



ORACULUM
CONSULTANCY SERVICES

COLLABORATION IN CONSTRUCTION

IMPROVING PROJECT DELIVERY AND REDUCING DISPUTE

INTRODUCTION

The UK construction industry is worth £256 billion and contributes approximately 6% to the UK's GDP. However, projects almost routinely run over time and budget and more concerningly, frequently end up in dispute.

In the year 2023 to 2024 there were a reported 2,264 adjudication referrals, that was up 9% on the previous year*. This is before any cases which end up in arbitration or litigation.

There are also the projects where matters do not progress to formal dispute but do end up with numerous, protracted meetings to discuss liability for changes and variations.

Looking at this broader picture, it is not difficult to see that the UK construction industry spends £millions every year fighting claims, pursuing resolution and trying to agree liabilities.

When combined with an industry where profits are typically in single figures (as low as 2 or 3% for large contractors) you begin to appreciate the risk to construction businesses that dispute brings.

**King's College London 2024 Construction Adjudication Report*

THE BENEFITS OF COLLABORATION

The industry tends to frame collaboration as a dispute prevention tool and it is, but that undersells it significantly. The real value goes far beyond keeping out of the courts.

Consider what a truly collaborative project team actually delivers:

Timely delivery: Programme risks are shared, not hidden and delay risks minimised.

Project expectations met: Many project failures are the result of misaligned expectations that were never surfaced and resolved. Collaboration creates the environment where conversations happen at the start, not at the end.

Higher quality: When teams work together rather than in silos, the best solutions emerge. Teams share knowledge, flag issues early and take ownership of outcomes rather than just their own scope.

Safer delivery: Safety incidents are rarely random. A collaborative culture, where speaking up is encouraged and acted upon, is a safer culture.

Higher profits: Disputes, rework, and managing conflict are expensive for everyone. Remove that waste and the commercial performance of the project improves for all parties.

Fewer surprises: Surprises on construction projects are almost always the result of information that existed but wasn't shared.

Less dispute: When the above is working, dispute becomes the exception rather than the default.

The industry spends enormous energy managing the consequences of poor collaboration. Imagine redirecting that energy into delivery.





COMMON CAUSES OF DISPUTE- TENDER PHASE

Dispute and poor collaboration can start at the very earliest stage of the construction process, due to unclear expectations on both sides during the tender. Examples which cause this include:-

- **Copy and paste of information** - It's expensive putting together a well-thought-out tender pack. Many clients will shortcut the process by copy and pasting common documents including specification, contract terms, parts of scope and constraints. Consequently, the client team may not properly consider what they require, what information is actually relevant and how the risks on that particular project should be managed.
- **Information overload** - Including every single piece of information produced into the tender. For example sending out a groundworks package but including all of the landscaping information, steel frame designs, electrical layouts etc. Information which is simply not relevant to the groundworks tender. This results in the focus of the tendering party being diluted trying to figure out what is relevant, why it's been included and potentially missing key information that is relevant. It is potentially far more beneficial to take time to consider what is actually required.
- **Misunderstood contract terms** - This is a really common issue. Some teams simply send out contracts that have been drafted by others and they don't even look at them before they send them out the door. Some contracts include clauses which are simply unfair and not something a contracting party could manage. Many tendering parties do not review the contract properly and will sign up to awful terms and unachievable completion dates, only then finding out when it's too late they have signed themselves up to far more risk and potentially scope, than they thought they were agreeing to.

The lowest price trap - Frequently the winning bidder is the one with the lowest price. However, quite often the lowest price is the lowest for a reason. They may have missed scope requirements, misunderstood constraints or cut corners to come in favourite.

Unrealistic programme - Clients very often force timescales upon contractors that are simply not achievable. How many times have you driven past a piece of land with a sign on it saying something like 'your new warehouse here in 8 months'. Now the contractor could say this is not realistic, but somebody will agree to it. This puts pressure on contractors to agree to client demands for fear of being excluded from the tender. It's not uncommon during a competitive tender for programme dialogue with the contractor to be non-existent. When this happens, key risks may be missed and intelligent timescales could be lacking. Putting excessive pressure on the construction period doesn't just put pressure on the finish date, it also frequently affects the culture of health and safety and quality because teams are constantly focussing on the end date and may let the critical elements slip for fear of losing time.

Starting out of season - Certain types of construction have optimal seasons such as earthworks being March to October. Quite frequently projects are forced to start at times when the risk profile is much higher than it should be. This immediately puts pressure on quality and completion and regardless of how well we claim to manage risks, very little can be done about waterlogged ground.





