



**Prifysgol Cymru**  
Y Drindod Dewi Sant  
**University of Wales**  
Trinity Saint David

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|-------------------|------------------------------------------------------------------------------|
| Name:             | James Gadd                                                                   |
| Student Number:   | 2510906                                                                      |
| Student Email:    | <a href="mailto:2510906@student.uwtsd.ac.uk">2510906@student.uwtsd.ac.uk</a> |
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## **Contents**

|                                                |           |
|------------------------------------------------|-----------|
| Introduction .....                             | page 3    |
| Overview of Three Main Procurement Routes..... | page 3-5  |
| A. Traditional Procurement                     |           |
| B. Design and Build                            |           |
| C. Management Contracting                      |           |
| Recommended Procurement Route.....             | page 6    |
| Recommended Tendering Process.....             | page 7-8  |
| Conclusion.....                                | page 8    |
| References.....                                | page 9-10 |

## **Introduction**

As a developer with a site located in SA1 in Swansea, you have received external funding and propose the construction of a new centre of excellence for construction training. For a project of this size, you will need to demonstrate financial control, accountability, and value for money. Given the size of this project being larger and more complex than any you have previously been involved with, careful consideration is required in terms of feasibility and the most appropriate procurement route for you. The procurement strategy you decide to go with, could be detrimental to the success of the project, influencing cost, risk, programme duration and design and build quality.

This assignment will evaluate the top three procurement routes available to you. They are, Traditional, Design and Build, and Management Contracting. It will assess the advantages, and disadvantages in relation to cost, risk, time, and quality. My report will conclude with a justified recommendation for the most suitable procurement route and tendering process for you, to ensure delivery within budget.

## **Overview of Three Main Procurement Routes**

### **A. Traditional Procurement**

Traditional Procurement, also known as Design, bid, build, follows a sequence based process, which is aligned with the RIBA Plan of Work. The process separates the design and construction responsibilities. You would appoint consultants to complete the design element (Stages 0-4 on the RIBA POW) before then tendering out the construction element of the works (Stages 5-6) (*Callister, R. 2024*).

Traditional procurement is often delivered using JCT (Joint Contracts Tribunal) Standard Building contract or NEC4 Contracts (*Sypro 2024*) & (*ICE 2017*).

### **Advantages**

- **High cost certainty.** A fully designed project means contractors tendering for the work have full sight of what is required and can often a fixed price, reducing the risk of any additional costs and variations once the works have begun.
- **Competitive pricing.** Open competition from multiple contractors may provide more value for your money.
- **Clear accountability.** The designers and contractors have clear and defined roles.

## **Disadvantages**

- **Longer project programme.** The construction cannot begin until the design is fully complete.
- **Potential for Disputes.** Separating the design and construction can cause friction between parties and even lead to potential claims.
- **Risk.** Design risk will remain with yourself as the employer.

Traditional procurement often used in projects for the public sector where transparency and cost certainty are highly important. The timescales of the project may not be most suited to the needs of the nature of this project, as it requires innovative and specialist input for this modern training facility (*TSK 2022*).

## **B. Design and Build**

Under the design and build procurement route, the contractor takes on responsibility of both design and construction. This is usually undertaken using a JCT Design and Build contract. The client puts together the employers' requirements, and the contractor develops their proposals (*JCT 2018*).

## **Advantages**

- **Better cost certainty.** Once the contractor has taken on responsibility of the design, a fixed contract price is agreed earlier on.
- **Time Efficient.** The overlap of the design and construction can reduce the programme.
- **Responsibility.** Given there is a single point of responsibility, this reduces any risk and simplifies communications.

## **Disadvantages**

- **Loss of design control.** You would have less influence over the design, and the quality could be compromised.
- **Variation costs.** Any changes after the award of the contract could increase project costs.
- **Specification and quality risk.** As the contractor has control, they may prioritise their own cost saving and could result in a drop in quality.

Design and build is often used in this kind of construction project. Widely used on educational and public buildings where time and cost are key factors. High level of trust

required for the contractor you appoint given the amount of responsibility they will hold. (TSK 2022).

### **C. Management Contracting**

Under management contracting, you (the client) would appoint a management contractor who coordinates multiple trade contractors working on the project, and you would have direct contacts with each also.

#### **Advantages**

- **Direct control over trade contractors.** Transparency with the contractors and potential cost savings.
- **Flexibility.** Changes to the design can be incorporated more easily during the construction.
- **Specialist input.** In management contracting, the Management contractor is brought in earlier than other methods, meaning they can provide specialist input and provide advice early on.

