

2025

Procurement Process

PROCUREMENT PROCESS (ACBA4026)
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Introduction

A new-build residential development is under way in Swansea SA1, comprising 25 apartments of various sizes, including 1, 2 and 3 bedroom units, all with a mid level specification. Planning permission has now been approved and the developer is now looking at the most effective and quickest procurement process to complete the project within the shortest timeframe.

The procurement strategy is an important decision that will influence the course of the entire project. During this report I will explore the three most suitable procurement avenues I believe are best for this project, given the focus on work commencing and achieving a timely project delivery and consider what form of contract would be more suitable, the NEC (New Engineering Contract) or JCT (Joint Contracts Tribunal).

Procurement in Construction (UK)

In UK construction, procurement is the process of combining resources, including materials, contractors, and consultants, to complete a project. The general framework for managing and completing a construction project is determined by a procurement strategy, which also includes preferences about the type of contract, risk distribution, and the method for procuring design and construction services.

The procurement route selection has an impact on:

- Risk allocation between client and contractor
- Speed of delivery
- Design responsibility/control
- Cost certainty

Procurement Routes

Below you will find a number of the most commonly adopted UK procurement routes:

Traditional Procurement

The most well-known route is Traditional Procurement. After appointing a designer (such as an engineer or architect) to create the design, the client separately tenders the project to a contractor to complete the construction. Usually, the design is finished before building starts. Although this option may be slower than others, it offers transparency regarding fees and obligations. This procurement route provides a clear separation between design and construction, which enables you to assess the full design information prior to tendering, meaning a high level of cost certainty before construction commences. This Procurement route is commonly used within the Local Authority.

Design and Build Procurement

The contractor is in charge of both design and construction in this case. The contractor completes the design and constructs the project after receiving a brief or initial proposal from the client. Although the client has less control over specific design choices, this can shorten the project's duration and provide cost certainty.

Management Construction Procurement

Early on in the process, a management contractor must be appointed. Consultants produce the design, but construction work is undertaken by contractors who are selected by the management contractor to do the actual building. This approach can save time by allowing the design and construction processes to overlap. Many prefer this approach as it allows a single point of responsibility for the design and construction and less risk for the client, as the contractor has full responsibility of the design.

Construction Management Procurement

The client enters into direct contracts with trade contractors, much like in management contracting. These contracts are overseen by a construction manager. The client has more flexibility and control as a result, but they also assume greater risk and obligation. This procurement route means more risk and responsibility lies with the client and costs certainty can be high at the beginning of the scheme.

Collaborative Procurement

This includes approaches like Partnering or Integrated Project Delivery, focusing on cooperation between all parties from an early stage. Contracts such as the NEC4 or PPC2000 support collaboration, aiming to improve efficiency, reduce conflict, and share risk and reward more equitably. Within my experience in the construction industry, you rarely see this option being used as it may be unfamiliar and uncomfortable for traditional contractors.

Cost, Quality and Time

Cost, Quality and Time, also known as the 'Three Pillars' make up the crucial triangle that determines the success of a construction project. Cost, which relates to the budget of a project is essential to guaranteeing financial stability, the budget included things like, the design, materials, labour and risk allowances. Design, material and workmanship standards are referred to as Quality, they have a direct effect on the buildings life span/long term value, performance and safety. Time is essential for achieving milestones and preventing delays that could have a negative impact on the project itself or financials. It includes the length of the project from start to completion.

All three of these factors frequently conflict with one another; improving one could have detrimental effects on the others. For instance, meeting deadlines with excellent quality can raise expenses, but cutting costs could result in lower quality or a longer project timetable. The procurement route that is selected is crucial in achieving a balance between these requirements; some approaches, like traditional procurement, give more cost certainty, while others, like design and build or management contracting, offer speedier delivery or more flexibility. A effective procurement strategy finds an appropriate balance between cost, quality, and time by carefully taking the client's goals into account.

