Building ladders of opportunity

how reforming construction procurement can drive growth

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RIBA

Procurement Reform Group

Wrens Geometric Stair St Pauls Catheu... photo Graham Laccda...

- The construction industry has an annual turnover of more than **£110bn** and represents almost **10% of UK GDP**, with some **40%** of this being **in the public sector**.
- Public construction **procurement is expensive and inefficient**, delivering buildings that are of sub-standard design quality and sustainability, in a market with significant barriers to fair access and competition.
- With growth badly needed, the time for wholesale reform of public construction procurement is now. **Our current economic climate makes reform an imperative**.

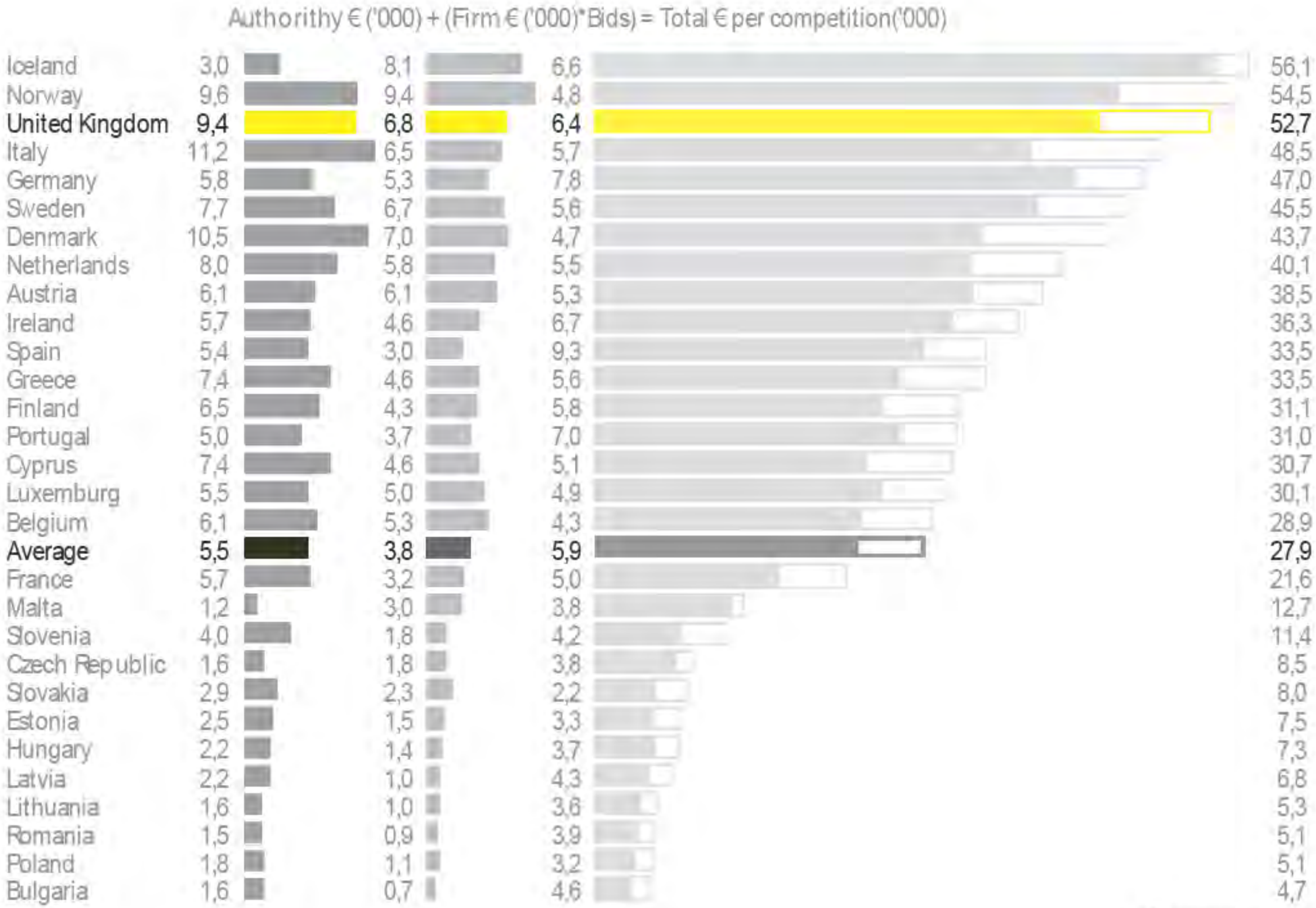
This presentation addresses some of the context, problems and the RIBA proposals for further reform of public procurement.

The full suite of RIBA reports are available at:-
www.architecture.com/procurement

PROCUREMENT COST

typical costs of a competition
(weighted averages across all industries)

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS



UK PROCUREMENT
is at least **20% more expensive**
than comparable EU countries,
costs are almost 2x EU average

Of EU procurement costs:-
25% are borne by
CONTRACTING AUTHORITY
75% are borne
BY BIDDERS (averages)

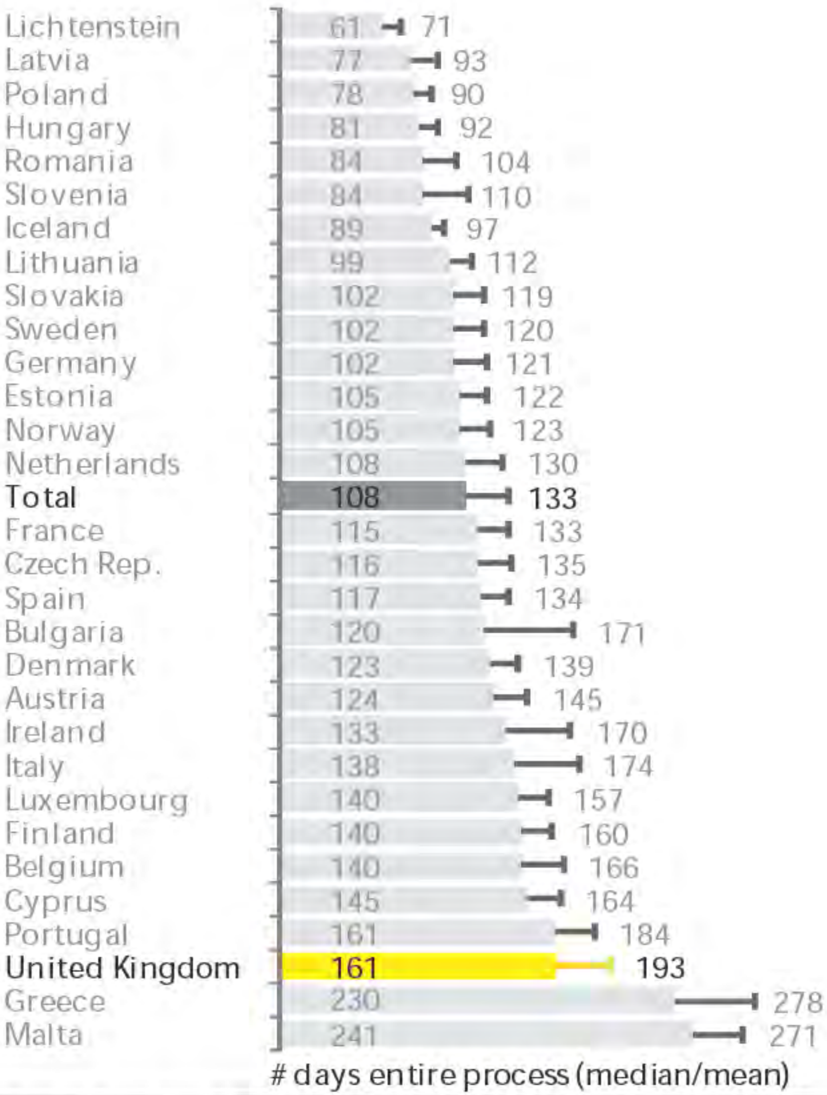
Construction costs are remarkably consistent amongst the largest EU countries with Germany, France, Italy and Belgium within a range of 97% - 107% of UK costs. EC Harris - Aug 2010

PROCUREMENT TIME

time for entire procurement process
by country (median/mean number of days)

UK PLC
SLOW

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS



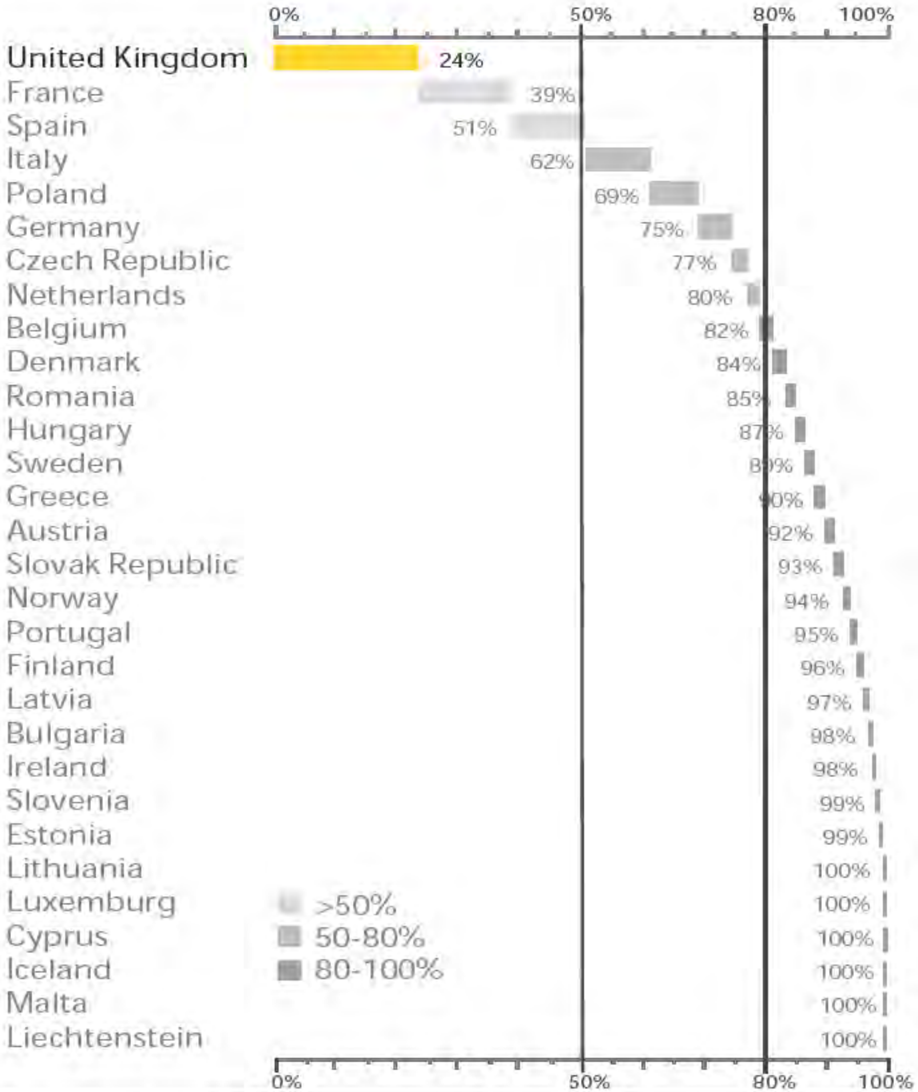
UK PROCUREMENT
processes take almost
50% longer
than the EU average.

VALUES OF AWARDS

% by value of all EU contract awards

UK PLC
MOST VALUE

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS, CONSTRUCTION comprises 37% of procurement by value



UK 'OJEU' PROCUREMENT
accounts for **24% by value of all EU awards,**

+ more by value than the combined total of 24 other nations.

this bears little correlation to national GDPs (France @15% + Germany @6%)

The EU definition of 'Public Bodies' is interpreted by the UK to catch in the rules otherwise legally independent 'arms length' organisations, 'Registered Providers (RPs)', charities and voluntary organisations. It is considered these, along with the NHS, add significantly to UK values.

