

Mark Farmer

'Modernise or Die – One Year On'

Novotel, Cardiff

17th October 2017



Welcome

Rhodri-Gwynn Jones

Chairman

Constructing Excellence in Wales





Cast

REAL ESTATE & CONSTRUCTION CONSULTANCY

Modernise or Die: One Year On


Constructing Excellence in Wales

Cardiff, 17th October 2017

Mark Farmer

 @MFarmer_resi

THE BACKGROUND CONTEXT



We Have a Burning Platform

Why? Reliance on an Ageing Workforce – A Generic International Issue

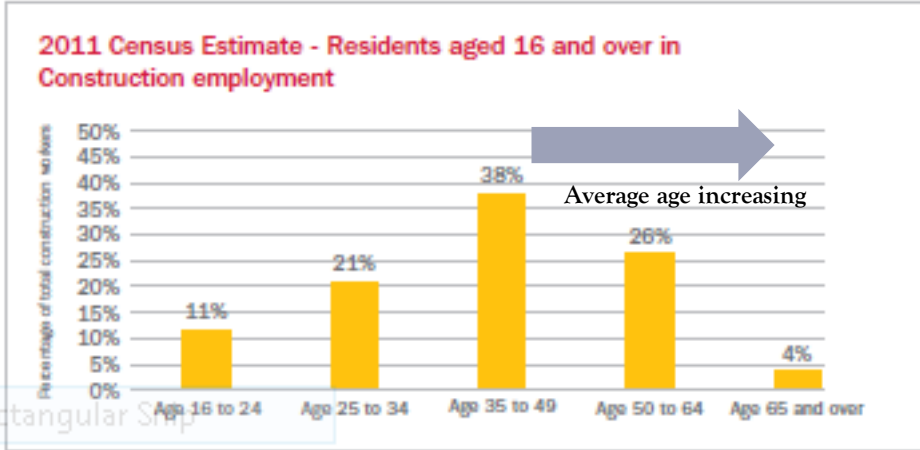
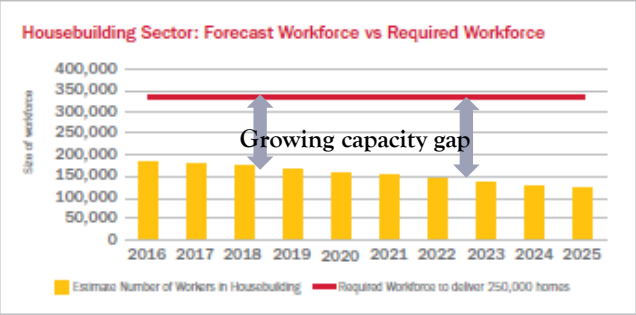
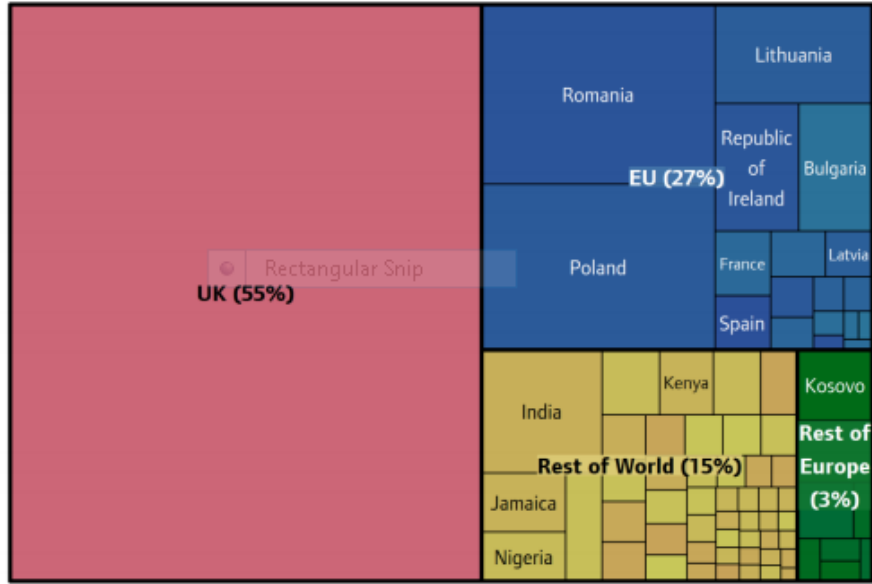


Figure 16: From Cast presentation at ULI UK Capacity Conference, 26 April 2016



UK Also Has a Very Specific Problem Now of Reliance on a Migrant Workforce in an Increasingly Uncertain Post Brexit World

Country of birth of construction workers in London, 2014-16 (Labour Force Survey)