COMMON CAUSES OF DISPUTE- CONSTRUCTION PHASE

As the project progresses into the construction phase, the lack of clarity that became entrenched during the pre-contract phase begins to manifest and may also be supplemented by additional issues. Examples of construction phase causes of dispute include:-

- **Scope gaps** - Those unknown expectations at tender gradually come to light during the construction phase. This frequently leaves the contractor faced with providing works or facilities that they had not budgeted for. The inevitable pressure on their cost plan results in them trying to justify why this should be an additional item and why it should be a compensation event or variation. Scope gaps are rarely clear cut, hence the liability may be rather nuanced. The resolution frequently becomes prolonged, leaving each party unsure of their liability.
- **Risks come to fruition** - The contractor allows for a risk at tender but the risk turns out to be of a magnitude they did not expect, leaving them facing a significant additional liability. When industry net profit margins are typically as low as 2% to 3%, then it is perhaps understandable why the contractor will attempt to evidence why the risk should be partially shared by the client. High risk projects have been the downfall of many a contractor in years gone by. A contractor who goes into liquidation benefits no one.

Scope changes - During the project, the client may change their requirements. This may be because they can see something about the project which will not work for them or an end user may want a different specification or scope than what the client originally specified. On the face of it, this may appear straight forward, the client wants to change something hence there should be additional entitlement for the contractor, but matters are often not quite that simple. Even if the principle is agreed that it is a change, the valuation of the quantum of that change can lead to disputes. The valuation of the quantum can include how the change impacts the delivery of the remaining scope and associated delays to the project. So where the client is expecting to pay for just the change, suddenly they are faced with whole project delay costs, which can be significant. It follows that the quantum is not agreed straight away but the contractor cannot actually stop work, hence they are then exposed to additional risk until the conclusion.

Project interfaces - Projects where the client has several contractors employed on the same project or where a contractor is employing several subcontractors in the same area, are at particular risk of interface issues leading to dispute. When two contractors need access to the same area, it is likely one will lose out and this will affect production. The client answer may be to move one contractor to another part of the site but this is rarely of zero consequence. Frequently in the client's eyes, the contractor has been kept working so there should be no problem but moving or changing plans almost always comes with an element of disruption and the value of that disruption is what leads to dispute.

Quality challenges - As an industry we still have work to do on quality culture. Some quality standards are easy to evidence with absolute tests such as a CBR test for earthworks but other quality standards are more subjective, such as the finish on a concrete face or the visual alignment of kerbs. Where standards are open to interpretation then dispute can arise if two parties interpret them differently.





PRACTICAL METHODS TO REDUCE DISPUTE RISK

TENDER CONSIDERATIONS

The pre-construction period is the time when the most effective steps can be taken. Once the contract is signed, then potential causes of dispute are already galvanized into the project. So what practical steps can we take to reduce the risk of dispute?

The scope - One of the biggest impacts is to produce a well considered and well presented scope. Don't just send out every document ever produced, take some time to assess what the goals actually are. For example, if you send out an outline drainage drawing for a warehouse, is this what you actually want the contractor to build, or do you just want your warehouse drained, at say a maximum 50 litres per second to the nearby watercourse?

If you are including policies in your scope constraints, what is the impact of these? For example, if a contractor has a policy which requires the subcontractor to provide an Appointed Person for all their electrical works, then state this clearly so the subcontractor understands this won't be provided by the contractor.

Producing a well considered scope will likely result in a higher tender production cost. The benefit to this is that there will be much less risk of dispute, potential for some value engineering and a smoother delivery.

Contractors should take the time to properly review the scope, all too often they do not analyse it sufficiently and this leads to misunderstanding and a higher potential for unrecoverable additional costs during the delivery.

The contract terms - Perhaps the biggest lesson here is for contractors to actually review the contract terms before they sign the contract. This may sound counterintuitive, but it is way more common than you may appreciate for contractors to sign a contract without knowing what they are signing up to. Trusting the other party to give you a fair contract is simply not enough because it is also very common for the client's commercial team to also not understand what they are sending out because it has been drafted by a party they have never met and they have not read it properly or even understand the terms.

When drafting the contract, it is also important for the drafting party to understand that if they put unmanageable terms into the contract then it will inevitably lead to dispute. An example of this would be if the drafting party inserts a clause stating they are allowed to delay site access with no entitlement to an extension of time. Amending the standard contract terms is a perfectly legitimate practice; standard contracts will rarely fit every project's unique needs but if you do amend the standard terms, make it very clear what has been amended.

Some contracts have additional clauses in which modify standard clauses but then the drafting party has also altered the wording in the body of the standard clause, this is much more difficult to spot and arguably not in the spirit of transparency. If you do alter the wording in the body of the standard clause then it should be a requirement to at least highlight it.





