Defence construction
Keeping vital capability intact

July 2018

Balfour Beatty
In the overall UK economy, our construction industry is of key strategic importance. Accounting for around 7% of GDP and over 3 million jobs¹, it is the means for Government to deliver the infrastructure essential to future growth.

Within UK Defence, specialist construction expertise is a critical security factor. Just as the Armed Forces strive constantly to enhance their military capability to match the challenges of the future, so defence infrastructure and its design and management capability must continually be developed - and preserved – to ensure an aligned capability is maintained. As major infrastructure contracts increase in size and complexity across defence and other sectors, so the UK needs a strongly invested, sovereign defence construction capability to deliver them.

There are only a small number of major infrastructure contractors in the UK with the depth, expertise and resilience to deliver major defence infrastructure as a UK sovereign enterprise. Protecting this capability requires the Ministry of Defence (MoD), Defence Infrastructure Organisation (DIO), Defence Equipment and Support (DE&S) and the construction industry to work much more closely together to preserve and develop this capacity to ensure the needs of the military, today and tomorrow are met. In particular:

- **We believe the maintenance of UK sovereign organic capability in defence infrastructure design and delivery should form a key plank of the UK’s national Defence Strategy. Achieving this requires a focus on best through life value for the taxpayer and consideration of contractors’ commitment to capability and enduring service, when awarding bids.**

- **First and foremost, we must find a way of smoothing the pipeline of work to ensure that the design and management capability is maintained to deliver the bespoke and highly specialized infrastructure delivery capability the military needs. We must continue to embrace new technology and techniques and invest in it. For its part, the MoD should ensure that it does not miss opportunities where the balance is right: supporting innovation where it can be proven that risk can be mitigated.**

- **Contractors should be encouraged to engage with those parts of the Armed Forces that will use the infrastructure as the customer. This is something that has not traditionally been the case. As in other areas of defence capability delivery, developing closer relationships directly with the MoD’s frontline commands – principally the Army, Royal Air Force, Royal Navy and Special Forces – will mean that we can better respond to the needs of the defence operational requirement, improve our own customer service and delivery and through understanding their priorities, make better-targeted suggestions for efficiency savings – which can then be redirected into operational capabilities.**

We are not under any illusions this will take significant energy and imagination. It will require a cultural shift and strong leadership. But those undertaking procurement on behalf of the MoD and the Government more broadly are in a position to make these changes in a way which is good for HMG as a client, good for the industry and vital for UK Plc.

We must work together to future-proof the defence estate and the defence infrastructure industry capability in lock-step, so we can continue to support our Armed Forces with the infrastructure they need and deserve.

At Balfour Beatty we believe a combination of measures would leave to rapid improvement:

---

1. BEIS

**Foreword**

Leo Quinn

Group Chief Executive
The UK’s largest construction contractor, Balfour Beatty, was founded in 1909 and is listed on the London Stock Exchange. With 15,000 employees and over 40 offices in the UK, Balfour Beatty finances, develops, builds and maintains the increasingly complex infrastructure that underpins the UK’s daily life. With a legacy of projects across transportation, power and utility systems, social and commercial buildings: from Crossrail and Heathrow T2b to the M25 and M4/M5; and Sellafield; to the Olympics Aquatic Centre, we are proud to be a British company delivering iconic structures, bold engineering feats, behind-the-scenes innovation and joined-up thinking, financing and partnerships.

Balfour Beatty is an acknowledged leader in the defence infrastructure sector, with exceptional planning and delivery and rigorous process control. We deliver high-security infrastructure for all parts of the UK Armed Forces as well as for US Visiting Forces based in the UK, having successfully delivered recent schemes at RAF Lossiemouth, the Ministry of Defence Lyneham training facility, and at RAF Brize Norton to develop a maintenance facility for the A400M, or Atlas, aircraft. We are working in partnership with Defence Estates on a seven-year framework for the upgrade of United States forces’ married families’ houses at RAF Lakenheath; and we have also recently undertaken delivery of heavy engineering and cabling works to the new Queen Elizabeth Class Aircraft Carriers for the Aircraft Carrier Alliance (BAE Systems, Thales, Babcock, DE&S).