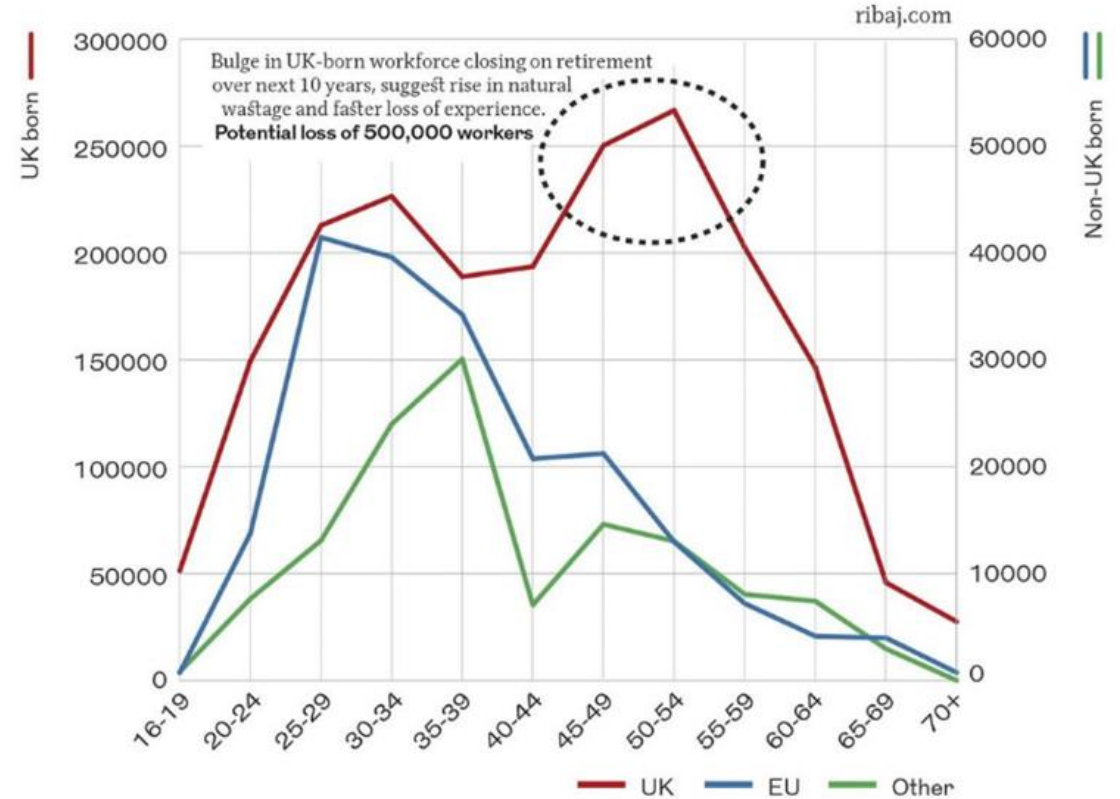


- Around 350,000 people work in London's construction sector, counting both Londoners and those who commute in from other regions. Of these, 55% or around 190,000 are from the UK, 27% (95,000) are from the EU, 3% (12,000) are from other European countries and 15% (51,000) are from the rest of the world.
- The largest non-UK contributors to London's construction workforce are Romania (29,000), Poland (27,000), Lithuania (11,000) and India (10,000).

Sources and notes

- Labour Force Survey data, 2014-16
- Chart produced using R package 'treemap'

Comparing age profiles by country of birth for UK construction workforce



Source: Labour Force Survey 2016 Q3, ONS, NISRA, retrieved via UK Data Archive

**REMINDER OF THE 'MODERNISE OR
DIE' CHALLENGE ADDRESSED TO
THE UK GOVERNMENT,
CONSTRUCTION INDUSTRY AND ITS
CLIENTS**

Condensed Summary of Farmer Review Recommendations – 3 Key Themes

- Need for clear **leadership and institutional reforms** that better integrate clients, industry and Government.
- A **productivity led** change agenda letting innovation dictate **future skills development** and which clients and supply chain can either lead or respond.
- The Government has to play a critical role in the **strategic initiation** of change across both of the above.

All of the above are under-pinned by one central theme – a move to higher levels of premanufactured content with reduced site labour intensity

But.....

OUR INDUSTRY HAS PROVED UNABLE TO RESPOND TO POSITIVE STIMULI
FOR CHANGE IN THE PAST

IT HAS NOT BEEN ABLE TO MOBILISE ANY COLLECTIVE ABILITY TO REFORM
ITSELF

THE ISSUE NOW IS WHETHER IT WILL REACT TO A BURNING PLATFORM AS
A NEGATIVE STIMULUS FOR CHANGE

IS JUST NECESSITY ENOUGH?

