

The logo consists of the letters 'FIS' in a bold, white, sans-serif font with a thick black outline. The letters are centered at the top of the image.

FIS

FINISHES & INTERIORS SECTOR

The background of the entire image is a purple-tinted photograph of railway tracks receding into the distance. The tracks are made of metal rails and wooden sleepers, and they converge towards the horizon. The overall color scheme is a monochromatic purple.

**Capturing and delivering client needs,
on time on budget every time**

Modern Methods of Procurement

Professor Stuart Green, The University of Reading

Compliance, Collaboration and a focus on getting it right first time

Cliff Smith, Executive Director, Get it Right Initiative

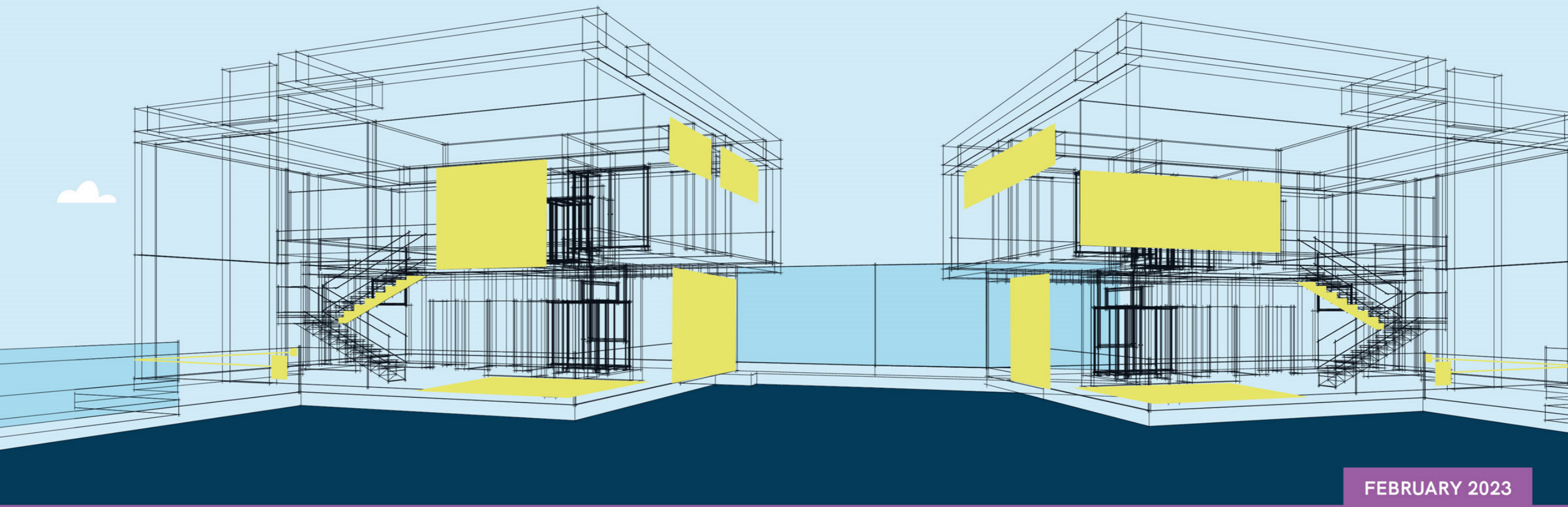
Delivering Change through procurement and culture

Alison Nicholl, Head of Constructing Excellence



Professor Stuart Green
The University of Reading

Modern Methods of
Procurement



FEBRUARY 2023



University of
Reading

Commissioned by... **FIS**
FINISHES & INTERIORS SECTOR

Produced by... **AMA Research** | Part of **Barbour ABI**

Procurement in the finishes, fit-out and interiors sector

An exclusive data driven report exploring procurement practices

Researched and written by Professor Stuart Green

BSc MSc PhD CEng MICE FCIQB FRICS, University of Reading

Overview

- FIS contracted the University of Reading, working in association with AMA Research, to undertake a survey of procurement practices in the UK fit-out sector.
- Questionnaire survey conducted online during July and August 2022.
- 269 responses with a 100% quality rating on results.
- Quantitative data supplemented with 20 in-depth interviews with selected practitioners.

What we know already

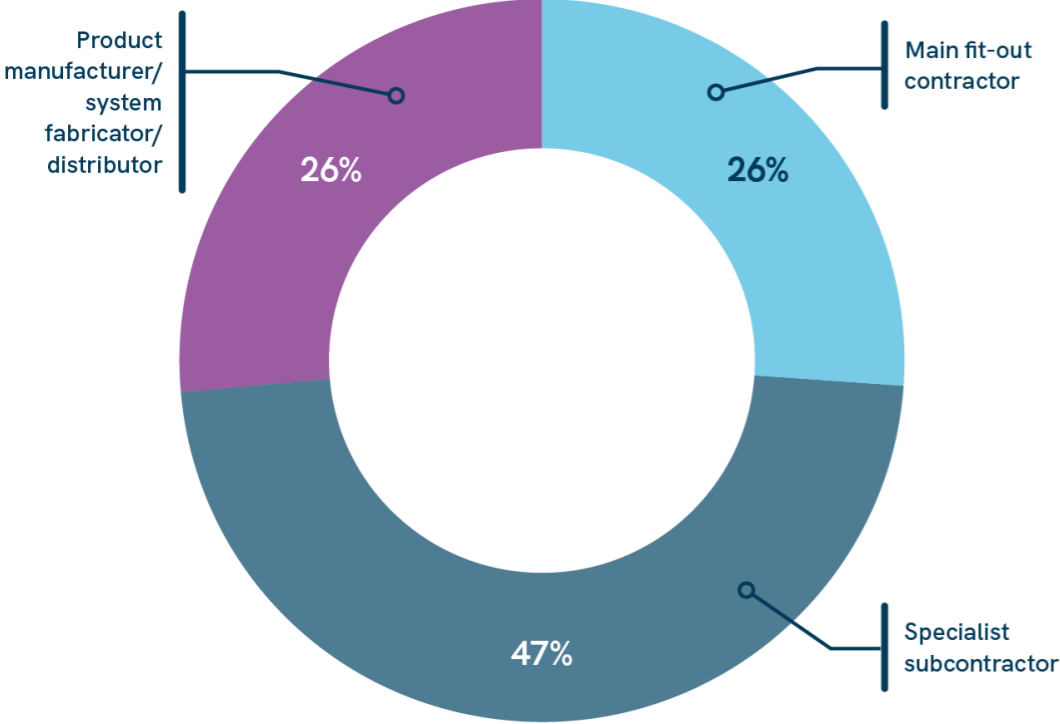
- **Improving the procurement process** will play a large part in setting the tone for the construction project. This is where the drive for quality must start (Hackett Report, 2018).
- There is a need to **integrate and clarify design responsibilities** irrespective of the chosen procurement route (Latham, 1994).
- **Standardised contract terms** can simplify and speed up procurement processes and improve transparency of expectations (Construction Playbook, 2022).
- **Equitable financial arrangements and certainty of payment** are crucial to successful project delivery (Industrial Strategy, 2013)

Part 1: Respondent profile



Primary role of respondents

How would you describe the primary role of your organisation?



(n=269)

Figure 5.1

Source: University of Reading

Geographic sphere of operation

Where does your organisation operate?

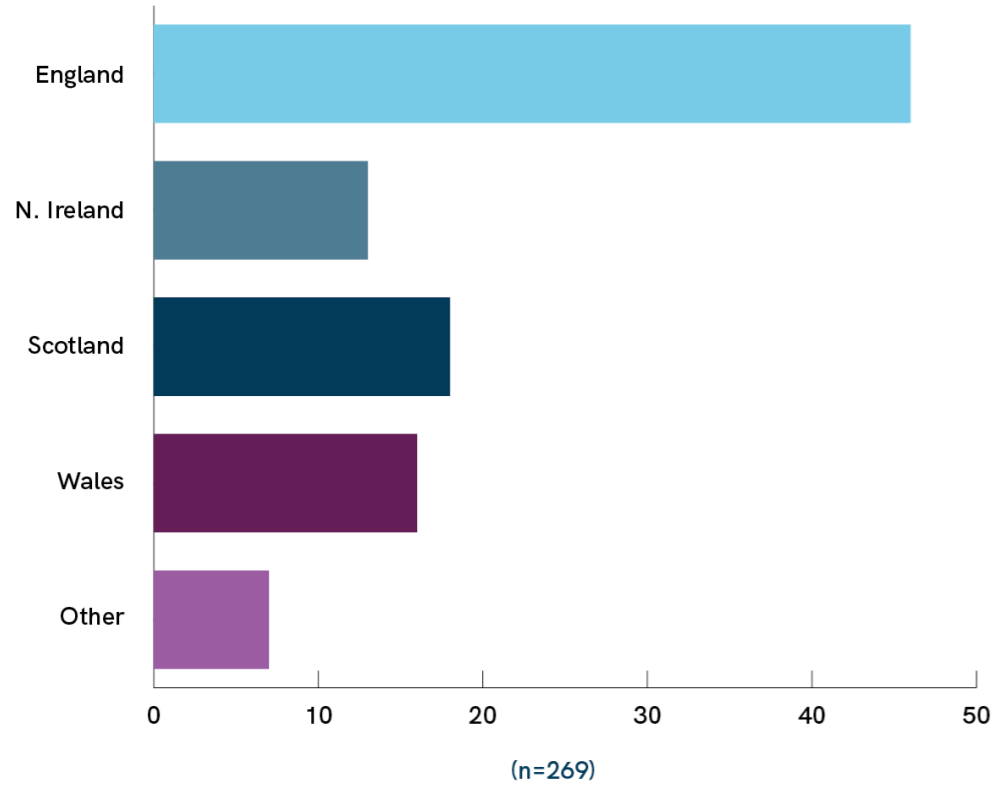


Figure 5.2

Source: University of Reading

Size of main fit-out contractors by annual turnover

What is your annual turnover?