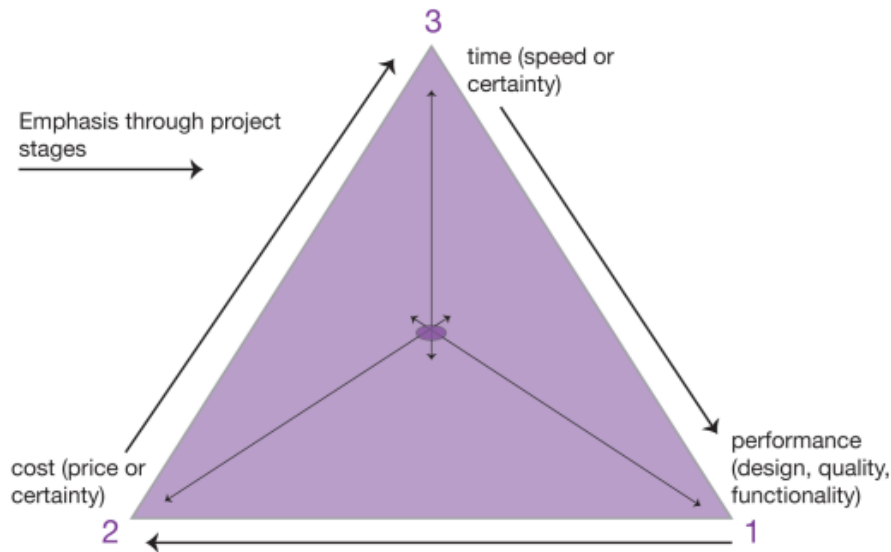


Figure 1 – RICS - Relationship between Cost, Time and Quality.

Based on proposed project, spoken about within this report I believe Design and Build may be the preferred Procurement route as speed is a big factor for the client and would offer a more streamlined route from planning approval to completion for this size of scheme and allowing a cross over between the design and construction (quicken the programme). Design and Build, the contractor takes on responsibility for the design and construction of the project, reducing delays between stages.

RIBA Plan of Work 2020

Building project briefing, design, construction, and operation are broken down into eight phases by the RIBA Plan of Work, which also describes the key tasks, information exchanges, and stage results for each phase.

The Eight Stages:

1. Stage 0 – Strategic Definition
2. Stage 1 – Preparation and Brief
3. Stage 2 – Concept Design
4. Stage 3 – Spatial Coordination
5. Stage 4 – Technical Design
6. Stage 5 – Manufacturing and Construction
7. Stage 6 – Handover
8. Stage 7 – Use

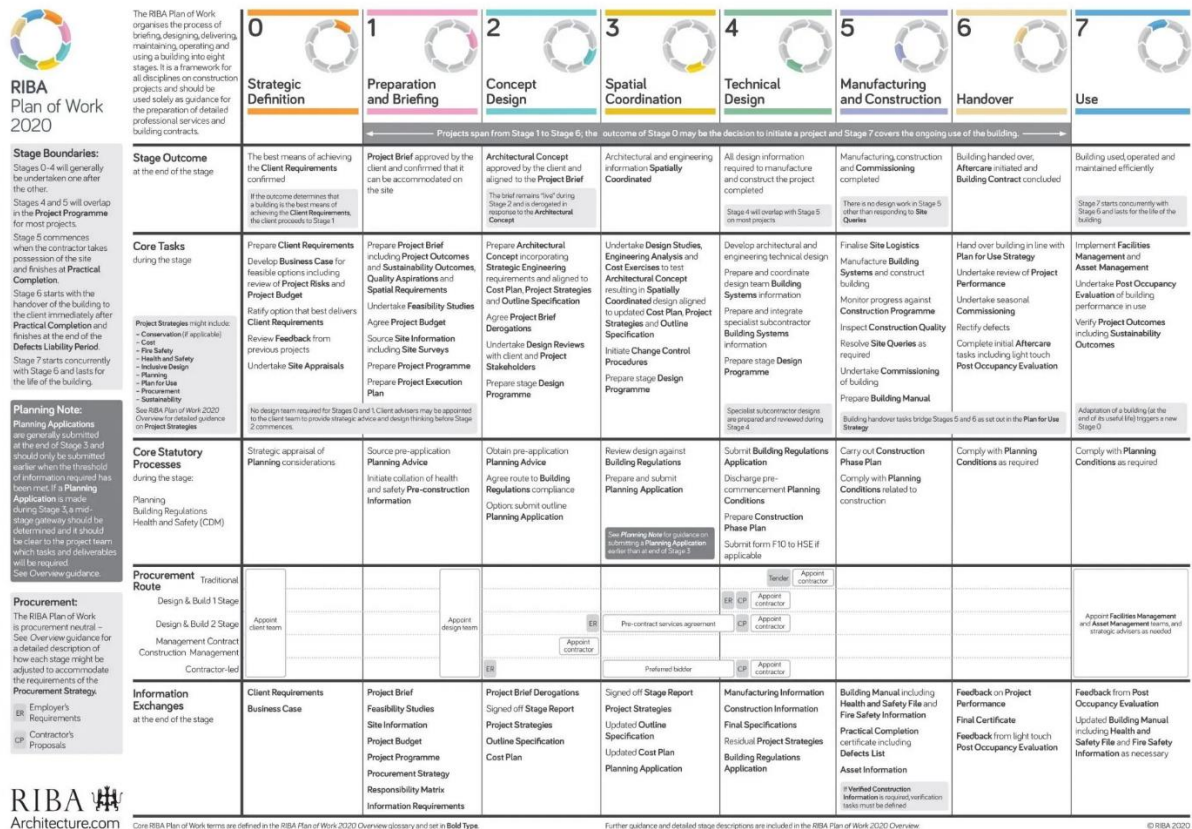


Figure 2 - RIBA Plan of Works

Contracts used in Construction

I'll only be discussing two construction contracts, the NEC (New Engineering Contracts and JCT (Joint Contracts Tribunal) these are the most two popular contracts used in construction in the UK.