In particular, Balfour Beatty has developed significant specialist fast jet expertise and capability within its defence sector team. For example, since April 2016, Balfour Beatty has been working with the DIO and DE&S teams alongside BAE Systems and Lockheed Martin to design, construct and handover critical operational infrastructure and facilities at RAF Marham to support the UK’s imminent F35 capability.

This includes the state of the art Logistics Operations Centre, which was successfully handed over and opened formally in February 2018 by Her Majesty The Queen; the Maintenance and Finishing Facility, a 10 bay hangar with an integrated F35 re-finishing facility; and the Integrated Training Centre, which includes four flight mission simulators installed by Lockheed Martin.
1. The bespoke and sovereign capability of the UK defence construction and infrastructure industry, which has been developed over many years, must continue to be developed: this means prioritizing it when awarding contracts. Failure to do so risks the loss of this capability.

2. The best way for the construction industry to help ensure the UK’s operational readiness and to serve military personnel and their families, is to develop closer relationships and strategic partnerships directly with the MoD’s frontline commands.

3. Efficient infrastructure development planning must be a priority to enable infrastructure contractors to allocate resources and teams productively. Cancellation, downscaling, deferral, late decision making – just as in fighting equipment development and delivery – is the enemy of lean delivery. Abortive tender costs can be hard to bear in a sector in which profit margins are slender.

4. There should be no extended gaps in the pipeline of schemes as these lead to erosion of capability, and in particular, a reduction of the specialist skills base throughout the supply chain and a loss of expertise that has been developed over decades and is costly to rebuild.

5. Budgets for defence infrastructure projects should be ring-fenced.

6. The number of decision points for each project should be reduced.

7. A partnership approach to projects should be used as a default, where the objectives of the contractor and the commissioning body are aligned, with mutual incentives for efficient delivery, in order to encourage them to work together as a team to reduce costs and make savings.

8. Reducing the number of potential different contractors and bringing in a sole contractor model for complex projects brings significant opportunity to reduce costs.

9. Tenders should be assessed on truly best-value criteria and not simply lowest initial cost. “Lowest cost” rarely represents value for money for the taxpayer through the life-cycle.

10. The presumption should be for modular building, off-site manufacturing and wider use of pre-assembled products that all improve efficiency, quality-fabrication and reduce the demands on the on-site specialised workforce. This would require both earlier contractor engagement to enable contractors to look at where modularization could deliver benefits; and for the MoD to more consistently embrace innovation.

11. Those companies which pioneer innovative new ways to drive efficiency while maintaining quality should be rewarded.
Executive Summary

The primary challenge in the commissioning and construction of defence and security infrastructure is the need to keep costs down, while delivering the high-quality infrastructure the customer – the Armed Forces - needs. The commissioner on behalf of the taxpayer will always rightly expect contractors to demonstrate fiscal restraint, eliminating unnecessary costs where possible, while improving project delivery and safety. In this context, and given the backlog of funding on defence and security infrastructure, it is even more important that those responsible for commissioning schemes find economies, and use and maintain assets more efficiently. However, we believe that taking a short-term approach risks undermining the British construction industry is not in the long-term interests of either the Armed Forces or of UK Plc. Indeed, one of the key elements of the Modernising Defence Programme launched by the Secretary of State for Defence, is considering how defence spending can be used to increase the prosperity of the nation. In his statement to the House of Commons, launching the Programme, the Secretary of State also stressed the importance of sovereign capability, or retaining the ability to produce what is needed for our Armed Forces, here in the UK. Balfour Beatty believes that this must encompass the UK defence construction and infrastructure industry. It is therefore incumbent on those commissioning this infrastructure and the construction industry to work together to find ways of delivering that do not simultaneously undermine the strength of the UK construction industry.

