



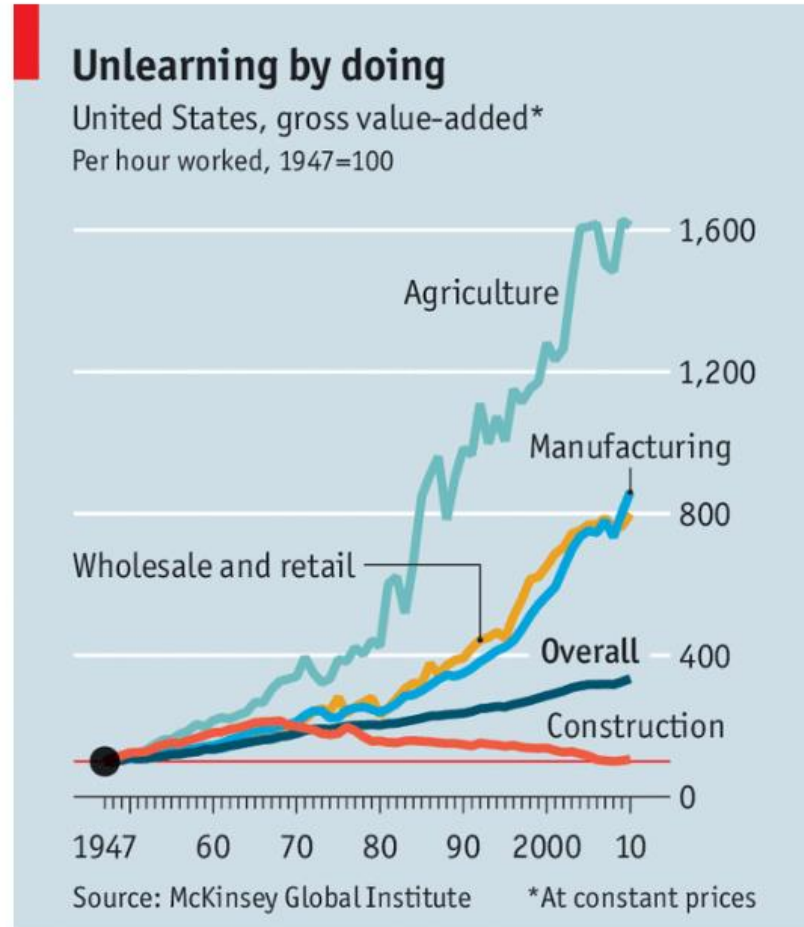
# Collaborative procurement for housing

**John Skivington, LHC Director**

November 2017

---

## The 'Construction Productivity' opportunity



Economist.com

“Construction holds the dubious honour of having the lowest productivity gains of any industry”

## Three related causes

---



1. Labour intensive
2. Volatility of demand
3. Lack of standardisation

## Opportunity for collaboration

---



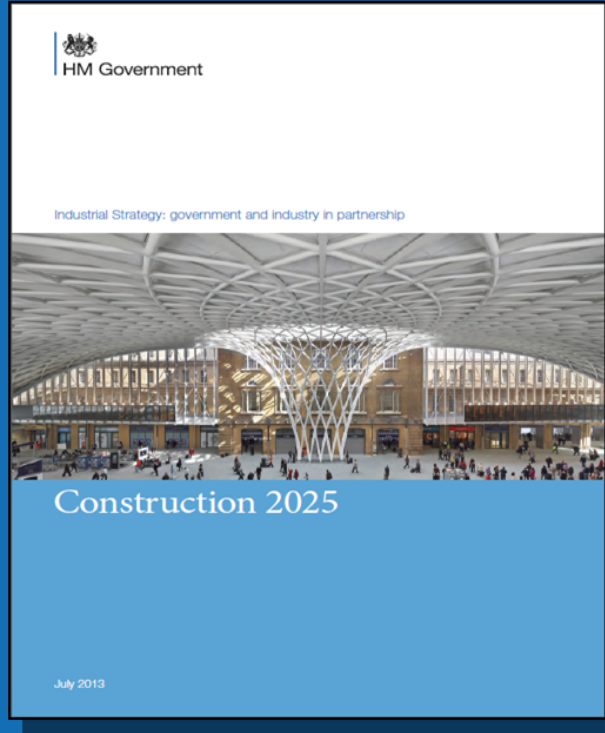
- 1.** Aggregate demand
- 2.** Harmonise standards
- 3.** Optimise delivery