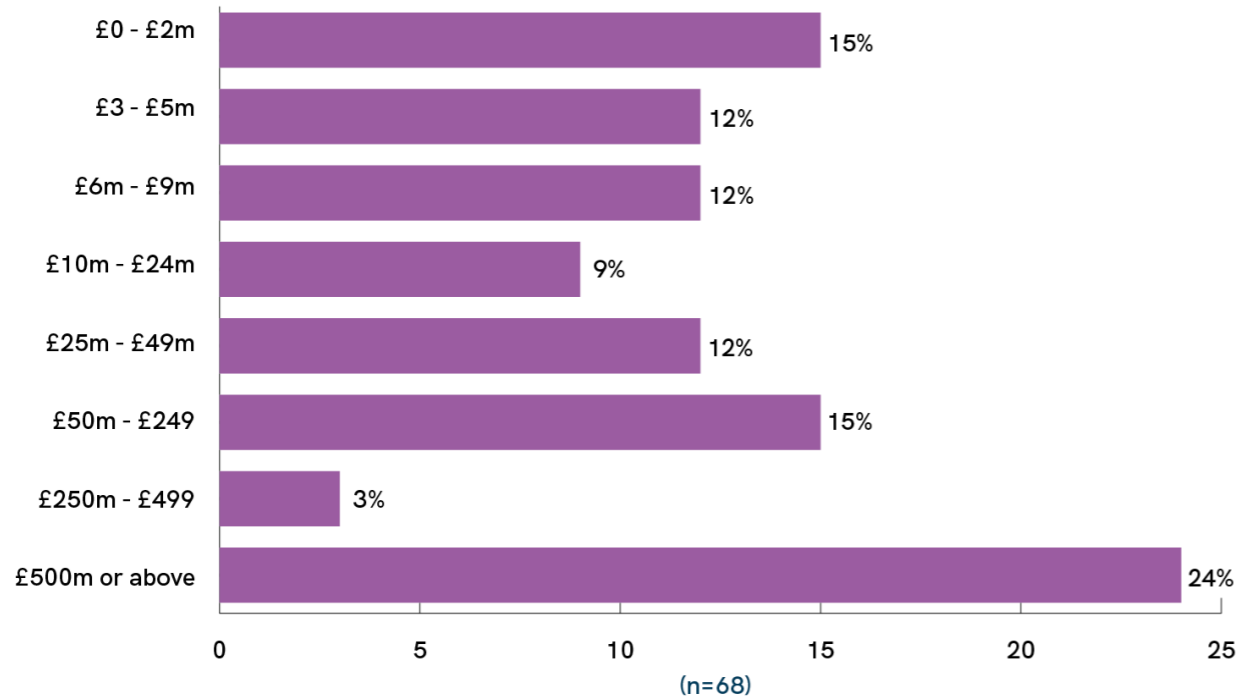


Figure 5.5.2

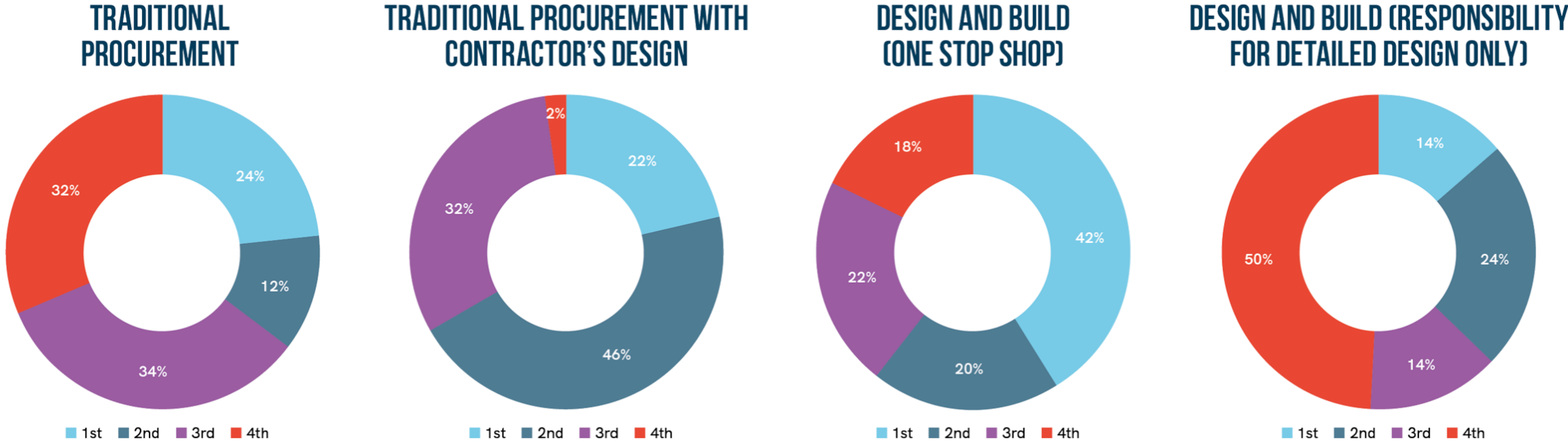
Source: University of Reading

Part 2: Procurement practices: main fit out contractors



Estimated usage of procurement methods

Please rank the following procurement methods to show which are the most commonly used in past 12 months?



(n=68)

Figure 6.1

Source: University of Reading

Tendering methods

In the last 12 months, what proportion of the projects you were involved in used the following tendering methods?

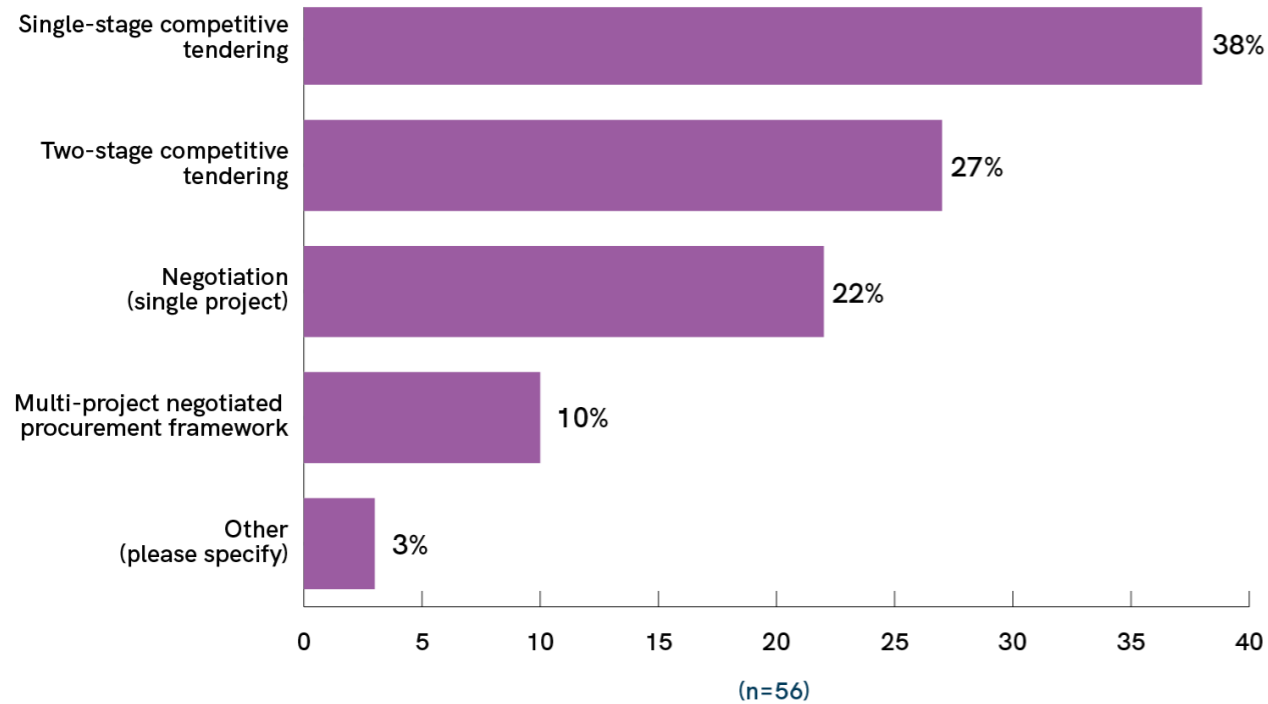


Figure 6.2

Source: University of Reading

Forms of contract

Under which form of contract are you most often appointed?

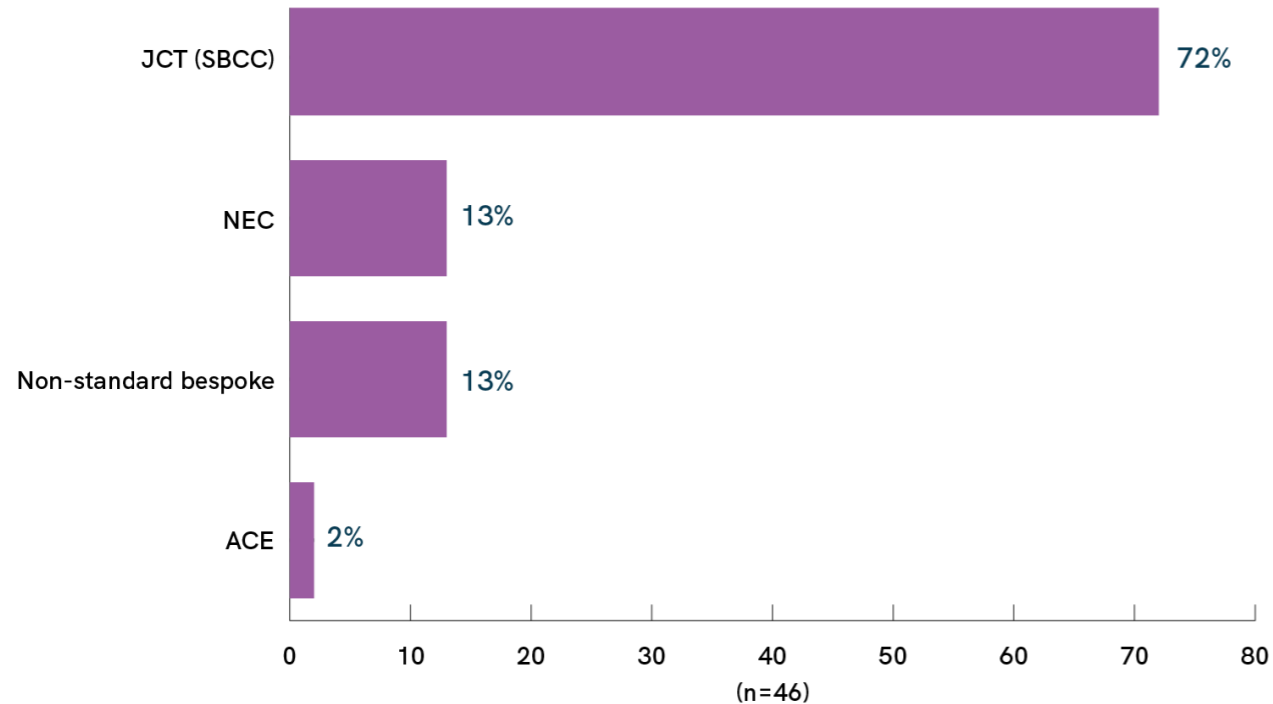


Figure 6.3

Source: University of Reading

Contract amendments

If you are usually engaged on a standard form of contract, how often is it unamended?

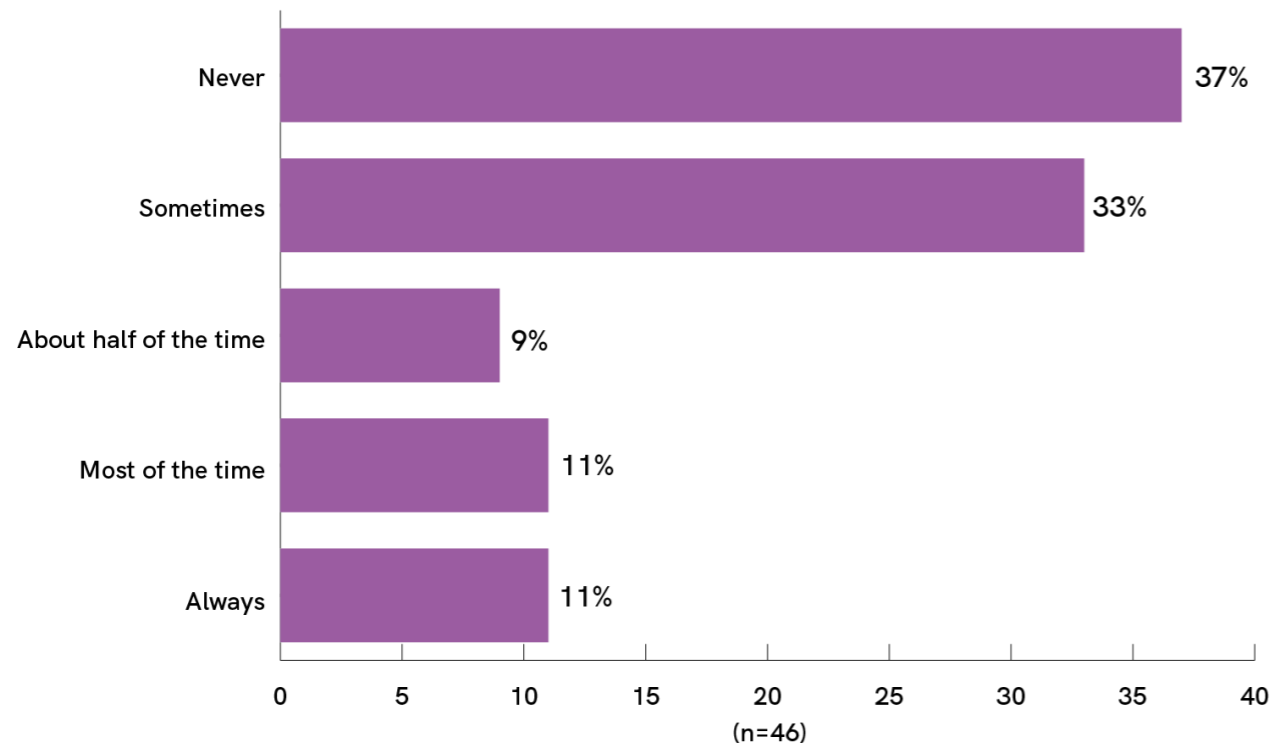


Figure 6.5

Source: University of Reading

Lead time to contract award

What is the typical lead time from initial client contact (e.g., invitation to tender) to notification of contract award?

