



COMMUNITIES

Is failure built in to public sector projects at tender stage?



By Richard Claxton | 25 September 2017



The spotlight is shining on how the construction sector operates more than ever before, and pressures to select tenders on cost could be gearing the industry up for failure.

The spotlight is shining on how the construction sector operates more than ever before, and as the Grenfell enquiry develops the industry should prepare to hear lots of harsh criticism for long accepted practices, much of which may be deserved.

However, this crisis, along with Brexit and ongoing skills shortage, gives the industry a once in a lifetime opportunity to influence how the public sector procures construction services and the key industry “actors” must put forward ideas rather than just play to their own short-term interests.

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Everyone involved in tendering for public sector work has war stories where they have cut their costs to the bone, only for a competitor with lower quality scores, offering a significantly lower price, to win the commission or project. Whilst many public-sector organisations make good attempts to build in quality and value and there have been some valiant attempts to legislate for value through the Social Value Act, they are obliged to select on the basis of MEAT (Most Economically Advantageous Tender).

Fundamentally, constructors and consultants are risk managers, and organisations that submit low cost tenders have often underestimated that risk, with the consequences simply pushed forward in time. Unfortunately, in an industry that is so fragmented, the individuals involved in making those decisions are often not around to accept any responsibility at a later date.

If it was just a case of “cheap and cheerful” we would at least be able to shape our services appropriately, but the public sector also demands lots of additional elements to the scope at no additional cost. e.g. high-quality design and construction, resident and stakeholder involvement, social value and tight time constraints. It’s hardly surprising projects are compromised before they even start, and once they enter the “value engineering” process further compromises appear to be unavoidable.

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However, we can't blame public sector clients for our inability to come up with solutions. No organisation is forced to tender for public sector contracts and the more for less culture isn't going to change any time soon. So, let's take the bull by the horns and come up with some coherent ideas.

Firstly, we need to stop overpromising and under delivering. Honesty and transparency about costs and risks and a focus on getting the core service right will build trust on the client side.

Secondly, we must work to improve the client side understanding of key risks such as delay in decision making. This takes a deep understanding of the specific client organisation, and recognition that the public sector is inherently political. This must be a core task of the professional team, and it's not good enough to blame the politicians.

Finally, if we accept we do need to deliver more for less the efficiency of our service needs to improve massively. Fundamentally this means thinking of design, management and service delivery as a single integrated service in order to create a culture of delivery which delivers acceptable rates of return. There are many good initiatives, but we need to follow through, and go beyond pilot projects. For example, what has happened to the promised 20% efficiency savings that come from BIM?

Ultimately, it's up to the professionals who work for consultants and contractors in the industry to come up with solutions. That is what we are paid for.



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