



CONSTRUCTION MANAGEMENT

PROCURING BETTER OUTCOMES

As lead consultant, Architects very often give advice to clients on the best way of procuring a project. Giving this advice to clients can be onerous and, if not carefully assessed and considered, can result in unsuccessful projects.

Under the [RIBA Plan of Works 2013](#), procurement is flexible to allow for a number of forms of procurement. However, it is generally expected to occur during Stages 2 to 4. It is also suggested that the procurement route is determined in Stage 1.

Despite the various methods of procurement available the most commonly employed are Traditional and Design & Build. According to a RIBA members' survey carried out in 2012, only 18% of projects used a management approach. Whilst there are some disadvantages to adopting a management approach, which are discussed below, these do not explain why it is not used more frequently.

AN ALTERNATIVE METHOD OF PROCUREMENT

The two main variants of management procurement in the United Kingdom are Management Contracting (MC) and Construction Management (CM).

The clear distinction between MC and CM is that the former directly places contracts with Work Contractors, whereas CM manages Trade Contractors, which are contracted by the Client.

A Construction Manager acts as a consultant to the client and is appointed early in the design process. This means that their experience can be utilised to improve the cost and buildability of proposals as they develop. The Construction Manager also advises on the programme, trade packages, selection of potential tenderers, design and construction interfaces and risk.

WHY CONSTRUCTION MANAGEMENT IS BECOMING POPULAR

In the current construction and property markets, main contractors don't have the appetite to accept riskier projects by conventional procurement routes, such as single stage design and build lump sum all-risk contracts. Clients are also realising that lump sum contracts do not always provide the best value for money. The need to secure better value, openness, transparency and a collaborative approach is driving Clients, and those advising on procurement, to look at alternative solutions. Architects especially appreciate having direct access to specialist contractors to develop design solutions that ultimately benefit the Client.

BENEFITS OF CONSTRUCTION MANAGEMENT

- Construction Manager works solely in the Client's interest in a **non-confrontational** way aimed at collaboratively working with designers and getting the most from trade contractors.

- **Reduced lead-in times** - design can continue to evolve whilst the early trade packages are being let or are on site.
- Client **maintains a degree of control** over the design and pace of the development as the project progresses. Therefore, they only pay the net cost of the works, without Main Contractor's mark-up or any claims from them for loss and expense.
- Packages of work are **procured at nett cost** meaning the Client retains buying gains and discounts that would normally be achieved by the Main Contractor.
- Non-adversarial approach to construction, wherein the Client is more focussed on **value for money, rather than lowest cost**.
- No risk of Main Contractor insolvency.
- **Project Contingency** remains the property of the Client and is managed by the Construction Manager to meet the Client's project requirements.

MAIN DIFFERENCES BETWEEN CONSTRUCTION MANAGEMENT AND OTHER PROCUREMENT ROUTES

- Cost certainty is only achieved when all trade packages have been procured and the project is complete.
- Increased administration for the Client in dealing with trade contracts.
- Client retains high proportion of risk, as the professional team and construction manager only owe a duty of care liability.
- Client's performance and ability to make decisions is central to project success.
- Effective identification and management of trade package interfaces is essential for good design coordination.
- Dependence on the capability, capacity and experience of the Construction Manager.

WHAT TO EXPECT FROM CONSTRUCTION MANAGEMENT

When advising clients, it is important that the Architect considers the advantages and disadvantages of construction management as part of the procurement strategy.

Although the benefits of construction management can bring clear advantages to clients, it does expose them to decision-making, administration and performance in accordance with trade contracts. Therefore, it is critical that the Construction Manager has demonstrable experience and the capability to work with the Client and his professional team, in turn minimising the Clients' exposure.

When procuring a Construction Manager putting together a robust scope of services is essential. The Joint Contracts Tribunal's (JCT) Construction Management Appointment (CM/A) Schedule 5 contains pre-construction and construction services to be provided by the Construction Manager. However, Schedule 5 has to be populated by the Client or the Architect based on the project requirements.