Extract from the minutes of LHC inaugural meeting 9<sup>th</sup> June 1966:

- (a) the co-ordination of industrialised building programmes
- (b) the establishment of common social and technical standards
- (c) the organisation of serial contracts for industrialised and rationalised traditional building systems, including the bulk purchase of components



# Government Construction Strategy to 2025



Lower costs  
**33%**

Lower emissions  
**50%**

Faster delivery  
**50%**

Improvement  
in exports  
**50%**

People

Smart

Sustainable

Growth

Leadership

## Industry commitment led by Constructing Excellence



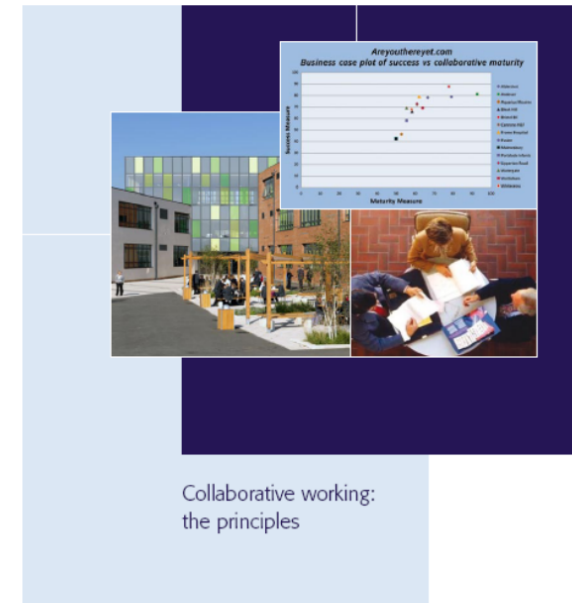
“At Constructing Excellence we believe that industry improvement will be driven by all sectors sharing, learning, working together and driving innovation to deliver a demonstrably better built environment.”

**SHARED  
RISK**

# Constructing Excellence: The principles of collaborative working

## There are 6 critical success factors for collaborative working

- Early involvement
- Selection by value
- Common processes and tools e.g. BIM
- Measurement of performance/KPIs
- Long-term relationships/Continuous Improvement/Lean
- Aligned modern commercial arrangements





