

PRESS RELEASE

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Government supports industry development of ‘best value’ tools to transform procurement culture

Built environment professionals have united to look for a new approach that will change procurement culture by helping clients select on best value rather than lowest cost.

Over the next nine months, the group will seek to develop new software, tools and practices that can deliver measurable and demonstrable ways of procuring built assets by better value over a whole lifecycle.

The Government-backed move has been commissioned by the [Construction Leadership Council](#) as part of the sector deal to transform efficiency and modernise the sector, following July’s Construction Sector Deal and Procuring for Value report.

The report blamed current procurement practices for creating “a race to the bottom”, resulting in poor quality and unfair payment practices. It estimated that a more “joined up” approach to procurement could result in savings of over £ 15bn each year.

CLC’s procurement initiative is being led by Ann Bentley, Global Board Director of Rider Levett Bucknall (RLB) and CLC and Construction Industry Council (CIC) board member, who wrote Procuring for Value.

CLC is drawing on the expertise of professional bodies within the Construction Industry Council, which is also providing the secretariat. The work stream will be handled by four working groups:

- The Procuring for Value Model: chaired by Geoff Hunt Director and Chief Operating Officer UK, India, Middle East + Africa of Arup, this group will define what constitutes Value to clients and end-users and develop metrics to measure compliance with the brief and other value indicators.
- Predictability: chaired by Ashley Bateson, Partner of Hoare Lea and Vice President of CIBSE, this group will come up with metrics for measuring predictability of asset performance. These metrics should provide yardsticks that will indicate if the built asset performs the way it is meant to and by implication how well the contractors and consultants perform.
- Procurement Behaviours: chaired by John Nolan, chairman of the Construction Industry Council, this group will look at the procurement process itself, particularly from the different perspectives

of clients, consultant advisors and contractors and what tools we can develop to change behaviours.

- Procurement and the digital agenda, chaired by Simon Rawlinson, Partner, Head of Strategic Research and Insight at Arcadis and Member of the Construction Leadership Council this group will develop ways of tying procurement into construction's digital landscape.

Each of the four groups will comprise up to 20 experts from a wide range of companies and organisations. The groups will liaise with other industry work streams that are currently working to improve procurement.

Ann Bentley commented: *"It has become widely accepted that a huge amount of effort is wasted in construction through poor procurement. As part of the Construction Sector Deal, which forms part of the Industrial Strategy, Government has agreed that procurement should move away from lowest price capital cost to a broader based outcome of better value. But in order to satisfy Government, we need to be able to prove that better value will actually be delivered."*

"The aim of this project is to come up with a measurable and demonstrable way of procuring built assets by better value over a whole lifecycle that can be embedded into the industry."

"We will be developing practical tools such as training programmes, software and guidance to build clients' confidence that they are getting the best possible value over the life cycle of their asset."

Chairman of CIC Prof John Nolan stated that: *"Both the membership of CIC and I are delighted to support this initiative. The Grenfell disaster together with the Scottish Schools collapse and the Carillion insolvency are indicators that the system is broken. It is clear that a substantial factor in this is our nonsensical procurement system that conflates cost with value and incentivises a race to the bottom. I am pleased that Government recognises that there is a problem and is looking for industry advice and support to sort it out."*

The proposals will be drawn up over the next nine months, following consultation across the sector.

Ends

Notes to the editor

CIC is the representative forum for the professional bodies, research organisations and specialist business associations for professional services providers in the construction industry. It provides a single voice for



professionals in all sectors of the built environment through its collective membership of 500,000 individual professionals and 25,000 firms of construction consultants.

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