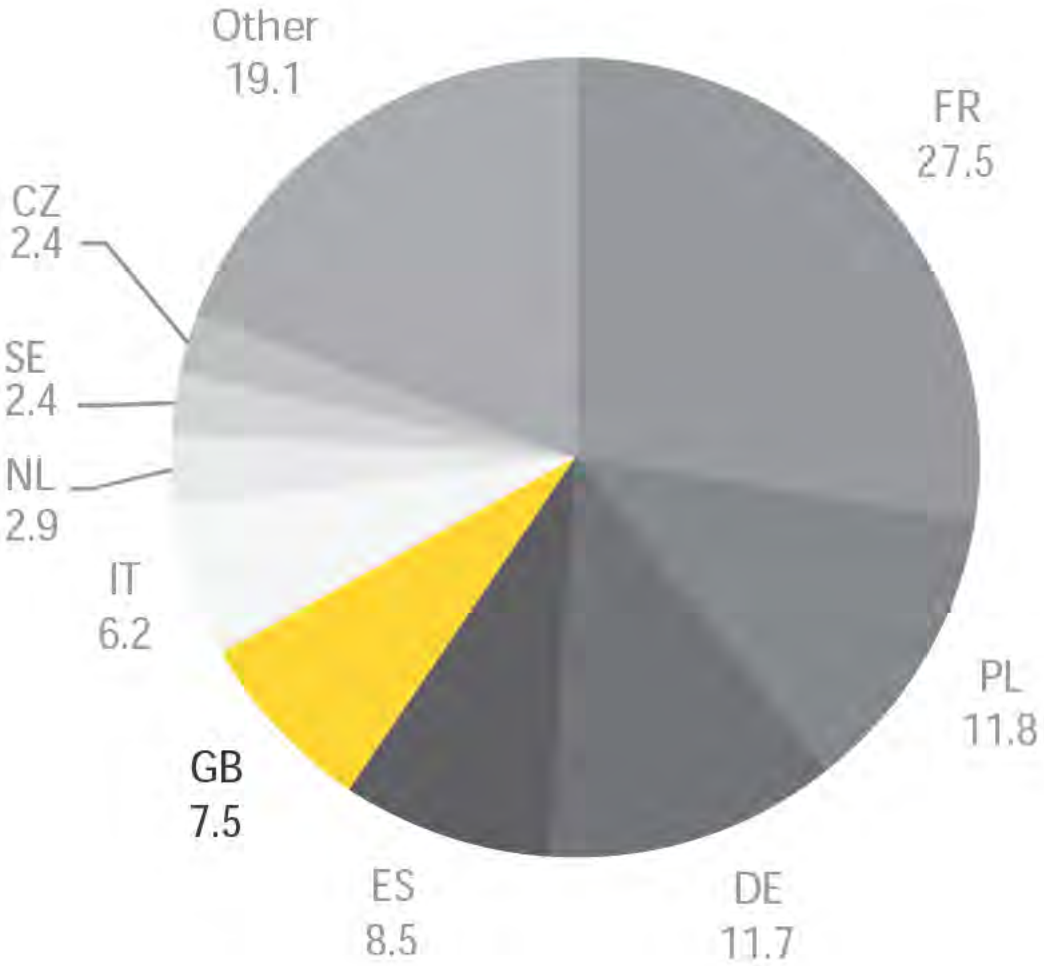
This UK position should be aligned with other EU countries (eg, Holland) to exclude 'RPs' and other arms length organisations from the scope of OJEU Procurement. We might rely more on developing intelligent judgement + benefit by doing less public procurement

NUMBER OF AWARDS

% by Nos. of all EU contract awards

FEW AWARDS

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS, CONSTRUCTION comprises 16% of procurement by numbers



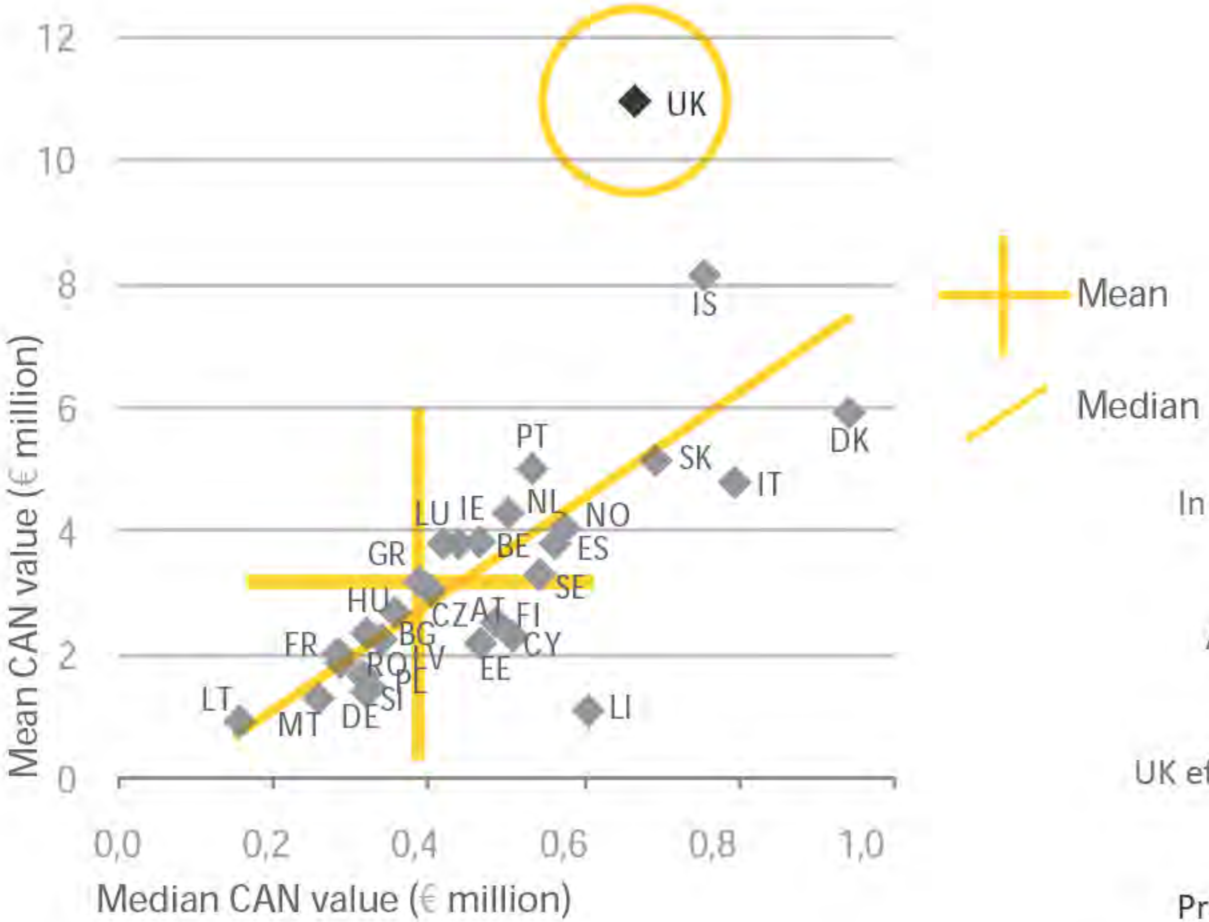
UK 'OJEU' PROCUREMENT
accounts for only
7.5% by numbers
of contracts awarded of all EU awards.

RELATIVE AGGREGATION

mean to median contract values

UK PLC
HEAVILY AGGREGATED

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS,
CONSTRUCTION comprises 37% of procurement by value



UK 'OJEU' PROCUREMENT
has aberrantly **high mean values**
+ **60% higher median values**
than the EU average.

In the UK there is more 'aggregation' into large, high value frameworks & contracts than elsewhere in the EU.

Aggregation excludes many smaller firms and can have a negative impact on reducing competition.

UK efficiencies are in inverse to the extent of UK aggregation.

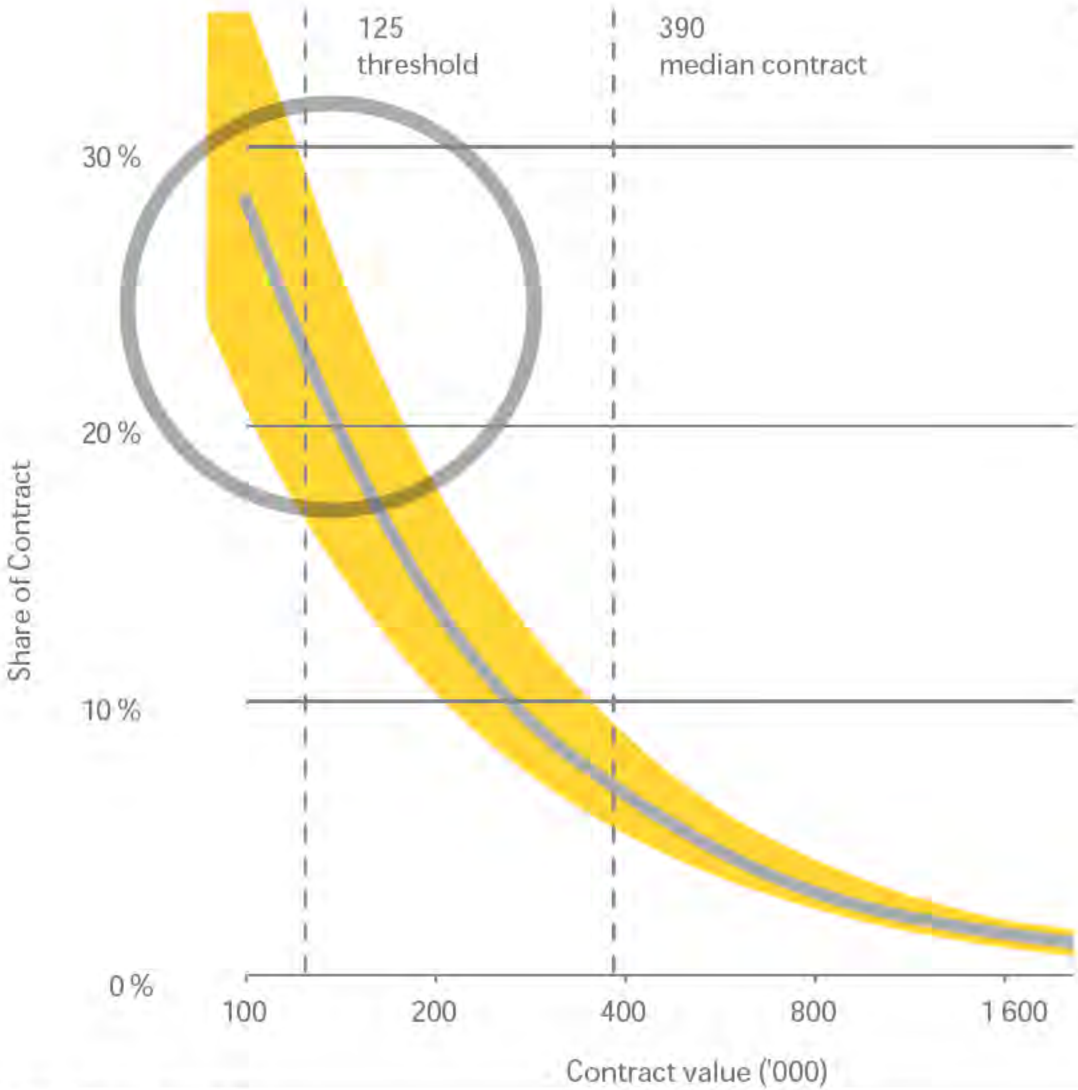
Procurement reforms should aim to reduce the number of frameworks covering lower value contracts, improving access onto other frameworks, along with offering individual contracts and those contracts which can be sub-divided into smaller& more multiple value 'lots'.

COST
is driving aggregation

Total procurement cost (commissioners and bidders)
as share of contract values (+HiLo estimates)

THE EU
HIGH THRESHOLD COSTS

ref. EU commissioned evaluations for ALL PUBLIC PROCUREMENTS



The EU estimates that procurement costs escalate to between **18% - 29%** as a % of contract value, for contracts at the thresholds *(circled)*

Evidence from architects suggests figures for the UK construction industry are far higher. (ref. follows)

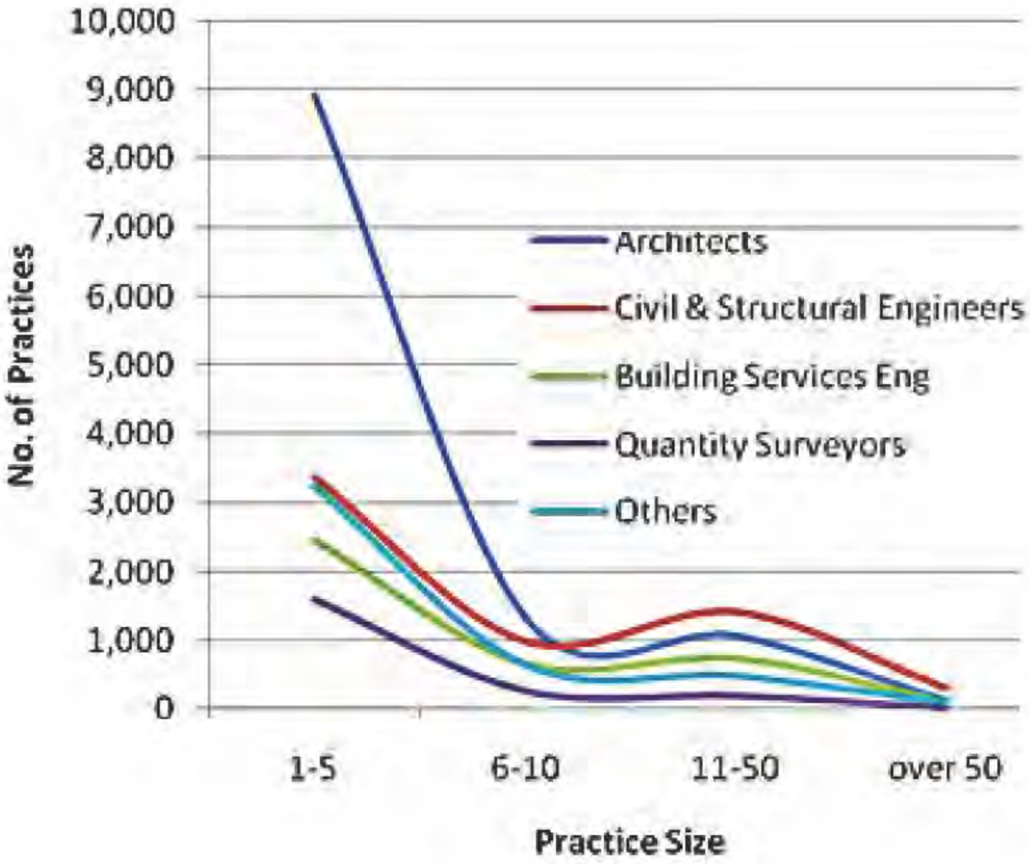
Reform should

reduce the time + cost of the tendering process *
introduce time scales for bid assessment;
allow for professionals self certification *
with attestation only at pre-award stage
+ all validated only upon award,
shorten, standardise and simplify PQQs *

* items now scheduled to be introduced

ALL CONSULTANTS
a consistent profile

Practice numbers to practice size by numbers employed ONS abstraction



97% of all UK construction consultancies **are micro businesses or SME's**

+ UK Practices are on average larger than elsewhere in the EU

An SME

Is a small or medium sized enterprise, i.e. a company that has fewer than 250 employees, and has either an annual turnover not exceeding €40 million, or an annual Balance Sheet total not exceeding €27 million.