JCT provides a [Model Schedule 5](#) for Construction Manager's Services. There are other forms of appointing a Construction Manager, such as NEC3.

The following services typically form a Construction Management appointment:

Cost

- Development and agreement of cost plan.
- Control and monitoring of agreed cost plan.
- Proactive forecasting of the impact of changes rather than historical cost reporting.
- Regular cost reports, including change management (Client, Designer, Construction Manager and Trade Contractor), procurement status and contingencies.

Design

- Production of programme to allow for Architect approvals and design information development.
- Collaborate with Architects and designers to agree procurement programme.
- Monitor design information against trade contractor requirements, particularly paying attention to interfaces.

Value Management and Value Engineering

- Management of client brief against project objectives ensuring the end product meets those objectives and achieves value for money.
- Management of value engineering process to ensure project functions are achieved at a minimal cost to the Client.

Programme

- Provision of a fully coordinated design, procurement and construction programme.
- Develop and issue programmes as trade contractors are appointed.

- Regular reports against the programme to ensure; progress of works is maintained; minimise any risk to completion; and avoid programme recovery measures.

Procurement

- Production of clear, defined scope of works packages.
- Recommend trade contractors based on experience, capacity and capability. Compile list with Architect for approval by Client.
- Issue package information in line with cost plan for tender.
- Undertake tender analysis, finalise tenders and produce report including recommendations.
- Compile and issue trade contracts.

Risk

- Arrange and facilitate risk and opportunity workshops.
- Identify, evaluate and manage risk throughout the project.
- Production and maintenance of risk register.

Trade Contracts

- Site inductions prior to works commencing.
- Supervision of trade contractor performance.
- Hold regular progress and performance meetings with trade contractors.
- Contract administration of trade contracts i.e. issuing of completion certificates, certificates of making good, final statements and final certificate.

Quality and Health & Safety

- Regular quality inspections of trade contractor works.
- Principal Contractor duties under CDM 2015.
- Responsible for construction site set-up and provision of welfare facilities.
- Monthly quality, health, safety and environmental reports.
- Snagging trade contractor works and management of defects.

General Preliminaries

Preliminaries are dealt with on a project by project basis, but typically these are procured as part of the Construction Manager's scope. Large plant and machinery can be included within trade contracts.

Alternatively preliminaries can be packaged similar to a trade contract with a specialist logistics contractor.

The general preliminaries packages should include, where applicable:

- Provision of site levels and coordinates.
- Provision of equipment, maintenance and cleaning of suitable general site offices.
- Provision of equipment, maintenance and cleaning of all facilities including canteens, drying rooms, sanitary accommodation and first aid rooms.
- Provision of hoardings, temporary fencing, gantries, barriers, pedestrian routes, entrances and exits, and site security.
- Provision of access roads, ramps, vehicular routes etc.
- Provision of site drainage, electricity and water supplies for general use by trade contractors.
- Provision of fire-fighting equipment and services.
- Provision of an adequate multi-services labour force and any applicable plant, tools, transport

and skips to carry out general site cleaning and clearance of rubbish.

RECIPE FOR SUCCESS

Architect's looking to advise their clients on a package based procurement solution should consider the following points for a successful outcome:

- Early appointment of Construction Manager.
- Determine scope of services and key responsibilities.
- Make sure everyone fully understands Construction Management before embarking on a package-based procurement option.
- Comprehensive project controls.
- Robust management of programme.
- Collaborative project environment.
- Effective change management.
- Accurate design information.

FIVE STAGE APPROACH TO CONSTRUCTION MANAGEMENT:

- 01 Agree full Project Scope, Programme and verify the Cost Plan.
- 02 Produce Trade Contractor Tender Packages and send to trusted trade contractors and suppliers from Evolution5's supply chain.
- 03 Review Trade Contractors Tender returns against the Cost Plan and produce Tender Recommendations for client approval.
- 04 Evolution5 manage the construction element of the project through to completion controlling procurement, production, design co-ordination and all commercial elements.
- 05 Project completion achieved. All trade contractor final accounts agreed, standard post construction documentation in place and defects period planned.

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