

Strategic Forum for Construction
End of Year Report 2003

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Our Vision is for the UK Construction industry to realise maximum value for all clients, end users and stakeholders and exceed their expectations through the consistent delivery of world class products. It has been a year since the launch of *Accelerating Change* during which the Strategic Forum for Construction has been focusing on four key areas highlighted by the report:

- Client engagement
- Integrating teams and supply chains
- People issues
- Enhancing the value of the product

Peter Rogers
Chairman
Strategic Forum for Construction

Based on the above, six headline targets have been developed.

A crucial task has been to establish the framework to achieve cultural change but it has taken longer than anticipated. We are generally on course to deliver these ambitious targets but, perhaps more importantly, we have clear commitment from Forum members and a wider circle of industry organisations within the Forum's Implementation Group to drive these targets forward.

So what have we achieved?

Perhaps the two most major developments have been the setting up of **Constructing Excellence** which has brought together existing industry improvement bodies – Rethinking Construction, Construction Best Practice and the Movement for Innovation – under one body, with the intention of achieving greater clarity and focus. I welcome the appointment of Dennis Lenard as Chief Executive and look forward to working closely with him and his team.

The second development has been the formation of a reinvigorated and more representative body for industry clients, both private and public, the **Construction Clients' Group (CCG)**. Particular thanks must go to the British Property Federation (BPF), for providing secretariat support.

During the year the Forum has commissioned the following advisory groups and developed a series of 'drivers' to help achieve its targets:

New Construction Research and Innovation Strategy Panel (nCRISP)

nCRISP is working with the Strategic Forum and Constructing Excellence on joint initiatives for increased innovation in the Industry. It has developed a business plan establishing priorities for research.

Accelerating Change in Built Environment Education (ACBEE)

ACBEE is working with the industry, academe and professional institutions to produce degree courses more suited for today's industry. For example, to improve communication between professionals and promote health and safety issues.

The Sustainability Forum

Formerly the Sustainable Construction Task Group. Ian Coull, Chief Executive of Slough Estates, has recently taken over the chairmanship from Sir Martin Laing whom I would like to thank for his dedication to the Task Group. Appointing a client as chairman will help reach a wider audience.

Joint Construction/insurance group

Following the recent difficulties in obtaining insurance, this group has been set up to advise the Strategic Forum and review new products such as project insurance.

Details of the six headline targets can be found on the inside of this document. More detail on the drivers established to achieve these targets can be found on the back cover.

Drivers for the headline targets

To achieve the headline targets 'drivers' have been established and include the **Site Conditions Campaign** which supports the success of the Considerate Constructors' Scheme in encouraging companies to improve conditions on individual projects.

The Site Conditions Campaign focuses on the individual rather than projects. It encourages visitors to take a direct interest in site conditions and not condone badly run sites. A simple site condition response card has been prepared which will be available via www.strategicforum.org.uk

Differentiating Key Performance Indicators will provide clients with objective data by which they can select project teams. Indicators cover health and safety, training and education, design quality and project integration using existing measures to analyse the effectiveness of individual projects.

The Strategic Forum recognises the importance of the **Construction Skills Certification Scheme** (CSCS) in improving health and safety, a fundamental issue for the industry.

The Forum positively supports the CSCS board and the major client organisations who are promoting take up of the certificate. The Major Contractors Group (MCG) has set very clear targets for take up of the scheme. In order to encourage others to do so I have taken the test myself and am glad to have passed!

In order to achieve 'buy in' from clients the CCG and its members have to agree a process for considering contractors who already have or are working to achieve a fully certified workforce. Some clients are doing this already. An MCG Member reports that 'on sites where we are working for Asda CSCS cards are required and we are achieving well over 90% compliance'.

The Strategic Forum is researching and developing a **Communications Strategy** to find the most effective means of customising its messages to reach all parts of the industry including SMEs. The pilot phase of the communications strategy will be completed in April 2004. Simultaneously we are restyling the Strategic Forum web site and creating

a newsletter so that we can keep you better informed about what we are doing.

I believe that our industry **is** improving but it needs to happen faster and with a broader take-up in regard to the Respect for People agenda and Health and Safety. Everyone can help by adopting the working methods and targets set by Accelerating Change and we must avoid the excuse that it is somebody else's responsibility to act. The industry still has to recognise that if everyone works together the industry will succeed thereby enabling the individual to succeed.

I would like to take this opportunity to thank all the members of the Strategic Forum for their support during the past year including Alan Crane, Vivien Bodnar and Brian Moone who no longer sit on the Forum. I would especially like to thank the Department of Trade and Industry for their continuing encouragement and the Construction Industry Council for providing Graham Watts as Secretary to the Forum and for hosting Bridget Fidler, my hard working Strategic Coordinator.

