

PILOT PROJECT TO CREATE A QUALITY METRIC AND HELP REMOVE THE NEED FOR CASH RETENTIONS IN CONTRACTS

FAQs

What is the aim of this work?

The aim of this work is to drive improved quality of projects and reduce the need for the use of retention clauses in construction contracts. The project will develop a metric and record of a contractor's quality performance across previous projects, which can be used to support a client decision on the engagement of the contractor and use of retention clauses on future contracts.

How will the quality metric work?

The metric is based on the Accident Frequency Rate successfully applied to health and safety statistics.

For each project, the defects outstanding at the point of completion are recorded. They will be compared and rationalised against the overall value of the contract, to enable comparison between projects and produce a metric (the Error Frequency Rate - EFR).

The metric will then be benchmarked against the average level of quality performance (or an absolute level e.g. 1 error per £100K of contract value) in that sector, and if the contractor is below this, there is no need to withhold a retention.

How will previous project work help inform new projects?

The adoption of the metric creates an incentive for firms to capture the learning from previous projects and improve the quality of their work, as it provides evidence to clients of their ability to deliver. If clients have greater confidence in the quality of the work, then they will be less likely to withhold retentions.

How could this reduce the need for the use of retentions?

The better the metric score the less risk there is that there will be a quality problem. In turn less requirement for the use of a cash retention.

What will the pilot consider?

At this stage the initial proof of concept pilot will consider historical performance data on quality status at completion/handover of a contract/asset. The pilot will consider a number of areas including type of data, development of a meaningful metric and feasibility of use on live project procurement.

How much participation is required for this pilot project?

Participation is one time only and requires a response to just 8 questions through a secure online survey. All data required should already be held on previous projects, and we anticipate only a small amount of time is required to collate and submit.

Respondents can submit information for just one project. However, the survey provides ability to respond on up to ten projects. The greater the level of project data supplied, the more robust the metric is likely to be.

What data is required and where do I find it?

All data required should already be held on previous projects and held by commercial teams. This includes simple information on project value, start and finish contract dates, completion date and contract form.

A single response is then requested on the number of outstanding items on the completion certificate at handover. Finally, information is also necessary on the nature of the project type – whether within the private or public and specific sector e.g. commercial or new build housing.

How is my data used?

All information will be treated in a confidential manner and used solely for research purposes. The actual data will develop a score (an Error Free Rate – EFR) for each project.

How will the results of the pilot be published?

No data submitted during the pilot will be made publicly available. It will be used solely by Cranfield University for analysis. A report will be issued summarising the results and recommending next steps.

What is the next stage after the pilot?

The pilot results will be analysed, and a decision taken on whether the proposed metric is workable. It is anticipated that the next stage would then proceed to a second pilot on live project procurements.