

Editorial

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Welcome to June 2016's themed issue of *Management, Procurement and Law* (MPL). This journal publishes original research and practice papers, briefing notes, case studies and book reviews on anything connected with management, procurement or law in the area of civil engineering.

This themed issue focuses on best value in construction procurement. As with all themed issues, it has taken sometime to pull together, but I am very happy with the result. As a practitioner in construction procurement, I, probably like you, am always looking to do things better. Part of that has to be making time to read. And sometimes to read a little outside your comfort zone! Read on.

We have ordered the papers roughly from the strategic to the detail. In my role, my main focus is helping clients do things better with NEC contracts, often in the water sector. Hence I was interested in our first offering, by Potts *et al.* (2016), 'A systems approach to strategic infrastructure delivery'. This takes us in detail through the setting up of a revised delivery system for the 5-year asset management plan for one of the UK's water plcs, an 'infrastructure client organisation'. The authors immersed themselves in the teams set up to do just that and explain how the procurement exercise needed – and was the vehicle for – significant organisational change. Procurement, like many things in life, tends to swing one way and then the other: in this case the organisation moved from an 'alliance-type model' to what the authors call a 'competitive partnering model'. The paper is based on an ongoing PhD and I for one look forward to more detail later on some of the 'interventions' that helped it all happen.

Possibly unique, although I have not checked, the next paper shares an author with the first. Congratulations to Professor McDermott! This looks at 'The role of contracting strategies in social value implementation' (Awuzie and McDermott, 2016). This was a collaboration between authors based in the UK and South Africa. Where the first paper is about the direct links between business objectives and procurement, the second looks at still wider objectives, those of 'social value' sometimes set directly by governments. In the UK it introduces the Public Services (Social Value) Act 2012 (2012), which, perhaps concerningly, had me reaching for Google. The act, according to Awuzie and McDermott, describes social value as 'maximising additional outcomes developed through procuring services which surpass the initial benefit of the goods and services themselves' (Awuzie and McDermott, 2016: p. 107). The act encourages public organisations to define social value for themselves and encourage it through procurement. Interestingly, guidance published by Social Enterprise UK notes that the Act, 'doesn't apply to public work contracts or public supply (goods) contracts. However,

there is widespread approval for public bodies considering social value in all forms of contracts' (Social Enterprise UK, 2012: p. 5).

An example might be the 'encouragement' of bidders to provide apprenticeships to staff as they provide the required services. The value is to society and not directly to the project itself. My own work is often with international funding institutions, who routinely include provisions relating to, for example, using local subcontractors, running AIDS-prevention programmes, not using child labour and looking after the workers. They do not call it 'social value' but that is what they are trying to encourage.

The researchers considered contracts in Nigeria and the UK and found the success of driving social value was heavily influenced by the contracting strategy. In short, it became more difficult to drive social value if it relied on contractors influencing their subcontractors. I feel we will be seeing more emphasis on social value in the UK and elsewhere as organisations, public and private, start to try to align their procurement to the 'triple bottom line' – financial, social and environmental – goals that they espouse in their 'vision statements'. I can only see this issue growing in importance. As another example, we are about to see a publicly available specification (PAS) on reducing the carbon content of construction (PAS 2080: Carbon Management in Infrastructure). But how does a client encourage that in its procurement? And how might a promised 'low' carbon content be weighted alongside the bid price on bid evaluation?

And now for something very different. Aitken and Paton (2016) describe what they call the 'transaction X-ray'. They followed buyers' diaries through their transaction process and illustrated the frequency of actions on scales of approach – 'non-adversarial' to 'adversarial' – and way of working – 'arm's length' to 'collaborative'. The result is a fascinating 'picture' – the X-ray – of how the buyer is acting. This was done for buyers from four construction clients and five construction contractors; buyers from 12 non-construction firms acted as a control sample. The patterns are similar and show that the buyers' actions are predominantly adversarial in nature – clearly more so in construction than in the non-construction cases. The authors compare the patterns with what they infer Latham was hoping for in his famous report on procurement (Latham, 1994). They are somewhat different! Has anything really changed? The paper also records actions focused on what the authors call 'utility value' (the direct benefit to the buyer), 'exchange value' (the amount to be paid by the supplier plus the buyer's acquisition costs) and 'buyer-specific perceptions of value'. The last of these are the more intangible and less well-defined values

– possibly including the social value you have just been reading about in the previous paper? All the cases (unsurprisingly) focus on exchange value where Latham would hope that the parties might pay more attention to utility value.

If the first three papers are focused on strategy and values, the last gets us back to basics. In ‘Criteria and considerations for project work structuring’ by Mitropoulos and Sanchez (2016), we get a view from the USA on how organisations break up their projects into work packages and assign them to different organisations. There are no magic answers. The case studies looked at how this happens in the office of general contractors in appointing their subcontractors. The authors describe the factors the subjects considered, for example the balance between lots of small packages – avoiding a mark-up on mark-up but setting up more interfaces and so requiring more coordination. Sometimes the driver is to make the packages big enough for economies of scale and to attract the best subcontractors. One trend is to break down the work based on ‘products’ rather than the disciplines required to deliver the works as a whole. This then makes the subcontractors responsible for delivering the products and bringing in any skills required to do so. The extreme case of this, of course, is a package that can be designed for manufacture and assembly and so simply delivered by the subcontractor and installed at the site (see <http://www.buildoffsite.com/>). In public projects in the USA, contractors often have to allocate a percentage of the budget to particular types of subcontractors, just as in the UK they may have to meet targets for using small and medium enterprises (SMEs) – is this that ‘social value’ I see creeping in again?

Thanks to all the authors for the effort of putting pen to paper and sharing their thoughts with you, the MPL community. Please find a few minutes to share your comments on the papers here, which will be passed on to the authors and, along with their response, may well

appear in the next issue. Please find the time to do that by sending an email of up to 500 words to journals@ice.org.uk.

Even quicker and more ‘open’, you are more than welcome to comment on MPL’s new LinkedIn site at <https://www.linkedin.com/groups/8507360>. Let’s get the conversation going.

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