Current members of the Strategic Forum for Construction

Current members are noted in bold. Observers and supporting executives are noted in plain type.

Bob Assirati

Arnold Butler
Office of Government Commerce

George Brumwell
Unions

Martin Davis

Suzannah Nichol
Specialist Engineering Contractors'
Group & National Specialist
Contractors' Council

Michael Dickson

Jim Meikle
Construction Research and Innovation
Strategy Panel (nCRISP)

Paul Everall

Office of Deputy Prime Minister

Sir John Gains

Stephen Ratcliffe
Construction Confederation

Roy Harrison

Michael Ankers
Construction Products Association

Sir Michael Latham

Peter Lobban
Training and Skills
CITB-ConstructionSkills

Dennis Lenard

Constructing Excellence

Kevin Myers

Health and Safety Executive

Turlough O'Brien

Graham Watts
Construction Industry Council

Mike Roberts

Chris Morley
Construction Clients' Group
& British Property Federation

Peter Rogers

Chairman
Director Stanhope plc
Chairman, Constructing Excellence

Elizabeth Whatmore

Rodger Evans
Department of Trade and Industry

Contact

bfidler@strategicforum.org.uk

Additional copies of this report can be downloaded from the Strategic Forum website at www.strategicforum.org.uk

By 2004, 20% of projects undertaken by integrated teams. Target to increase to 50% by 2007.

The toolkit is available now at www.strategicforum.org.uk and the Forum urges companies – wherever they are in the supply chain – and clients to use it and to provide feedback on it.

1

Current position

In Modernising Construction the National Audit Office has agreed that lowest cost tendering doesn't give value for money on construction projects.

OGC and key public sector clients support the toolkit because they are convinced that it will achieve predictable delivery, continuous improvement and value for money for Government construction projects.

The process of forming and re-using integrated teams comprising all elements of the industry, the culture of working together collaboratively, and the tools to facilitate this are all very different from those traditional and often adversarial methods of 'divide and conquer' – but no one conquers in the end!

Projections

The Strategic Forum has been working to develop a tool for measuring the amount of work undertaken by integrated teams. It will provide an objective view as to whether a project

is being delivered by an integrated team. A survey-based indicator has been trialled and is currently being considered by the Forum. The Forum intends to adopt this measurement tool as a means of determining progress in relation to the headline target.

A draft toolkit for integrated teams was prepared at the beginning of the year, founded on known best practice, capturing users aspirations for further unlocking the full potential of the industry, particularly the SME's. The toolkit has been through two intensive consultation phases with participation from a broad cross section of industry.

A new wave of 'Integrated Demonstration Projects' is being nominated to trial it and everyone involved will need to think and act entirely differently. The traditional protectionism and contractual games must give way to a more open culture of collaboration, risk management and predictable performance in the best interests of fulfilling the client's needs.

20% of clients embrace principles of the clients' charter by 2004. Target to increase to 50% by 2007.

Current position

The Clients' Charter has been in operation since October 2001, managed by Achilles Information Ltd, and now has 380 registered clients. It is estimated that the proportion of clients by value using the Clients' Charter is 10%. This is based upon an estimated spend of £10bn spread across the Highways Agency, NHS Estates, Defence Estates and the Housing Association sector.

Projections

The Charter is to be broadened and extended to encourage the adoption of Charter principles by a wider group

of regular and occasional construction clients. This in turn should lead to the achievement of the strategic target set out in *Accelerating Change* for 20% of client activity to embrace the Charter principles by the end of 2004, rising to 50% by the end of 2007.

To achieve these objectives it is proposed to develop two further categories of service around the existing Charter, the first to raise awareness and encourage further participation, and the second specifically to support the needs of occasional clients.

2

By 2006, 300,000 qualified people recruited and retained in the industry.

3

Current position

The target of 76,000 entering the industry (made up of 11,000 new workers and 65,000 replaced) was met in 2002. The Labour Force Survey shows that, although 101,000 people left the industry between 2001–2002, total employment rose by 19,000, which is approximately 75% in excess of the target of 11,000 new workers, in the same period. These figures do not take into account the 'churn' element of people who move in and out of the workforce during the course of the year.

An estimated 40,000 people (one third of those joining the industry) came through formal construction training programmes. We would like to improve this figure.

The CITB-ConstructionSkills Positive Image Campaign has proved very successful in bringing more young people into the industry. This year

there are 18,500 Modern Apprentices entering training but it has not been possible to find sufficient employers to provide site-based experience. This is being addressed by innovative ways of providing project rather than individual company based training.