## FAC-1 Framework Alliance Contract



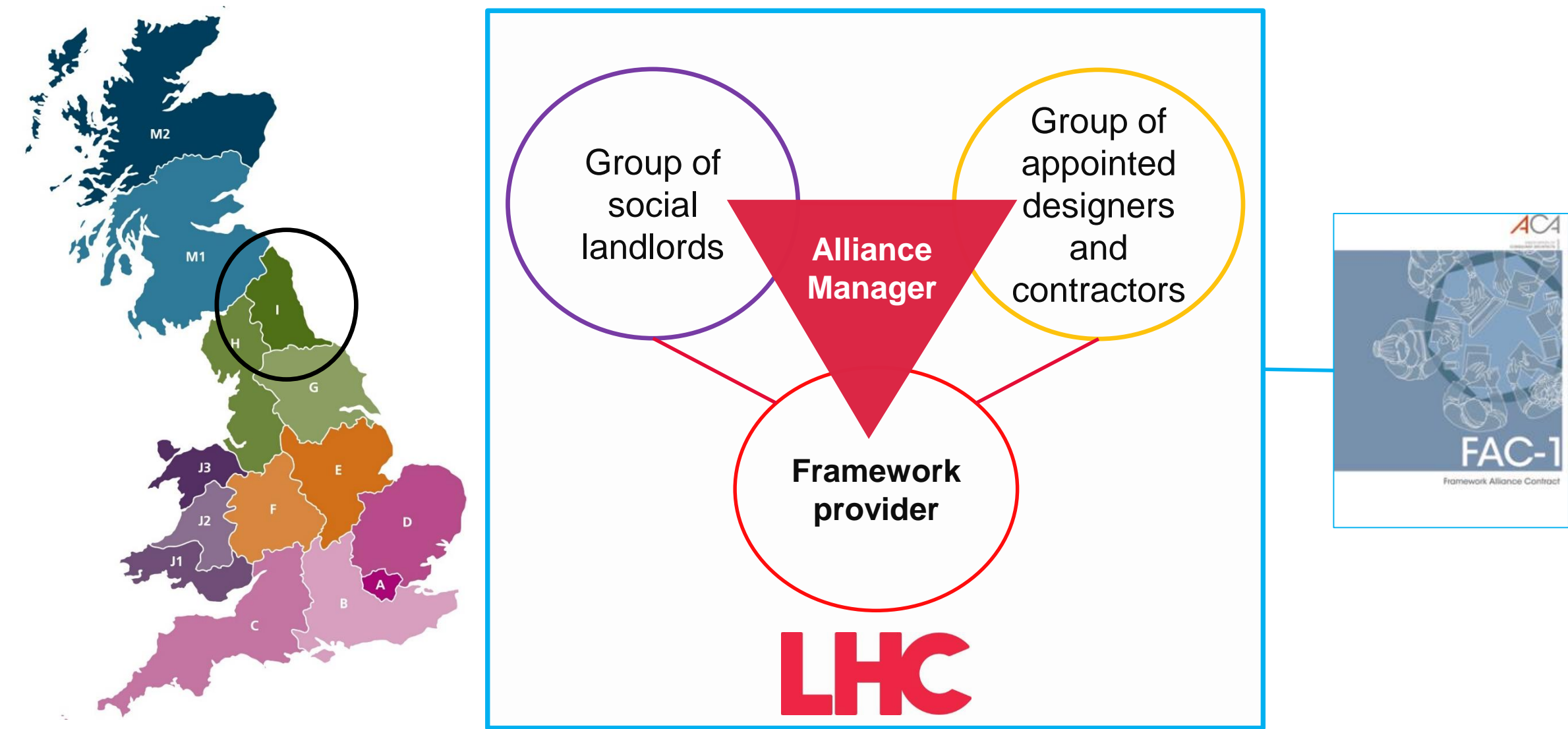
- **Facilitates collaboration between Alliance members:**
  - Clients
  - Appointed contractors
  - Alliance Manager (Framework provider)
- **Identifies an aggregated “framework programme”**
- **Promotes continuous improvement**
  - Optimised efficiency
  - Consistent quality
  - Community benefit