A Micro Business

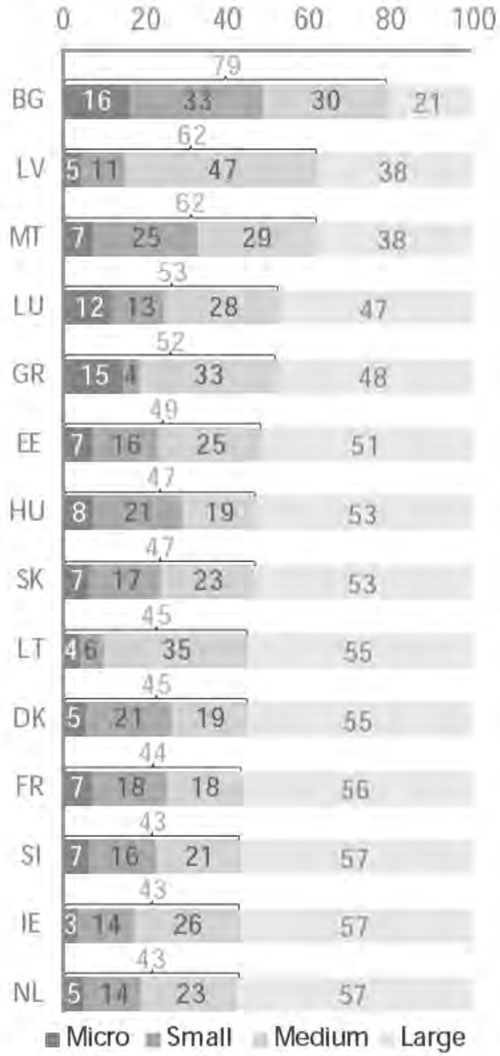
Is one which has fewer than 10 employees and a turnover or balance sheet total of less than €2 million

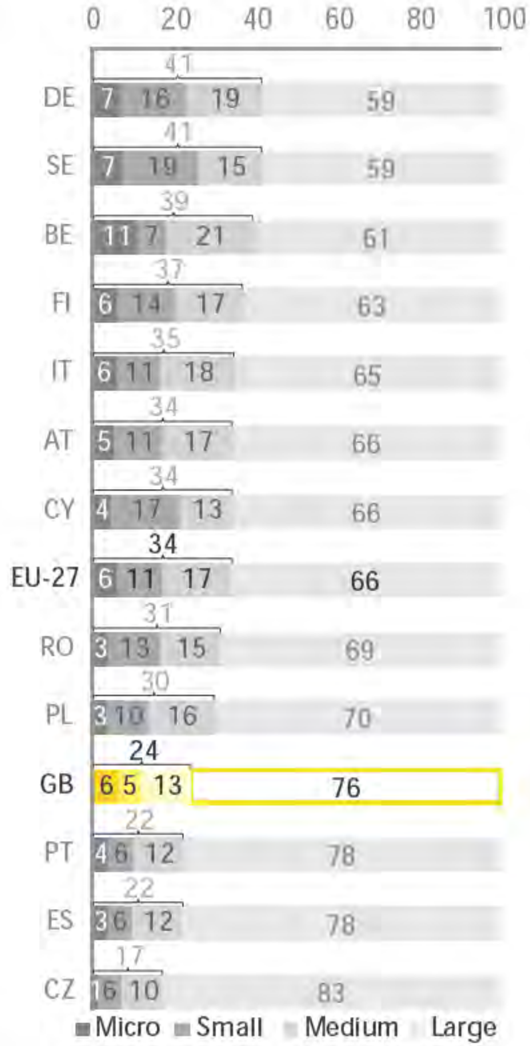
MICRO + SME ACCESS

SME's relative to OJEU awards

UK PLC
POOR ACCESS

ref. EU commissioned evaluations of ALL PUBLIC PROCUREMENTS





MICRO + SME ACCESS TO PUBLIC PROCUREMENT within the UK is the **4th lowest** of the EU 27

Typical turnover requirements applied to much public sector work above OJEU thresholds mean **85% of UK architectural practices are too small to be able to tender**

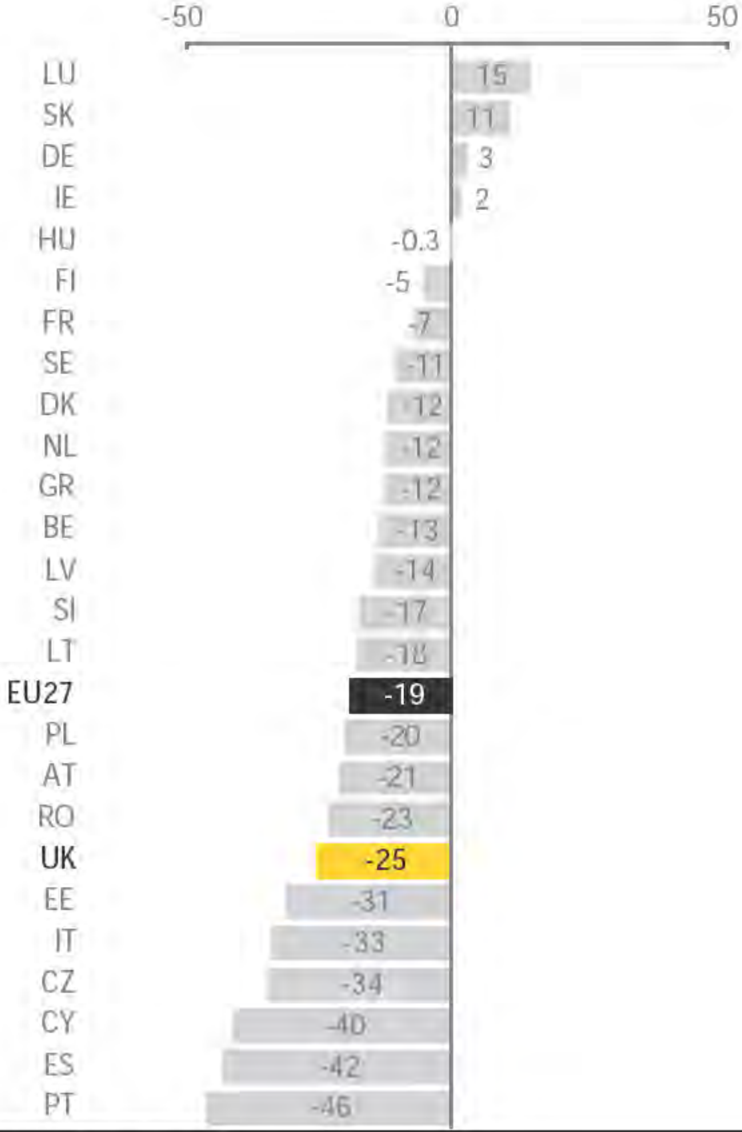
The proposed min. turnover being proposed (x2 min. contract value @ €200,000) will exclude from public work **90% of EU architectural practices**

For professional 'intellectual services' there should be **NO TURNOVER CRITERIA** under the EU Directive

MICRO + SME ACCESS

access relative to the Member State economy

ref. EU commissioned evaluations of
ALL PUBLIC PROCUREMENTS



MICRO + SME ACCESS

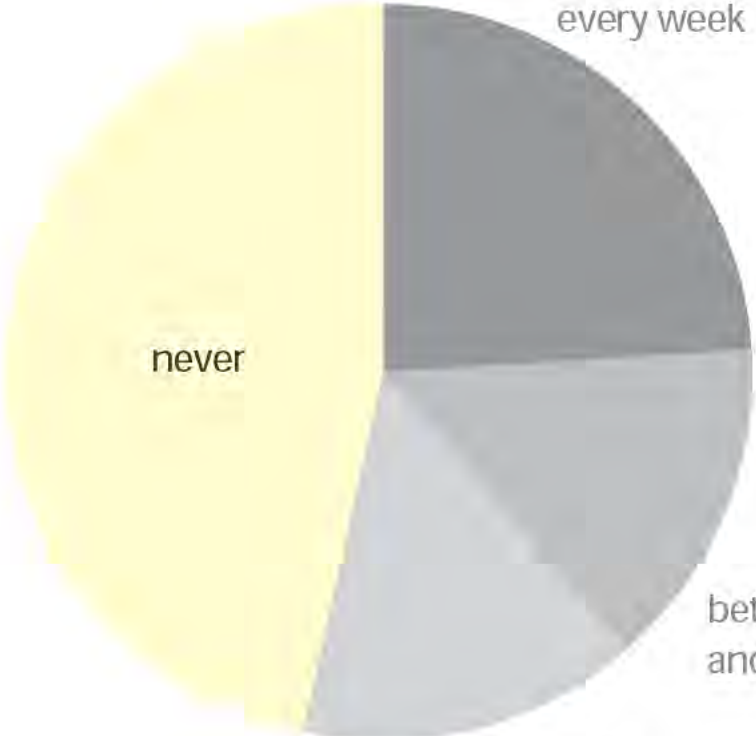
TO PUBLIC PROCUREMENT
within the UK is
25% below the economy as a whole

It is implicit to fair and competitive access that SME and micro business access to public tenders should be roughly in proportion to their weight in the economy

Fair access is an objective which can be achieved by:-
setting clear aspirations for micro + SME access which is nondiscriminatory + proportionate to their engagement in the economy

REVIEWING OJEU
How often respondents review OJEU, by practice size

RIBA SURVEY 2012
LOW MARKET ENGAGEMENT
report for UK chartered **architectural practices**



55% aren't engaged in the market
never review OJEU notices or do so once p.a or less

61% did not bid

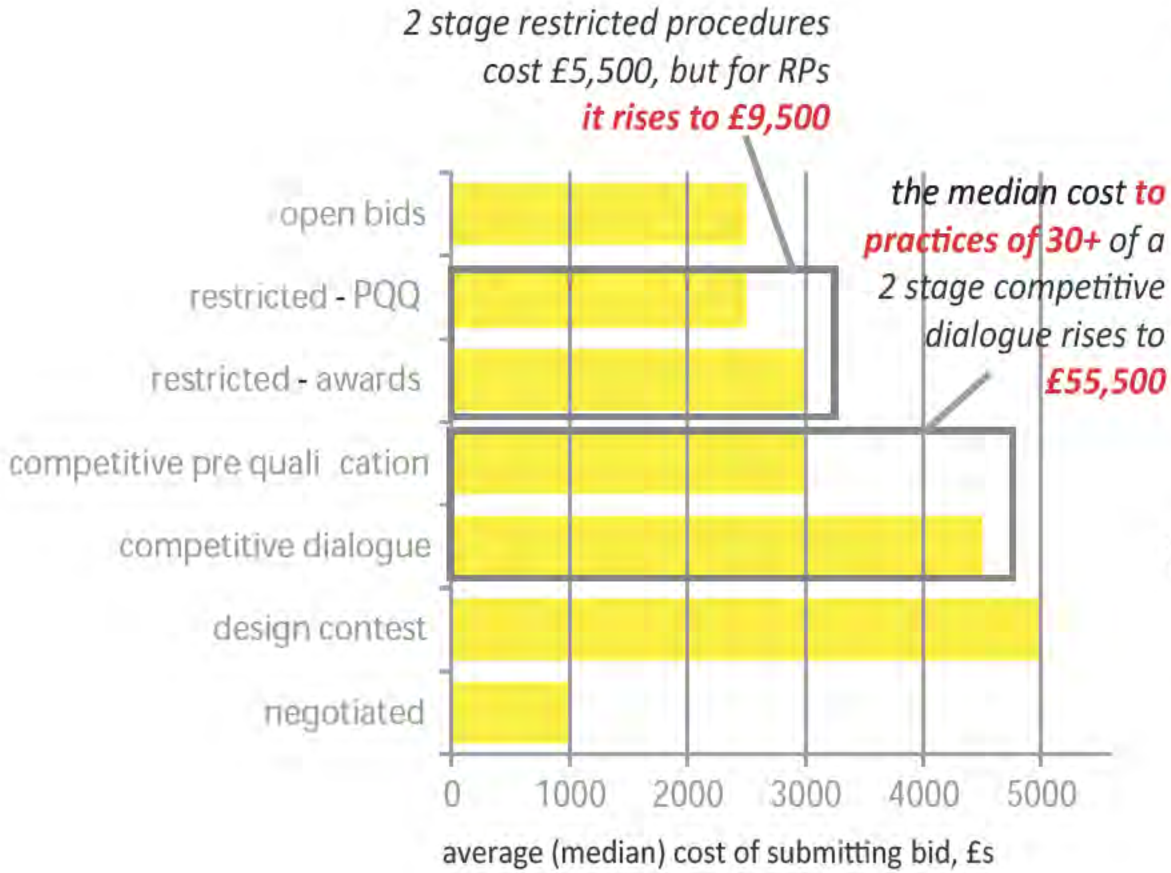
39% submitted at least 1 bid

In London **1% of practices submit 50 bids p.a** or more

For a competitive market, reform should target enabling access for micro businesses and SMEs, and ensuring greater proportionality in their treatment

BID COSTS

by procedure (median)
typical 2 stage procedures are shown boxed



THE UK ARCHITECTURAL PROFESSION SPENDS
£40m bidding for contracts of approx. **£138m**

BIDS COST 29% (average)
of the fee derived from OJEU procurement

For practices of 30 plus **BID COSTS RISE TO 40%**
(this far exceeds EU estimates - ref previous fig.)

Of 13,000 bids by architects almost 6,500, the largest number, were on 2 stage restricted procedures with most of these requiring practices to enter subsequent mini-competitions

The competitive dialogue procurement route, was popular eg in the BSF programme.