**IF NECESSITY IS THE
MOTHER OF
INVENTION,
DISCONTENT IS THE
FATHER OF
PROGRESS.**

Discontent from Within....

Disability and construction: Why we

CN The Telegraph

Business

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Business

Shard contractor Mace says ind profits are 'unsustainable'

share



John Sisk is 'well inf

Mace was involved in the building of the Shard CREDIT:RBLTERS/EDDIEKEOGH

CN Construction News

CAN CARILLION RECOVER?

p2, 18 & 12



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Business

Clifford Try shares tank after it takes a hit from old construction contracts

wards



legacy contracts.

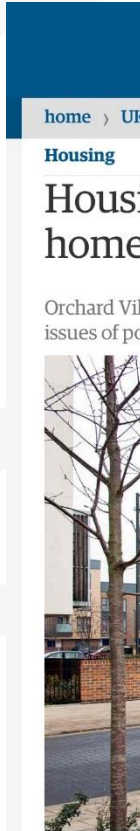
But Discontent with Construction Performance is Now Coming from Elsewhere.....

home > UF

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Post Grenfell Analysis in UK Will Likely Point To Systemic Failure In Whole Design, Procurement & Construction Process

Poor Handover & Operational Readiness Protocols

Main Contractors holding Responsibility but no longer in control

'Value Engineering' Equals Functionality Reduction

D&B Procurement Versus 'Architect Led'

Deskilling in professions & trades

Lowest Price Procurement

Performance Based Specification

Conflicts of interest in product testing & warranty market

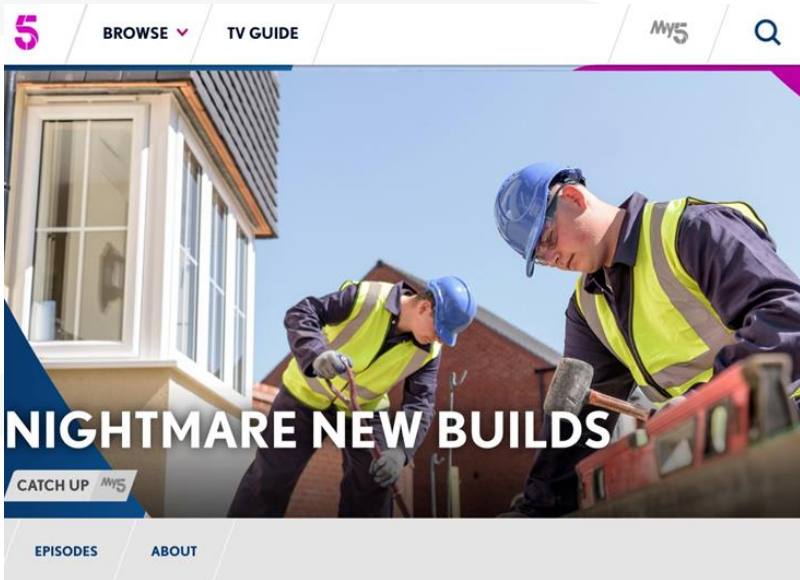
Level of On Site Supervision

Falsification of Records / Covering up Mistakes

'Engineered' Versus Prescriptive Building Regulations

Premature Completion Certification

Mainstream & Social Media Attention is Creating Growing Reputational & Brand Risks



EPISODES



CHANNELS Wed 30 Aug 2017, 10pm
Episode 1
S1 E1



Quantity and Quality Have Rarely Coincided in Construction – More Regulation Needed?



PropertyWeek.com

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RESI 2017: Housing minister calls on housebuilders to 'step up' on quality

14 September 2017 | By Samantha Partington

Print Email Share Comment Save

The housing and planning minister Alok Sharma has called on the industry to improve the quality, not just quantity, of homes being built, during his first speech since taking up the role.



An Roinn Tithíochta, Pleanála agus Rialtais Áitiúil
Department of Housing, Planning and Local Government

Home Who We Are What We Do Publications Legis

Home / Ministers Coveney and English announce Government approval for publication of the (Construction Industry Register Ireland) (CIRI) Bill 2017

Ministers Coveney and English announce Government approval for publication of the General Scheme of the Building Control (Construction Industry Register Ireland) (CIRI) Bill 2017

Published on Wednesday, 31 May 2017



An Understanding of the Root Causes of Delivery Failure Needs to Define the Solution

DESIGN,
PROCUREMENT &
CONSTRUCTION
DELIVERY FAILURE



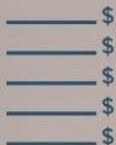
∝

- DESIGN UNIQUENESS
- SITE LABOUR INTENSITY
- NO. OF TRANSACTIONAL INTERFACES (VERTICAL INTEGRATION)
- NO. OF WORKS INTERFACES (HORIZONTAL INTEGRATION)

