
- Move towards the Most Advantageous Tender. A push to create robust evaluation, invest upfront to enable the industry to respond with innovation. Focus on the quality evaluation not just the price (albeit recognising money is not unlimited) Deliver more outcomes from the same cost base.
- Should Cost Models, a forecast of the 'whole' life including the build phase and expected design life. Level of detail is expected to build through project lifespan, better use of risk modelling and should account for whole life carbon assessments, GHG emissions and project outcomes. Will be backed up by a new IPA benchmarking hub soon.
- Collaborative forms of contracting. Framework Alliancing contract (FAC-1) already being adopted through the Crown Commercial Services framework and focuses on defining the right outcomes, linking payments and managing resolutions early. **Spend time on the project, not debating the contract.**



Updates this September:

Contract Management:

As well as reinforcing the message of early engagement, guidance note identifying the Project Routemap as published by the Infrastructure and Project Authority.

Framework Review

All 24 recommendations in the Mosey Review are now captured in the playbook, note 'Comply or Explain'

Digitalisation

Setting Targets for MMC, for example DfE have PMV (Premanufactured Value) targets in their frameworks

Building Safety

Reminder of the **Building Safety Act** which requires projects to be procured and managed to make sure the right behaviours are embedded at the outset. Guidance notes are now included to help procurement teams make informed decisions.

Moving from theory to practice with guidance notes on:

MMC

Longer Term Contracting

Promoting Net Zero and Sustainability

Frameworks Review and Implementation

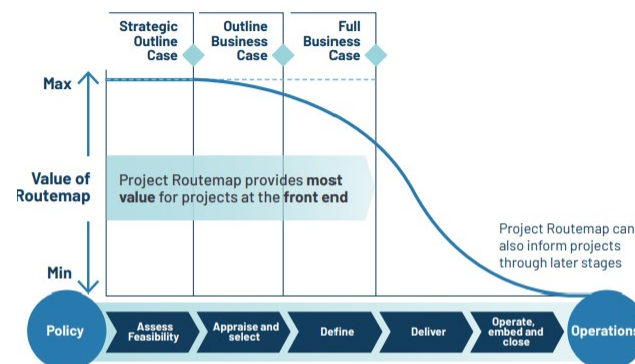
Conflict Avoidance clauses

Data Sharing







**Infrastructure
and Projects
Authority**

When is Routemap most effective?



What new themes are in Routemap?

 Benefits and outcomes focus	 People and skills
 Economic, environmental and social value	 Digital and technology
 Behaviour and culture	 Transitions

Summary

It describes what should be undertaken on projects and programmes, from policy inception through to transition and operation, and sets out a best practice framework to achieve improved project outcomes.

- **Clear and Appropriate outcome-based specifications**, designed with the input of industry to drive continuous improvement and innovation.
- **Favour Longer Term Contracting across Portfolios**, to drive greater value through public spending.
- **Standardised designs, components and interfaces.**
- **Increased Innovation and adoption of MMC**, through standardization and aggregation of demand.
- **Sustainable win-win contracting arrangements that incentivize better outcomes.**
- **Improved financial assessments of suppliers and preparation for when things go wrong.**
- **Faster end to end project and programme delivery** by investing in upfront time and resources to set projects up for success.
- Compliance with **Building Safety Act** from start of the process

and remember, Comply or Explain.

Thank You