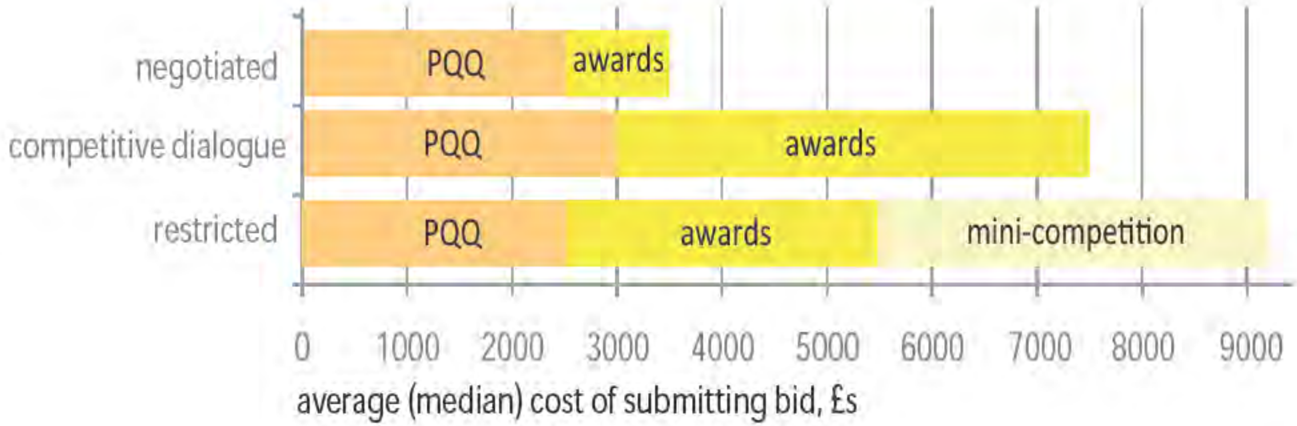
Where used appropriately negotiated proceedures offer the most economic procurement.
Design contests are not the most expensive.
Efficiency can be delivered by increasing use of both

FRAMEWORKS + MINI COMPETITIONS

report for UK chartered **architectural practices**

BID COSTS

by procedure (median)
accumulated average (median) cost of submitting an OJEU bid



16% got on 1 or more frameworks
a **7%** success rate
but not necessarily leading to subsequent work

13% did framework mini-competitions
of all practices incl. those not bidding

practices of 30+
derived fees of **£217,778**
winning via mini-competitions

few micro practices won work via mini-competitions
where they did they derived fees of **£17,893**

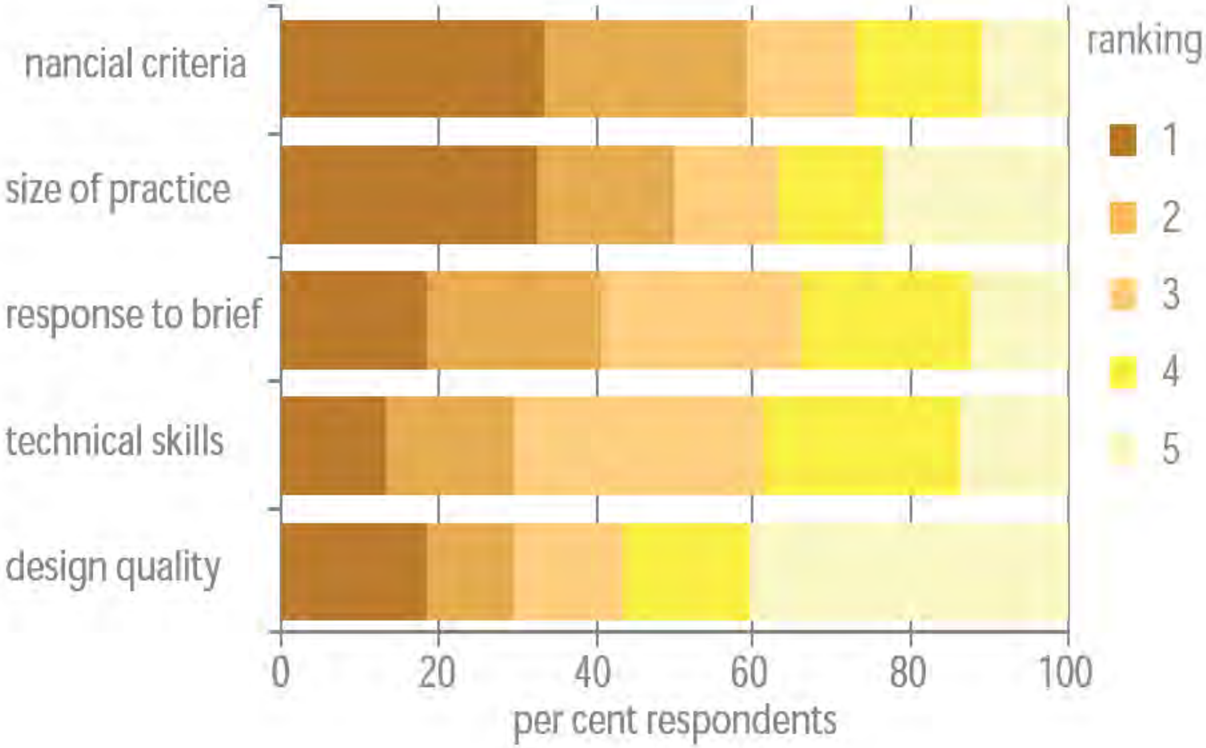
Different procurement methods are appropriate for different projects, so sufficient flexibility must be encouraged + maintained

RIBA believes that procurement models should be better adapted to be suitable for the value, type of project or context

Mini competitions can amount to well over 1/3rd the total cost of winning works

OJEU SELECTION

Respondents' perceptions of the importance of criteria in winning a bid
ranked by respondents where 1 = most important and 5 = least important



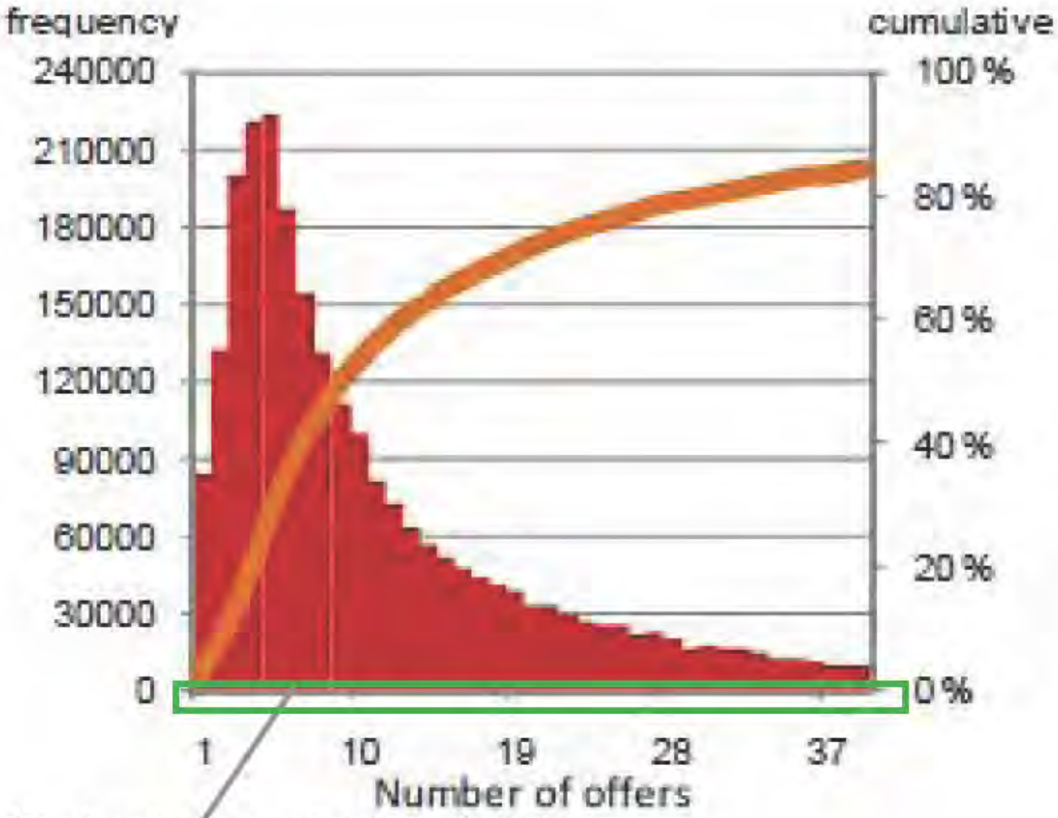
FINANCIAL CRITERIA
+ SIZE OF PRACTICE
is ranked equally as the
No.1 Criteria
for assessments
by 33% of practices
(by a clear 15%)

DESIGN QUALITY
+ SKILLS
is ranked the
Least Important Criteria
for assessments
by 40% of practices
(by a clear 17%)

EU BID NUMBERS

Nos & Frequencies

In the UK bids for architectural design works frequently exceed 100



1% of contracts receive 15% of all bids

The competition to extend the Asplund Library received over 1,100 submissions - the total of competitors submission costs are estimated to have exceeded the construction cost significantly

MOST EU BIDS RECEIVE about **4- 6 OFFERS**

but

1% of contracts **RECEIVE 15% OF ALL BIDS**

"... distribution of bids is ***highly skewed towards the low end.*** *...99 percent of the requests receive less than 39 bids. ...* ***1% however receives 15% of all proposals and a few tenders receive nearly 1000 proposals.****"* *(PWC report p 93 & fig 2.20)*

THE CONSTRUCTION INDUSTRY

+ evidence indicates mainly architects

is considered largely responsible for these

HIGH NUMBERS

which are an excessive economic drain

arising where markets are:-

Large,open, highly competitive,less complex and or lower value

PROCESSES ARE RARELY FOCUSED ON DESIGN OUTCOMES

that can ensure public buildings are sustainable, getting the right balance between economic, social and environmental factors

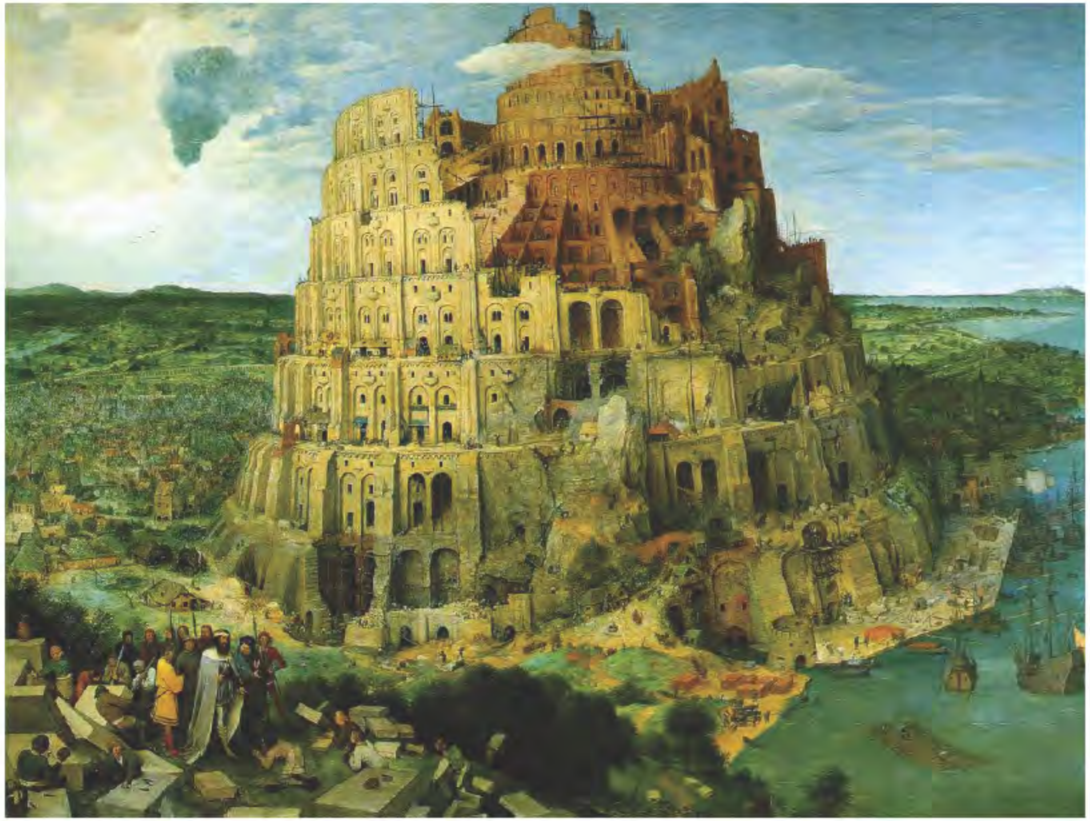
BUILDINGS SHOULD BE SUSTAINABLE, SUIT AND ENHANCE THEIR LOCAL CONTEXTS AND COMMUNITIES, AND THE CONSTRUCTION PROCESS ITSELF SHOULD DEVELOP HUMAN CAPITAL AND NURTURE KNOWLEDGE ECONOMIES.

A shift in mind-set is needed, moving away from focusing solely on the quality of procurement processes, towards focusing on the quality of outcomes and incentives that drive these.