## Collaboration for new housing delivery

---



# Collaboration for new housing delivery



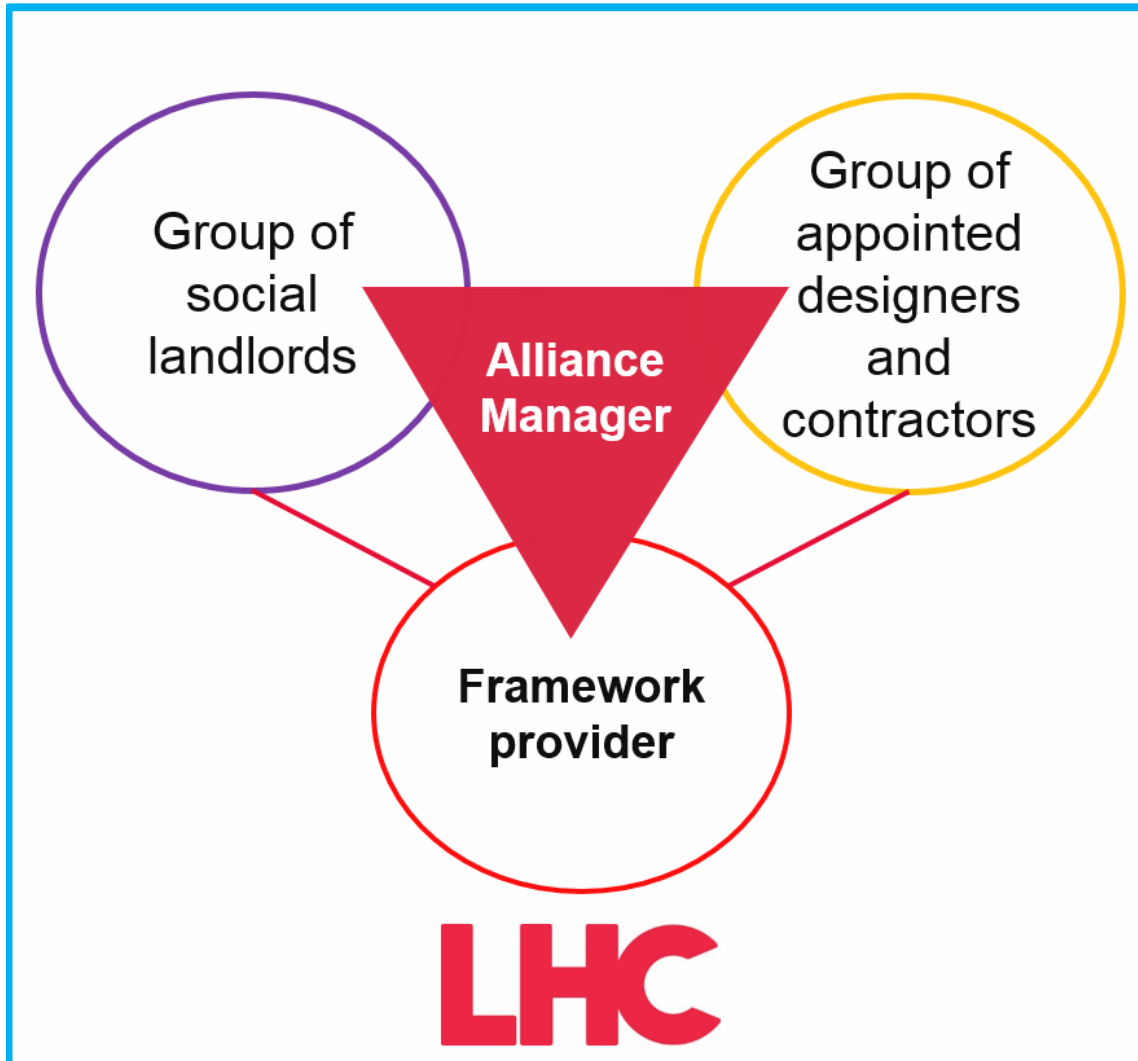
## Opportunity for collaboration

---



- 1.** Aggregate demand
- 2.** Harmonise standards
- 3.** Optimise delivery

## Collaboration for new housing delivery



- 1. Aggregate demand**
- 2. Harmonise standards**
- 3. Optimise delivery**
  - Whole life approach
  - Digital information transfer
  - Low carbon design
  - Offsite construction
  - Local supply chain
  - Community benefit

## Collaboration for new housing delivery

---

Facilitates the creation of a consolidated 'framework programme' with a high-volume, balanced portfolio of projects to attract all types of housebuilders.

Ensures protection of capacity

### 1. Aggregate demand

### 2. Harmonise standards

### 3. Optimise delivery

- Whole life approach
- Digital information transfer
- Low carbon design
- Offsite construction
- Local supply chain
- Community benefit



## Collaboration for new housing delivery

---

Use of common standards and rationalised house types to optimise efficiency

1. Aggregate demand

**2. Harmonise standards**

3. Optimise delivery

- Whole life approach
- Digital information transfer
- Low carbon design
- Offsite construction
- Local supply chain
- Community benefit

## Collaboration for new housing delivery

---

Developments assessed on a whole life approach taking into account capital cost, operations and maintenance and the 'opportunity cost' of poor quality and delivery

1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- Digital information transfer
- Low carbon design
- Offsite construction
- Local supply chain
- Community benefit

## Collaboration for new housing delivery

---

Design and build to be digitally enabled to ensure accuracy and quality of build and efficiency in operations and maintenance

1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- **Digital information transfer**
- Low carbon design
- Offsite construction
- Local supply chain
- Community benefit

## Collaboration for new housing delivery

---

Exploration and implementation of renewables and other product and design features to improve energy efficiency and reduce fuel poverty

1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- Digital information transfer
- **Low carbon design**
- Offsite construction
- Local supply chain
- Community benefit

## Collaboration for new housing delivery

---

Exploration and implementation of higher proportion of offsite manufacture (pre-manufactured value) for quicker, higher-quality build using less labour and waste

1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- Digital information transfer
- Low carbon design
- **Offsite construction**
- Local supply chain
- Community benefit

## Collaboration for new housing delivery

---

Maximise use of small and medium sized local builders, as well as large local contractors for bigger schemes

1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- Digital information transfer
- Low carbon design
- Offsite construction
- **Local supply chain**
- Community benefit



## Collaboration for new housing delivery

---

Opportunity to reinvest efficiency savings into an Alliance Community Benefit Fund to enhance social value