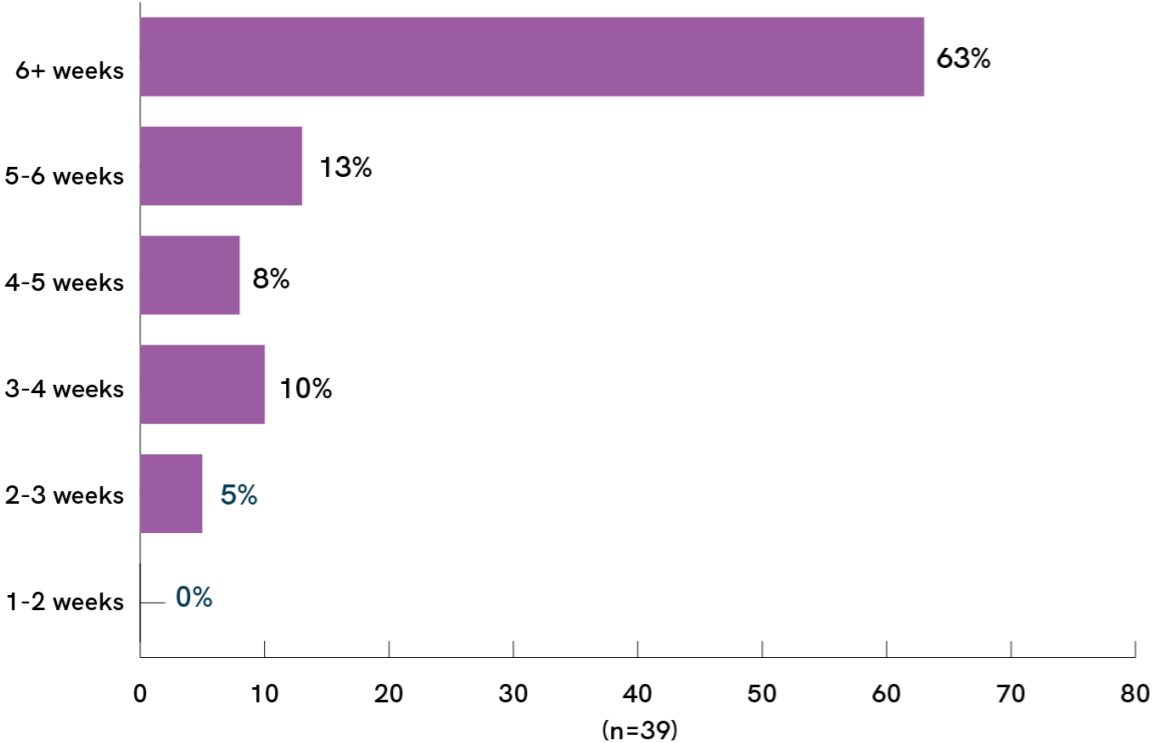


Figure 6.12

Source: University of Reading

Lead time to start on site

What is the typical lead time from notification of contract award to the date you are required to commence on site?

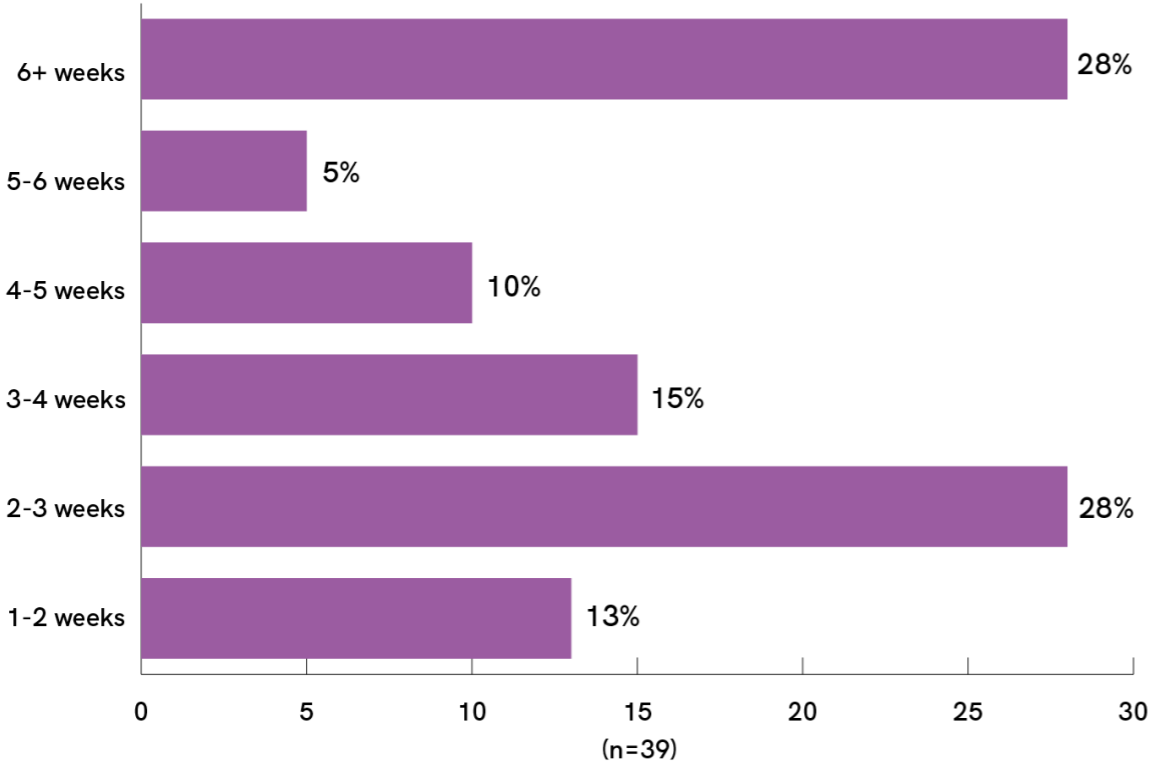


Figure 6.13

Source: University of Reading

Changes in scope

How often does the final account exceed the initial contract price due to changes in scope?

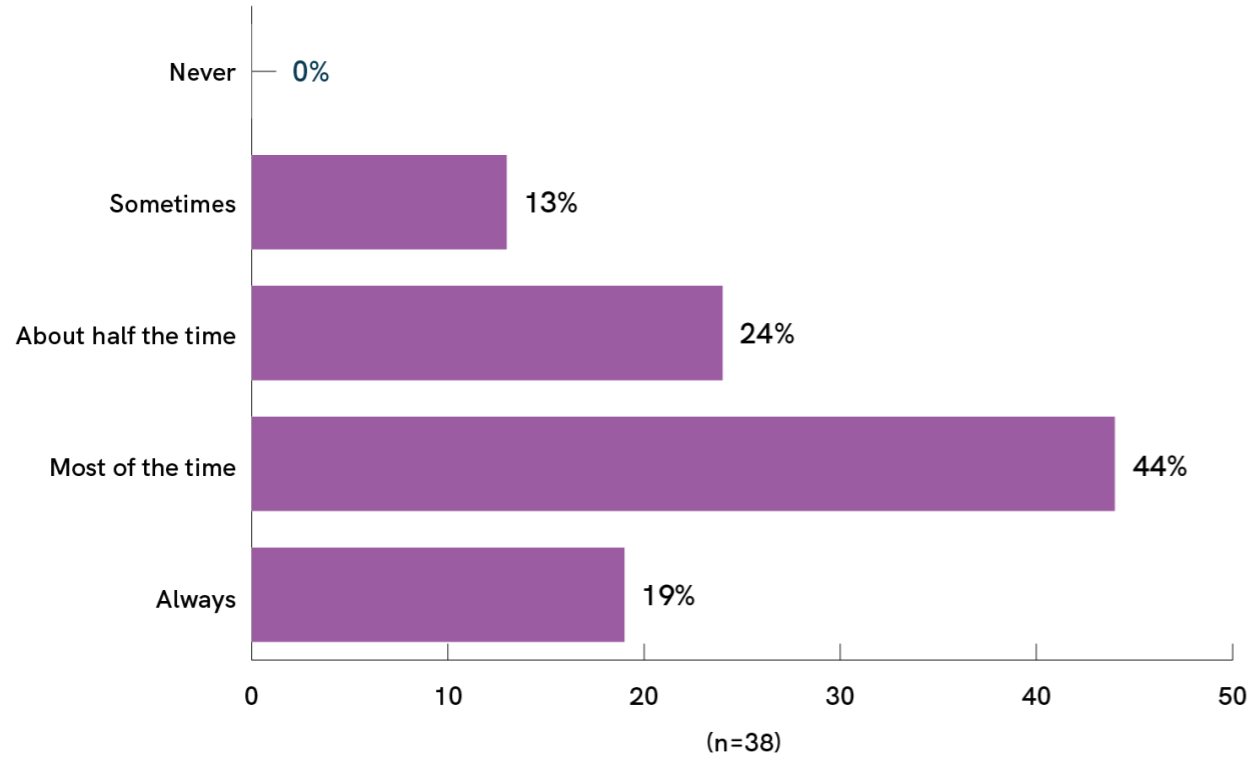


Figure 6.14

Source: University of Reading

Part 3: Procurement practices: specialist subcontractors



Forms of contract for subcontractors

Under which form of contract are you most often appointed?

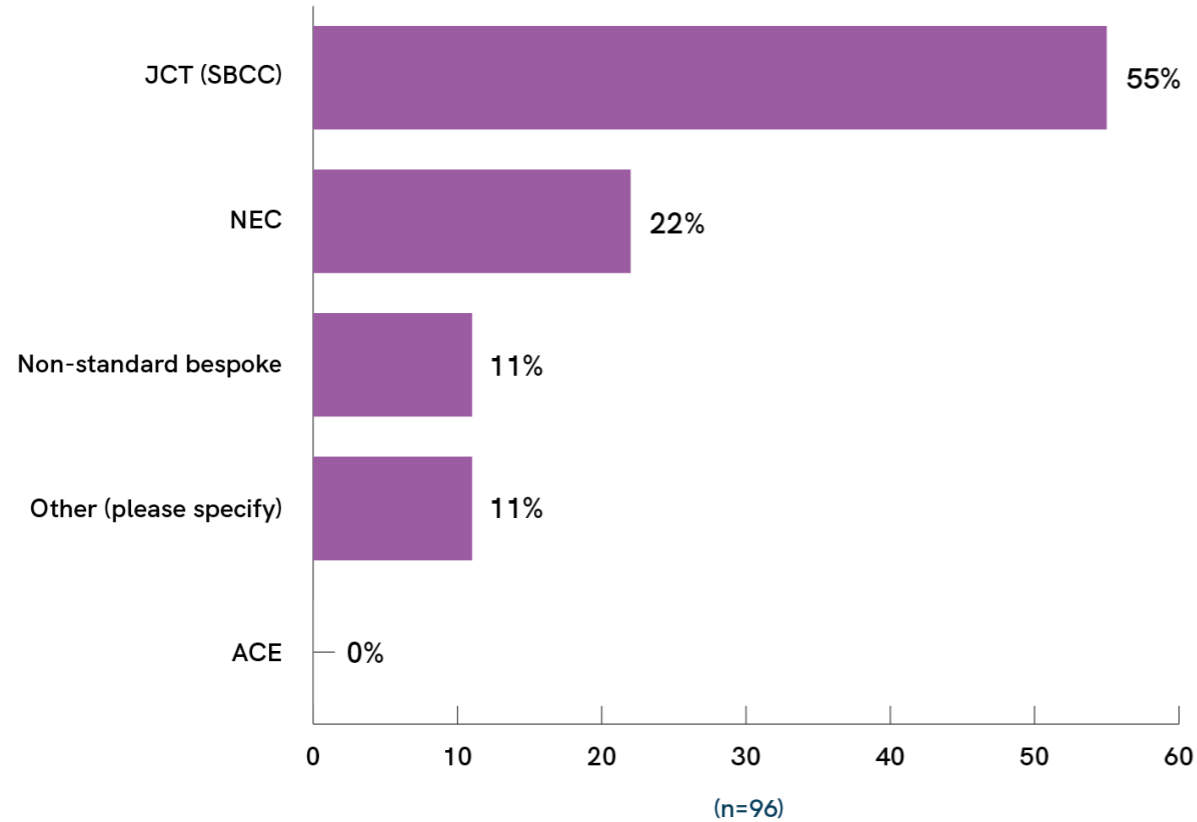


Figure 7.2

Source: University of Reading

In contract with whom?