Embed assumptions in favour of sustainability at all stages of procurement, ensure proper incentives, prioritise defining the principles of whole life costing and encourage the take up of post occupancy evaluation and 'Soft Landings'

SIMPLIFY

Breugal - Tower of Babel



RATIONALISE LEGAL PRINCIPLES

CLARIFY - definitions + core principles

PROCESSES + LANGUAGE

SIMPLIFY - the procurement processes
+ language of the proposals

REDUCE - time, costs, administration
+ legals expense

To improve efficiency, comprehension
+ democratise law

EU Directive 2004/18 - **has 83 Articles**
The commissions consolidated text,Nov2013 **- had 96 Articles proposed**
the proposed directive may well compound existing complexity

SIMPLIFY

Cherry pick for different sectors only what is minimally necessary

TRANSPOSE

into UK Law

ONLY THE NECESSARY MINIMUM

UK historically has tended to adopt all options from the EU Directive

Germany has taken a minimalist approach

+ UK TO PROVIDE APPROPRIATE CLEAR GUIDANCE

to clients to promulgate best practice

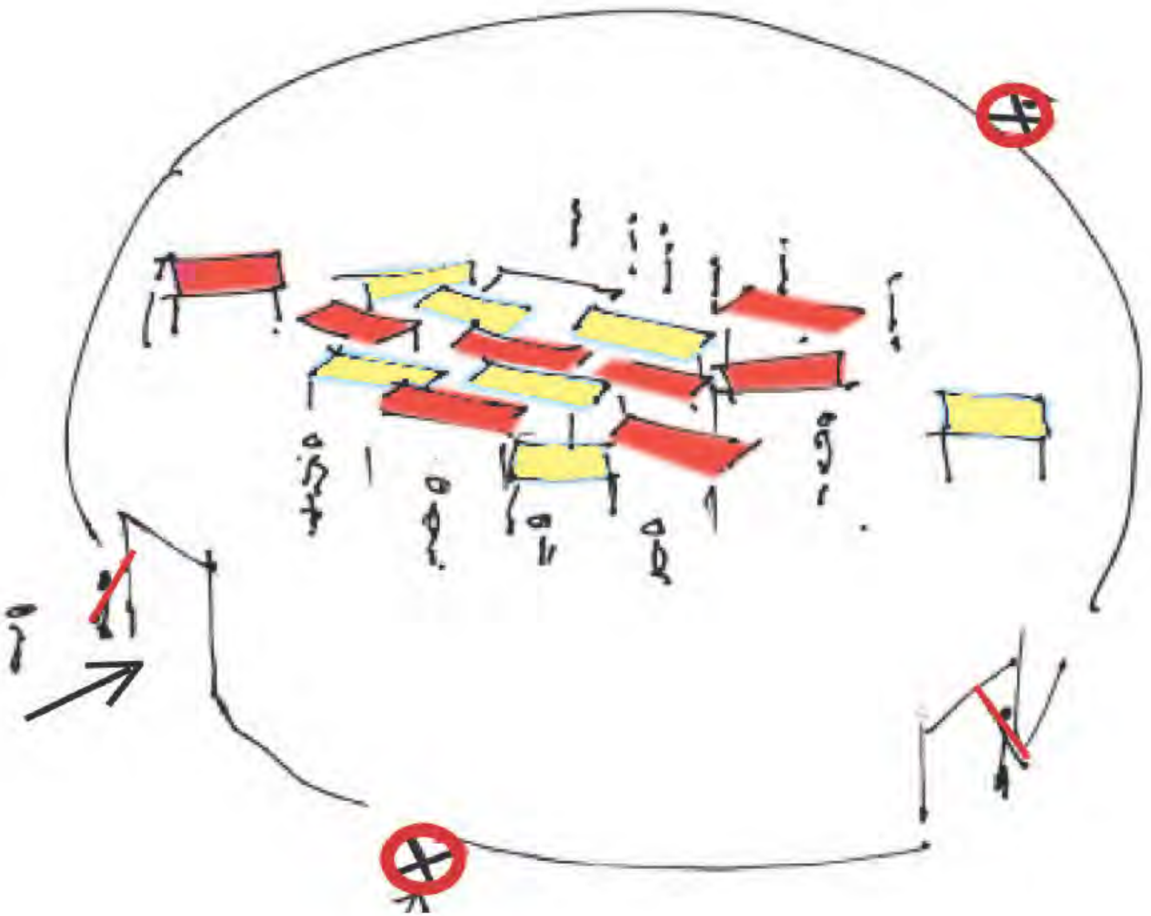
'INTELLIGENT COMMISSIONING'

An RIBA report case studying Intelligent Commissioning is due May 2013 with the launch of POW '13

THE MARKET

is Walled + Gated,

to open the market demolish the walls and gateways



THE MARKET IS CONSTRAINED.

proscriptive current legislative

REDUCES ACCESS + INCREASES COST

OPEN THE MARKET

by increasing market 'permeability'

RAISE + REDEFINE THE THRESHOLDS

IMPROVE ACCESS + PORTALS

DEROGATE + SIMPLIFY

REDUCE COSTS

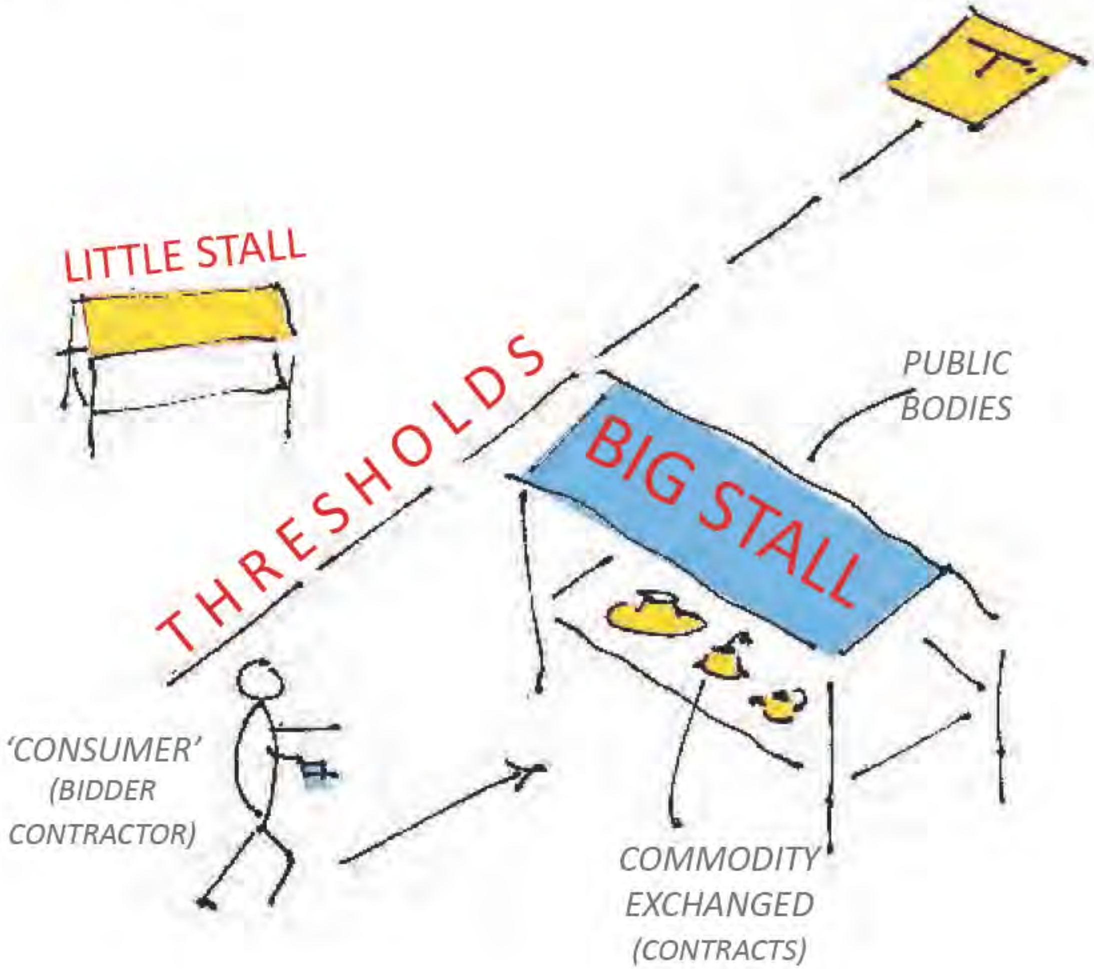
DIVERSIFY PROCUREMENT PRACTICES

An agenda for growth needs to open up the markets

IN A FREE MARKET

it is commodities that are transacted
NOT the stalls

RIBA PROPOSALS
REDEFINE + RAISE THRESHOLDS



RAISE THE OJEU THRESHOLD VALUES
to the mean of existing contract values.
(depends on altering other trade agreements).

+ EU PROPOSES
TO DEFINE THRESHOLD VALUES ON:-
the aggregated value of all expenditure by a public body for any procurement
'The stalls' *(proposed EU Directive 2011)*

THRESHOLDS SHOULD BE REDEFINE
based on the commodity exchanged *'The contracts'* and for a consumer market

Define public procurement thresholds from the consumer perspective so that a single procurement is not the aggregation of all the contract values relating to a project, but rather a single contract. This free market principle would incentivise disaggregation at lower values.

In the proposed EU Directive 2011 - the threshold value is determined by the combined value of contracts for works and services.

'MEAT' SELECTION

a quality threshold with staged 'Hurdles'

APPROPRIATE SELECTION

The 'Double Envelope' or Brook's method

Team + design selection should be assessed in cascading stages, with a requirement that **stages be passed in sequence**. This emphasises competency and quality. It cascades as follows:

1. Competency criteria
2. Quality Assessment
3. Financial Criteria and Price

If you have the highest score and are within 10% of the average fee you are appointed. If you are more than 10% from the average fee there is a negotiation.

4. Interview of the final 2 firms, or 3 if they are in striking distance.

LOWEST PRICE

should **not be** the criteria for the award of construction + design contracts

MEAT

'most economically advantageous tender'
in terms of economic, social + environmental benefits

should be the default procurement selection criteria for construction + design contracts

with selection made by the **'DOUBLE ENVELOPE'** or **BROOK'S METHOD**

with questioning that is project specific
+ for professional services
relevant to designing qualitative solutions

ALL ARE CONTRACTORS

whether suppliers of lavatory rolls or professional services

PROFESSIONAL SERVICES AREN'T DEFINED

in Directive 2004/18 + its proposed replacement
professionals are all equally 'contractors'

DIFFERENTIATION IS ABSENT

that can recognise service provision, knowledge economies, capability, organisational structures, contract, quality + qualification etc

Without differentiation clients default to the most risk averse, onerous + one size fits all practices

DEFINE - PROFESSIONAL SERVICES SO THEY CAN BE ACQUIRED APPROPRIATELY + PROPORTIONATELY

Definitions should be based on the EU Professional Services Directive's definition of Professionals.

Differentiation allows distinctive provisions to be made in assessment criteria, selection, optimization of risk, turnover and contract

COST DRIVEN AGGREGATION

LOTS & CONTRACT AGGREGATION

BUNDLING

FRAMEWORKS

TENDER AUTHORITY AGGREGATION

DISPROPORTIONATE ACCUMULATIVE COSTS DRIVE ALL FORMS OF AGGREGATION, REDUCING ACCESS + EFFICIENCY

TO ALLOW FOR DISAGGREGATION + OPENING UP OF THE MARKET

REDUCE COSTS

OPTIMISE RISK

SIMPLIFY PROCESSES

APPLY PROPORTIONALITY

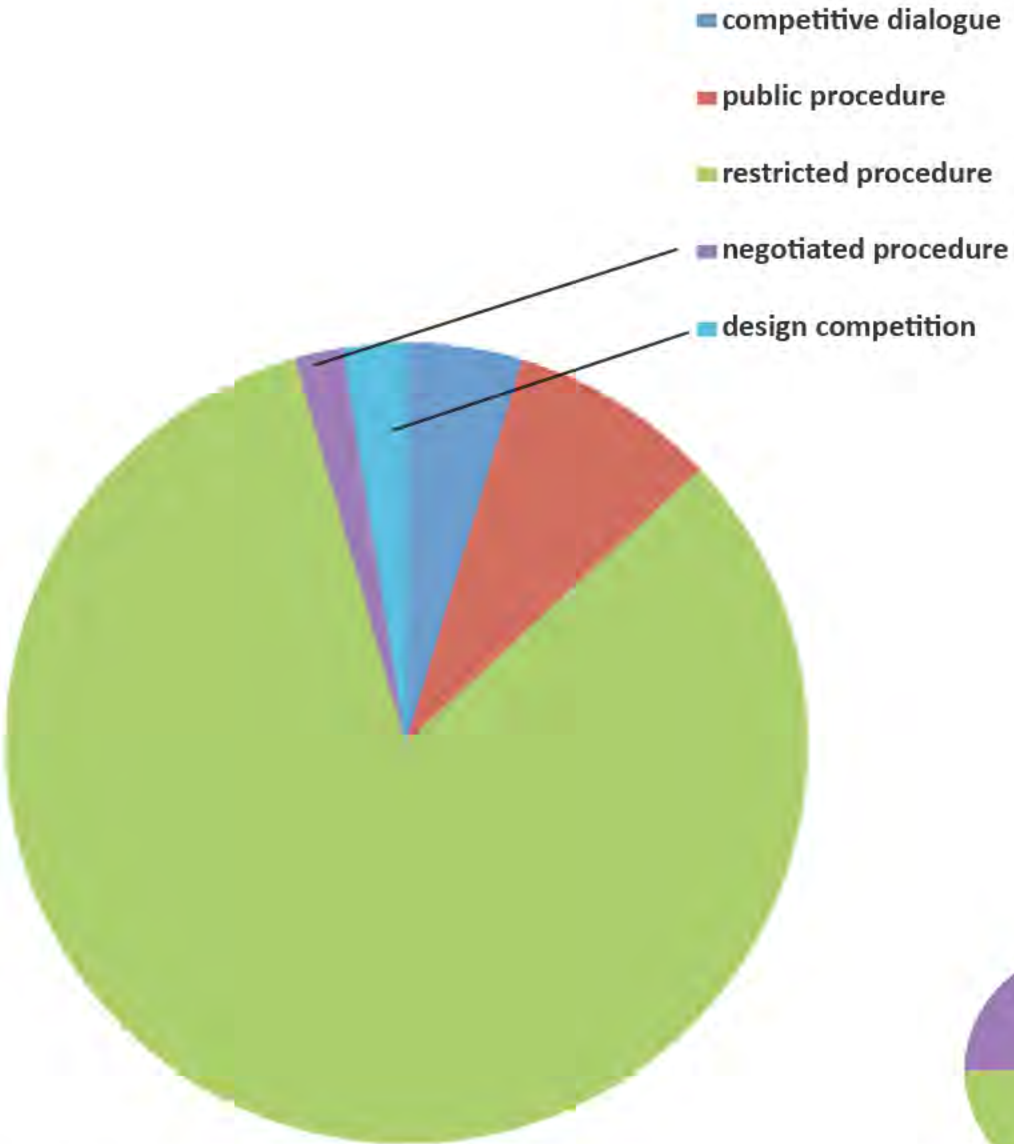
ACCELERATE PROCEDURES

INCENTIVISE DISAGGREGATION

misconceptions about the economies of scale applied to the 'Procurement processes', are sweeping up contracts into ever increasing 'aggregations'. These are failing to deliver effectively, efficiently, sustainably and fairly.