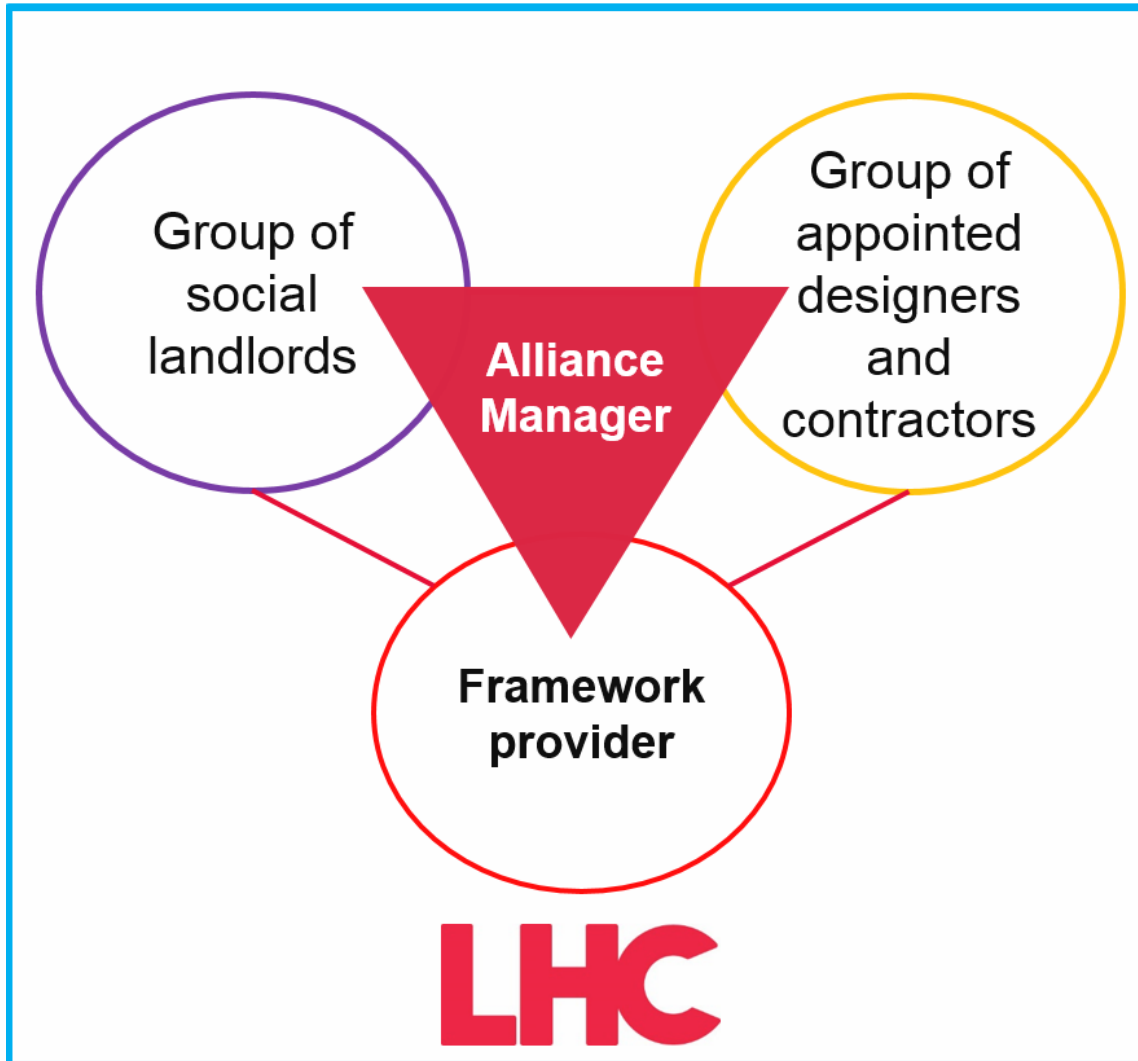
1. Aggregate demand

2. Harmonise standards

**3. Optimise delivery**

- Whole life approach
- Digital information transfer
- Low carbon design
- Offsite construction
- Local supply chain
- **Community benefit**

## Collaboration for new housing delivery



- 1. Aggregate demand**
- 2. Harmonise standards**
- 3. Optimise delivery**
  - Whole life approach
  - Digital information transfer
  - Low carbon design
  - Offsite construction
  - Local supply chain
  - Community benefit

## Q&A Session

---