In the last 12 months, what proportion of your contracts were with the following parties?

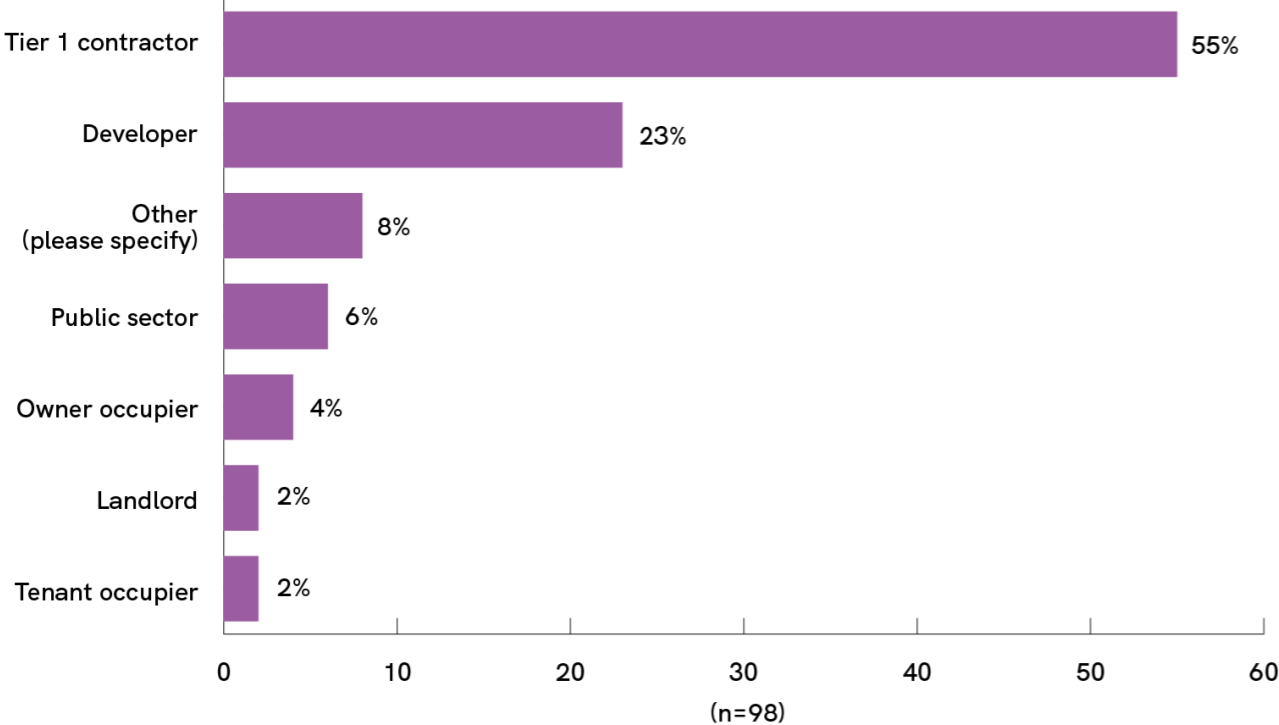


Figure 7.3

Source: University of Reading

Tendering methods

In the last 12 months, what proportion of the projects you were involved in used the following tendering methods?

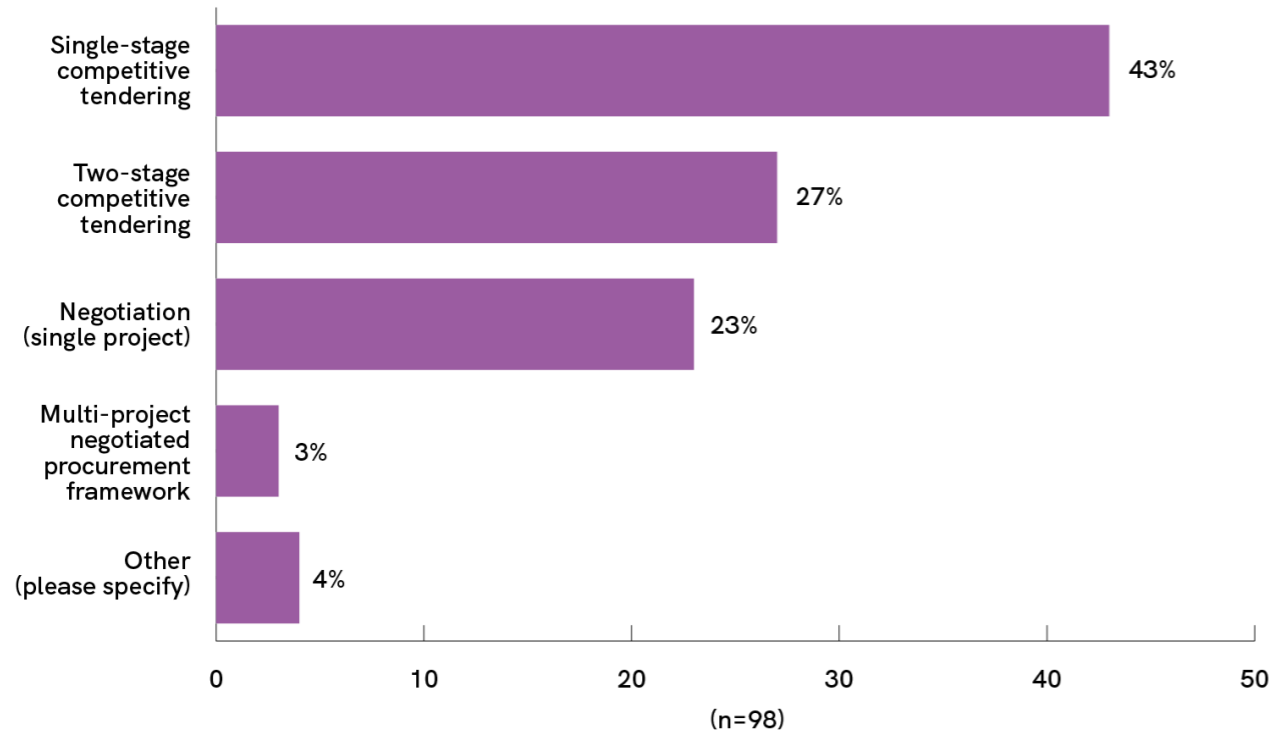


Figure 7.4

Source: University of Reading

Retrospective price changes

Having formally tendered for a work package, how often are you asked to reduce the price retrospectively?

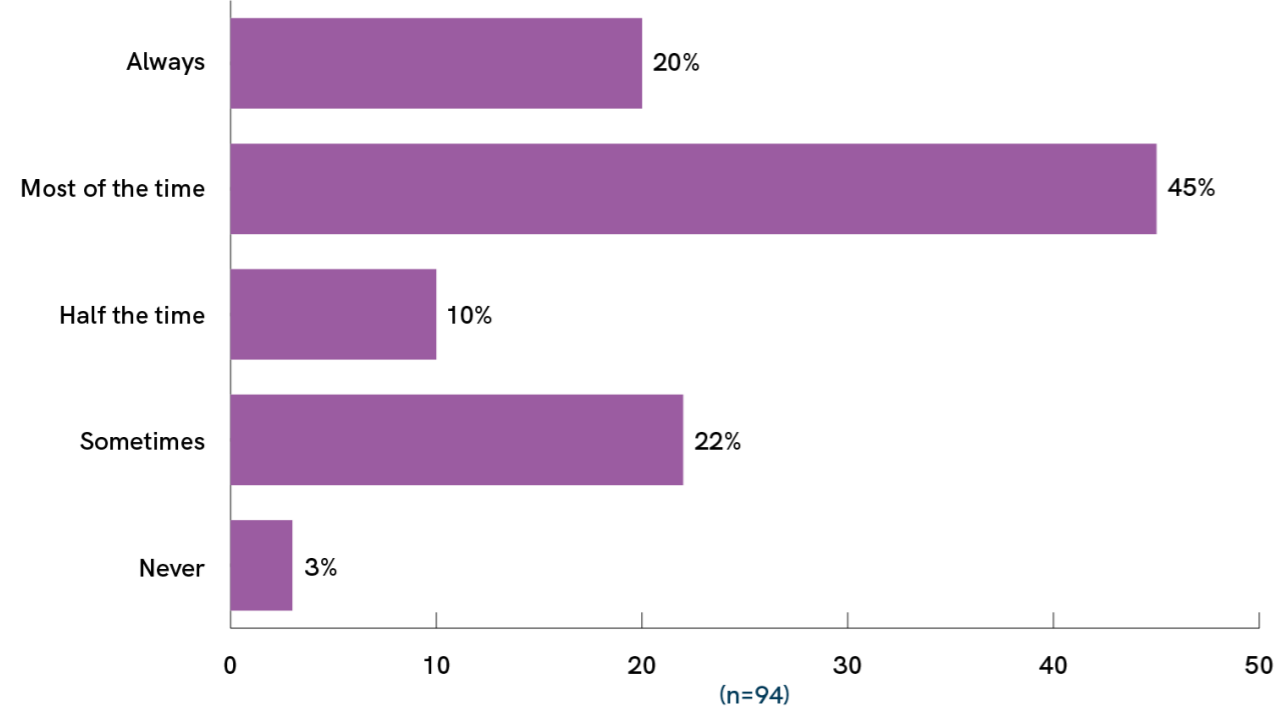


Figure 7.8

Source: University of Reading

Lead time to contract award

What is the typical lead time from initial contact (e.g., invitation to tender) to notification of contract award?