RIBA PROPOSALS
DIVERSIFY PROCUREMENT PROCEDURES

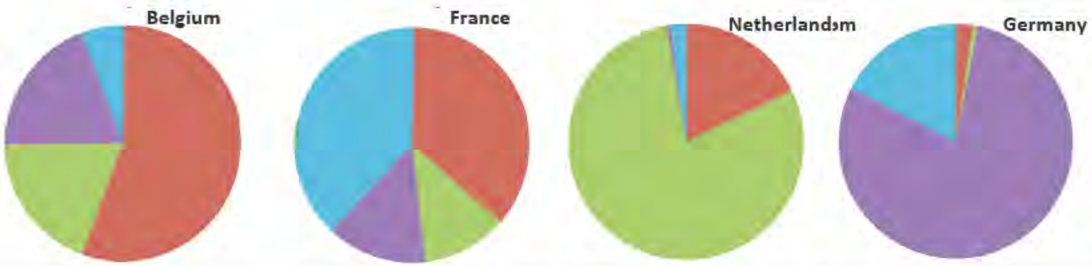
UK
use of procedures



RIBA Recommends
DIVERSIFYING PROCUREMENT ROUTES
specifically there should be more
NEGOTIATED PROCEDURES
+ DESIGN COMPETITIONS

Negotiated procedures are efficient and fast,
but rarely used

EU country comparisons.
The Netherlands is the only nation with a similar profile.



COMPETITIONS

historically have been selected most successfully without OJEU
giving emergent practices opportunities to innovate

DIVERSIFY PROCUREMENT
+ MORE DESIGN COMPETITIONS

UK Gov. should
SET NATIONAL ASPIRATIONS
TO INCREASE DESIGN COMPETITIONS
used for public buiding
construction services contracts
TO 30% OF CONTRACTS AWARDED
approx

allowing new talent to emerge,
with simple processes
+ enabling research innovation and advancement

Sydney Opera House, Golden Lane, Pompidou Centre, Churchill Gardens - are some of the many examples were the architects who were appointed had no such previous experience, in most cases they had no comparable experience at all!

RIBA PROPOSALS
IMPROVE ACCESS
MARKET TRANSPARENCY
+ PROCESSES

E-PORTALS

Steunpunt Procurement Portal is sector specific providing multiple construction sector service simply and easily.

Public procurement *Kompas light digital manual architectural services*

format, explanation & recommendations

Market transparency

CONTRACTS FINDER

providing easy access to above and below threshoild works in central Gov, clearly and simply

RIBA Recommends: **ALL PROCUREMENT**
above + below thresholds
SHOULD BE EASY TO ACCESS

CONTRACTS FINDER
https://online.contractsfinder.businesslink.gov.uk/
now covers central Gov.
+ this SPA could be extended

while the free + easy to use
STEUNPUNT exemplar
http://www.ontwerpwedstrijden.nl/
also provides:-
procurement monitoring
procurement guidance
a digital manual
so clients can do there own procurement directly
a data base of projects, costs + parties
publicly accessible data interrogation

TRANSFER

of financial risk

RISK, RISK MANAGEMENT + RISK TRANSFER ARE DETERMINING CRITERIA
FOR AWARDING OF CONTRACTS

- PI requirements are too expensive for most professional consultancies, especially micro businesses + SMEs.

- PI cover should not be used as a determinant of competency

The apportionment of
RISKS + LIABILITIES NEEDS REVIEW
This should be approached proportionately within public sector procurement by contract + project

TRANSFER

of financial risk

RISKS + LIABILITIES NEEDS REVIEW

furthermore because

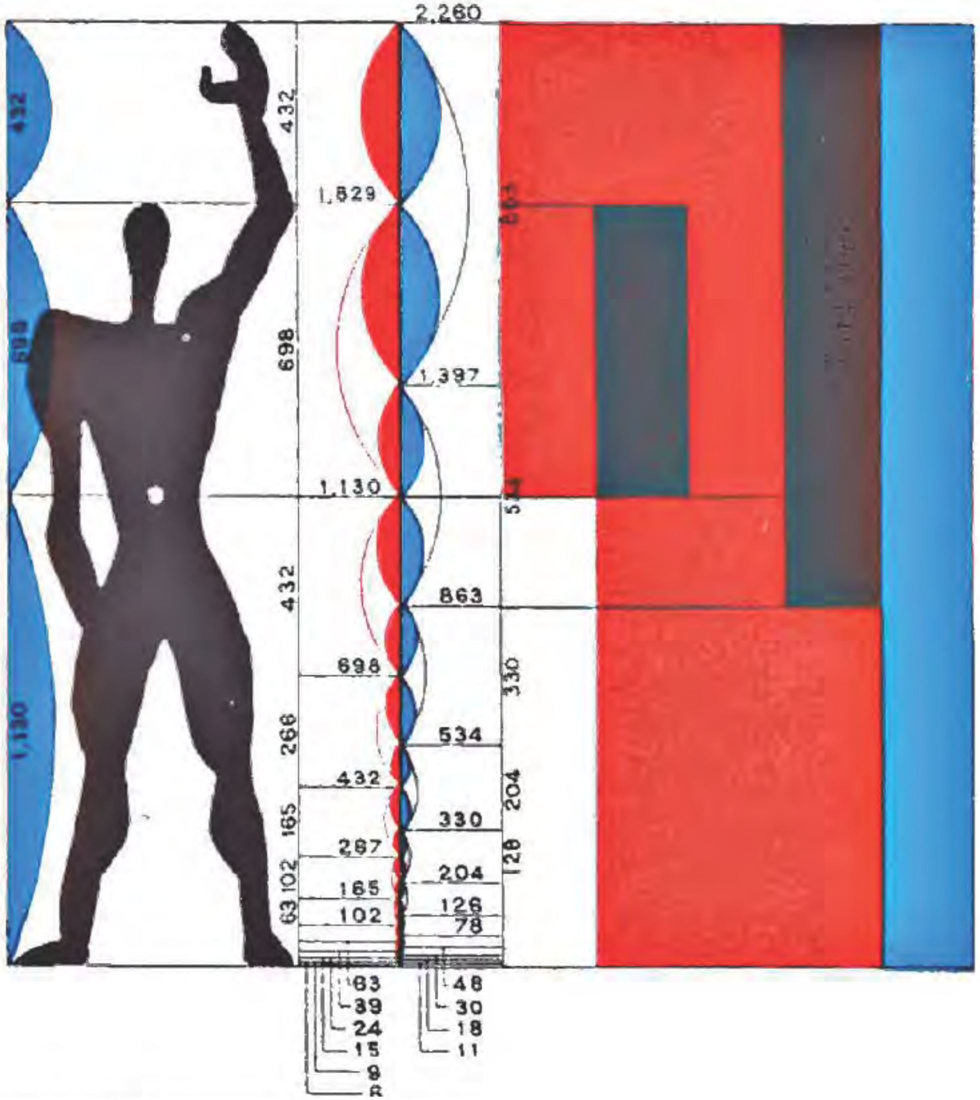
- Largest single PI insurance settled claim on the RIBA Insurance Agency main book in the last 6 years is £850,000
- Average claim in this time period £60,647
- Average large practice claim £130,865
- 50% of claim costs are legal costs.

GCS is trialing Integrated Project Insurance on only a single project, but to test outcomes more trials are urgently needed

Risk + insurance cover requirements need to be directly proportionate to the type, scale +complexity of the project, by contract + by project. Liability + risk in public procurement contracts be limited

Integrated + Single Project Insurance be promoted

THE MARKET
DEFINE PROPORTIONALITY



PROPORTIONALITY IS A PRINCIPLE EMBEDDED IN THE EU PROCUREMENT DIRECTIVE

HOWEVER PROPORTIONALITY IS A RELATIVE MEASURE WHICH, WITHOUT **SCALE,** REMAINS UNDEFINED

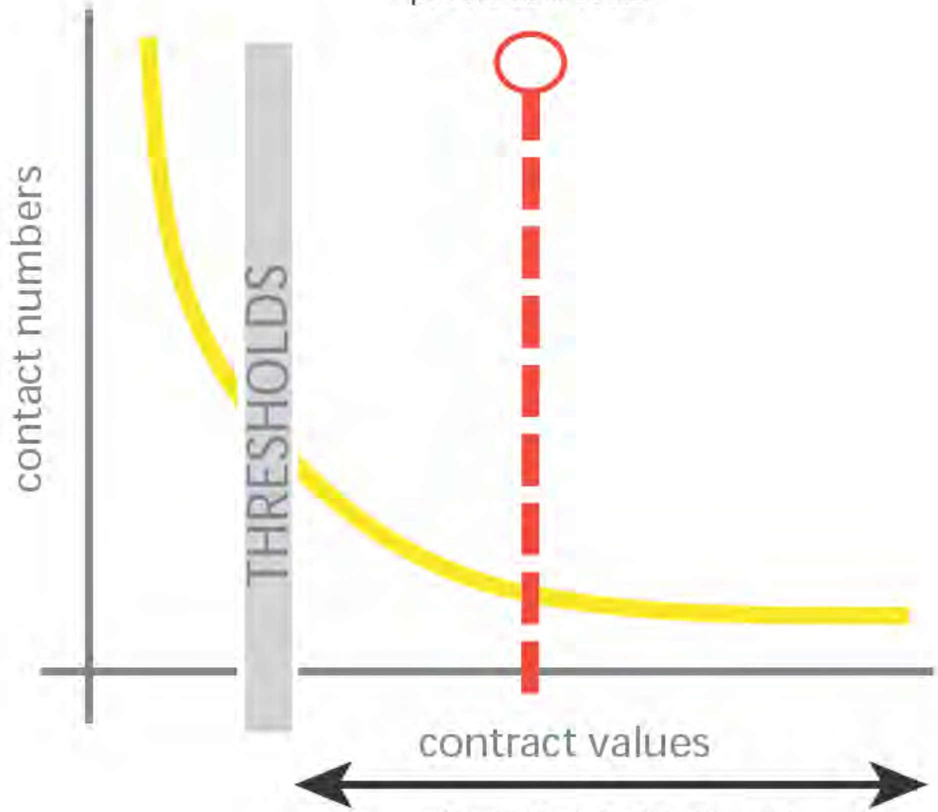
THERE IS NO MEASURE OF PROPORTION IN THE PROPOSED DIRECTIVE

hence clients apply many criteria without clear understanding or reference to a projects relative scale.

DEFINE PROPORTIONALITY

A VALUE BAND

at the mean value above thresholds a 'VALUE BAND' provides a scale



above thresholds there is currently **NO SCALE** for **DEFINING PROPORTIONALITY**

PROPORTIONALITY CAN BE DEFINED
BY PROVIDING

A 'VALUE BAND'
TO GIVE A SCALE

A 'lower band' and 'upper band' are created around the mean contract value above OJEU thresholds allowing a measured reduction in criteria

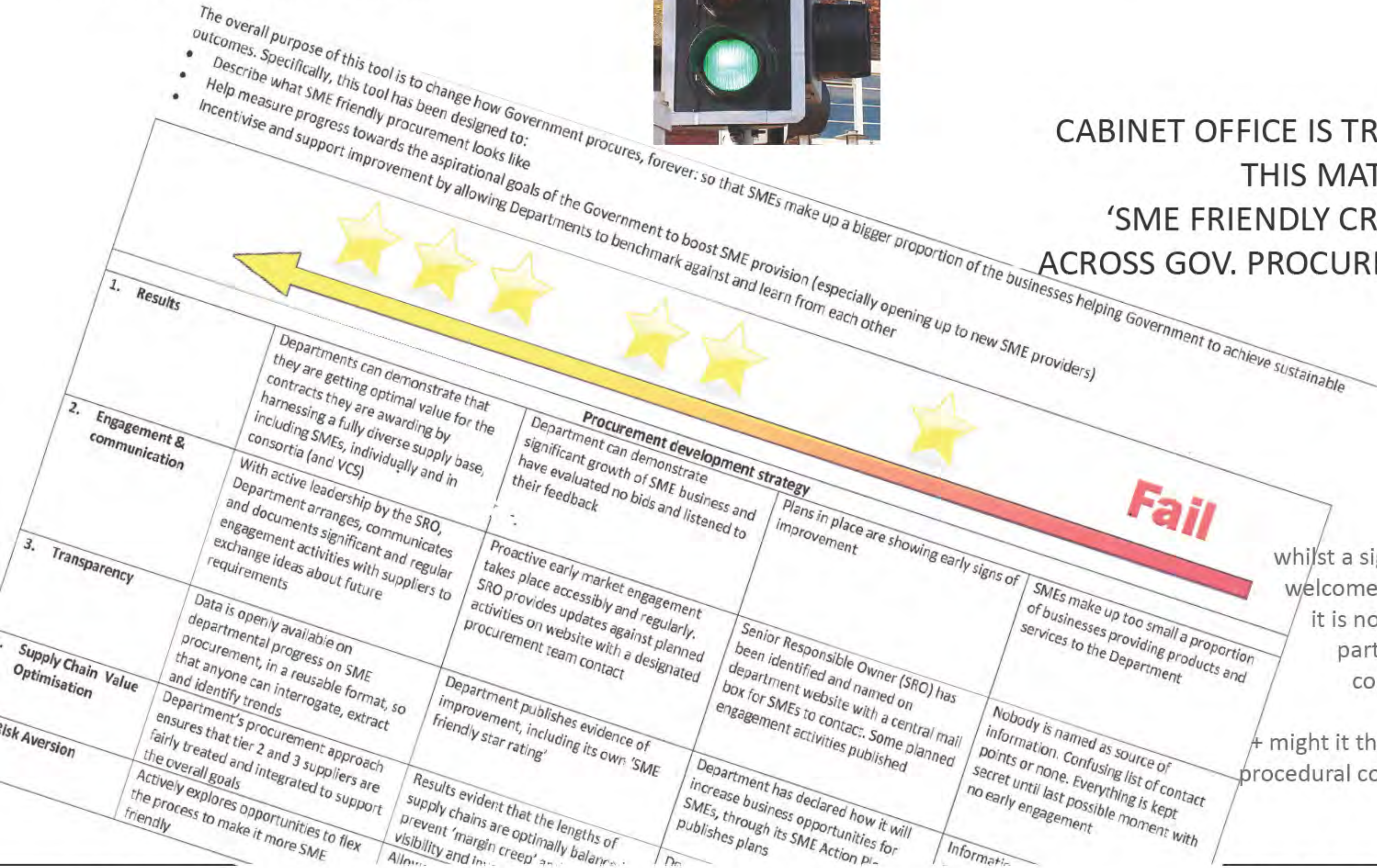
This allows for reducing the bid documentation submission by tenderers proportionately and the consequential evaluation costs