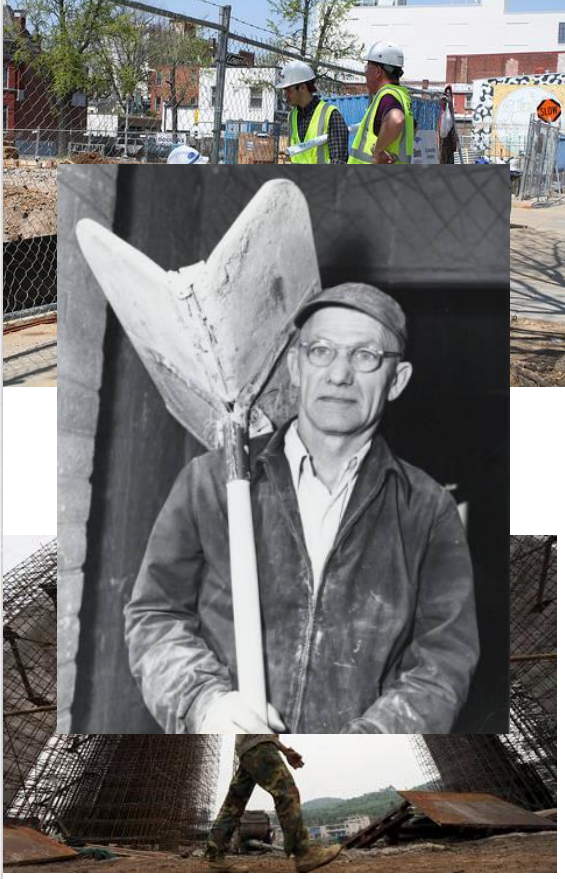
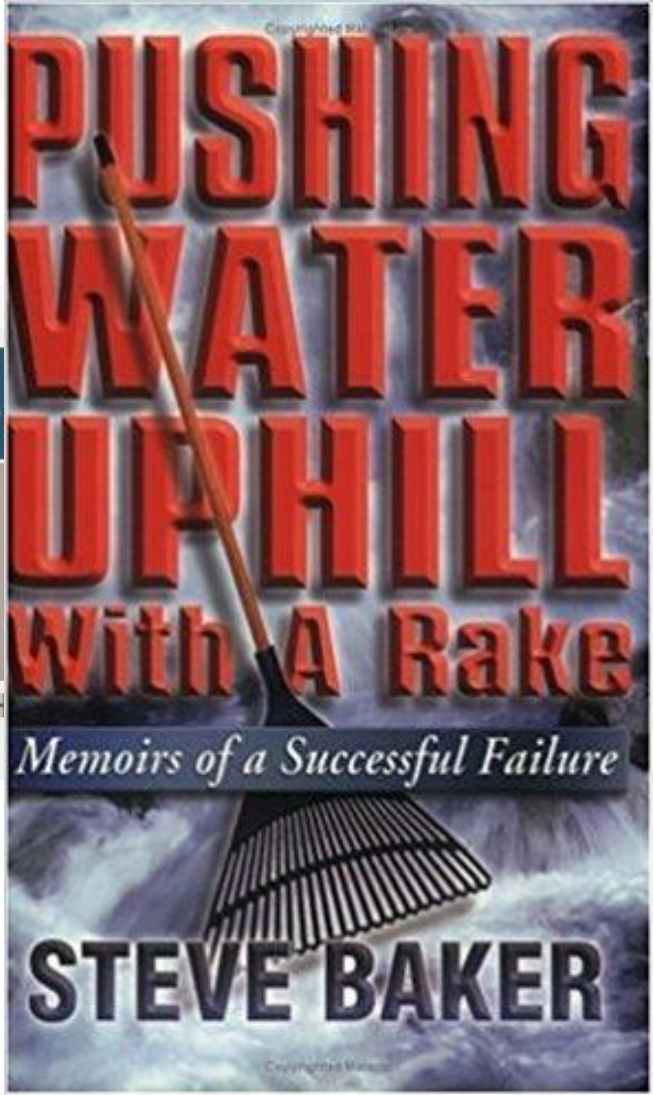
Focus up to Now Has Not Been Hard Wired to Industry Reality

We Need a Holistic Modernisation
Strategy

Focus on BIM, Digitalisation is Wasted Without Transforming the Analogue Physical Delivery & Project Organisational Model

3D (3D Model)	4D (Schedule)	5D (Cost)	6D (Building Lifecycle Information)
			eLibrary: » Who? » When? » Where? » How much?