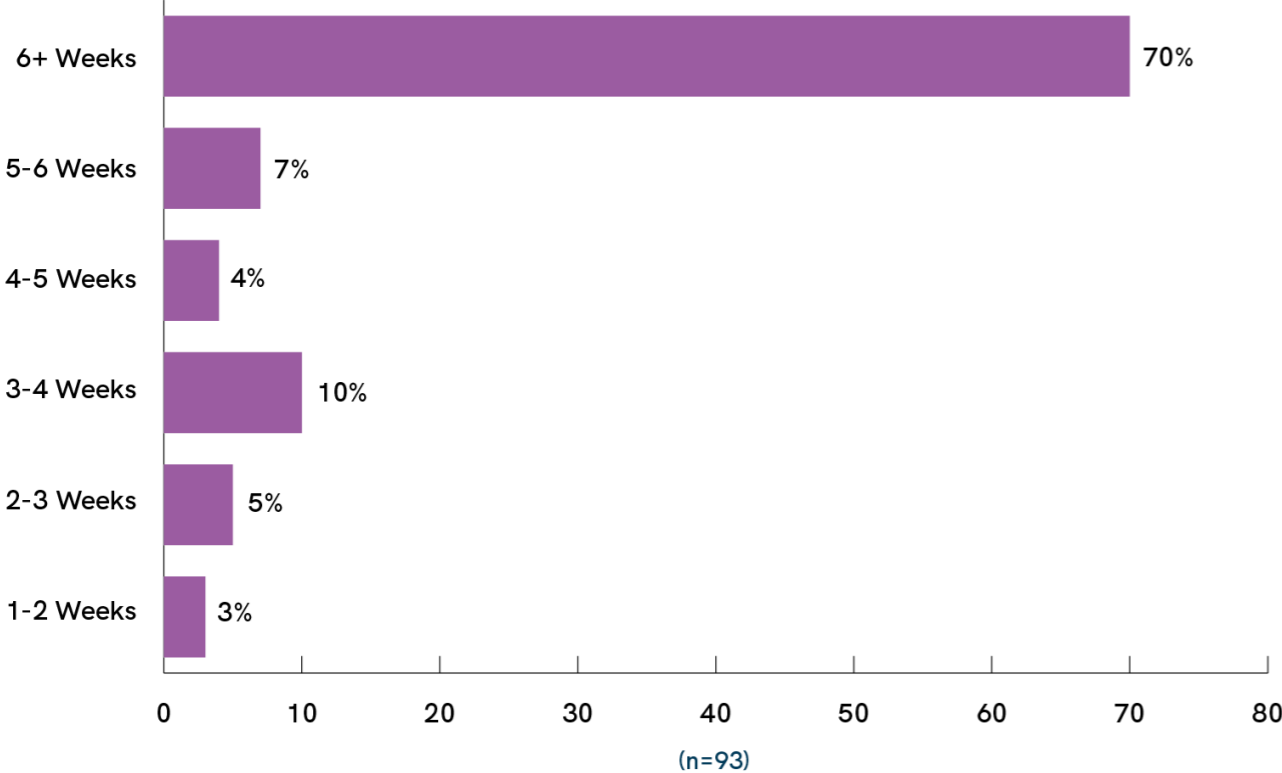


Figure 7.10a

Source: University of Reading

Lead time to start on site

What is the typical lead time from notification of contract award to the date you are required to commence on site?

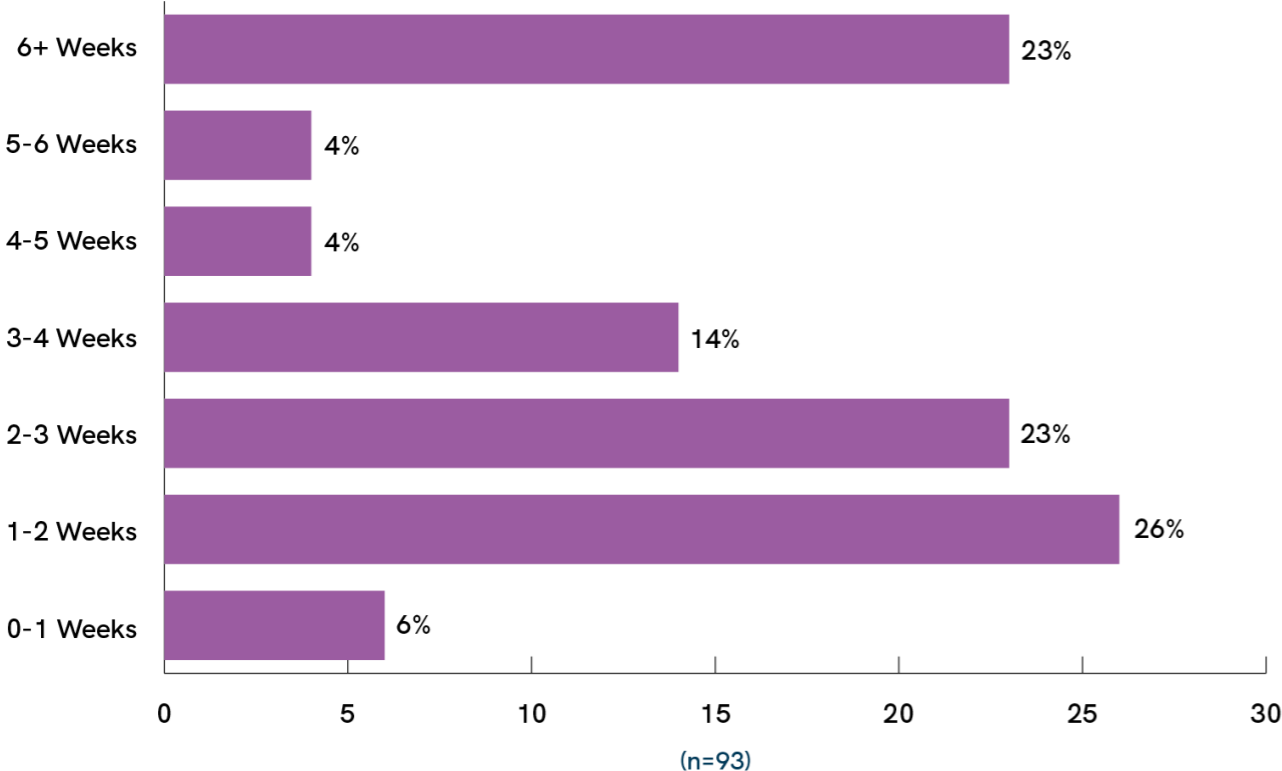


Figure 7.10b

Source: University of Reading

Competitive factors other than price

When competing for work, to what extent do you think issues other than price are taken into account?

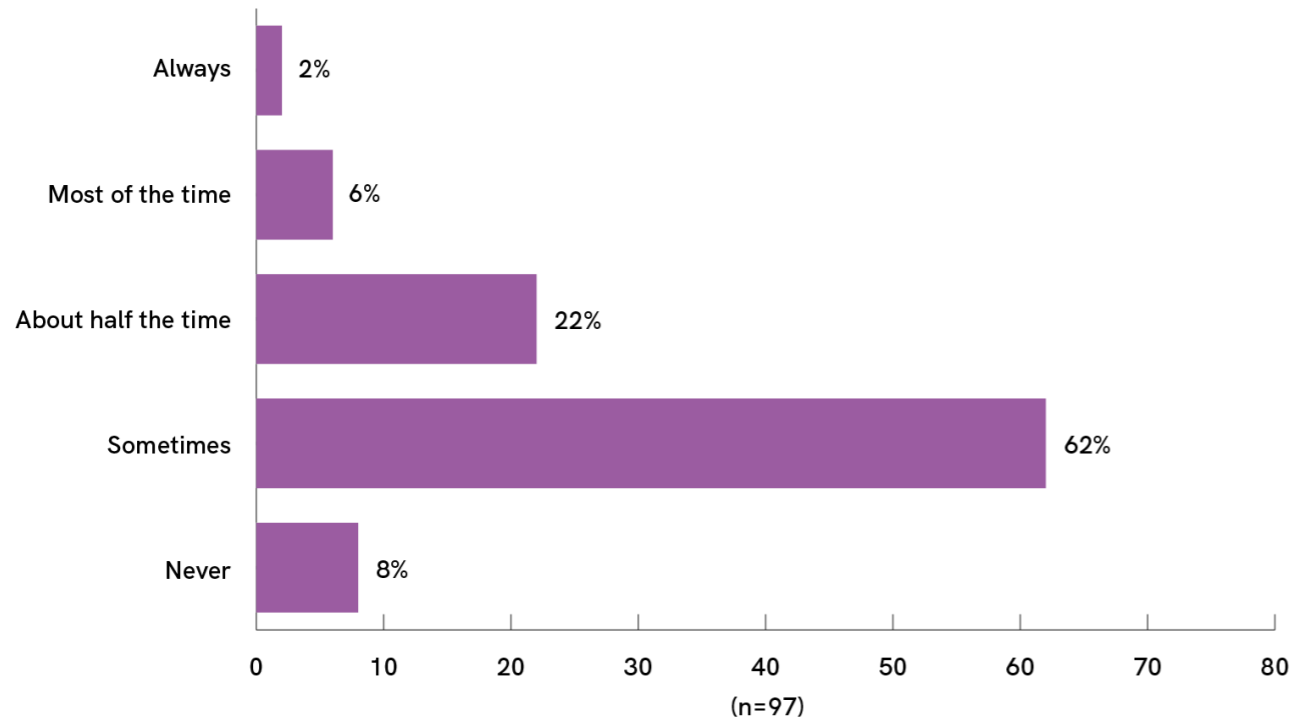


Figure 7.11

Source: University of Reading

Final account exceeds initial contract price

How often does the final account exceed the initial contract price due to changes in scope?

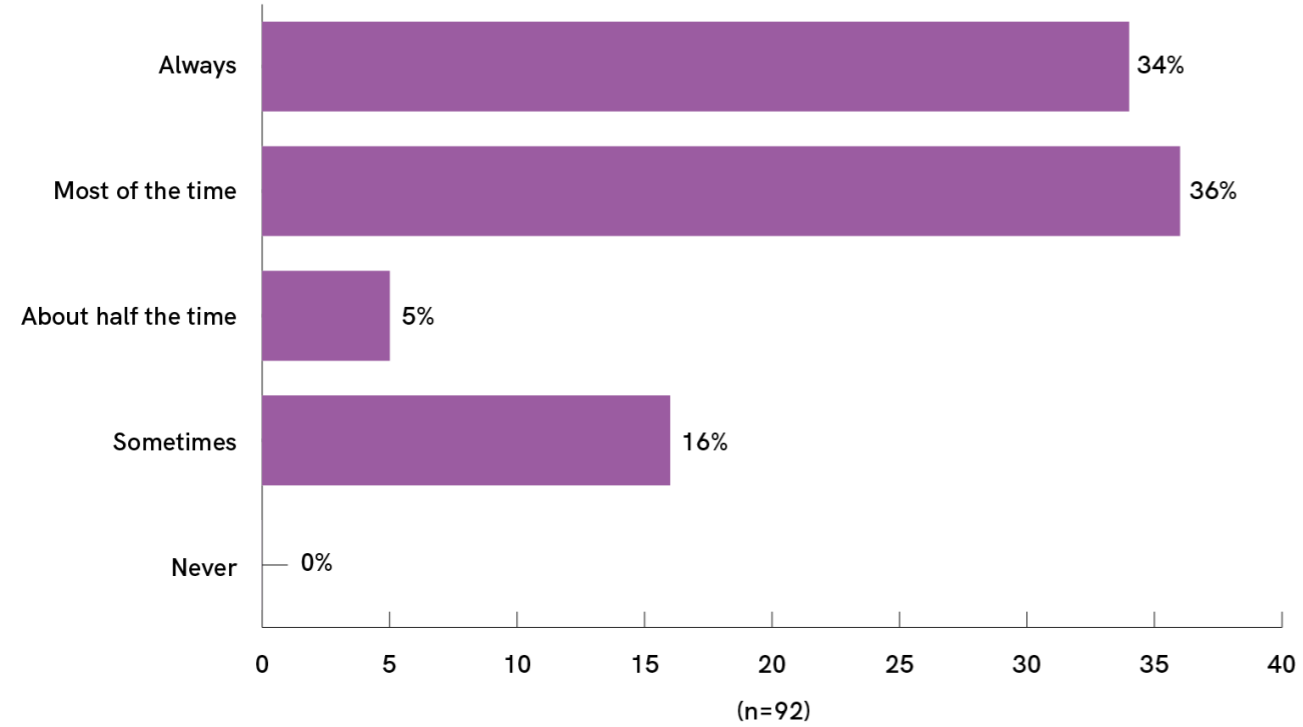


Figure 7.13

Source: University of Reading

Part 3: Payment practices



Promptness of payment

Reflecting on the last 12 months, how long after your initial application for payment do you get typically paid?