PRACTICAL METHODS TO REDUCE DISPUTE RISK

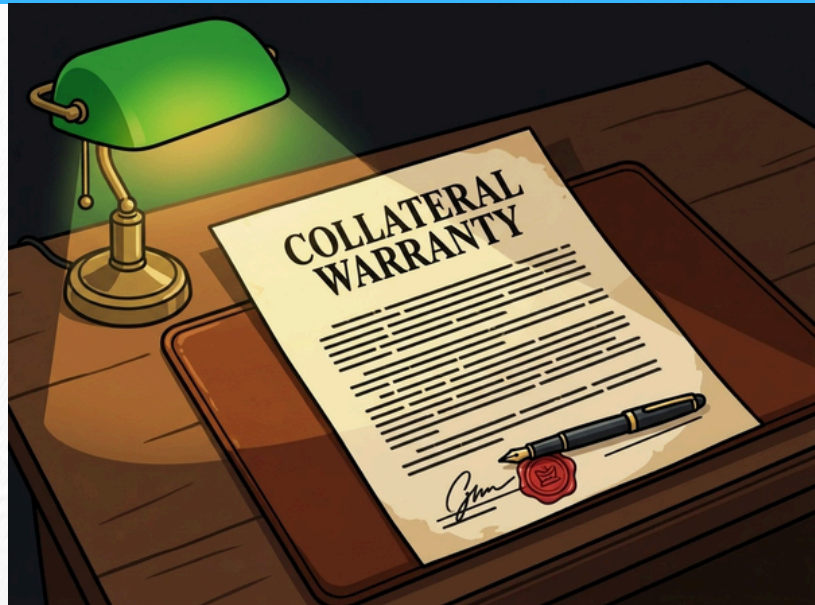
TENDER CONSIDERATIONS

The pre-tender workshops - Whilst pre-tender workshops are not uncommon, they are certainly not always done and even when they are carried out, do we make the best use of their potential?

To reduce the risk of dispute even further, consider the following:

- Explain the scope and project expectations, explain what needs to be achieved and what the project drivers are.
- Explain how the contract has been modified and what risks you are expecting the contracting party to take.
- Discuss what the quality expectations are.

These may sound quite obvious actions to take and they are, there is no rocket science here. What we generally lack is good quality communication at the early stages. Investment of time here pays dividends later, what may seem obvious to you, is not always clear to the other party.



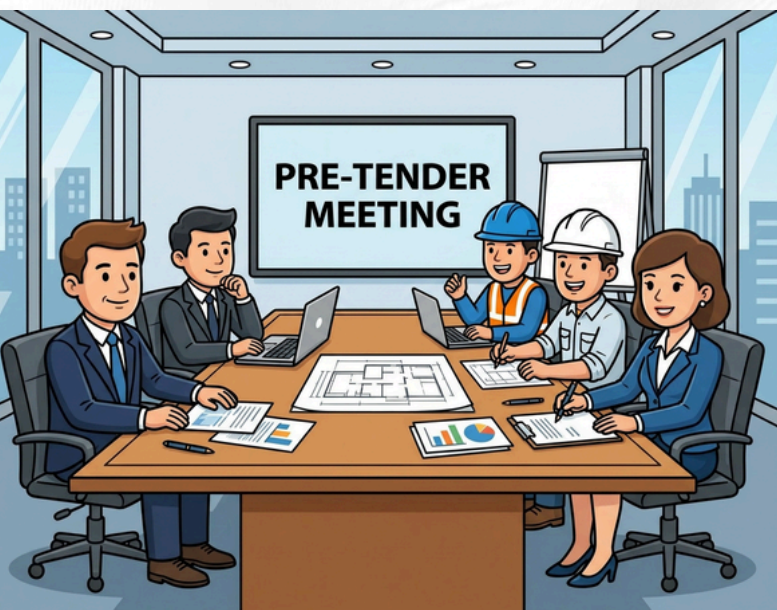
The wider requirements - What else will the project require to be successful?

For example:

- Collateral Warranties
- Performance Bonds
- Handover Information
- Service and Maintenance

Sometimes these are treated as an after-thought or a given it will happen, but such matters, if not discussed early can lead to headaches later. All too often the collateral warranty will not align with the contracting party's insurance and then it becomes a real stalemate on how to proceed.

Have all the document expectations laid out from the start so that quality negotiations can take place.





PRACTICAL METHODS TO REDUCE DISPUTE RISK

THE DELIVERY PHASE

Client relationship - All too often, when the contractor takes over a site to start the construction process, they view the site as 'theirs'. Encouraging the client to come to site and to feel welcome is key to successful delivery.

How can we do this?