In particular, where companies such as Balfour Beatty have developed a unique, bespoke capability, as we have in the area of specialist fast jet infrastructure, this should be taken into consideration in the awarding of contracts. To do otherwise risks the disbanding of expert teams and the loss of knowledge and capability which will be difficult and costly to re-establish.

In the short-term, meeting these challenges will involve moving to a different way of working between those responsible for commissioning schemes and the construction and infrastructure industry. This might, for example, mean moving away from simply awarding contracts on the basis of the cheapest bid as outlined in the DIO’s new Commercial Strategy. It could include consistently using early engagement with the sector to provide a fuller understanding of price, value and the right outcomes, and ensuring contractors are able to positively contribute to contract design from an early stage. It could also mean focusing more on performance specifications and less on prescriptive designs.

However, Balfour Beatty believes that this is a long-term but circular relationship: contracts must balance the efficient delivery of infrastructure with a sustainable margin. This will allow contracting companies in this sector to continue investing in the skills, plant, technology and innovation to drive national productivity and ensure a strong British construction sector with the capability to deliver the defence infrastructure our Armed Forces need and deserve.

---

2 The Modernising Defence Programme, HMG, January 2018
3 Statement to the House of Commons on the Modernising Defence Programme, January 2018
4 DIO commercial strategy: transforming how DIO buys for its customers, Defence Infrastructure Organisation, January 2018
Historically, construction companies working on the defence estate have understandably focused on delivering the work they have been commissioned to undertake, on time and to specification. However, we believe the best way to help ensure the UK’s operational readiness, and to serve military personnel and their families, is for the construction industry to align itself more closely with the customer. This requires the development of closer relationships directly with the MoD’s frontline commands, enabling the construction industry to better respond to their needs and to improve our own customer service and delivery. It will also help us understand the priorities of the customer and make better-targeted suggestions for efficiencies.

A greater depth of understanding in terms of the operational objectives and requirements of the end users allows contracting organisations in this sector to deliver innovative solutions and efficiencies in cost which do not compromise the mission. Rather, the core objectives are understood from the outset and protected; the key effort is focused on delivering the required outcome in the most cost effective way. This contrasts with the current model, which encourages overly competitive bidding which is focused on stripping cost out of the price. This is often undertaken without full understanding of the implications to the customer and can sometimes drive a more expensive whole life cost – something that the current procurement models fail to successfully control.

However, developing expertise that delivers for the customer requires a two-way relationship. We believe that where companies have built up, over many years, skills and expertise that are bespoke to a specific area of defence, such as fast jet infrastructure, for example, this should be a material factor that is considered by those awarding contracts. Not doing so risks losing the capability, meaning that the industry becomes worse, rather than better, at delivering what the Armed Forces need.

**Improving customer focus**

**The Armed Forces Covenant**

Balfour Beatty is a forces-friendly employer. Many Armed Forces leavers have transferable skills which are ideally suited to the construction sector. We believe that the end of military service provides the opportunity for Armed Forces leavers to begin a new, fulfilling career in one of the diverse roles the construction industry offers.

We have a strong community of ex-Armed Forces employees who make a valuable contribution to our business. For example, Balfour Beatty’s West Sussex County Council contract, which sees the local authority’s maintenance, upgrade and management services outsourced to Balfour Beatty, has a workforce comprised of 10% ex-military.

Balfour Beatty also has a number of colleagues who are members the Reserves. We provide additional 10 days leave for members of the Reserve Forces, as part of our special leave policy, in recognition of the important work Reservists do.