Tendering requirements in the upper band may be expected to be proportionately more onerous,
and for contracts in the lower band, less so
With only a minimum of selection criteria etc. required from tenderers for contracts in this lower band

SME FRIENDLY CRITERIA

a star rated generic matrix of criteria

PROPOSALS
DEFINE PROPORTIONALITY



The overall purpose of this tool is to change how Government procures, forever: so that SMEs make up a bigger proportion of the businesses helping Government to achieve sustainable outcomes. Specifically, this tool has been designed to:

- Describe what SME friendly procurement looks like
- Help measure progress towards the aspirational goals of the Government to boost SME provision (especially opening up to new SME providers)
- Incentivise and support improvement by allowing Departments to benchmark against and learn from each other

Procurement development strategy

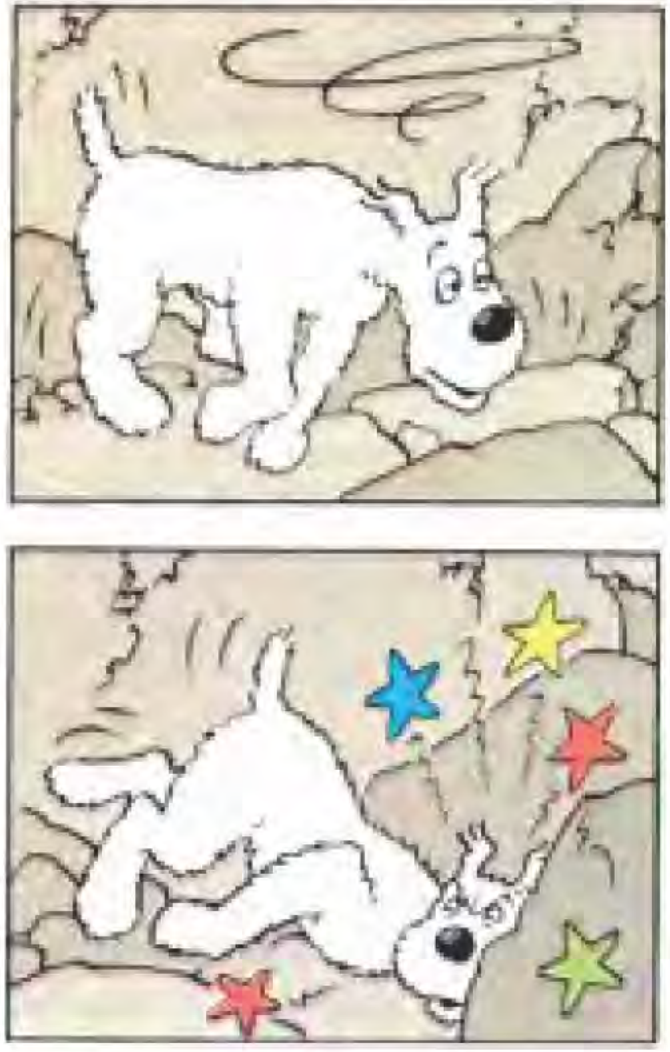
Fail

1. Results	Departments can demonstrate that they are getting optimal value for the contracts they are awarding by harnessing a fully diverse supply base, including SMEs, individually and in consortia (and VCS)	Department can demonstrate significant growth of SME business and have evaluated no bids and listened to their feedback	Plans in place are showing early signs of improvement	SMEs make up too small a proportion of businesses providing products and services to the Department
2. Engagement & communication	With active leadership by the SRO, Department arranges, communicates and documents significant and regular engagement activities with suppliers to exchange ideas about future requirements	Proactive early market engagement takes place accessibly and regularly. SRO provides updates against planned activities on website with a designated procurement team contact	Senior Responsible Owner (SRO) has been identified and named on department website with a central mail box for SMEs to contact. Some planned engagement activities published	Nobody is named as source of information. Confusing list of contact points or none. Everything is kept secret until last possible moment with no early engagement
3. Transparency	Data is openly available on departmental progress on SME procurement, in a reusable format, so that anyone can interrogate, extract and identify trends	Department publishes evidence of improvement, including its own 'SME Friendly star rating'	Department has declared how it will increase business opportunities for SMEs, through its SME Action Pl... publishes plans	Informati...
Supply Chain Value Optimisation	Department's procurement approach ensures that tier 2 and 3 suppliers are fairly treated and integrated to support the overall goals	Results evident that the lengths of supply chains are optimally balanc... prevent 'margin creep' an... visibility and in...	De...	
Risk Aversion	Actively explores opportunities to flex the process to make it more SME friendly	Allow...		

CABINET OFFICE IS TRIALING THIS MATRIX OF 'SME FRIENDLY CRITERIA' ACROSS GOV. PROCUREMENT

whilst a significantly welcome adavance it is not targeted particularly to construction

+ might it then embed procedural complexity?



For CLIENTS, BIDDERS + SOCIETY

a better system is needed now that is:-

A FREE + OPEN MARKET

TRANSPARENT + PROPORTIONATE

COST EFFECTIVE + JUSTIFIABLE

that delivers:-

SUSTAINABILITY + QUALITY

(sustainable buildings and communities)

+ EMPLOYMENT GROWTH

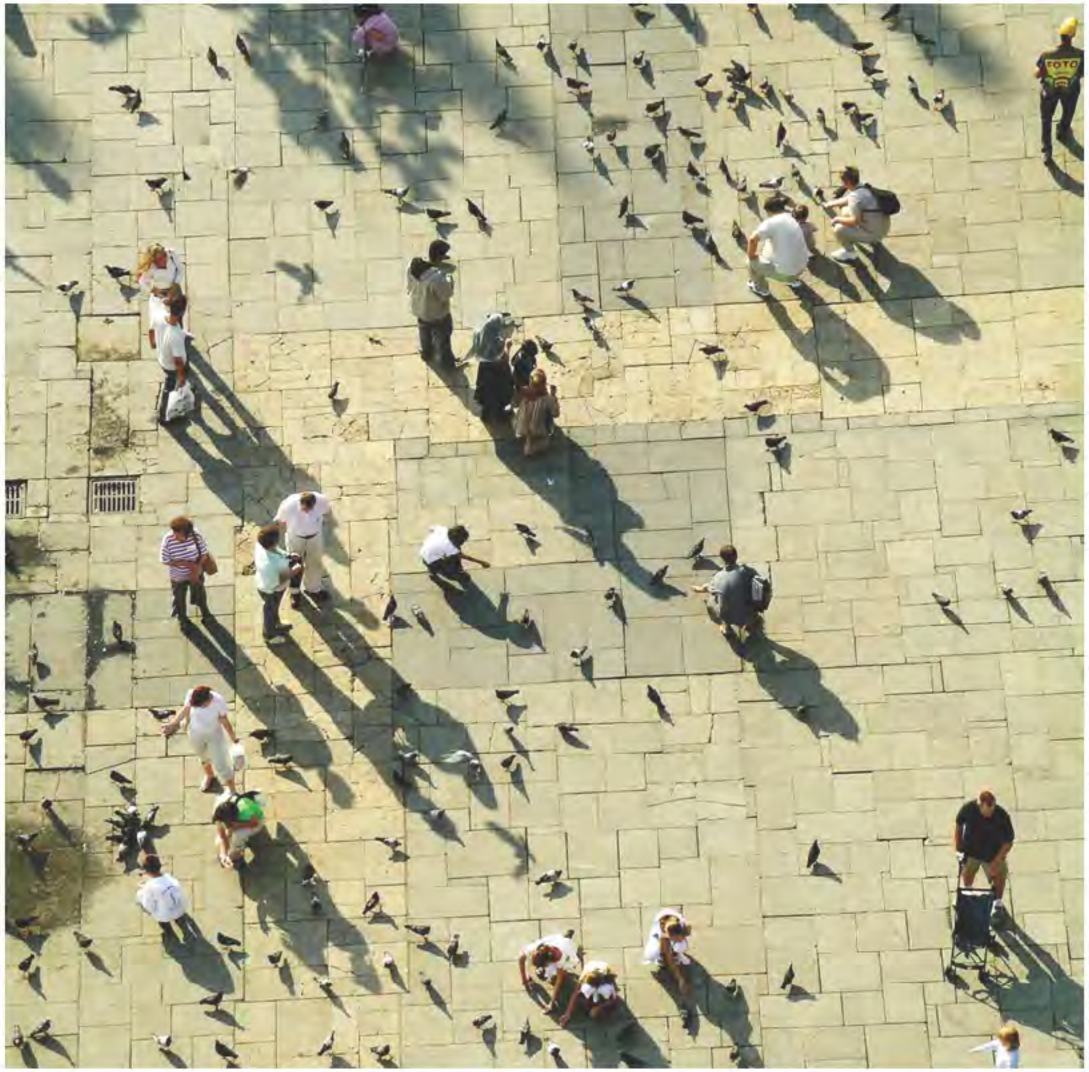
and makes:-

UK + EU ECONOMIES MORE COMPETITIVE

RIBA PROPOSALS

Building ladders of opportunity

how reforming construction procurement can drive growth



SUMMARY RECOMMENDATIONS:-

1 FURTHER EXAMINE THE BEST WAYS TO DRIVE EFFICIENCIES AND SAVINGS TO ENSURE THE PUBLIC PROCUREMENT SYSTEM FUNCTIONS IN THE BEST INTERESTS OF ALL THOSE IT SERVES.

2 EMBED PROCESSES THAT ENSURE BUILDINGS ARE SUSTAINABLE BY FOCUSING ON DESIGN OUTCOMES.

3 CREATE A COMPETITIVE MARKET BY INCREASING ACCESS AND ALLOWING THE PUBLIC SECTOR TO TAKE FULL ADVANTAGE OF UK DESIGN TALENT.

The full recommendations along with the accompanying RIBA 2012 procurement survey and related reports are available on:- www.architecture.com/procurement

EMERGING
GOVERNMENT CONSTRUCTION STRATEGY - (GCS)

The Gov. is aiming to **save 20% in UK construction**. It is open to consideration of many RIBA proposals and some have been adopted, but to achieve construction reform and efficiencies, the GCS has been largely evaluated through focus on the higher value models of construction infrastructure (eg Olympics, MOD, MoJ. etc). ref. www.cabinetoffice.gov.uk/search/apachesolr_search/Construction

Some recommendations include:-

- **More early pre-market contractor engagement**
- **Developing 'Intelligent Client' training** of commissioners', through Gov. procurement academies, but may lead to further industry specialisation & stakeholder disengagement.
- **Professional consultants being increasingly tier 2 suppliers** *(sub-contractors in D&B construction)*
- **Adopting mandatory BIM** for public sector construction from 2016
- **Increasing use of frameworks** with supply chain consolidation with potential aggregation.
- **Collating data on SMEs who work as tier 2 suppliers** *(ie as sub-contractors vis a vis prime contractors or consultants, whilst access for SMEs to UK OJEU construction will be given the 'appearance' of having improved, relative to the EU)*

There is a danger that a 'one size fits all' approach will not be universally appropriate, sustainable or efficient and address only a proportion of the construction industry.

PROGRESS TO DATE

- The UK Gov. has committed to raising the thresholds values by renegotiation of the WTO Treaty agreements commencing 2013. So lobby for all party support.
- The EU has redefined Public Bodies to ensure only those in receipt of more than 50% Gov. funding are included within the requirements of the directive (Registered providers and other Orgs.). RP's & Bottom up orgs remain to be clarified - so lobby.
- Self certification with attestation of competency at PQQ stage has been accepted. To be evidenced upon award.
- Consortia working restrictions are being relaxed.
- The Cabinet Offices has launched the Contracts Finder website to include all OJEU and below threshold Gov. works and the Mystery Shopper to report bad procurement practice. Of benefit to Micros & SMEs.
- Value Banding is under consideration - so lobby
- The UK Gov is trialling new Insurance models including IPI, but more trials and progress is needed.
- EU Proceedures will be accelerated but only for bidders - so lobby for evaluations to be accelerated to a reasonable time frame.

