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Our ref: [SF/01/6432](#)

To Leaders of Councils

& Local Authority Chief Executives

September 2001

RETHINKING CONSTRUCTION

Construction activity, including repairs and maintenance, is vital for local authorities in Wales. The way you procure construction services has a significant impact on your use of resources and on the quality and efficiency of your services, as well as benefits to the community and environment.

The Egan Report 'Rethinking Construction' produced in 1998 recognises the under-performance of the construction industry in the UK and recommends a commitment to continuous improvement in the construction process, with the whole supply chain involved in aiming to produce better value.

Already the Egan Report has become a major driver for change in UK construction, sharply raising the profile of the construction agenda, particularly on issues of safety, value and sustainability. As part of the National Assembly's vision for a Better Wales the public sector and the construction industry need to fully implement the principles of 'Rethinking Construction'. Within the Welsh public sector considerable opportunities exist for quality enhancement and improved value for money through increased co-operation and a genuine partnership approach.

Part of our commitment in working more closely with our local authority partners is to promote best practice in construction procurement. In Better Value Wales, a report based on a fundamental review of procurement across Wales, published in March, recommendation 9 tasked the Assembly to publicise and promote best practice in construction across the Welsh public sector.

In Cardiff, on October 11, I shall be addressing the "Rethinking the Construction Client" conference. This conference forms part of a UK national programme to debate the challenge and learning opportunities for those investing public money in construction. I hope that you and your senior colleagues are able to join me at this event.

'Rethinking Construction' advocates a radically different approach to construction procurement and suggests that major clients of construction, such as local authorities, could achieve large improvements in performance including

- on budget, on time, delivery of a defects free product;

- substantial reductions in whole life costs(around 30% in 4 to 5 years);

- radically improved performance for users whether schools, tenants, passengers, etc;

- more functional, more attractive, more sustainable design for the community, for the locality, for the environment.

The 'Toolkit' (enclosed) issued by the Local Government Task Force shows how these benefits might be achieved within a public sector framework. It offers practical guidance on how

modern approaches to procurement can deliver major advantages to authorities, to managers, and to users. And it shows how to apply them within public sector requirements for openness, fairness and competition.

Your Authority's effectiveness and reputation depend on effective procurement of construction. This guide provides a very readable tool for delivery.