#### **Disadvantages**

- **Higher risk.** As the client, you would hold multiple trade contracts and has coordination risks.
- **Low cost certainty.** The final costs won't be known until all contractor packages are procured.
- **Lack of control.** As the management contractor manages the work, you may feel less direct control compared to the other methods discussed.

Contract Management is most often used on specialist and complex projects, such as large scale developments, or major infrastructure works. It isn't as suitable for this kind of project, with limited client experience and where cost is priority (Wessing, T. 2020).

## **Recommended Procurement Route**

Given the primary objective of this project is to deliver the project within budget, I would suggest that the most appropriate procurement route for this project, would be design and build. Below is my justification for this approach.

### **Cost Certainty**

Design and Build provides an early cost certainty once the contract has been appointed. According to RICS 2022, early cost certainty is key for procurement success, especially for externally funded projects. Given the external funding has been secured, there will likely be fixed spending limits, It allows you to obtain a lump sum price early in the process compared to Traditional procurement. D&B meets the funding requirements and reduces the risk of any over runs.

Traditional procurement does also offer cost certainty, however, design often changes during construction and can result in claims and variations. D&B shifts the risk onto the contractor (*Bahar, U. 2020*).

### **Reduced Client Risk**

As this is a project larger than any one you've undertaken before, transfer of the risk to a single contractor reduces your exposure. The design risk, construction risk, and coordination risk are all largely passed onto the contractor. This also reduces the amount of time you would have to spend managing multiple contractors (*ADT Workplace 2024*).

### **Time Efficiency**

Funding agreements often impose time restrictions, in D&B the design and construction phases can overlap and potentially shorten the project programme more so than Traditional methods (*ADT Workplace 2024*).

### **Suitability for Area**

D&B has been significant in the development and regeneration of the Swansea SA1 area. This means that local contractors are well versed with this approach and the supply chain should be strong and would reduce procurement risk.

### **Administrative Simplicity**

Having a single contractual relationship simplifies the project management. Especially given your limited experience with projects of this size and scale, this reduces the complexity and burden upon yourself (*Dariusz Bączyk 2024*).

## **Recommended Tendering Process**

Once the procurement route has been chosen, there are a few different types tendering processes that you may consider.

### **Open Tendering:**

Open tendering means that any contractor who displays an interest can submit a bid. It's often used for public sector tendering under PCR 2015 (Public Contracts Regulations) (*Crown Commercial Service 2015*).

#### **Pros**

- High competition. Due to the nature, a lot more contractors available/interested
- Fair and transparent. Complies with public procurement rules also

#### **Cons**

- Large volume of bids
- Risk of unusually low bids from inexperienced contractors
- Large amount of administrative time required

### **Two Stage Selective Tendering:**

#### **Stage 1**

For this process, you should select a shortlist of competent contractors. They should be selected based on the below.

- Experience in educational/training facility construction
- Technical ability & competence
- Health & safety records
- Quality Assurance Systems
- Financial Security

#### **Stage 2**

The selected contractor gets appointed by yourself under a PCSA (Pre-Construction Services Agreement). (*Lowe, Bolland and Dolan, F. 2024*). This is in order to:

- Get the contractor involved with yourself to develop the design and specification.
- Provide you with advice on the build.
- Put together the cost schedule and plan

- Agree a maximum figure or lump sum for the project and finalise the price

(Lexology 2013).

I would suggest that two stage selective tendering as the most suitable process for a design and build procurement route. See below justification for this choice.

- Ensures contractor competence. Selective tendering ensures only capable contractors are involved based on your vetting and selection.
- Reduced risk & cost certainty. Prevents cost increases, and the fact that the contractor has been shortlisted by you based on financial stability and past performances.
- Higher quality. Collaborating with the contractor can only improve design and construction.
- Aligns with Design & Build. The process relies on the contractor's expertise. The process ensures that the selected contractor has the D&B capability for the project.

## **Conclusion**

Your development of the proposed Centre of Excellence in Swansea SA1, represents a major investment which is supported by external funding. This makes cost certainty, programme efficiency and risk management essential priorities for the build. After evaluating Traditional, Design & Build, and Management Contracting procurement routes, I suggest that Design & Build to be the most suitable procurement route.

It provides greater cost certainty, programme efficiency, and effective risk transfer from yourself to the contractor.

To support this procurement route, a two stage selective tender process is what I recommend. This approach ensures a competitive selection, has early contractor involvement, improves the quality of the build and cost control for the project.

By choosing Design and Build with a structured tendering process, this should meet your expectation regarding cost certainty and project delivery on time, to budget. It will reduce your risk exposure which is key considering you haven't undertaken any projects of this scale before, and aid in delivering a high quality educational and training facility within the constraints of the external funding you have.

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