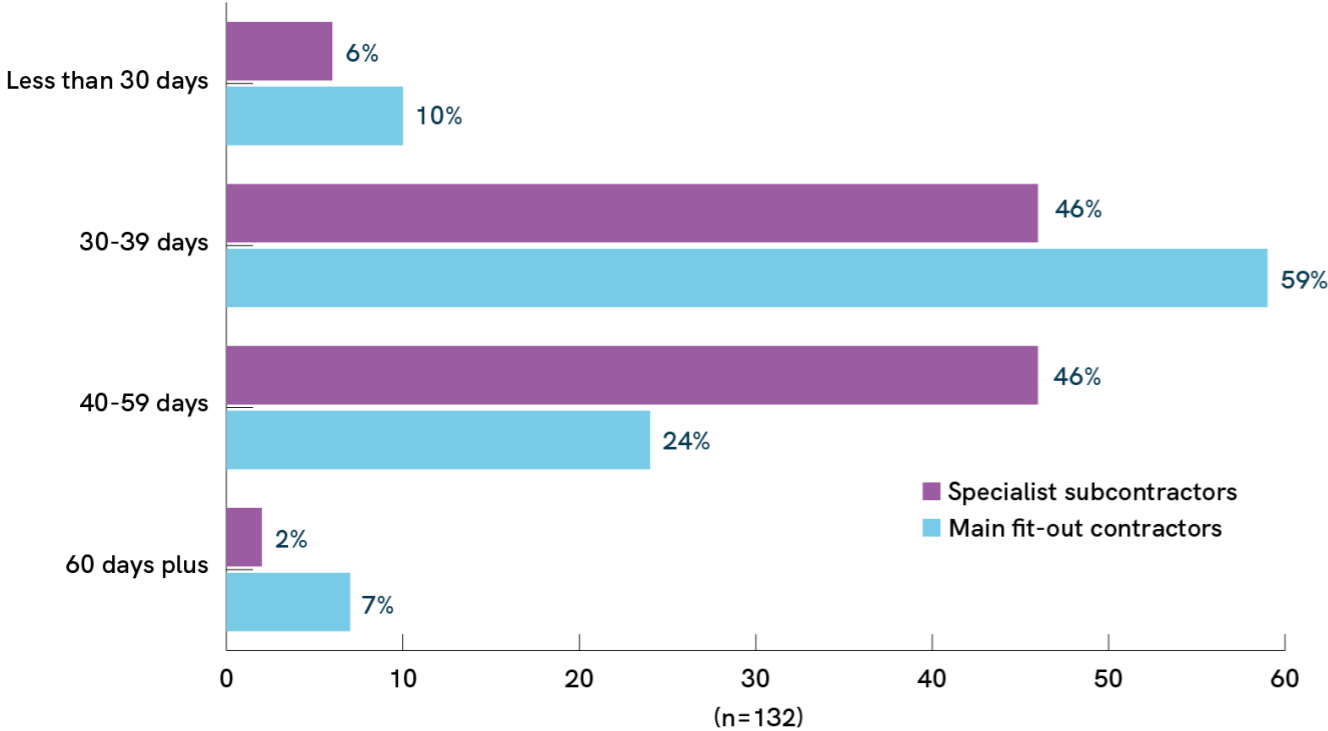


Figure 8.1

Source: University of Reading

Payment practices improving or getting worse?

Thinking about payment promptness, how do you think current payment practices compare to those of 12 months ago?

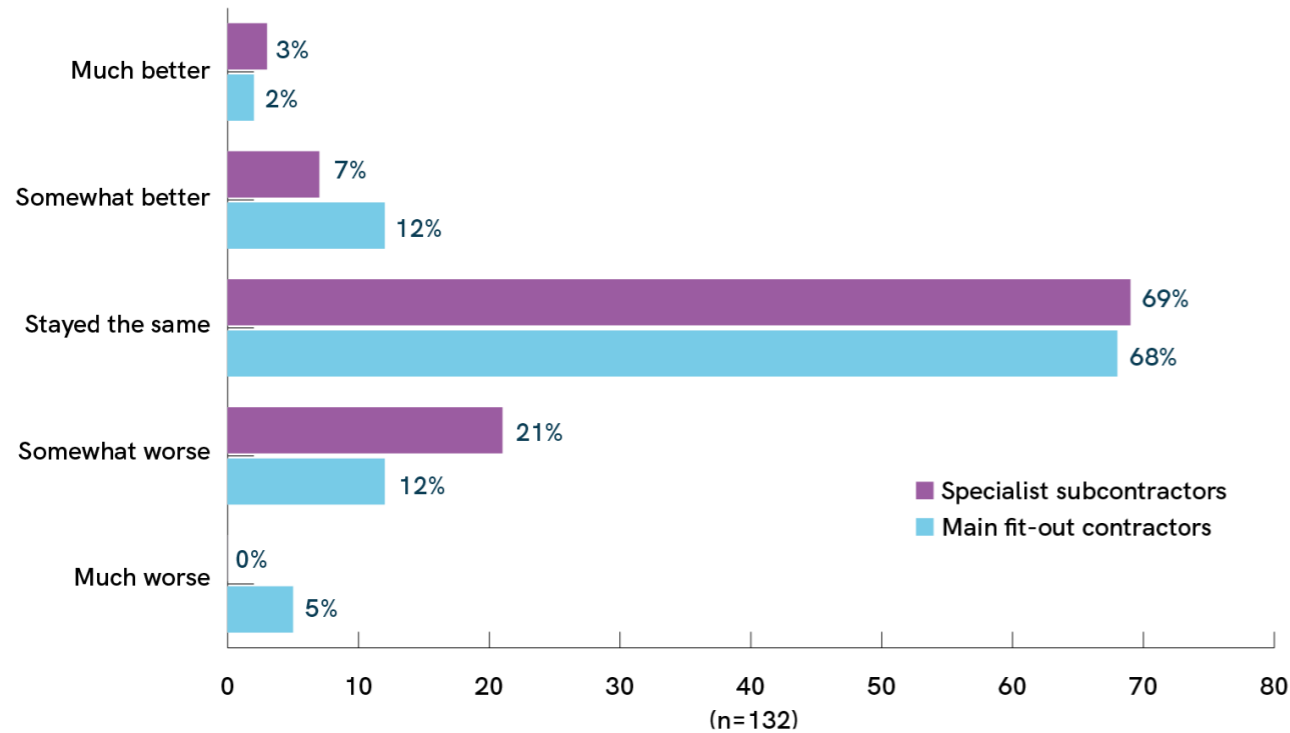


Figure 8.2

Source: University of Reading

Release of retention monies

How often are retention monies automatically released at the contractually agreed time?

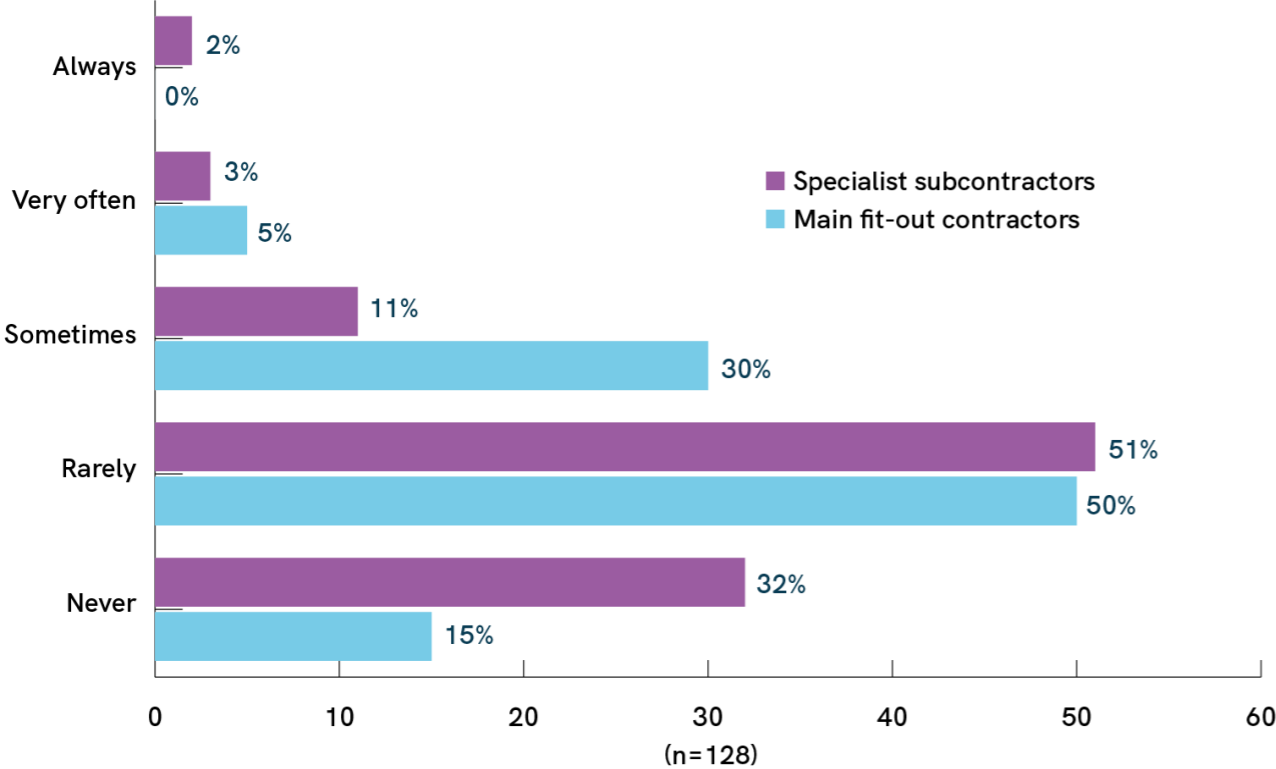


Figure 8.3

Source: University of Reading

Failure to recover retention monies

How often do you fail to recover retention monies to which you are contractually entitled?

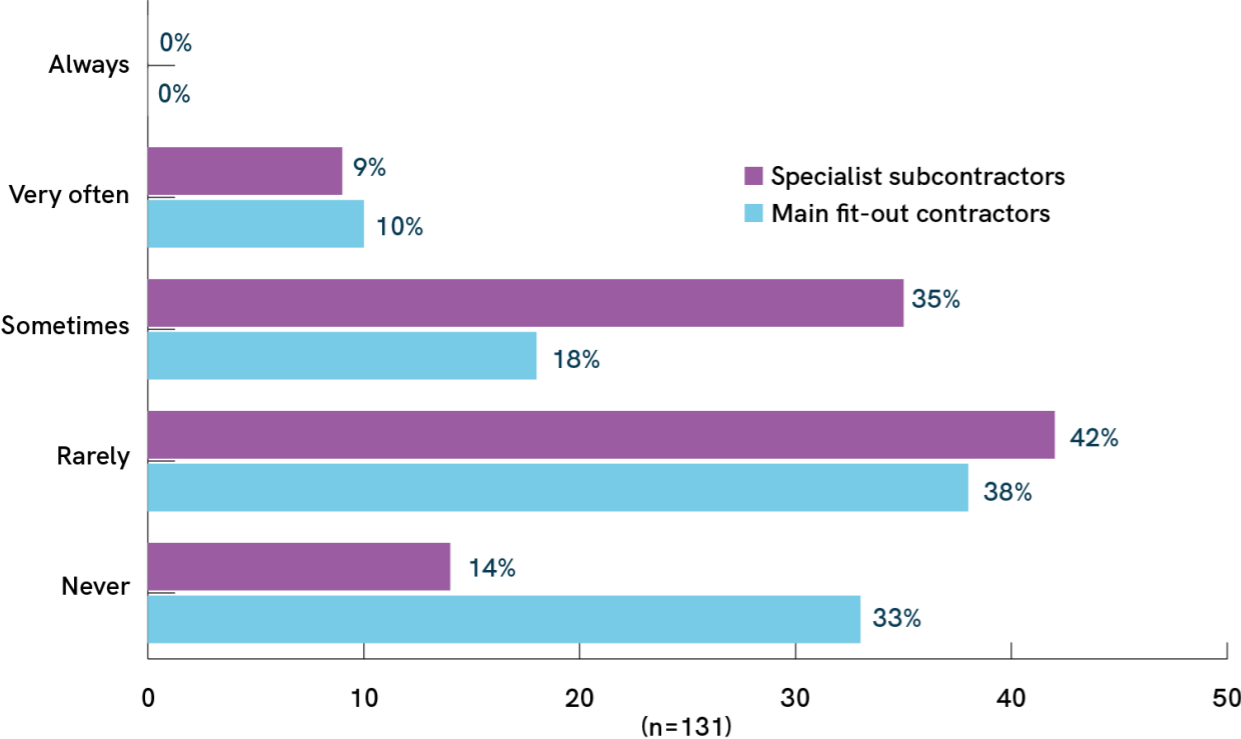


Figure 8.4

Source: University of Reading

Retention practices improving or getting worse?