To demonstrate our commitment to the Armed Forces, we are proud to be Gold status signatories to the Armed Forces Covenant, which provides a framework for businesses in the UK to ensure that veterans, reservists and their partners are treated fairly in the workplace and are fully integrated into the wider community. We work with a range of partners to assist us in recruiting Armed Forces Leavers and Veterans and are committed to providing opportunities, employment and support to Armed Forces Personnel and their families across the UK. Having first signed the Covenant in May 2015, we have recently re-signed the Covenant in order to renew our commitment to the Armed Forces.
Building and retaining specialist capability

We welcome the new DIO Commercial Strategy\(^5\), which outlines new ways of working with contractors and commits the DIO to engaging meaningfully with its suppliers and to a focus on value not just price. We look forward to the implementation of this Strategy. We have outlined below our own thoughts on additional points which could help serve the dual purpose of delivering better for the Armed Forces while ensuring the strength of the domestic defence construction industry.

1. **Reducing the impact of proposed schemes which are delayed or not delivered**

   More than any other sector Balfour Beatty operates in, contractors invest time and money in bidding for defence schemes only for them to be cancelled or downscaled or deferred due to re-assessment policy change. We have tendered several schemes in the last 2 years, at considerable expense, which have then been cancelled. Examples include North Luffenham Military Working Dogs Facility; Keogh Barracks; Parsons and Fullwood Barracks, Donnington; Kendrew Barracks (tender commenced and then stopped); and Mildenhall Jet Fuel Refurbishment. The army re-basing programme has been subject to numerous changes in strategy – with abortive tender costs for Balfour Beatty and other contractors which can be hard to bear in a sector in which already slender profit margins have been under pressure since the 2008 financial crisis.

   While we understand that, of course, some changes are inevitable, the considerable number of them in this sector makes it hard for contractors to plan and allocate resources and teams efficiently. We suggest that contractors could either more actively support programme development and procurement where this is helpful, or that specific business cases for defence infrastructure projects are agreed and mobilized earlier, reducing the number of decision points and the potential for delay once bids are in.

2. **Ensuring the continuity of pipeline flow**

   The construction and infrastructure industry is particularly susceptible to gaps in the continuity of workflow. Extended gaps can lead to an erosion of capability and, in particular, a reduction of specialist skills base throughout the supply chain leading to a loss of the expertise that has been developed over decades.

   Defence is at the specialized end of the sector’s work, requiring vetted, security cleared staff who know how to operate in a high security environment, with experience of handling sensitive information and significant understanding of both the specific requirements and operational demands of the different services and the constraints those constructing the infrastructure must operate within.

   However, these people are equally competent to deliver schemes in other sectors – many of which have more stable pipelines – from education and healthcare to energy and transport. Defence infrastructure is therefore competing with these sectors for the same workforce. At the moment, although there is good visibility of future defence infrastructure work, there is little clarity around when many of the schemes might be delivered. The sector can find that it is bidding several large schemes at the same time which are then all delayed. However, contractors have to pay for the workforce even when there is no work, in order to retain the capability. This is not sustainable over the long-term.

   Of course, many of the delays are due to changing political priorities. However, defence infrastructure also has protracted governance processes which are not reflected in other sectors and which should, we believe, be streamlined.

3. **Moving to a partnership approach**

   The best way of achieving a partnership approach is to align the objectives of the contractor and commissioning body, in order to encourage them to work together as a team to reduce costs and make savings. There are several different forms this could take. Perhaps the fairest and simplest model is a straight 50:50 split of all over/underspend. Such an approach helps develop partnering behaviours by ensuring that both parties share the risk and potential rewards equally, so both are incentivised to innovate, but take into account the financial risk of doing so.

   Similarly, commissioning bodies should consider introducing more flexibility into how contracts are delivered – while of course retaining clear outcomes. This could be delivered via an increased focus on performance specifications and less on prescriptive designs: a type of outcomes-based commissioning. Again, this is a form of partnership approach, where both parties work towards the delivery of a shared goal, using innovative solutions to drive costs down, rather than the contractor seeing individual targets that must be hit.