Actual B.I.M. | Idealized B.I.M.

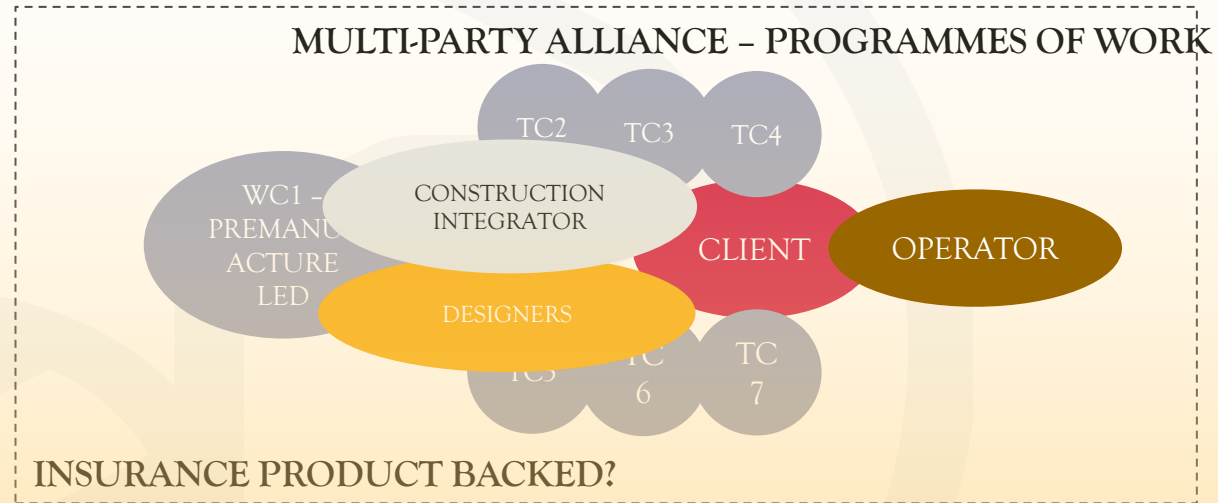


We Need to Recognise that the Traditional 'Main Contractor' Model is Broken

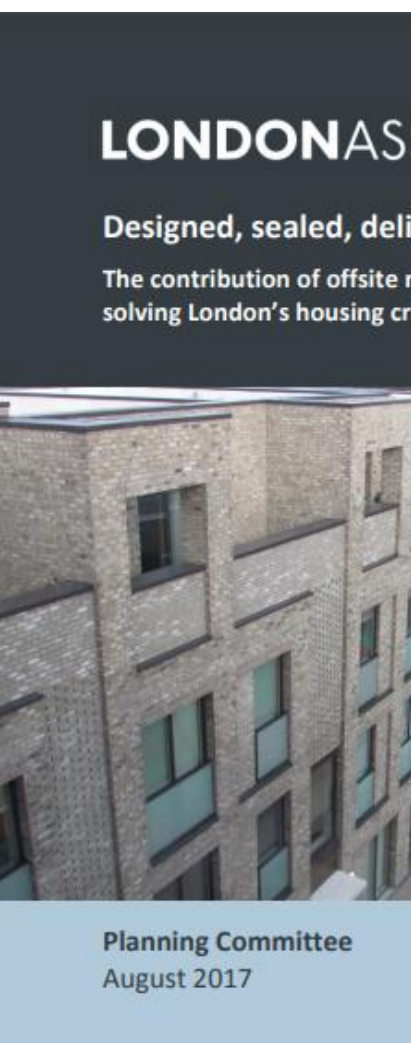
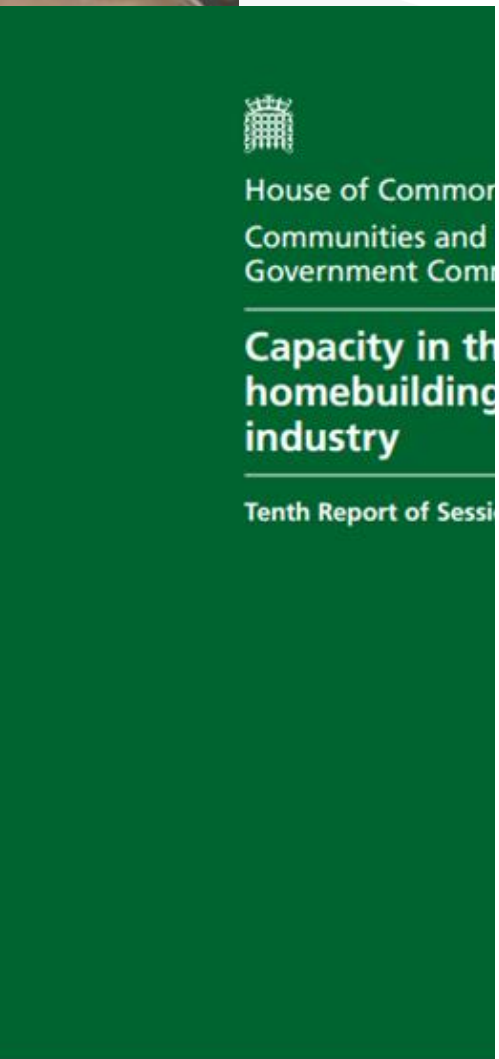
ONE OFF TRANSACTIONAL LED
CONTRACTING / CONSTRUCTION
PROCESS ISN'T WORKING!

