

Three steps to mitigate the impact of COVID-19 in the built environment



T&TInTouch knowledge share

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There are three major actions that can be taken by companies involved in construction projects of any kind to respond to the unfolding COVID-19 situation. **Understand the supply chain, create an explicit action plan and develop a cohesive business continuity plan** in order to mitigate the impact of COVID-19 as it relates to the construction of your projects.

Step one – Understanding and mapping the supply chain

In order to understand and plan for materials dependency risk, companies should map the critical path of their programme to identify and understand the territorial origins of raw materials and goods and finished products, drilling into the component level as necessary.

Previous infectious outbreaks, such as severe acute respiratory syndrome (SARS), have demonstrated the effort required to trace through the supply chain and identify interdependencies. Early planning is essential, and companies should also engage with their supply chain to understand their action plans to address travel restrictions on professional services and labour.

If you need advice on how to go about this please contact me or our helpdesk T&TInTouch@turntown.com

Step two – Create, and be prepared to implement an immediate action plan

Once critical dependencies and risks are understood, companies should be prepared to take a range of actions quickly and decisively. Action owners should be determined from the outset. The immediate steps they take will depend on the life cycle of their project or programme, and the nature of their workforce.

If you need assistance, templates or guidance on how to do this please also contact me or our helpdesk T&TInTouch@turntown.com

Step three – Develop a COVID-19 business continuity plan (BCP)

Once the risks of COVID-19 are understood and an initial action plan is in place, the potential delays and commercial impacts to the industry's programmes or projects can be modelled, and set up for continual re-assessment and mitigation.

The formation of a BCP will give companies the basis to agree bespoke actions to respond rapidly to any changes in government, health and regulatory advice.

All parts of our industry's supply chains will need to be engaged – professional designers, product designers, manufacturers, suppliers, installers, and transporters. Team collaboration will put our industry in the best position to manage the unfolding uncertainty.

If you would like help with this or if you would like us to share our BCP with you as an example please reach out to me and I will share this with you. In the meantime below are some tips to putting a strong BCP in place for those in construction.

Testing the coverage of a BCP

Signs of stress/insolvency

During this time of uncertainty, companies should maintain close relationships with critical suppliers, watching for signs of distress such as profit warnings, churn in key management, aggressive valuations and late tax returns or other filings.

Testing site resilience

The potential for restrictions or even lock downs on travel movements will put pressure of emergency preparedness planning. Companies should consider whether their supply chain's plans are resilient and fully tested, and understand how sites and premises will respond to closure and remote working arrangements.

Contract small print

The most commonly used contracts could allow contractors to claim additional time (e.g. JCT contract) or additional time and money (e.g. NEC contract). Further to this, parties might argue that unexpected events relating to COVID-19 amount to force majeure, exempting them from some contractual obligations.

Companies should also:

- Check contract clauses carefully, including epidemic/pandemic wording into any new contracts
- Examine any obligations in leases and construction contracts
- Check obligations to the workforce
- Aim to follow contract provisions to the letter – e.g. explore rights to terminate

Commercial liabilities

Re-negotiating contracts for projects in flight may not be practical or desirable. However, companies should, as a minimum, review all existing contracts for any exposure to risk. A contract health check should include scenario testing of the baseline cost, scope, risk and schedule to give a clear picture of what the client has already paid for, and, based on an updated risk management profile, what their future commitments and liabilities are.

Contracts still in the negotiation phase should be equally reassessed. Where potential liabilities are discovered, these sections should be re-negotiated if required. Insurances should also be checked to ensure policies are in place to recoup any potential losses.

If you need any assistance with contract reviews and conducting a contract health check on your projects please reach out to me and we will gladly help you.

We are sharing knowledge and advice, because we believe that **team collaboration will put our industry in the best position to manage the unfolding uncertainty related to CV-19.**

We are learning, testing and sharing as we go along. We are also working with our global colleagues who have had to approach the pandemic earlier than us in Africa, and what we share has been tested in our Asia, America and UK businesses and is now being applied effectively across other regions as the need arises.

We will continue to share relevant insights around the pandemic's potential impacts on construction, specifically including: construction costs, contractual implications, labour availability and supply chain risks.

We have set up a helpdesk to support our clients with any issues related to the impact of current events on their projects. Between us, we have expertise covering contracts, risk, project controls, estimating, data and digital solutions.

You can contact the helpdesk to discuss practical measures to current problems whether that is stopping, restarting or accelerating work across Africa. Email: T&TInTouch@turntown.com