---

\(^5\) DIO commercial strategy: transforming how DIO buys for its customers, Defence Infrastructure Organisation, January 2018
Case study: The US Military Housing Privatization Initiative (MHPI)

Balfour Beatty Communities is the second largest provider of military housing in the US with a portfolio that includes the comprehensive military housing operations for 55 Army, Navy and Air Force installations across the US.

The US Military Housing Initiative brings benefits for all the parties involved. It has resulted in the delivery of better communities and housing for American military personnel in a more efficient way, via a model which sees the private sector take on the demand risk, while the industry has been able to make a modest profit.

The Secretary of Defense set a goal of revitalizing, replacing, or demolishing all inadequate housing by 2007 using privatization. Legislation was passed to expedite the MHPI. The MHPI was designed and developed to attract private sector financing, expertise and innovation to provide necessary housing faster and more efficiently than traditional military construction processes would allow. The MHPI was authorized to enter into agreements with private developers selected through a competitive process to own, maintain and operate family housing via a 50-year lease.

Overarching approach

At each base, parcels of green and brown field land were identified for transfer. These are leased to Balfour Beatty Communities for 50 years (with 25 year optional extensions) after which they revert to the Department of Defense. The model is similar to PFI in that construction, operations and demand risks are transferred to the private sector.

The main source of funding is from service personnel rent (‘Basic Allowance for Housing’ or ‘BAH’); BAH is based on the market price for rental property within a reasonable commute. It provides the principal funding for construction scope, services, debt (private and government), operating costs and reinvestment (upgrades over 50 years). Further Government investment is constrained by law, which prohibits or severely constrains in most cases; the Project Owner cannot be forced to inject additional funds.

Funding is held within a ‘lockbox’, which is a series of Escrow/Project Accounts into which rent is paid and then allocated according to prior agreement between Balfour Beatty Communities and the Project Owner (the armed forces service). Incentives are integrated into a cascade of priorities. As shown in the diagram below, Balfour Beatty Communities returns are subordinated to operating costs, debt service and reinvestment.

As the private sector takes the demand risk, standards are driven up to compare with private rented market. For the military, the scope can flex to accommodate changes in revenue, funding terms, military requirements and so on. The provider is given incentive payments to improve rather than payment deductions for underperformance. Incentive fee payments are based on key performance indicators related to the quality of service delivery.

In terms of transparency, revenue is paid into project accounts with full transparency of how it is spent, while MHPI does not seek to transfer risks which are outside the private sectors control and which might attract prohibitive risk pricing.
4. Using a sole contractor for complex programmes of work

Reducing the number of potential different contractors for complex programmes also brings the opportunity to reduce costs and obtain better value during the early stages of project development. A single contractor facilitates the removal of inefficiencies, maximization of productivity and the establishment of a strong culture of collaboration, delivering significant commercial savings, for example by reducing duplication, leading to a more streamlined team. It would also enable the creation of a single team (with benefits around co-location with the customer), and a more efficient supply chain strategy.

Security as a priority

Security is paramount when working with the Armed Forces. It sits at the heart of how Balfour Beatty’s Defence team operates and has been developed through our work on a number of high security projects such as RAF Marham, RAF Lakenheath and RAF Brize Norton.

Key aspects of our approach include:

- Proven security protocols built on current best practice and UK MoD guidance.
- A large team of security cleared personnel who are prepared for mobilisation onto defence sector projects.
- Screened key supply chain partners selected who are security cleared and understand the protocols around handling sensitive information.
- Extensive security experience - with a comprehensive understanding of MoD security standards such as JSP440 and JSP604.
- An approved digital collaboration platform for managing sensitive information in a secure environment.
- Mandatory Security Training for all defence sector personnel working with security classified physical & electronic documents.
- We manage defence projects on a strict and genuine “need to know” basis which is rigorously adhered to at all times.

5. Early engagement

Contractors need to be fully invested in contract design from an early stage in order to ensure a more efficient build. Earlier contractor engagement establishes practical realistic logistical strategies and stakeholder engagement. It also ensures that military operational considerations are fully understood and accommodated, while avoiding unplanned and spiralling costs to both the contractor and the commissioning authority.