BUT

The UK Gov has opposed EU moves to mandate the breaking up of contracts into more numerous lots without there being due reason.

There will be significant change in architectural practice over forthcoming years. To adapt to the public procurement environment practices will need to stay abreast of all developments.

- **Lobby your MP & MEP** and petition in all ways to ensure emerging legislation and practice can be appropriate, proportionate, sustainable, effective and access is fair.

- In considering OJEU opportunities visit both the OJEU TED website and '**Contracts Finder**' which also includes UK Gov contracts below the thresholds. But target your practice expenditure, OJEU opportunities, the documentation and procedures very carefully and be realistic about what is appropriate for your practice. Avoid wasting time and money.

- Along with other construction professionals and/or contractors consider **developing bid ready consortia** for the purposes of making future OJEU bids.

- Report directly all bad OJEU Procurement Practices, contracts and terms whether at bid stage, in contract or sub-contract appointments as they arise and to the confidential Cabinet Office '**Mystery Shopper**' www.cabinetoffice.gov.uk/content/cabinet-office-mystery-shopper-scheme.

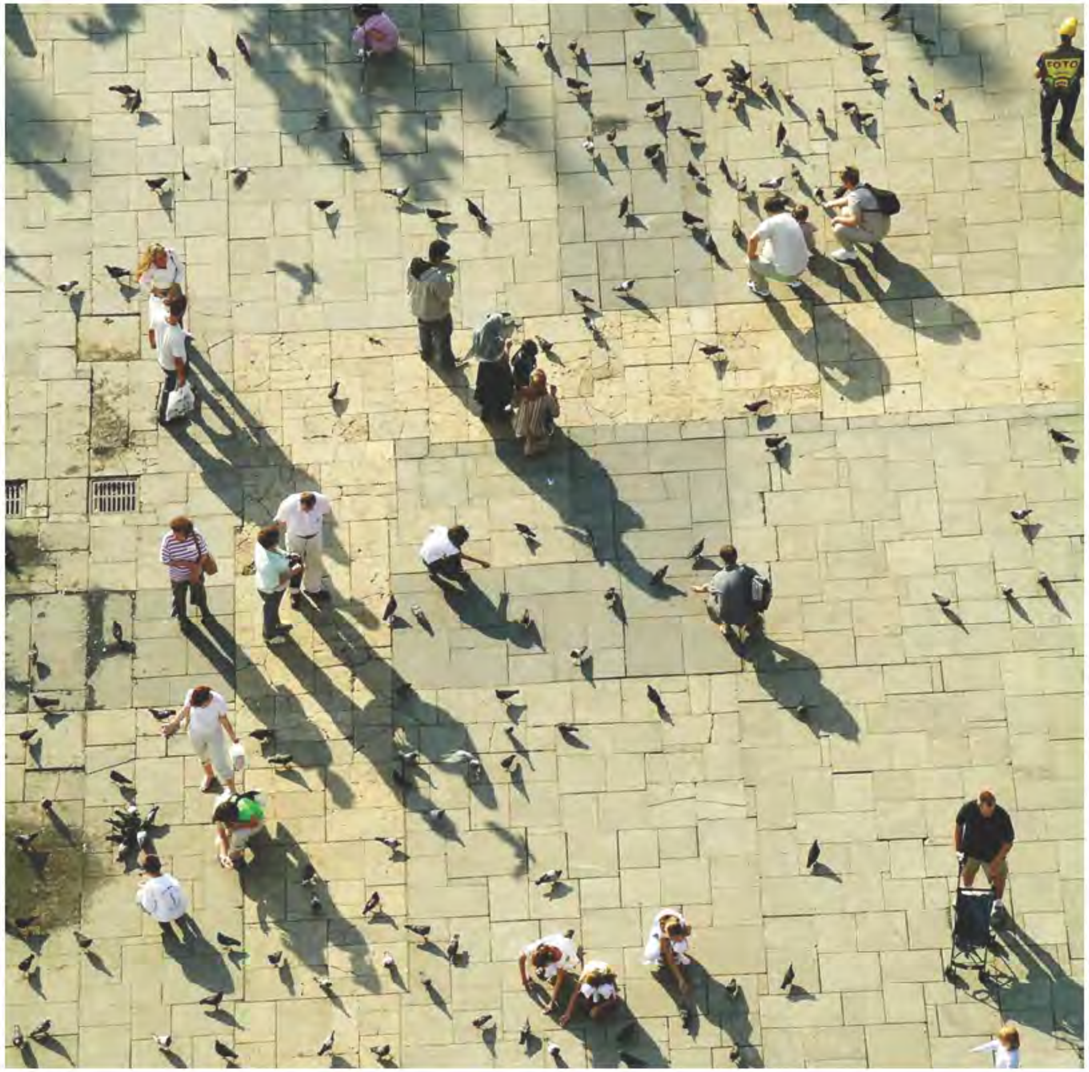
WE ARE STRANGLING EFFICIENCY
+ CREATIVITY

REFORM PROCUREMENT

cost, quality + access

Building ladders of opportunity

how reforming construction procurement can drive growth



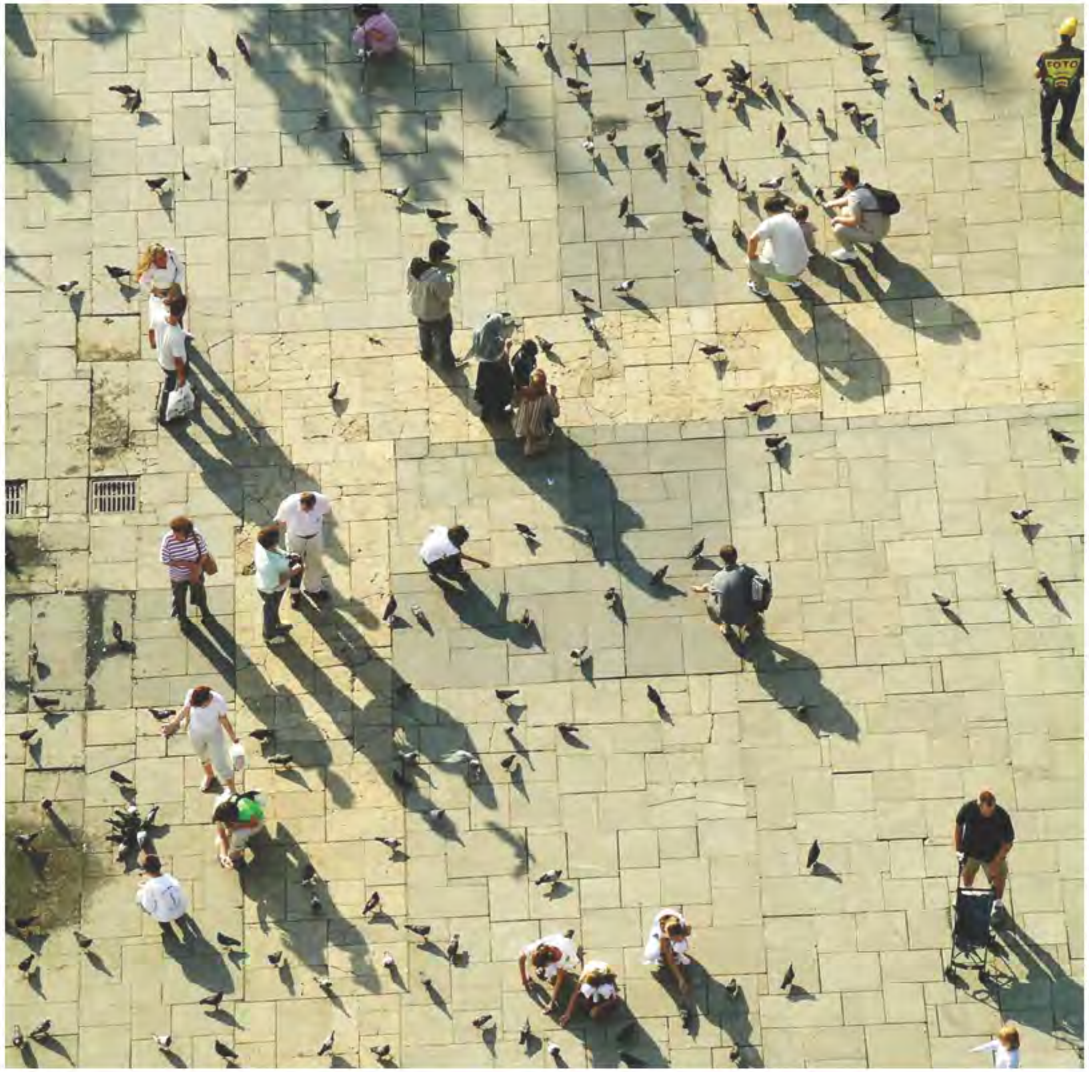
RECOMMENDATION 1

FURTHER EXAMINE THE BEST WAYS TO DRIVE EFFICIENCIES AND SAVINGS TO ENSURE THE PUBLIC PROCUREMENT SYSTEM FUNCTIONS IN THE BEST INTERESTS OF ALL THOSE IT SERVES.

- Adopt best practice from across the EU
- Address the culture of UK 'gold plating'
- Streamline PQQs
- Improve commissioning and develop the client skills/knowledge base

Building ladders of opportunity

how reforming construction procurement can drive growth



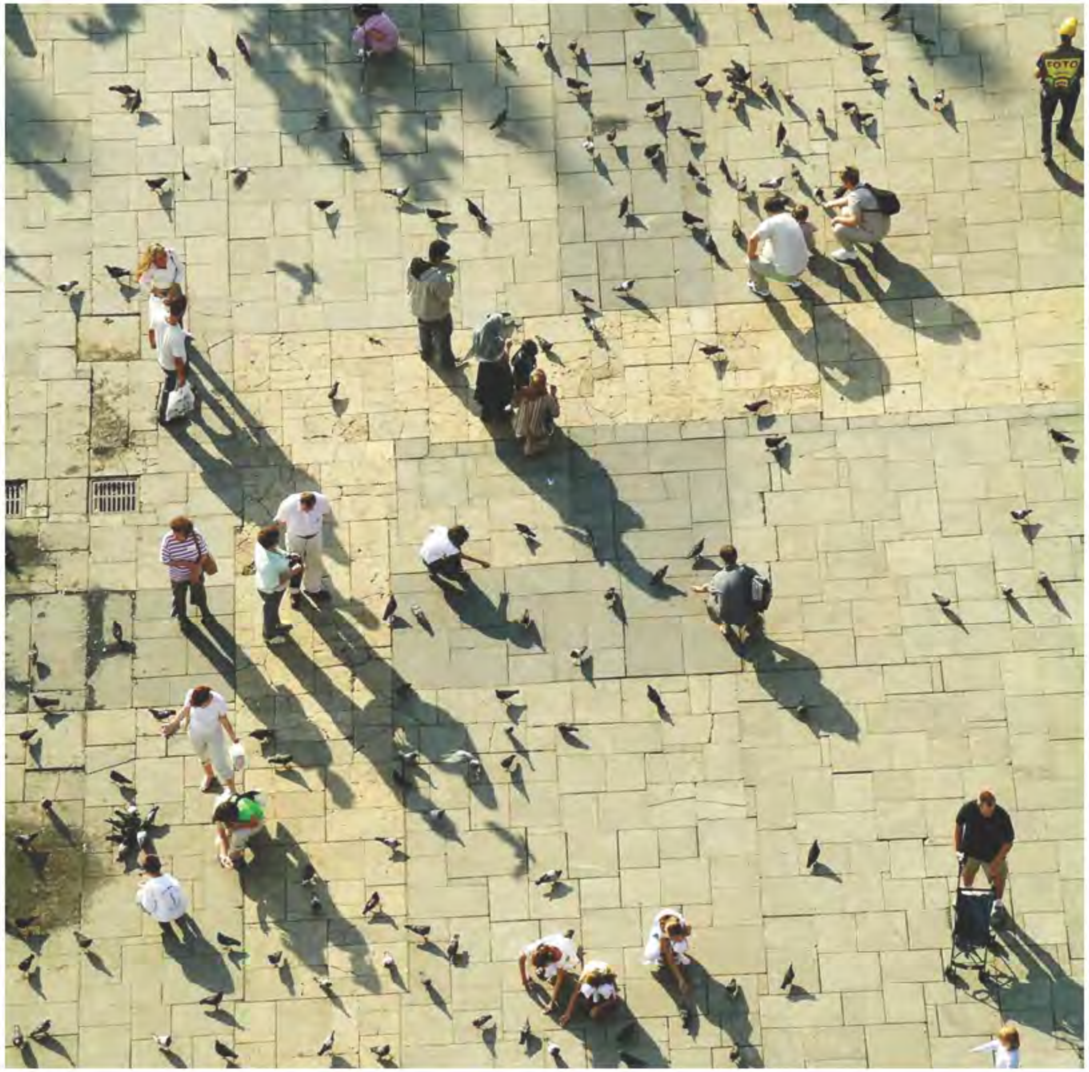
RECOMMENDATION 2

EMBED PROCESSES THAT ENSURE BUILDINGS ARE SUSTAINABLE BY FOCUSING ON DESIGN OUTCOMES

- Award contracts on basis of MEAT 'most economically advantageous tender'
- Greater focus on design outcomes: best value not lowest cost
- Lifetime costs not just capital costs
- Balanced scorecard assessment of bids
- Diversify procurement including more design competitions

Building ladders of opportunity

how reforming construction procurement can drive growth



RECOMMENDATION 3

CREATE A COMPETITIVE MARKET BY INCREASING ACCESS AND ALLOWING THE PUBLIC SECTOR TO TAKE FULL ADVANTAGE OF UK DESIGN TALENT

- PQQ and award stage requirements should be proportionate and appropriate.
- Introduce the concepts of ‘proportionality’ and ‘value banding’
- Improve access portals
- Increase OJEU threshold values