Thinking about retention practices, how do you think current payment practices compare to those of 12 months ago?

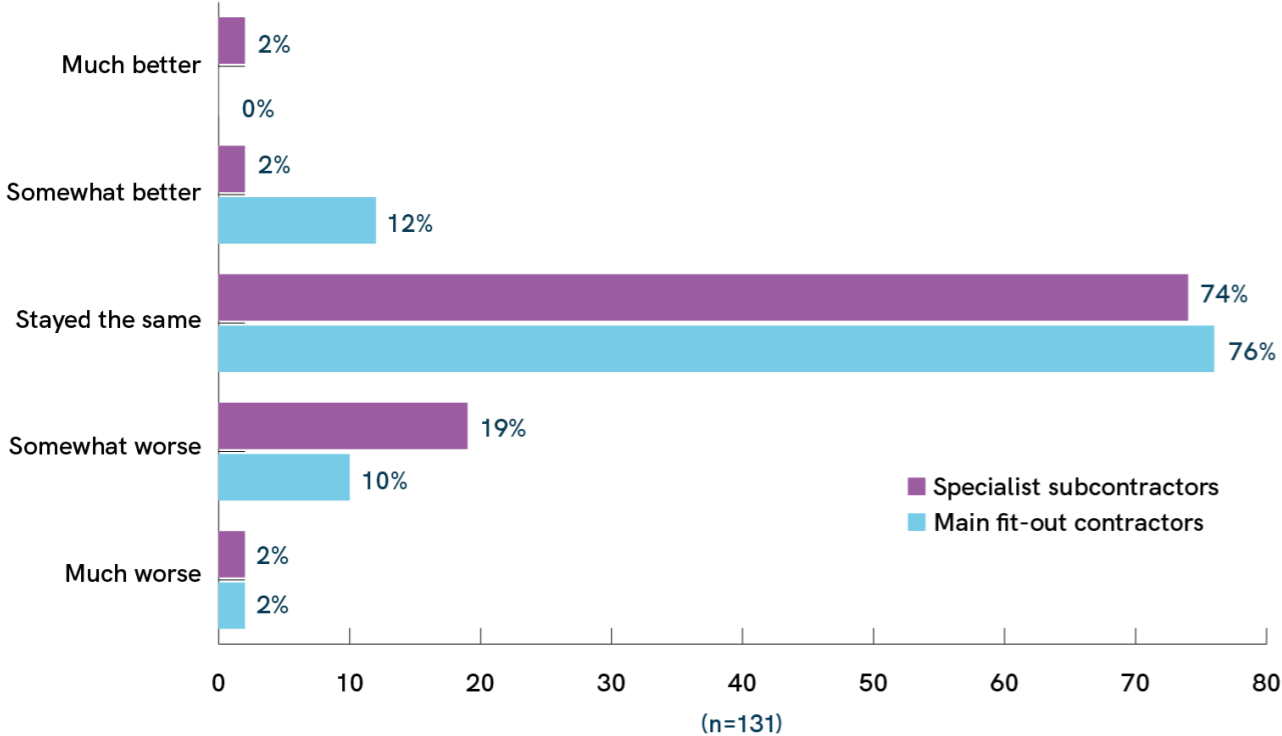


Figure 8.5

Source: University of Reading

Summary response against research objectives

✓ To evaluate the extent to which current approaches to procurement set an appropriate tone for the construction project

3/10
Must do better

✓ To assess progress on the role of procurement in encouraging the integration and certification of design responsibilities

3/10
Much work still to be done

✓ To establish the frequency with which supposedly standard forms of contract are amended

2/10
Disaster zone

✓ To determine the extent to which prevailing approach to procurement ensure equitable financial arrangements and certainty of payment

3/10
More effort needed



Cliff Smith

Executive Director, Get it Right Initiative

Compliance, Collaboration and a focus on getting it right first time

A large concrete dam with a crack and a hole filled with coins. The dam is made of grey concrete blocks. A small white control room is visible on the left. A large hole in the dam is filled with a large amount of coins, which are glowing with a greenish light. The background is a dark, textured wall.

Compliance, Collaboration and a focus on getting it right first time

Cliff Smith GIRI Executive Director

27th February 2023

Working together to eliminate error,
by industry, for industry.

getitright.uk.com  [@GIRI_UK](https://twitter.com/GIRI_UK)  [@GIRI](https://www.linkedin.com/company/giri)

GIRI

Get It Right Initiative

Get It Right Initiative

Improving value by eliminating error

A Strategy For Change



Supported by

ice
Institution of Civil Engineers

Initial research report:
Strategy for Change

GIRI
Get It Right Initiative

Wasted spend on error

Direct costs of error (5%)

resources used in correcting an error

Indirect costs of error (7%)

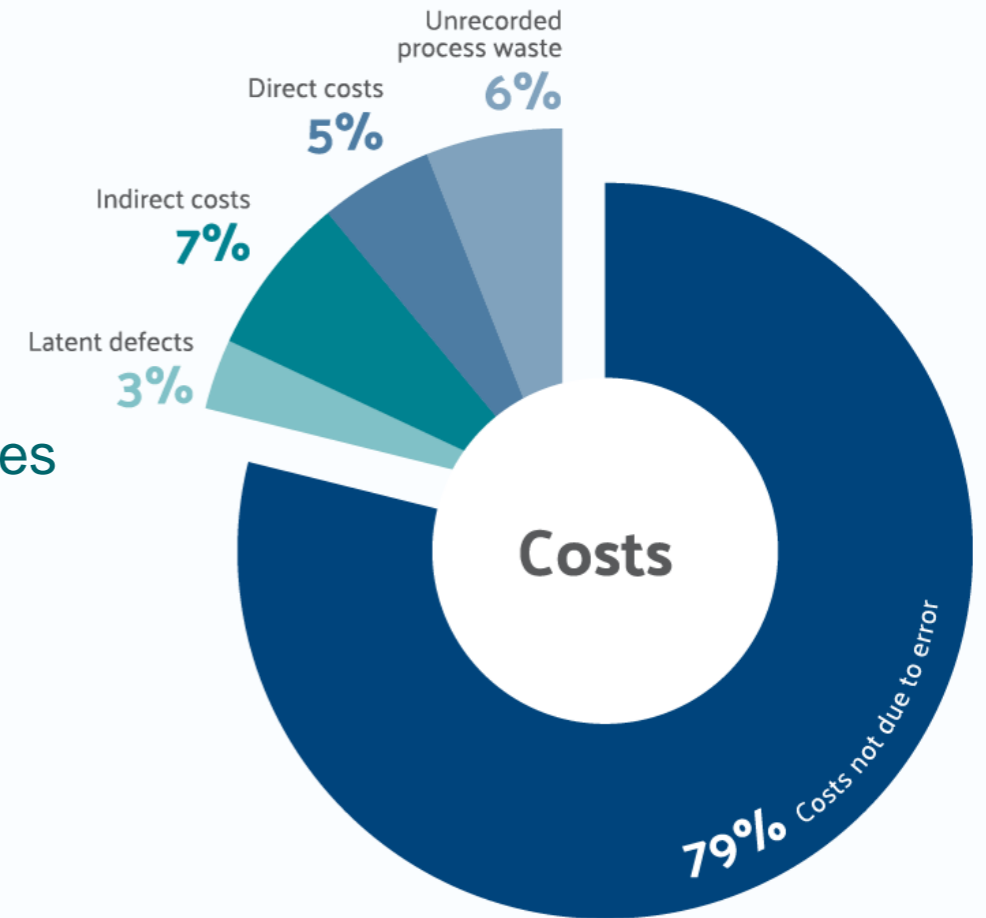
Resources used in follow on work and costs to other parties

Unrecorded process waste (6%)

Errors occur, are identified and corrected without being recorded

Latent defects (3%)

remain in place after client acceptance and any 'defects liability period' has passed



GIRI

An iceberg floating in the ocean. The tip of the iceberg is visible above the water surface, while the much larger, submerged part is visible below. The sky is blue with light clouds, and the water is a deep blue. The text is overlaid on the submerged part of the iceberg.

£22 billion a year

Areas in which cost of error is greatest

- Concrete works
- Mechanical systems
- Facades/cladding
- Electrical systems
- Finishes
- Roofing
- Basement waterproofing
- Setting out
- Drainage
- Drainage to completed works
- Steelwork coatings
- Piling
- Roads & pavements

GIRI

Root causes of error

- Inadequate planning (from task through to project level)
- Late design changes
- Poorly-communicated design information
- Poor culture in relation to quality
- Poorly coordinated and incorrect design information
- Inadequate attention paid in the design to construction
- Excessive commercial (financial and time) pressures
- Poor interface management and design
- Ineffective communication between team members
- Inadequate supervisory skills

GIRI

Culture



Synergies health & safety and quality

1994 First Version of CDM



Building Safety Act 2022



GIRI

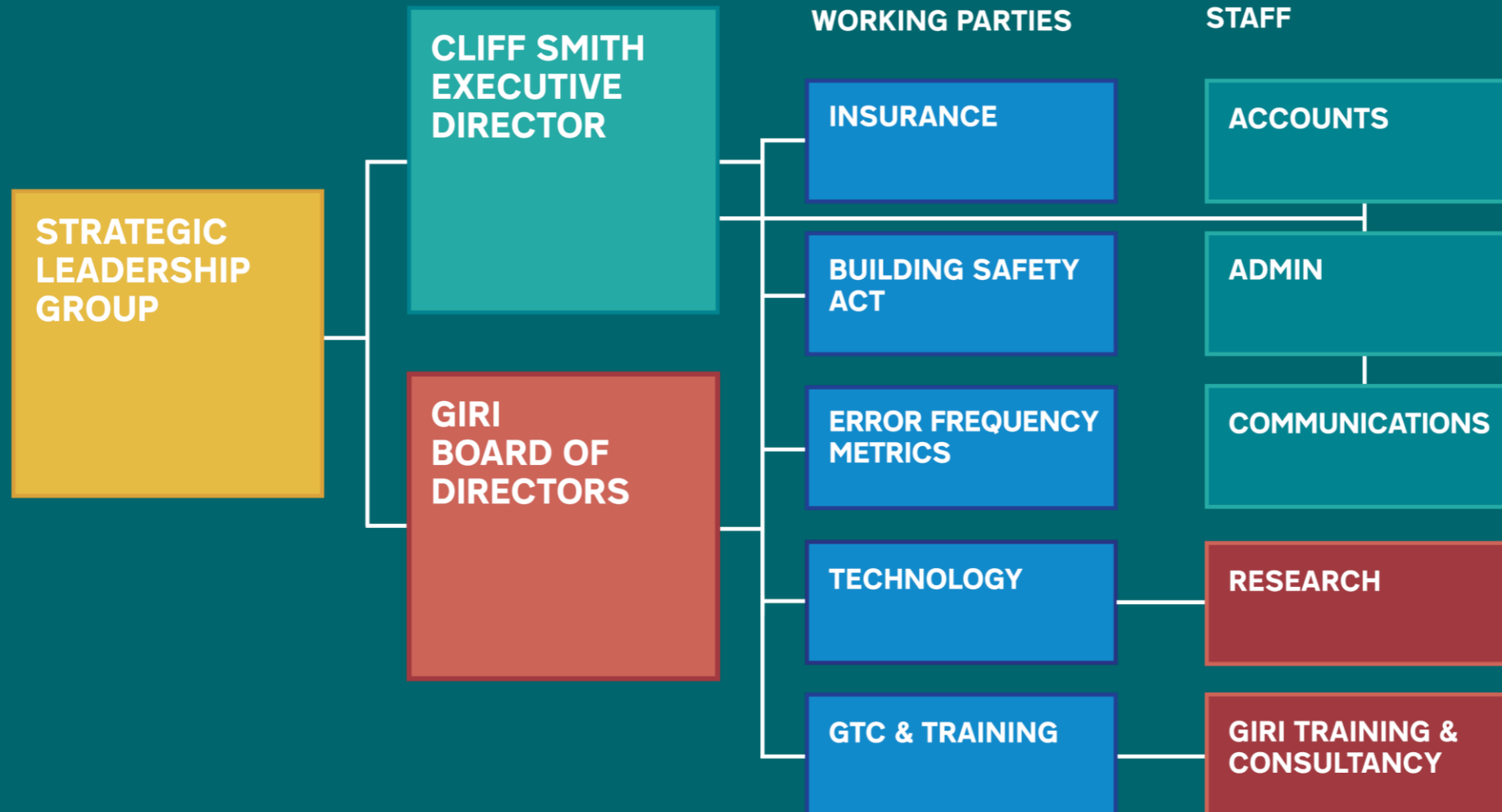
- sharing knowledge
- changing behaviour
- developing competence

