**EXTERNAL EDITORIAL**

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Intro:

**Contractor insolvencies threaten not only financial chaos in the supply chain but also the loss of vital information. Should asset owners insource data when commissioning building and infrastructure developments? Stuart Bell takes a look.**

Pull Quote:

Body copy:

**It is reported that in 2019 a contractor entered into administration almost once every fortnight. Scunthorpe-based contractor Clugston, the £100m-turnover Simons Group and Bardsley Construction are just a few of the 22 businesses that became insolvent, leaving supply chains in disarray and owing at least £367m to unsecured creditors.**

**But as well as leaving supply chains in financial chaos, insolvency can also cause significant data restriction, severing Dame Judith Hackitt’s all-important Golden Thread of information. With this in mind, what is the best approach that asset owners can adopt to ensure data can be easily retrievable when required across the asset’s life?**

Although it might seem that some businesses are untouchable, the collapse of industry giant Carillion in 2017 is a chilling reminder that no company is exempt from administration. If preventable measures are unheeded then businesses, regardless of size and legacy, will continue to hang in jeopardy.

Seeing the construction industry’s fragility in such a clear light is, undoubtedly, unsettling news so early in 2020. However, in order to see where we can improve and understand what we can do to ensure every business performs better, it’s imperative as an industry that we consider alternative models which will enhance business resilience.

Job and financial losses, legal action: the results of a business falling into administration are clear to see. But as well as having a direct impact on a company, insolvency has all manner of repercussions throughout the supply chain. Post-liquidation, Carillion is said to have owed on average £188,000 to SMEs and over £15m to larger businesses, according to BBC investigations. Carillion’s collapse left gaping chasms within its supply chains, left many client organisations exposed and marred the industry as a result.

The hidden loss [H3]

As well as leaving its suppliers in financial limbo, Carillion’s clients lost unreasonably excessive amounts of valuable data on both finished and uncompleted public and private sector projects. On most major projects, the Tier 1 organisation is often the prime and information management lead, provisioning the Common Data Environment (CDE) on behalf of the client, ensuring project information is delivered, assured and approved prior to formal handover. With the financial demise of the Tier 1 contractor comes the clear and present risk of data loss for the client.

If a company in the supply chain or a Tier 1 organisation such as Carillion goes into administration, all of the project information they are hosting and managing is locked-in and clients and other project parties are locked out from accessing it. Even though fault may lie with the company in administration, the onus is on the asset owner (client), and not the contractor, to retrieve and re-procure thousands of datasets from different parties involved in a project. As an alternate to re-purchasing the data from the design team or supply chain, the built asset may need to be re-surveyed to establish the required data, and these can be significant costs.

The cost and burden of this task is a difficult one to bear, which is why alternative avenues must be explored. Rather than outsource the information management service, wouldn’t it be better for the asset owner to insource the data so they have perpetual access to information? Can pressures on the supply chain be alleviated by providing a clear destination for data drops and information handover?

Taking these questions into consideration, we need to take a look at the options. A project and asset information management system or CDE, for instance, enables information to be accessed and shared by all parties throughout an asset’s complete lifecycle, enabling all parties to securely communicate and collaborate whilst simultaneously continuing a robust audit trail.

Systems such as these are proving their worth in a construction industry that desperately needs data to be easily accessed and safely stored. However, on project completion, it is fundamental that this information is verified and assured then handed over to the asset owner, who in theory should have access throughout the project anyway. For it to be effectively utilised, asset owners must own and constantly manage this information; if not they will only have the original ‘as built’ project records which do not endure the asset’s lifecycle, or incorporate changes from asset updates, remodelling and refurbishment.

Yet, with all parties in the chain managing and exchanging information in a CDE, there will never be a missing link. With a clear audit trail of all asset data, the access to and provenance of all records is maintained. This means asset owners can question and query a trusted data store to answer everyday queries about assets in their estate at any stage, even if a project is momentarily suspended or if a business involved in the delivery collapses.

Such data accessibility becomes all the more essential when we bear in mind the catastrophe that is Grenfell, which as well as bringing into debate quality control also brought Dame Judith Hackitt’s Golden Thread into the limelight. The second phase of the inquiry into the tragic event has meant that up to 200,000 contractor documents had to be identified and analysed, in order to ascertain which products were used and who supplied them. To prevent history from repeating itself, the Golden Thread is now being championed across the industry, and its adoption will mitigate risk, improve building quality and ensure information can be identified. The implementation of a CDE, owned by the asset owner, will complement the Golden Thread of information, creating an unbreakable chain where every piece of data regarding a built asset can be acquired at any time. Surely this is one key solution to one of the industry’s biggest problems?