We Need to Move to a New Organisational Model Combined with Higher Levels of Pre-Manufacturing

DIGITAL ENGINEERING & ASSET PERFORMANCE



In UK Encouraging Wider Institutional & Policy Reforms Led by Both Government & Industry Have Been Taking Place in the Last 12 Months



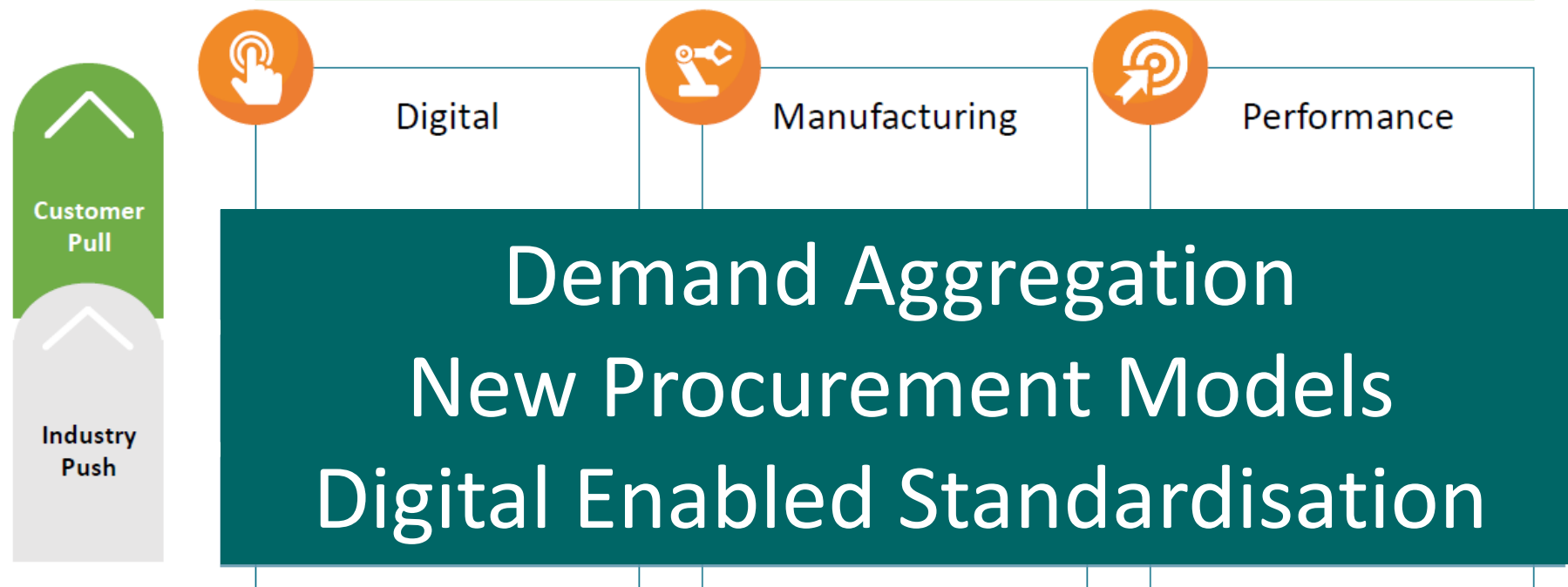
And Industry Itself is Moving, Slowly but Surely...



