

newsline

The NFB publishes its procurement report

The National Federation of Builders has published its second major report into the impact of public sector procurement policies following a survey of members.

Since 2007, when the National Federation of Builders first conducted research into the barriers faced by SMEs competing for public sector work, there have been many changes.

The competitive landscape has changed - companies have found themselves competing for a reduced amount of work with much larger national contractors which had previously not competed for smaller contracts. As public sector capital spending comes under increasing pressure, there may be an increasing reliance on refurbishment, maintenance and repair.

The economic landscape has changed - the effect of the downturn had begun to bite when this survey was conducted, but, given that the results in 2007 were already highlighting the challenges of engaging with the public sector, it is difficult to attribute members' worsening success rates to solely the economy, competition or internal company issues.

The policy landscape has changed - the previous government accepted all the recommendations of the Glover report that were supposed to make SME participation simpler, more transparent and measurable. However, many of the recommendations have yet to be implemented.

Key findings

An examination of the demands of pre-qualification revealed high costs (a quarter of respondents paying £1,000 each year for accreditation alone), a large commitment of time required (almost a quarter of respondents spent over four weeks each year on form filling, with some spending much more than four weeks) and an overall administrative burden conservatively estimated at around £1.5 million for respondents.

Evidence from the survey in the figure below clearly points, as in 2007, to difficulties with the tendering process: 34% reported difficulties with the tendering process in general, but half of respondents (49%) cited difficulties with tendering at the

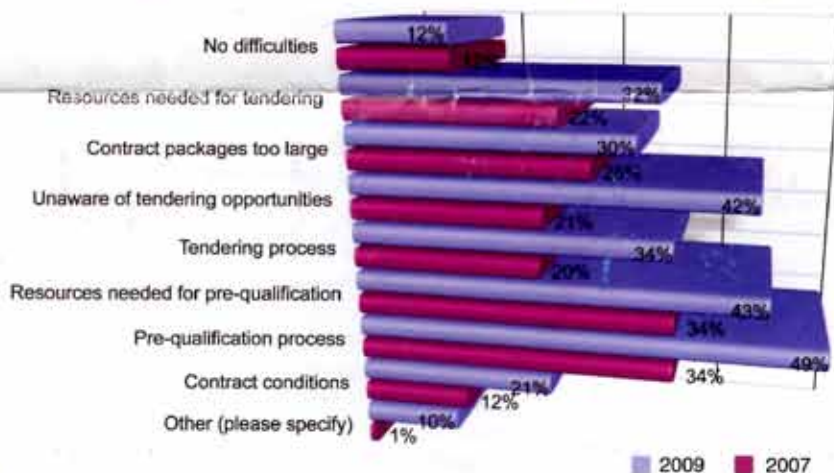


Figure: Difficulties faced when bidding for public work

pre-qualification stage. There is also frustration with the number of accreditation schemes that respondents need to register with and the associated costs, with some respondents paying over £30,000 annually in registration costs alone.

When attempting to win work, the repetitive form filling and its associated costs, in both time and money, place a company's ability to fill out forms above its ability to build safely.

The NFB made these recommendations:

Encourage the use of PAS 91 by public sector clients

PAS 91 is the standard set of pre-qualification questions. The National Federation of Builders' recommendation is that the department for business recommend the adoption of the standard set of questions provided by PAS 91 for all public construction-related tendering.

Fair payment of subcontractors

The NFB recommends that the government ensures, through contract conditions, that everyone in the supply chain benefits from prompt payment.

Streamlined procurement

The NFB's recommendation is that the more efficient approach to procurement being adopted by central government be pushed down to, and adopted by, local government.

Reporting on SME engagement

The Glover report on SME engagement in public sector procurement recommended that central government departments report annually on their spending with SMEs. The NFB recommends that this be extended to include local government and that all reporting should be in a standard, easily comparable format.

79% of respondents reported worse success rates at winning public work, compared with 2007

49% of respondents reported difficulties with the pre-qualification process

22% of firms spend at least one month each year filling out forms

All members have received a copy of the report, *Procurement: roadblocks to success*, in the post. Further copies are available on the website or by contacting: policy@builders.org.uk

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NFB holds conference fringe event

The National Federation of Builders held its first fringe event at the Conservative Party conference. The twin purposes of the event were to establish the NFB in the minds of as many influencers and potential partners at once, as well as to launch the NFB's latest procurement report.

The focus of the event was a debate on the role of construction in rebuilding the economy and the impact of coalition policy. The NFB secured the participation of:

- Nick Edwards
Editor of Construction News
- Steve Vickers
General manager of Urban Design at Birmingham City Council

- Robert Buckland MP
(South Swindon)
- Anne-Marie Morris MP
(Newton Abbott)
- Mark Pawsey MP (Rugby)



Julia Evans noted that SMEs made up the majority of the construction industry and there was huge potential for them to achieve the government's localism agenda, but they needed encouragement to deliver, rather than policies that constrained them.

Julia Evans, the chief executive of the NFB, completed the panel and delivered the keynote speech, after which the discussion covered four main areas: public sector cuts versus private sector investment, procurement and housebuilding, planning and low carbon.

Housebuilding and Planning

Planning was often a question of perception, according to Mr. Buckland. Local authorities and industry had to recognise local concerns and consult fully with communities in order to develop the right plans for different areas.

He stressed that scrapping the RSS was not a charter for nimbyism, anticipating that matched council tax from new housing would overcome a reluctance to develop.

The Conservatives were not against new development, but it had to include proper community engagement combined with greater flexibility for local authorities to make use of available land.

Construction could be part of the solution for economic recovery, but it would not be the engine for growth, he warned, noting that constrained bank lending was the single biggest obstacle to growth. Ms. Morris felt that local enterprise partnerships (LEPs) would be a valuable way forward. The Regional Growth Fund would be another important option, but the private sector would have to be a bigger player, she insisted. Mr Buckland warned against limiting LEPs along boundary lines as had been the case under the RSS. LEPs should be flexible and collaborative based according to local need, he argued.

Public sector procurers must not focus on lowest costs.

Instead they must concentrate on maximising added value, including social and environmental benefits, Steve Vickers asserted. There had been a lack of investment in training and all too often projects were beset by costly overruns, he feared. Proper engagement at the beginning of contracts along with secure local supply chains between SMEs could help overcome these challenges and achieve these additional benefits.

The event was a success. The marquee was packed with industry figures and other engaged conference attendees, making the decision to run events at both the Labour and Conservative Party conferences in 2011 an easy one.

What's new on the NFB policy website?

- PAS 91

The standard pre-qualification questionnaire for public sector construction-related tendering.

- NFB procurement survey: the roadblocks to success

The report of the NFB's survey into public sector procurement.

Construction trade survey Q3 2010

The quarterly survey, including NFB member responses.

- NFB Newsflash

Weekly news bulletin published every Friday on the website and emailed to all website users who have signed up to receive it.

- Newsline

Available on the website for all member company employees with a website username and password.



The National Federation of Builders provides inspired business solutions to builders, contractors and housebuilders across England and Wales. Membership includes unlimited access to advice lines, subsidised training, up-to-date information on important legislation and an influential voice that reaches the heart of British and European government, saving our members time and money and helping their businesses to run smoothly. The NFB is the essential partner to the building industry.