



focus

Voice of the Specialist Engineering Contractor

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SELECT

SEC GROUP CHAIRMAN SPEAKS AT THE LAUNCH OF THE STRATEGY FOR SUSTAINABLE CONSTRUCTION AND THE CONSTRUCTION COMMITMENTS INCLUDING THE STRATEGIC FORUM TARGETS TO 2012

Baroness Shriti Vadera - Minister for Business and Competitiveness at the Department of Business, Enterprise and Regulatory Reform and Michael Davies - Chairman of the Strategic Forum for Construction hosted the launch of the Strategy for Sustainable Construction on 11 June 2008. Sir Stuart Lipton - Chairman of the Commission for Architecture and the Built Environment (CABE) was the Master of Ceremonies.

The Strategy for Sustainable Construction is a joint industry and Government initiative intended to promote leadership and behavioural change, as well as delivering benefits to both the construction industry and the wider economy. It aims to realise the shared vision of sustainable construction by:

- Providing clarity to business on the Government's position by bringing together diverse regulations and initiatives relating to sustainability;
- Setting and committing to higher standards to help achieve sustainability in specific areas;
- Making specific commitments by industry and Government to take the sustainable construction agenda forward.

The aim was to bring together a host of targets in a single document. These included;

- Recruiting 230,000 extra workers by 2010
- A 10 per cent year on year reduction in construction deaths
- A 13,500 increase in the number of apprentices in the industry.
- Ensuring a quarter of construction materials are responsibly sourced by 2012.

The opportunity was also taken by the Strategic Forum to outline the



Construction Commitments, originally written for the 2012 Olympics, which it now wants to see adopted on all construction projects as well as announcing the targets it is setting for industry improvements over the next 4 years.

The Construction Commitments bring together the six key areas vital to delivering construction projects on time, safely and to budget. They represent the principles, which it is intended will underpin all construction projects in order to achieve a better industry and exceed current best practice. In support of this the Strategic Forum has set a number of key targets which will demonstrate the improvements that the industry is making as a result of the adoption of these Commitments and these are set down in a separate document available on the Forum's website.

The Forum will be working with Constructing Excellence in the Built Environment to promote the use of these Commitments as a framework for all construction projects. We are therefore keen that all companies that support the Commitments and intend to work in accordance with these principles indicate this by signing up to the Strategic Forum Website - www.strategicforum.org.uk

The SEC Group Chairman – Trevor Hursthouse - launched these commitments and targets with the following speech:

Good Afternoon – I'm not sure about the introduction – You may be seeing it as one of those disappointing occasions when you came to hear the Main Man but got the Understudy instead. If so, my apologies but if you glance at my brief CV, you will know that, in the real world, I am a Specialist Sub-Contractor and so I know my place.

Forgive the use of a script but, ten minutes to cover the Construction Commitments is a challenge and without it, we could have a serious overrun – if that sounds like an Application for an Extension of Time it probably is!

First it might help to set them in context and perhaps explain why they have become the focus for the Strategic Forum.

In July 2005 when the 2012 Olympic Games were awarded to London it was obvious that major construction works would be an integral part of delivering the project but it wasn't long before people were asking if the UK Construction Sector had the necessary capacity and ability. As usual, the relatively small number of high profile construction project disasters got the attention whilst many more great successes were ignored.

And so, in autumn 2005 on behalf of the Strategic Forum Peter Rogers set up a Task Group, which would focus on the successful delivery of Olympic Games construction projects.

Peter decided this would best be done by drawing together a group of

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people who were actively engaged in all the Construction processes and, using their joint experience and knowledge, they began bringing together a summary of the key issues which influence the outcome of most construction projects.

The result was the 2012 Commitments, which were “adopted” by all the parties on 3rd July 2006. It wasn’t easy getting there and Peter should again be congratulated for a lot of hard work and lobbying which brought everyone to the table.

On behalf of Government, London, the Olympic Delivery Authority and the 2012 Task Group, Tessa Jowell, Margaret Hodge, Ken Livingstone, David Higgins and Peter Rogers put their signature to the document and “agreed to adopt the 2012 Construction Commitments”. There was no equivocation; in fact, those who were there will remember that Tessa Jowell said, “that applying the Commitments was an obligation”.

Two years later can we say that the 2012 Commitments have had positive influence on the procurement of Olympic construction projects? I think we can. ODA have put a lot of time and resource into a Procurement Strategy which recognises the need to follow the principles set out in the Commitments and we should applaud the fact that Howard Shiplee and his Professional Team are demonstrating in real terms their belief that Best Practise Procurement can deliver the right result. There isn’t time to go into detail but ODA remain closely associated with the 2012 Task Group, which continues to monitor Olympic construction procurement. Have ODA delivered on every Commitment? No they haven’t because some are ongoing and others present inevitable difficulties, which come from being amongst the first who are turning theory into practice. For example, currently, there is discussion between Task Group Representatives and the ODA as well as CLM about the appointment of Specialist Sub-Contractors. Tier 1 Contractors have been appointed to construct all the major projects but, with perhaps one exception, there is no sign yet of Tier 2 appointments. Clearly, this does not reflect “early involvement of the Supply Chain” and so the benefit, which should follow, is at risk of being lost. There are almost certainly good reasons why early procurement has taken this route but we need to get back on track and the extent to which ODA and CLM recognise this and are working to achieve the original objective is encouraging.

