

THE CONSTRUCTION PLAYBOOK

An Executive Summary

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INTRODUCTION

The construction sector is key to the UK economy and up to £37 billion of public works contracts across economic and social infrastructure will be brought to market over the next year. The Government is committed to delivering better, faster and greener solutions that support the recovery from the COVID-19 pandemic and build the economy of the future while improving building and workplace safety.

The **Construction Playbook**, which is the result of extensive collaboration from across the public and private sectors, brings together expertise and best practice to reform the industry and transform how public works projects and programmes are assessed, procured and managed.

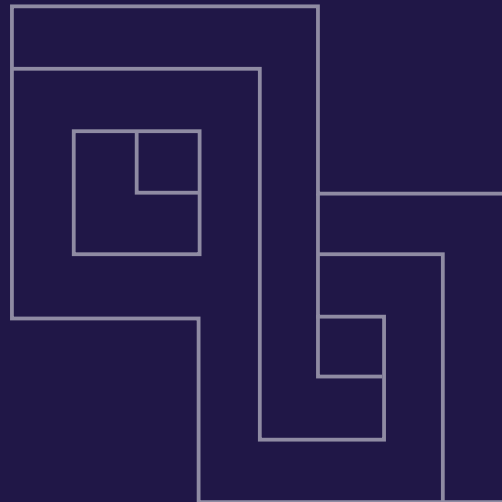
Government leadership is crucial and the Playbook is mandatory for central Government and arm's length bodies (ALBs) on a 'comply or explain' basis, with the wider public sector encouraged to take account of it. It describes what should be undertaken on projects and programmes, from policy inception through to transition and operation, and sets out a best practice framework to achieve improved project outcomes.

All parties will benefit from change and the creation of a profitable, sustainable and resilient industry with a well-trained workforce for the future.



“This Playbook is a ‘compact’ between Government and industry to set out how we will work together in future. Only by acting together and aligning our efforts can we achieve enduring reform – improving the public works we deliver, meeting the everyday needs of the people that use them and providing value for money for the taxpayer.”

Gareth Rhys Williams
Government Chief Commercial Officer



OBJECTIVES

1. Improve building and workplace safety to create safe facilities and protect the health, safety and wellbeing of the workforce.

2. Take strides towards the UK's 2050 net zero commitment and focus on a whole life carbon approach to fight climate change and deliver greener facilities designed for the future.

3. Promote social value to help local communities recover from COVID-19, tackle economic inequality, promote equal opportunities and improve wellbeing.

OUTCOMES

- **Clear and appropriate outcome-based specifications** that are designed with the input of industry to drive continuous improvement and innovation.
- **Longer term contracting across portfolios**, where it is appropriate. Long-term plans will be developed for key asset types and programmes to drive greater value through public spending.
- **Standardised designs, components and interfaces** as much as is possible.
- **Increased innovation and Modern Methods of Construction** through standardisation and aggregation of demand, increased client capability and setting clear requirements of suppliers.
- **Sustainable, win-win contracting arrangements that incentivise better outcomes**, improve risk management and promote the general financial health of the sector.
- **Improved financial assessment of suppliers and preparation for the rare occasions when things go wrong**, with the introduction of resolution planning information requirements into critical contracts.
- **Faster end-to-end project and programme delivery** by investing up front with time and resources to set projects up for success.

WHAT IT MEANS FOR THE CONSTRUCTION INDUSTRY

The Construction Playbook sets out what the Government expects (and will contract for) from industry, and suppliers will need to review their standards, behaviours and ways of working.

Some of the things that contracting authorities will be requiring from the supply chain include:

- **Early engagement** to co-develop solutions and implement collaborative ways of working.
- Bidding with a **fair margin** baked in.
- Ensuring **risks are managed** by those best able to bear and manage them.
- Ensuring the policies set out in the Playbook **flow down through the supply chain** and sub-contractors and suppliers are treated in accordance with the Supplier Code of Conduct.
- Development of safe, innovative, sustainable, **manufacturing-led solutions** using Modern Methods of Construction.
- Investment in automated, digital **payment and contracting systems** and processes.
- **Prompt payment** of supply chains.
- Implementing **quality management** processes, such as ISO 9001.
- Investment in **skills, people and innovation**.
- Putting in place an appropriately experienced **Senior Responsible Owner (SRO)** and resourced cross-functional teams to meet the expectations set out by contracting authorities.
- Meeting the standards in the **UK BIM Framework**.

“The Playbook is a comprehensive document, addressing ad-hoc and fragmented practices, and its implementation will greatly improve efficiency, investment and innovation within the industry. Embedding these new ways of working across all Government departments and throughout the supply chain is the important next step.”

Andy Steele
Build UK Vice-Chairman

KEY POLICIES

1. Commercial pipelines

Publish comprehensive pipelines, looking ahead three to five years, to help suppliers understand the Government's long-term demand and prepare themselves to respond to contract opportunities.