NEC (New Engineering Contracts)

The Institution of Civil Engineers (ICE) created a series of standard engineering and construction contracts known as NEC contracts, short for New Engineering Contracts. NEC4 is the most recent version, which was published in 2017. Both public and private sector projects use it extensively in the UK and abroad.

The goal of the NEC contract is to encourage collaboration, transparency, and proactive project management. In contrast to more adversarial, traditional contracts, NEC emphasises risk management, open communication, and early warning systems to minimise disagreements and streamline project completion.

NEC Main Options

Option A: Priced contract with activity schedule

Option B: Priced contract with bill of quantities

Option C: Target contract with activity schedule

Option D: Target Contract with bill of quantities

Option E: Cost reimbursable contract

Option F: Management Contract

JCT (Joint Contracts Tribunal)

In the UK construction industry, one of the most popular families of standard building contracts is the Joint Contracts Tribunal (JCT). The JCT, which was founded in 1931, creates contracts that specify the legal obligations of the contractor, client (employer), and other stakeholders in a building project.

With a focus on risk allocation, design responsibility, and contractual responsibilities, JCT contracts are known for their clarity, comprehensiveness, and traditional structure. They are especially well-liked for projects when the client or their consulting team is in charge of the design, like in the traditional procurement process.

JCT offers a wide range of contract types: Standard Building Contract, Design and Build Contract, Intermediate Building Contract, Minor Works Contract, allowing the contracts to suit different project of size and complexity.

Within my years working within the construction industry, I feel the JCT contracts tend to be more prescriptive and less flexible than NEC contracts.

Preferred contract for proposed scheme

I believe it would be more beneficial for you to opt for the NEC contracts instead of the JCT. The NEC allows for more flexibility and efficiency, it is a proactive family of contracts and encourages early identification and resolution of issues, meaning it can prevent delays and disputes which aligns with our goal of completing the project in the shortest timeframe.

The NEC is designed to promote a more collaborative and transparent relationship between the client, contractor and other stakeholders. Allowing for better outcomes and workflows. As suggested if you were to go with the Design and Build procurement route this would work hand in hand with the NEC as the contractor is responsible for both the design and build stages.

NEC takes a strong and contemporary stance on risk. It consists of organised procedures for early risk identification, management, and allocation through Compensation Events and Risk Registers. This also offers better cost management and you can pre-empt additional cost due to risk.

When using the NEC you have response time to adhere too, meaning when attempting to maintain a project on schedule and within budget, this degree of responsiveness is ideal. JCT, on the other hand, frequently relies more on formal notices and claims and may be longer to make changes or handle delays.

If minimising disputes, speed, and efficiency are your top concerns, the NEC4 Design and Build contract provides a more dynamic and contemporary structure than JCT. It works especially

well for developer-led, mid-sized projects, such as your 25 apartment development in Swansea, SA1.

Conclusion

For the proposed residential development in Swansea SA1, comprising 25 mid-specification apartments, the Design and Build procurement route in conjunction with the NEC4 Engineering and Construction Contract (ECC) presents the most effective and efficient approach.

Design and Build assigns a single contractor to handle both design and construction, which streamlines the process and because both the design and construction phases can overlap this facilitates a speedier delivery while cutting down on the programme. It also offers more cost certainty because pricing is usually decided upon early on, which makes it ideal for developer-led projects with tight time frames and limited funds. Furthermore, with early contractor involvement within the earlier stages, this reduces the likelihood of cost implications and design changes during the construction phase and also the design responsibility lies with the contractor, allowing the client to carry less risk.

These advantages increase when this procurement method is used with the NEC4 contract because of its proactive and collaborative project management framework. The design of NEC4 promotes transparency, early problem-solving, and effective communication. Useful instruments like risk registers, early warning notices, and compensation events make sure that risks are recognised and dealt with quickly, reducing disagreements and delays and keeping the project on schedule.

Additionally, NEC4 encourages a more modern and flexible approach that fits in nicely with the changing needs of the building industry and is especially beneficial for medium-sized residential constructions where quality and efficiency are equally crucial.

NEC4 is more in line with the Design and Build methodology and encourages greater collaboration between the developer, contractor, and consultants more than conventional contracts like JCT, which can be strict and reactive. Better accountability, speedier decision-making, and a greater likelihood of completing the project on schedule and under budget are advantages of using the NEC with this particular project.

In conclusion, the NEC4 contract and Design and Build procurement provide the best possible balance of speed, cost management, risk management, and collaboration. The SA1 residential scheme's requirements are well met by this current and developer-friendly strategy, which guarantees a successful project outcome and a seamless delivery process.

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