Ultimately, will the UK Construction Sector provide a world-class theatre, which will serve the Olympic Games and provide a worthwhile legacy? The answer is – Yes it will and not least because of the efforts being made by ODA and CLM and the influence of the 2012 Construction Commitments.

With the 2012 Construction Commitments in place the obvious question seemed to be – if it works for the Olympics and if all the Stakeholders involved in the construction process can agree on the principles, why not

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apply them across all construction work? The Task Group saw this as making sense and so, with some minor amendments, a more generic version was developed which you now see as today's "Construction Commitments".

At the same time, the Strategic Forum had reached a point where objectives and targets which came from the 2002 Accelerating Change Report were due for review. The outcome has already been reported in detail and we know that there have been considerable achievements but we must also accept that, in important areas, not least Integrated Project Teams, which I will come to in a moment, the industry has failed to reach targets. Looking back to his Rethinking Construction Report, Sir John Egan scored the outcome at 4 out of 10 – I'm not sure about you but, in my schooldays, it is not the sort of mark which would have brought glowing appreciation from my Mother. More likely – it would be go to your room and work harder!

So the question was – where do we go from here and how do we improve in the areas, which have proved to be most challenging? Too often, the solution is to change the syllabus and drop the difficult bits but this was never an option when, almost without exception, it was agreed that achieving the objectives set out in Accelerating Change will deliver a more effective and efficient Construction Sector which is able to support Client's requirements and deliver their expectations.

The answer is to build on past achievements but, in some ways, set more challenging targets and the Construction Commitments provide this opportunity. They retain the original objectives but, because they have been influenced by "hands-on Practitioners", they go into a level of detail which must be addressed and resolved if they are to be implemented.

You will be glad to know that I do not intend to go through the Commitments in detail. You can read them for yourselves. However, it is worth touching on each of the six key principles – but to avoid any misunderstanding you need to recognise that, in some respects, I am expressing a personal opinion as a "Specialist Contractor" – I leave it with you to detect any bias.

So first, something about which we can be very positive – Health & Safety:

Standards of Health & Safety can never be good enough but the extent to which attitudes have changed is a credit to those in the industry who have driven the Health & Safety Agenda. Of course, any accident is one accident too many and there is always room for improvement but over almost 20 years it is an issue which has risen to the top of the Agenda where it properly belongs and it is a very good example of the fact that culture change in the construction industry is possible.

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The extent to which Design impacts on Health & Safety need more recognition. It is something about which Designers themselves are obviously concerned but progress in addressing the issues will always suffer if Specialists with practical knowledge are not involved at the right time. Speaking of Designers let's look briefly at Design Quality:

Design is not my discipline but I do know that input from Specialists at the right time can bring enormous benefit to the process. Surely it's obvious - if you want to find the best way of doing something asking someone who has done it before has to be a good idea.

Also, there is undoubtedly a need to encourage visionary design. Yes there can be a cost but if we don't give Architects and Designers the opportunity to use their imagination and flair our towns and cities will become bland and boring places. If future generations decide to tear down our buildings any investment in Sustainability will have been irrelevant.

Turning briefly to Commitment to People:

An industry, which is so reliant on people, cannot survive unless they are valued and there is commitment to providing an environment, which meets their expectations and aspirations.

Recruitment, retention and training have been big issues for a long time, as has the shortage of skills, particularly at the workforce. Certainly - there is a problem but we should have little sympathy for Employers who complain about it but fail to offer Apprenticeship training to the thousands of young people who apply to join the industry and are turned away because jobs are not available.

Sustainability speaks for itself. You have already heard about the Government Strategy for Sustainable Construction and so there is no need for me to say more except that as the Sustainability Agenda develops and becomes increasingly important you would expect it to be at the heart of Design and Construction.

And so to the last two key principles - Procurement & Integration and Client Leadership:

Although all the Commitments are important and each supports the other, for me, Procurement & Integration together with Client Leadership are probably the key to delivering the package.

In my view, for good reason, Procurement & Integration is the first of the Commitments and this time I will quote from the document: -

"A successful Procurement Policy requires ethical sourcing, enables best value to be achieved and encourages the early involvement of the Supply Chain. An Integrated Project Team works together to achieve the best

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possible solution in terms of Design, Buildability, Environmental Performance and Sustainable Development” – a statement which seems to me to be blindingly obvious.

Without Integrated Teams, which come together at an early stage, it is difficult to see how the rest of the Commitments can be expected to work to their potential.