Zero disruption to base operations

Working on live, operational facilities provides a number of logistical and health and safety challenges. Over the past decades, Balfour Beatty has become experienced at managing these risks throughout our portfolio of major defence schemes, most recently at RAF Lyneham, RAF Brize Norton and RAF Marham. We also draw on our extensive experience as a contractor on civilian transport operations including Heathrow and Gatwick airports and across the network of operational railways.

Our objective is to successfully deliver our projects without unplanned disruption and with minimal impact on the day-to-day activities of the Bases and Stations on which we are working. We are committed to zero disruption to key base operations. As a case in point, we are proud that the two remaining Tornado squadrons based at RAF Marham, 1X(B) Squadron and 31 Squadron, have been able to continue making the hugely valuable contribution that they do to UK defence during the period of redevelopment at the Station.
6. **A better bidding process**

Ultimately, the more precise and timely information potential bidders have access to, the lower the risk and the easier it is to price bids accurately. It is therefore in the interest of the commissioning body to explore ways in which projects can be procured in a more collaborative environment. The ability for contractors to work with their customers to manage risk and value through early contractor involvement ensures that unnecessary costs are removed and cost predictability increased. However, this requires investment from both parties – therefore the commissioning body should seek to reduce the competition at earlier stages in the project lifecycle. This will engender more commitment to drive innovation and truly meet the needs of the customer.

More generally, the aim must be to move to a situation where tenders are assessed on true best-value criteria and not simply lowest initial cost. Lowest cost rarely represents best value for money for the taxpayer in the long run. Contracts should not be awarded to organisations that bid the outright cheapest rates or prices – they are unlikely to deliver in the long run, either through lack of suitably qualified and experienced personnel, sub-contractor dissatisfaction, lack of cash, or due to wider commercial risk.

While the Government Construction Strategy[6] and subsequent documents commit to: “seek the best whole life outcome rather than seeking the lowest cost for a given specification”[7] in our experience, it is often still the case that tenders are awarded on the basis of lowest price. This means products are selected that, over the building life, are likely to require significant maintenance. This has an impact on the continuity of military operations and can require significant resource to manage the maintenance. This approach appears to be partly driven by the requirement to deliver facilities within fixed funding arrangements, locked in via business case, which means that the driver in procurement is too often centred on getting to the lowest price. There remains a perception that this is the easiest way to demonstrate ‘value for money’ for the public purse, however, we believe that this must be challenged at all levels.

7. **Consider private finance for critical infrastructure**

Although the Government has recommitted to Private Finance 2 (PF2), the successor to the Private Finance Initiative (PFI), in both the 2017 Budget and the Industrial Strategy, the reality is that it has fallen out of favour as a way of financing infrastructure. No new schemes have been brought forward since April 2016 and the anticipated pipeline of PF2 opportunities has not been published.

However, Balfour Beatty believes that the continuing squeeze on public expenditure combined with an urgent need to upgrade the defence estate means that PF2 should be considered for some of the schemes which are needed but which might not otherwise secure funding. In cases such as these, private finance offers the best funding option for the critical infrastructure our Armed Forces need. For the defence construction and infrastructure industry, a commitment to use PF2 for specific schemes would provide a procurement route where funding was confirmed, removing the risk of uncertainty and scheme cancellation due to budget constraints, reducing losses and providing the confidence needed to invest in skills and equipment.

---

[7] Infrastructure Cost Review: Charter Commitments, HMG and Infrastructure UK
Empowered to deliver efficiencies

The UK Ministry of Defence faces a number of well-documented challenges in terms of a tight fiscal envelope and the need to undertake a period of estate optimisation in order to reflect the changing nature of warfare and Britain’s strategic role in the world. In this context, it is important that industry lends its expertise to ensuring the delivery of the world-class infrastructure our Armed Forces need and deserve, in terms of value for money as well as the actual construction. We believe that these challenges also arguably present an opportunity to look at alternative ways of delivering infrastructure, which could better meet the needs of the Services.

