

July 2021

NWCP issues facing the Construction Industry and recommendations to mitigate their impact.

The purpose of this report is to inform clients, funders and wider partners of the current situation faced by the contractors in the NWCP. It is intended to be used to inform the way we respond to the current circumstances and as a catalyst for further open and transparent discussions between stakeholders.

Following a period of unprecedented changes in the world and in particular in the UK due to Brexit and COVID we hosted a series of meetings with the contractors in NWCP in order to have a clearer view of the issues facing the construction industry and how contractors are responding to the challenges presented.

The meetings were open and in confidence, therefore just the overall issues are listed on this report, followed by recommendations that we believe will enable both clients and contractors to go through this transition in the best possible way and continue to operate in a collaborative manner.

Issues Identified

- Material shortages as below, note this list is not exhaustive:
 - Concrete products generally, such as fence posts, gravel boards, lintels
 - Cement
 - Timber in general – significant price increases
 - Chipboard flooring
 - Roof trusses – significant price increases
 - Timber fencing panels and posts – significant price increases
 - Cold rolled steel members – significant price increases
 - Plasterboard and plastering products in general – significant price increases
 - Reinforcing bar and associated products – significant price increases, prices only held for 24 to 48 hours
 - Insulation
 - Roof tiles (Marley are quoting up to a 40-week lead-in with some of their roof ranges)
 - UPVC windows and doors, particularly foil backed
- Significant price raises, quotes are effective for 30 days or less on occasions. Some are even valid for just one day
- Order books on supply chains are shut
- Fixed prices are non-existing. Changes can happen on a daily basis
- The overall market is busy; Contractors prioritise Framework work compared to the open market as the former tends to be more collaborative
- Some project tenders are transferring too much risk to contractors - the feeling of the industry is that it cannot be sustained at this level
- Refurbishment projects as single stage D&B pass big risks and are resource intensive
- Finding lengthy delays with planning
- Contractors have limited resources there is need to avoid tenders that are 'resource hungry'
- Sometimes design periods are compressed and not realistic
- Design consultants are over stretched

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- Currently there is a shortage of site accommodation / welfare units. Contractors are doubling up on these units so that they can maintain social distancing on sites, as a consequence of COVID. Toilet units have been particularly difficult to source.

The following recommendations, are intended to assist partners to adapt and respond to the issues outlined above, these are the first steps to facilitate a transition that enables all to adapt and respond to the challenges we jointly face.

- Commit to transparency in the pipeline, continuous communication, dialogue and feedback
- Complete Expression of Interest form with as much relevant information as possible
- Consider the appropriate tendering approach for the type of job
- Consider using the principals of *Early Contractor Involvement (ECI)*/ two stage route, whether it is Design & Build or traditional approach
- Stakeholders to consider the '[The Construction Playbook](#)' when developing projects in particular when it comes to risk
- Provide feedback and notice prior to a project landing
- Work closely with the supply chain
- Consider forward ordering to deal with price uncertainty
- Client to consider agile procurement process
- Benchmark with up to date costs
- A more collaborative approach towards managing risk should be considered from the onset by highlighting project risks in a risk register to accompany tender documents (*or ideally discussed upfront as part of an ECI procurement process*) and agree which items can be sensibly transferred to the contractor, which items are retained by the *client* (e.g. *where planning permission hasn't yet been granted or conditions attached*) and which risks should be shared (*ratio to be agreed prior to contract award*).
- Rethink how the risk of holding prices as material costs increase is managed as it can't realistically be retained by a contractor.
- Project Budgets need to be thoroughly reviewed and reappraised. The scope need to be realistically aligned to the budget

It is also noted that single stage projects particularly for value Lot 3 and above are no longer within their 'risk frame' it's been exacerbated by the inability to hold prices for long periods of time

Existing supply chains are being prioritised to ensure that quality and price are delivered however this may have an impact on the wider supply chain.