- Create a great space for them to work, even if your budget is limited, a desk lamp and coffee machine represent a negligible cost.
- Actively encourage them to visit.
- Block quality time out when your client is due on site.
- Tour the site with them and discuss challenges, constraints and blockers.
- Have hard conversations sooner rather than later.
- Don't just call when you have an 'issue', make a point of calling with general updates and to 'check-in'.

Fostering a trusted relationship with the client is key to facilitating quality conversations.

Contractual administration - The need for proactive and compliant contractual administration can't be undersold. Both parties have agreed to a contract and that contract will have administration requirements, so administer it. When someone utters the phrase "I don't like to be too contractual", what they're actually saying is "I'm going to put everyone at risk by not being clear, not acting with integrity and not doing what I am supposed to be doing." Administering the contract makes the intent and positions clear to both parties, hence it should be carried out diligently by both parties.

Hard conversations - Whilst hard conversations, by their nature are difficult, the worst thing you can do is not have them. Leaving matters unsaid will risk escalating dispute and negatively impact relationships. Empower each other to have hard conversations by setting scheduled time in each week or month to raise matters that need addressing. All too often the other party has no idea that they are causing friction and without the conversation they cannot review potential resolution.

Collaborative culture - Fostering a culture on site which lends itself to collaboration is not easy, it is however worth dedicating time to and it is only with continued efforts that we will gradually steer culture in the desired direction.

Practical ways of fostering Collaborative Culture:

- Encourage open dialogue - schedule time for inter-party conversations which are not part of a progress meeting.
- Psychological Safety - create an atmosphere where conversations or ideas can be shared without fear of mockery or judgement.
- Shared Goals - establish goals that both parties work towards.

A collaborative culture is NOT one of being 'nice', it is one of respect and where teams feel empowered to challenge each other and address issues before they escalate.





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PRACTICAL METHODS TO REDUCE DISPUTE RISK

THE DELIVERY PHASE

Decisive action - Kicking the can down the road only serves to create ambiguity and frustration. If a matter requires attention, decision or action then seek to resolve it as soon as possible. If the action will take some time to resolve then provide the other party with regular updates so they can at least understand you are progressing the action.

To create a decisive culture it is important to agree who is empowered to make the decisions and potentially push the authority down to those who are closest to the problem.



MOVING TOWARDS A BETTER WAY

Construction doesn't have to work the way it always has.

The data is clear — disputes are at record levels, costs are rising and the industry continues to absorb the consequences of poor collaboration year after year. But data doesn't change culture. People do.

The good news is that none of what's needed is complicated:

- Clearer contracts
- Better pre-contract conversations
- Defined decision making authority
- Early communication
- Prompt action

These are not radical ideas; they are basic professional disciplines that the industry has consistently failed to embed. Every project is an opportunity to do it differently, not perfectly but better than the last one. That starts with individuals choosing to behave differently, even when the system around them hasn't changed. It starts with raising the issue early, rather than hoping it goes away. With making the decision rather than deferring it, with having the honest conversation rather than the positional one.

The industry will not change overnight, but your project can.



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ECLIPSE BY ORACULUM



The challenge is therefore not in understanding that collaboration matters, the challenge is in creating the conditions in which collaborative behaviours actually happen consistently across a project.

ECLIPSE by Oraculum is a structured method for identifying where those conditions are failing and putting practical actions into place to improve them.

ECLIPSE analyses the following six key areas:

- Strategic Project Management
- Project Commercial Strategy
- Project Engineering
- Scope
- Team Collaboration
- Exemplar Project Actions

The system is then delivered in four phases:

- Phase One - Diagnostic Phase
- Phase Two - Critical Actions Phase
- Phase Three - Recommended Actions
- Phase Four - Exemplar Actions

You will receive a detailed report showing you step by step exactly what actions you need to take to set your project on the road to success.

Talk to Oraculum today about your next project and how you can ensure it more successful.

NEED HELP ?

Oraculum specialises in conflict avoidance, whether you are looking for a partnering workshop, one-off contract review, programme production, ongoing mentoring, or hands-on support with claims and project management, we're here to help.

Over the past 3 years, Oraculum has negotiated £millions for construction parties, without it escalating into dispute.

Get in touch for a confidential chat about your current challenges, no obligation, just straight talking advice from people who understand the realities of site work.

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for more resources and guides.

About the author

Chris Jones is a Chartered Construction Manager and Founder of Oraculum Consulting Limited, with over 30 years' experience in construction project management across Tier 1 and Tier 2 contractors. He has led and supported projects ranging from £1M to £200M, specialising in NEC contracts, claims management and collaborative project delivery. Oraculum was awarded Best Emerging Civil Engineering Consultancy 2025. Chris works with contractors, developers and project teams across the UK to reduce dispute risk and improve commercial outcomes.