The Emerging UK Construction 'Sector Deal' Industrial Strategy Response is a Great Opportunity

...delivered through three key enablers

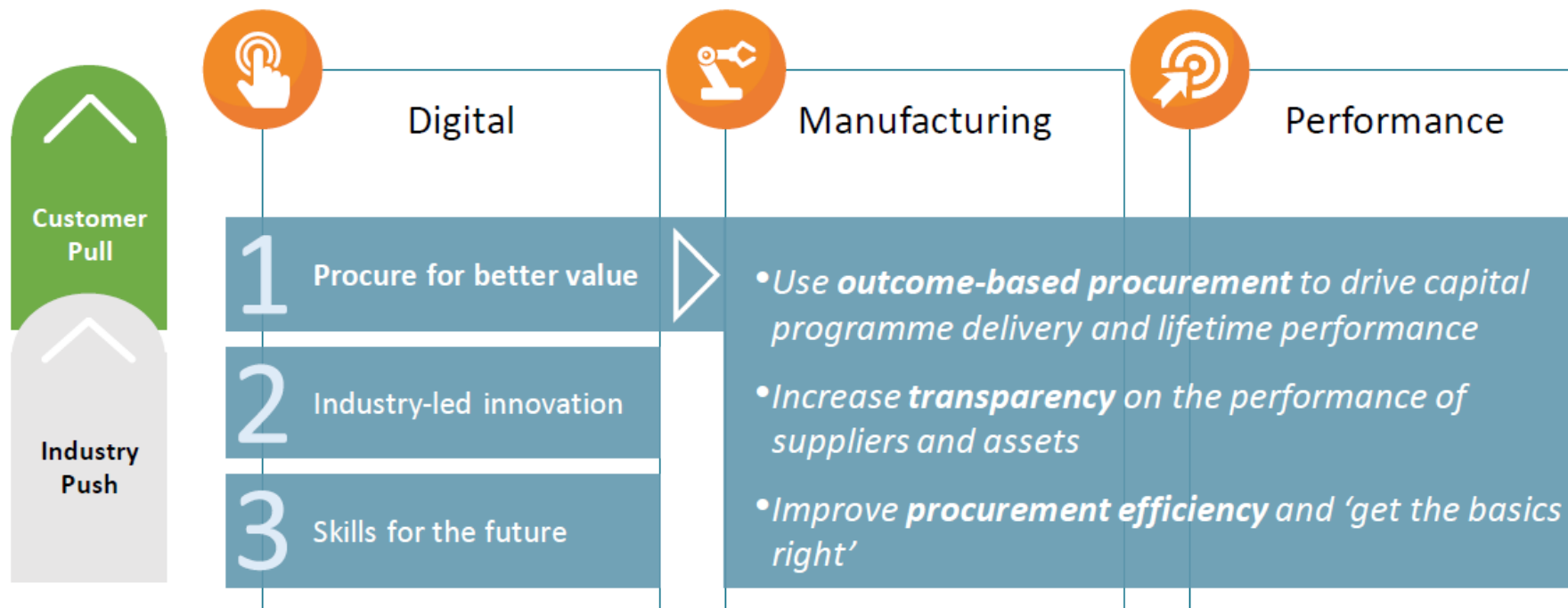
*More houses *More rail capacity *Improved car journeys *Cheaper energy *Better public services