Projections

The latest *Skills Foresight Report* (December 2003) predicts that 400,000 people will need to be recruited by 2008. Productivity improvements caused a decrease in the annual requirement, but this has been balanced by an increase due to the inclusion of consultancy practices in the forecast figures, bringing the annual target up to 80,000.

Further research will be done in 2004 to better understand the inflow/outflow model for the industry and the qualification levels of those entering the industry.

By 2007, a 50% increase in applications to higher and further education courses.

More information on these activities is available on the CITB-ConstructionSkills web site at www.citb.org.uk

4

Current position

Higher Education

In 2002, 6,190 applications were received by UCAS from UK domiciled people for courses in architecture, building (including surveying), civil engineering, and planning.

The Positive Image Campaign for 2003 was deliberately targeted at those considering going to university. £250,000 has been made available by CITB-ConstructionSkills to match fund undergraduate sponsorships. Other innovative approaches are currently being collected by Accelerating Change in Built Environment Education (ACBEE) to provide case studies of successful collaborative action.

Further Education

There are no published statistics for applications, however, CITB figures show that in 2002/3, 49,000 people joined full and part-time construction related courses at craft, operative and technician level.

Projections

Higher Education

Taking 6,190 as the benchmark the Strategic Forum target is 9,285 new applications by 2007 and progress towards this target will be monitored by interim targets of a 10% year on year increase in applications. This is a challenging target which will require a collaborative and determined effort by all partners, universities, employers and professional institutions. This means that the targets year on year are **2003 6,809; 2004 7,428; 2005 8,047; 2006 8,666; 2007 9,285.**

Further Education

There is a commitment to develop agreed statistics to enable more effective planning and allocation of resources. However, it is clear that there has been a significant increase in the number of people on construction related courses to the extent that there are waiting lists. Many are on full time courses and without appropriate work placements they will not have the opportunity to become fully qualified and join the 'black economy' element of the industry only partially qualified.

By 2010, a fully trained, qualified and competent workforce on all projects.

5

Current position

Since the Major Contractors' Group announced at the Safety Summit in February 2001 its initiative only to work with a fully certified workforce, there has been a positive culture change within the industry. Members of other trade bodies (for example the Civil Engineering Contractors Association (CECA) and National Federation of Builders (NFB) have set themselves the same target, albeit over longer time frames.

CECA has a target of a fully qualified workforce by 2007 with interim targets of 60% by the end of 2003 and 85% by 2005.

Almost 600,000 people have a CSCS card – well over a third of the whole workforce. Over 18,500 health and safety tests are being taken per month and demand for the card is unprecedented.

Work continues through the On-Site Assessment and Training programme to qualify the workforce. There is an urgent need to keep up the pressure

in order that the workforce achieves the relevant qualifications in the three year time frame.

Product manufacturers and suppliers are increasingly playing their part following a successful CITB pilot of the Manufacturing Training Project. This will now be rolled out to other manufacturing sectors in the New Year. Trade Associations within the Specialist Engineering sector are investing substantially in schemes of qualification or registration of firms that have rigorous accreditation procedures.

The major challenges ahead are to maintain the profile and momentum on existing initiatives, bring in other sectors such as house-building and maintain and improve client pressure for change.

Projections

At the current rate of take-up of the scheme we are confident that the Strategic Forum headline target will be met early.

By the end of 2004, 500 projects to have used Design Quality Indicators. By the end of 2007, 60% of all publicly-funded/PFI projects (having a value in excess of £1m) to use DQIs and 20% of all projects (having a value in excess of £1m) to use DQIs.

For more information go to www.dqi.org.uk

6

Current position

The DQI has been used on 220 projects during the Trailblazing process between July 2002 and September 2003.

Projections

Market research with existing users has shown that the DQI will be used on a further 100 projects by the end of March 2004. This means that we are well on course to meet our own interim target of 300 projects to have used the DQI by the end of March 2004.

CIC launched the DQI online at The Treasury on 1 October 2003 and has developed a business plan and marketing strategy to further develop the use of the DQIs. We are confident that this strategy will bring in sufficient new DQI users to meet

and surpass the target of 500 projects by December 2004.

Through examination of ODPM figures for full planning applications for major developments, we calculate that to meet the target set for 2007, this would equate to the DQI being used on 3,200 projects per annum by 31 December 2007.

Our longer term marketing strategy is designed to achieve this leverage of use from 500 projects per annum in 2004 to 3,200 in 2007. This is a six-fold increase in three full years – a demanding target but one that is achievable with full support from the Government as a client (both central and local) and the supply side's acceptance of the DQI as an important part of their service to clients.