GIRI

Strategic aim of GIRI:

To improve construction productivity & quality, and reduce costs & waste by eliminating error.

Governance



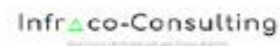
GIRI

Current GIRI membership: 90+ companies

- Government advisory bodies
- Clients
- Architects
- Structural and M&E engineers
- Tier one and tier two contractors
- Lawyers
- Insurers and insurance brokers

GIRI

GIRI MEMBERS



GIRI MEMBERS





BENEFITS





Research

Collaboration

Constructing Excellence

Quality in Design

Best Practice Tool

**Code of Practice for
Design Management**

Temporary Works forum

BSI – QS/1/4 Committee

BSF



GIRI



Research

Design Guide

- Re-edit following survey
- Edit complete
- New web-based platform for ease of navigation



Working groups

INSURANCE WORKING GROUP

Developing guidance to support error reduction, using insurance industry insight into common issues

TECHNOLOGY WORKING GROUP

Focussing on technology and learning to support the industry to improve quality of delivery.

BSA STEERING GROUP

Advising members and the wider industry on how to avoid error in implementation of the Act

CLC METRICS WORKING GROUP

Liaising with CLC to establish an industry-wide quality metric through proof of concept



Networking



Driver of cultural & behavioural change in the industry

Working together to eliminate error,
by industry, for industry.





Alison Nicholl

Head of Constructing Excellence,
BRE Group

Delivering change through
procurement and culture

Delivering Change through Procurement & Culture

Alison Nicholl, Head of Constructing Excellence

Our focus for 2023



A thriving culture



Upscaling technology
& innovation



Thriving
commercially

Disruption



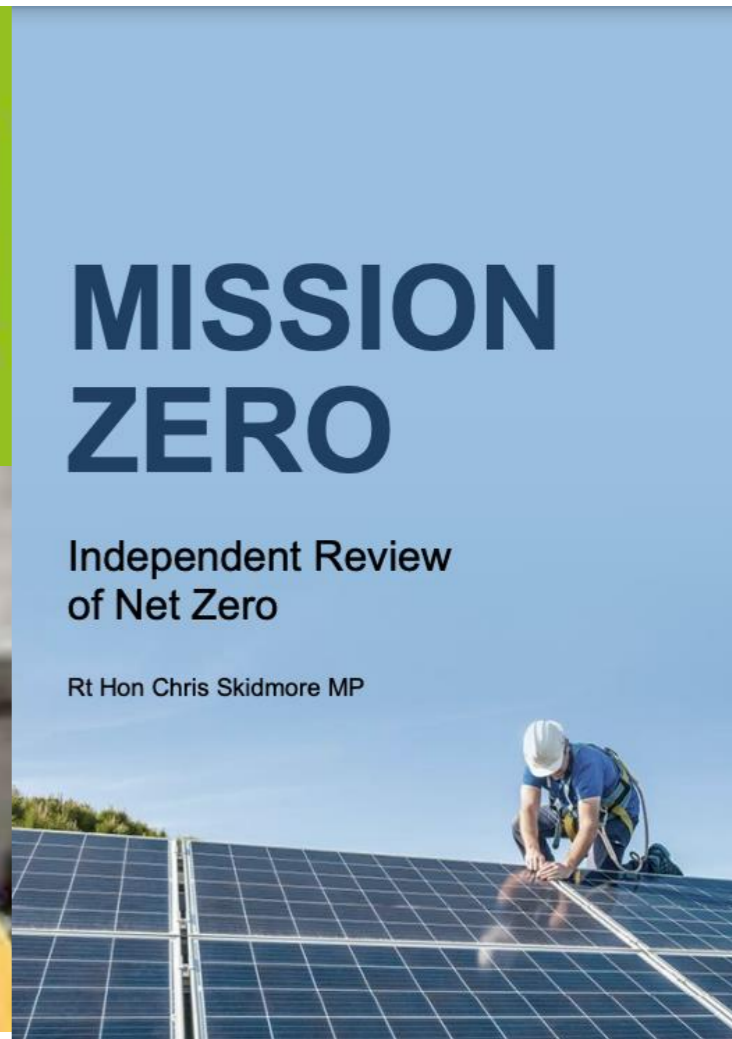
Global Challenges



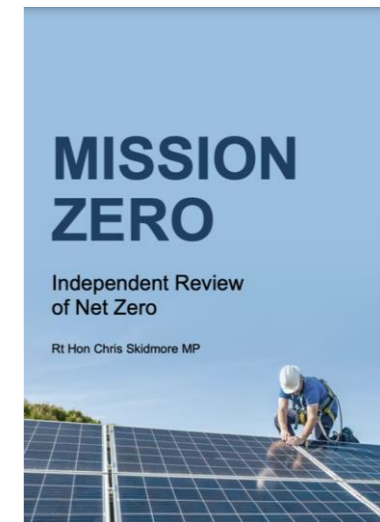
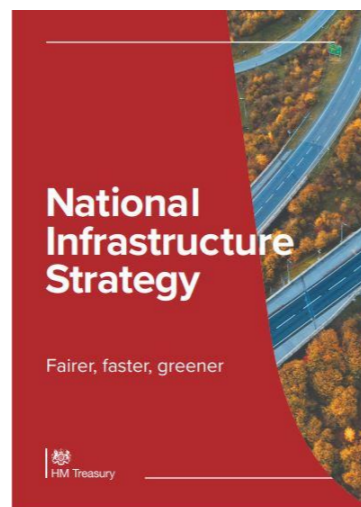
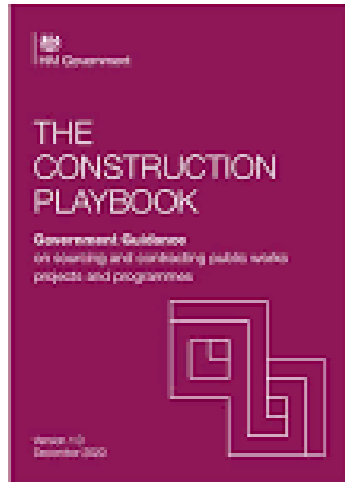
Social Drivers



Climate Change



Legislative Drivers



Key findings



Support

The Industry is really behind both value-based delivery and the Toolkit. People can see its potential. Confidence however is weak, as many have failed to implement on similar plans.



Cost

Organisation's reverting to type and tender price remaining the main driver is the biggest perceived barrier. Especially in times of economic uncertainty. People are hopeful but sceptical that the Toolkit can address the reliance of procures on cost.



Language

Plain and consistent language in both the metrics and models drawn from existing understood terms is really important to the supply chain. They are tired of ever changing language and terminologies within the industry.



Insurance

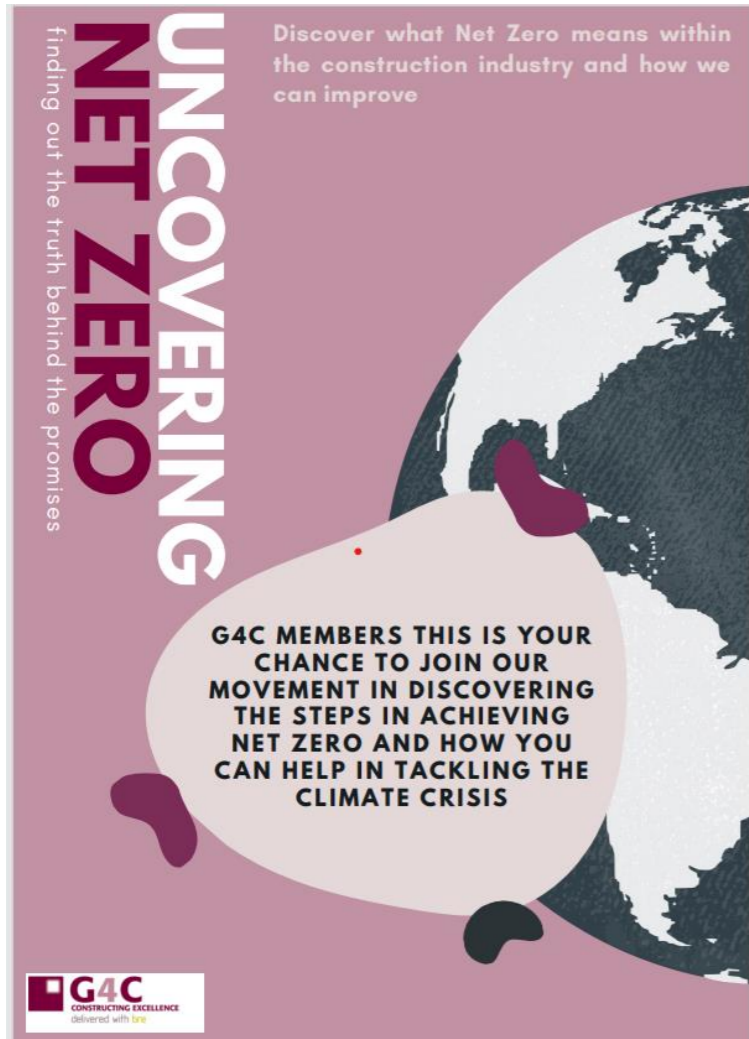
Insurance isn't seen as a blocker to value-based models but more of an opportunity to re-consider how programmes, projects and risks are insured. Both the supply chain and insurance market are ready for change.



Contracts

Contracts are seen as a blocker to value-based models but organisation's don't want new forms of contract, they want better use of existing forms, implemented in a fairer, more consistent way. Maintaining the golden threads, offer incentive rather than look to purely dump risk.

Generation4Change



Lydia McGuinness
Section Manager,
Wates



Andreea Vihrestencu
Consultant, Asite

G4C (Generation for Change) is the young professional voice of the UK built environment industry



Procurement Group



Procurement as an enabler



Chair: Rebecca Rees,
Trowers & Hamblins





CONSTRUCTING EXCELLENCE

delivered with **bre**

building a better world together



FIS

FINISHES & INTERIORS SECTOR

Panel Debate

Joining the panel



Jason Cissell
Head of Contracts, IOR



Stephen Watson, formerly
National Supply Chain
Director, Willmott Dixon



FIS

FINISHES & INTERIORS SECTOR

We'll be right back