

PRESS RELEASE



Release Date: 4 November 2004
Release No: CCL04/146
Ref No: 035874-PR-JH-DBF

NEW REPORT OFFERS ACTION PLAN FOR IMPROVING CUSTOMER-SUPPLIER ALIGNMENT IN CONSTRUCTION

Supply side must take the lead to improve delivery in public sector projects

Collaborating for the Built Environment (known as Be) – together with Business Vantage and the Construction Clients' Group - will launch a new report into construction delivery at their joint conference on November 24.

Equal Partners 2 examines how suppliers work with public sector customers within framework agreements and argues that the time has come for suppliers to take the lead in closing the gap between expectation and delivery on both sides. It follows the success of the first *Equal Partners* report which focused on the private sector and will also be re-launched in a revised format at the Conference.

Equal Partners 2 has focused specifically on the health, defence, education and local authority sectors which will account for £23.8 billion (68%) of government capital expenditure (not all construction-related) by 2007-8. In all these sectors, public sector organisations have adopted framework agreements and reduced their list of suppliers with the aim of increasing efficiency.

Don Ward, Chief Executive of Be and Operations Director of the Collaborative Working Centre, commented:

“The departments studied have all implemented radical new framework approaches but have yet to obtain convincing evidence of value for money and better facilities. Likewise, suppliers have yet to

prove the business case through increased repeat custom or more predictable profitability. In order to secure continued higher investment in the built environment as a whole, therefore, both sides are mutually dependent on proving that the new ways are better.”

The crux of *Equal Partners 2* is an Executive Action Plan which provides a practical improvement agenda for supplier *and* customer organisations. Headline conclusions include:

- **Commitment and delivery** – while there is strong commitment to change within the senior ranks of central government departments and frameworks are in place, delivery is patchy due to the familiar problems of information transfer – or ‘knowledge management’ – and buy-in lower down
- **Communication** – a vicious circle exists in which customers are not yet communicating clearly (either internally or with suppliers) that significant change has occurred. Consequently, suppliers remain unaware of the shift and are not implementing radical changes in delivery
- **Common actions** – with a few exceptions, the actions required to close the gap between expectation and delivery are common to both customers and suppliers. In particular, three generic skills are lacking: communication of all kinds, stakeholder management, and demonstration of a working knowledge of each other’s key drivers, processes and guidance

David Jennings, Managing Director of Business Vantage concluded:

“We believe the business case for public sector frameworks will only emerge when customers begin to select the suppliers who prove most convincingly that they are delivering on the Equal Partners Action Plan and foster an environment in which these suppliers can flourish.”

-ends-

NOTES TO EDITORS

1. Summary of sectors

Health

For hospitals the major current initiative is ProCure 21, a centrally-run framework. Although it is not compulsory, and there is a suspected reluctance by some Trusts to use this route, the industry in general has been impressed by the initiative. The report foresees an even greater shift towards this approach provided that the current uncertainty over the future of NHS Estates' role is resolved satisfactorily.

Education

This is the sector in the greatest state of flux with several means of procurement in use – including, for example, traditional design-led contracts, design and build, PFI or PPP, and partnering or framework agreements. The emerging 'Building Schools for the Future' initiative will see the renewal of every secondary school in England in the next ten years. Partnerships for Schools, a Public Private Partnership approach, has been established and a number of different approaches are being piloted. The report recommends much more standardisation of these.

Defence

Expertise within Defence Estates is diverse as the MOD builds everything from runways to hospitals and schools. The role of Defence Estates has changed from a technical and policy advisor to an organisation responsible for the management of the defence estate. Its preferred approach is Prime Contracting, a series of major framework contracts. As with other sectors, this indicates that a significant change in the behaviour of suppliers will be necessary, moving to more collaborative approaches.

Local authorities

There is a discernible shift in this sector towards partnering and framework contracts, driven by the Office of the Deputy Prime Minister's policy of 'Best Value'. This also indicates a need for suppliers to embrace collaborative working and other 'Egan' principles.

2. Sponsors

Six leading firms sponsored *Equal Partners 2*: Capita, Costain, FaberMaunsell, HBG Construction, HOK, Hornagold & Hills.

Four leading firms sponsored *Equal Partners 1 – revisited*: Bovis Lend Lease, Capita Symonds, FaberMaunsell, Nabarro Nathanson.

3. Further information

For further information on *Equal Partners 2* and the Equal Partners Training Programme please contact:

Business Vantage

David Jennings, Managing Director

Richard Newton, Research Director

Tel 01753 847610 or email initial.surname@businessvantage.co.uk.

CWC, the Collaborative Working Centre of Be

Don Ward, Operations Director (and Chief Executive of Be)

Martyn Baker, Senior Consultant

Tel 0870 922 0034 or email firstname.surname@cwcltd.biz

For media information, please contact James Harris at Camargue on 01242 577277 or email jharris@camarguepr.com