Balfour Beatty believes that contractors should aim to save the MoD money and be rewarded for doing so. This means suggesting how things could be done differently, as well as with greater efficiency.

In particular, Balfour Beatty believes that, where appropriate, the presumption should be for off-site manufacturing pre-fabrication and pre-assembled products that improve efficiency, quality and reduce the demands on the on-site specialised workforce. Modular buildings that are individually bespoke, flexible, and agile but which have an element of standardisation of components and built-in repeatability enable the maximising of efficiencies.

This would require both earlier contractor engagement to enable contractors to look at where modularization could deliver benefits; and for the MoD to more consistently embrace innovation. Construction is traditionally a risk-averse industry, nowhere more so than in the area of defence and security infrastructure sites.

Innovation inevitably carries with it an element of uncertainty and risk. In particular, there is understandable concern within the defence and security community over potential security risks associated with new, connected technologies such as Artificial Intelligence (AI). The Government’s Construction Strategy is directing us to better collaboration through the use of digital tools, modularisation and off-site manufacturing. However, defence sector procurement often remains resistant to these options.

Balfour Beatty believes that the MoD, DIO, DE&S and contractors should work together more closely in this area to develop and adopt technology which meets security requirements, while at the same time delivering the efficiency and quality benefits it is delivering in other sectors.

Of course, in the defence and security sphere, new, digital technologies used must be impervious to security breaches and contractors need to take this into account. Balfour Beatty for example uses an approved digital collaboration platform for managing sensitive information in a secure environment when it works in these areas.

To ensure the benefits of modularisation and other offsite construction techniques can be delivered, overly-detailed specification should be avoided as it can prevent greater innovation and hinder suppliers in adapting to unexpected challenges which emerge once contracts have been signed. On the other hand, those companies which pioneer innovative new ways to drive efficiency while maintaining quality should be rewarded.
25 by 2025

While many companies are beginning to consider off-site and modularisation on a case-by-case basis for new schemes, Balfour Beatty has made it a core part of our strategy. We have committed to reducing on-site activity by 25% by 2025. Supporting the Government’s 2025 strategy for lower cost, lower emissions and faster delivery, we aim to remove those activities we can from sites in order to free up our workforce’s time to focus on delivery. This gives us the scope to create complex structures safely and efficiently off-site, assembling them quickly on-site. It not only saves time, but also reduces labour costs, improving overall efficiency compared with traditional methods of construction. The use of a range of different materials teamed with smart engineering and modern construction techniques helps us to deliver better against the construction requirements.

We believe that a new wave of innovation, coupled with a more efficient partnership model, will enable us to increase build efficiency and speed while driving down operational costs.

We expect our 25 by 2025 strategy to deliver:

- Enhanced health, safety and well-being in our workforce
- Productivity gains, by concentrating on improving how we work
- Reduced logistics costs
- Quality assured projects with reduced on-site rework
- Greater certainty of programme delivery
- Shorter overall construction programmes
- A ‘design once, use often’ mindset which discourages designing bespoke systems and components
In spite of the budgetary pressures the MoD is under, there is a significant infrastructure programme that must be delivered. Balfour Beatty believes that one of the construction industry’s roles must be to participate in ongoing dialogue to understand both the MoD’s budget and to outline the art of the possible in terms of driving efficiencies and improvements as new techniques and ways of working emerge. It must also work to get closer to the Armed Forces to understand and deliver what it needs.

The MoD must also work to understand how it can help strengthen the UK construction industry to ensure it is able to deliver the very best infrastructure, training facilities, housing and support systems for our Armed Forces now and in the future. We must work together to protect key infrastructure capability for the defence sector. It is easily lost, but re-creating it would take many years and much investment.