On the basis of past experience, we have a challenge on our hands. In assessing the Accelerating Change achievement level against a target which expected 50% of construction projects (by value) should be undertaken by Integrated Teams and Supply Chains by 2007 there was a disappointing but interesting response. In 2006, 20% of Clients/Main Contractors and Consultants claimed to have worked in Integrated Project Teams whereas only 8% of the M&E Specialist Sector had the same experience!

Clearly, too often, there is fundamental misunderstanding about the definition of an Integrated Team and the contribution it can and should make to any construction project. From everyday experience we all know that joining an existing group can create feelings of apprehension and uncertainty and, even when you are accepted as a Member, it can take a while to establish the level of trust which is necessary if the group is to work as an effective Integrated Team.

Just one example, which you would not expect me to resist. Why would anyone be appointed to carry out work on the presumption that it will not be properly finished and for this reason hold back money for at least 12 months after completion to be used as some kind of bribe or ransom which might be necessary to force proper completion. It is a bizarre practice which seems to start from a position where an appointment is made on the basis of lack of trust!

The Strategic Forum have recognised the Integration problem and a Task Group is already in place looking at ways in which it might be addressed and resolved. We must encourage and support their work and make use of the Guidance they provide but it will be up to the industry to make it happen and, for many, it will need a change in attitude towards trust and risk.

And so to the equally important and related Commitment – Client Leadership:

Every construction project is a joint venture between the Client and the Project Team but, in one respect, the Client is very different because he or she is “paying the bill” and will usually be Owner of the finished product together with its assets and liabilities!

With this in mind we should expect the Client to be a Driving Force which

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demands that construction projects are carried out in a way which produces the best result.

Of course, private Clients will make their own choice and many leading players are doing just that. They are using Framework Agreements, Partnership Arrangements and other tools which not so long ago, were unheard of and there is clear evidence that they are seeing the benefits. There isn't time for examples but they are on the record and must be given more publicity.

The Public Sector is a different matter. Government need an efficient construction industry because, without the buildings, they will not be able to achieve their objectives. With 40% of all construction being commissioned through Public Funding and in the knowledge that following the principles set out in the Construction Commitments delivers best value we should expect Government Clients to take the lead in seeing them implemented. The Office of Government Commerce provides Guidance but, too often, it isn't being followed. The National Audit Office is also on the record stating that, following Best Practise Principles which are set out in the Construction Commitments, can save £2.6 billion annually. That's Tax Payers money – yours and mine – and, again, we should expect it to be saved.

Frankly, progress in applying Best Practise Construction Procurement in the Public Sector has been poor but we should be encouraged by the fact that introduction of the Construction Commitments will include events across the country over the next few months which will see them promoted jointly by the Strategic Forum, Constructing Excellence and key Government Departments.

Even more encouraging is being told today that key Government Departments have already signed up! What we need now is to see it happen!

But this isn't a one-way street. The Strategic Forum have set targets based on the Construction Commitments and so, as an industry, we must ask ourselves – can we deliver them? If you really believe you can, sign up on the Website – many Chief Executives have already done so on behalf of their companies – but don't do it as a cosmetic exercise. There are already too many in the industry who think change and improvement can be achieved through sophisticated Procurement systems which, in reality, are an expensive box ticking exercise ultimately delivering little or no value. Worse still, more often than not, when the chips are down all the sophistication goes out the window and they simply revert to appointment based on lowest price. If you do sign up, you will need to reflect what has been achieved in improving Health & Safety and put in place a culture change which starts from a position where you can be trusted to do what is expected of you and you can trust others to do the same.

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Finally, this is perhaps an opportunity to remind ourselves that the process of improving the performance of the Construction Sector began 25 years ago when Sir Michael Latham produced his Reports. We continue to owe a debt of gratitude to Michael for the work he did then and has done since and we should not forget his conclusions at the time which were reflected in the titles of the Reports – Trust and Money and Constructing the Team.

They were fundamental issues then and they are now. Some say nothing has changed in the past 25 years but the facts tell a different story. We have come a long way and we are now starting on another phase in the process. The Strategic Forum has adopted the Construction Commitments and will do everything possible to promote them but, as I said before, this is a joint venture which requires leadership and continuing culture change on the part of the industry at a pace which produces better than 4 out of 10 when the targets are reviewed in 2010 and 2012.

Can it be done? I believe it can but, it is up to you and people like you to make it happen!

And so Chairman, Ladies and Gentlemen there you have it. A somewhat personal view on the challenges which face the Strategic Forum and the industry in delivering the Construction Commitments.

I'm sorry it wasn't delivered on time but I think I applied for an Extension and so I'm assuming there is no Penalty. If there is, I shall take it to Adjudication!

Thank you for listening.

Conclusions.

The Strategy for Sustainable Construction document can be viewed on the BERR Website at www.berr.gov.uk

The Construction Commitments and the Strategic Forum Targets to 2012 can be viewed at www.strategicforum.org.uk

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