2. Market health & capability assessments

Assess the market to enable project and programme teams to identify potential opportunities and limitations in the market, take advantage of emerging technologies and innovation, and consider actions to increase competition and improve market health.

3. Portfolios and longer term contracting

Develop long-term plans, with appropriate work brought together in portfolios, to give industry the certainty required to invest in new technologies and Modern Methods of Construction to deliver improved productivity and efficiency savings.

4. Harmonise, digitise and rationalise demand

Seek opportunities to develop and adopt common standards and specifications and use cross-sector product platforms to create a more resilient pipeline and drive efficiencies, innovation and productivity.

5. Further embed digital technologies

Apply the UK BIM Framework to standardise the approach to generating and classifying data, information security and data exchange, and to support the adoption of the Information Management Framework and the creation of the National Digital Twin.

6. Early supply chain involvement (ESI)

Involve the whole supply chain early in the project lifecycle to help develop clear, outcome-focussed designs and specifications, reduce downstream issues, and achieve planned outcomes and value for money.

7. Outcome-based approach

Set clear and measurable outcomes focussed on whole life value, performance and cost at the outset of a project or programme, using the new IPA Project Scorecard, to help suppliers understand the ambitions of the contracting authority without being prescriptive about how to deliver outcomes.

 Preparation and planning

 Publication

 Selection

 Evaluation and award

 Contract implementation

KEY POLICIES

8. Benchmarking and should cost models

Undertake benchmarking of key project deliverables and agreed outcomes to drive consistency and robustness of cost estimates, and use this data to produce Should Cost Models (SCMs) to better understand whole life costs and risks.

9. Delivery model assessments

Follow an analytical, evidence-based process early in the preparation and planning stage of a project or programme to decide the most appropriate delivery model, in order to achieve the desired outcomes and support a value-based approach.

10. Effective contracting

Use standard construction contracts, with appropriate KPIs and standard 'boilerplate clauses' for project-specific requirements, to support an exchange of data, drive collaboration, improve value and manage risk. Frameworks will be reviewed and consolidated where appropriate, and a new 'gold standard' will be adopted.

11. Risk allocation

Ensure risks are allocated to, and managed by, those best able to bear and manage them to deliver value for money and successful outcomes. The fundamental principle should be that contracts are profitable and offer a fair return to ensure the market is sustainable.

12. Payment mechanism and pricing approach

As a general principle, link payment to the delivery of outputs and/or of the work value and supplier performance to ensure it incentivises the desired behaviours or outcomes, making the construction sector a thriving and dynamic market that is sustainable in the long term.

13. Assessing the economic and financial standing of suppliers

Assess the economic and financial standing of suppliers during the selection process, against the minimum standard, to safeguard the delivery of projects and programmes against a supplier going out of business during the life of a contract.

14. Resolution planning

Require suppliers of critical public works contracts to provide resolution planning information to help ensure the continuity of projects and their orderly transfer to a new supplier in the event of supplier insolvency.

-  **Preparation and planning**
-  **Publication**
-  **Selection**
-  **Evaluation and award**
-  **Contract implementation**

IMPLEMENTATION

The Government has committed to a **multi-year implementation programme** for the Construction Playbook, recognising that there is no one-size-fits-all approach.

The Playbook is **mandatory** for central Government and arm's length bodies (ALBs) on a 'comply or explain' basis and will be enforced through Cabinet Office spending controls. The wider public sector is encouraged to take account of it.

It applies to all new public works projects and programmes, including building, civil engineering, construction and equipment, from **December 2020**. Where the planning and preparation of projects and programmes is already underway or there are existing frameworks in place, contracting authorities should adopt a pragmatic approach to embedding the Playbook by taking all reasonable steps to embed the principles and policies at the appropriate stage of development. There is not an expectation to restart in-train projects and programmes or re-let existing frameworks.

The Playbook sets out a **best practice framework** which should be embedded through the structure of an organisation from governance through to the delivery of individual projects and programmes.

It is structured around the main stages of a typical procurement and **project lifecycle**:

The focus is on getting projects and programmes **right from the start**, and contracting authorities will bring together people from across different functions to create teams with the right expertise. This approach to 'front end loading' will improve the potential for successful outcomes – 'to fail to plan is to plan to fail'.

The Government will work more collaboratively at all levels of the supply chain, and the principles and policies set out in the Playbook should be **passed down through the supply chain**.

Unsuccessful bidders will receive feedback at the end of the evaluation process to help them understand what they did well, what they could have done better and points to consider in the future.

The Playbook will be **updated annually** to respond to feedback and ensure that it continues to represent best practice.

Contracting authorities and industry are encouraged to feedback where parties are **not complying with the spirit of the Playbook** to sourcing.programme@cabinetoffice.gov.uk.



View the Construction Playbook
www.gov.uk

Contact us
www.BuildUK.org