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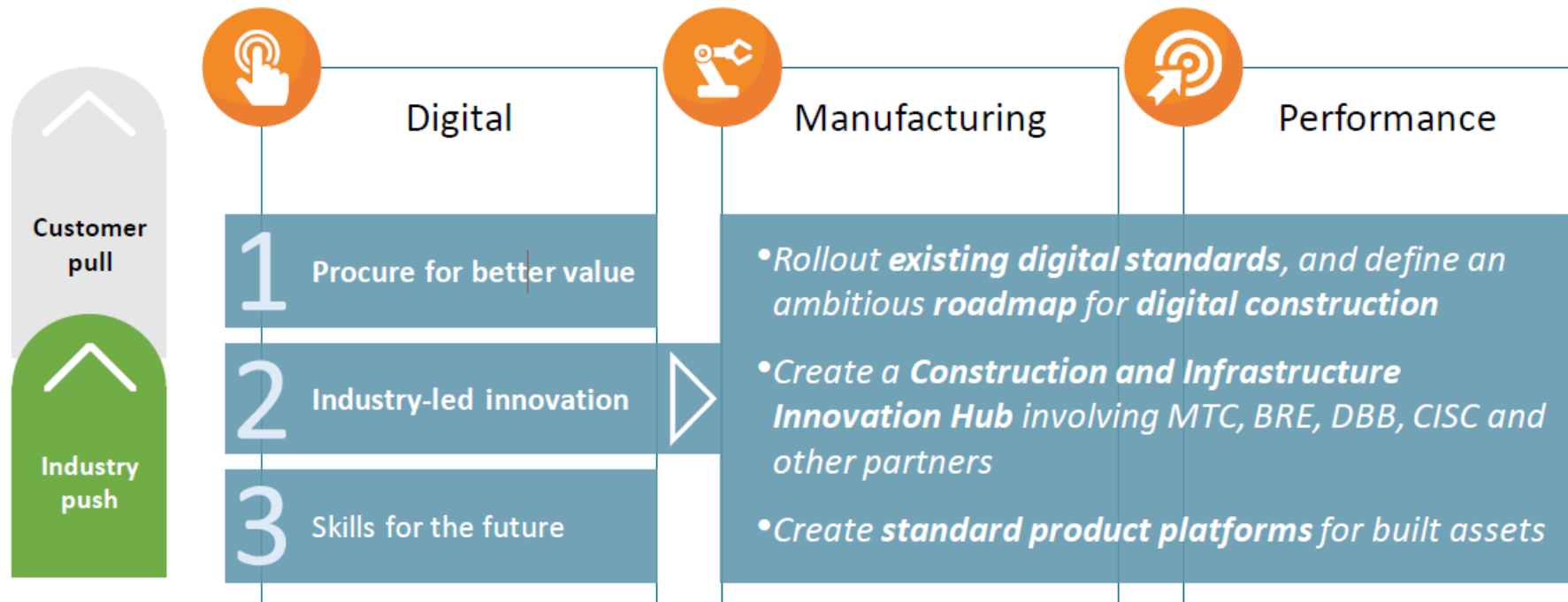
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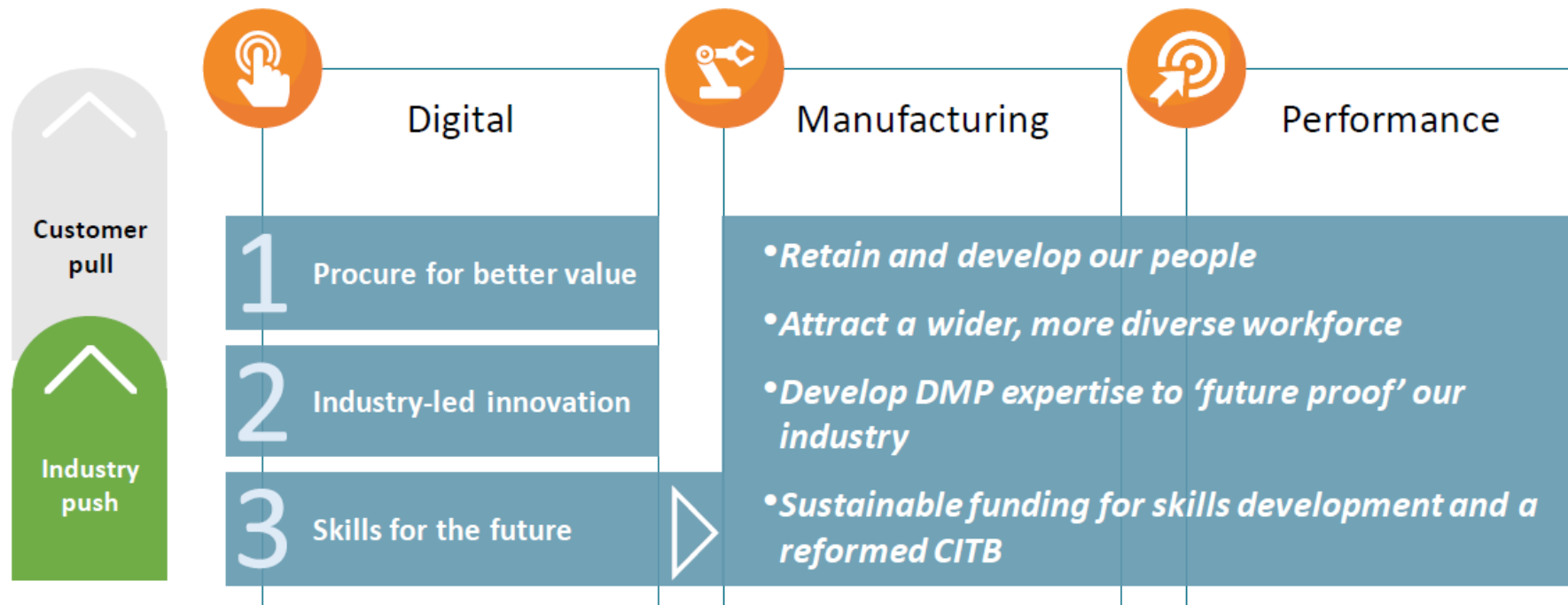
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Modernise or Die is a challenge which has echoed around the construction sector and hopefully raised awareness of unprecedented problems

New drivers for change are starting to impact that we have not seen before – skills crisis, discontent, opportunity of technology

Emerging central and regional government policy and public sector direct client role can help to strategically initiate industry on its modernisation journey

Momentum is building but we are still not yet at an irreversible tipping point

CE has a role to play in driving modernisation – what can you do?

