

OGC Model and Public Sector Construction Demand Database (PSCDD)

OGC Information Note 3/2006

The purpose of this Information Note (IN) is to advise public sector construction clients, about the launch of:

- OGC's new electronic, GSI-based, real-time Public Sector Client Construction Demand Database (PSCDD), and that they should now start to populate it with their future construction projects and programmes; and
- the Public Sector Construction Demand Econometric Model (OGC Econometric Model), which can be used to consider the effect public sector programmes have on each other and industry capacity.

Action

1. All public sector construction clients should populate the Public Sector Client Demand Database (PSCDD) with their forward look construction programmes/projects demand data, in line with the Public Sector Construction Clients Forum's agreement. Training on how this can be done is available free of charge from OGC.
2. All public sector construction clients should obtain a copy of the OGC Econometric Model and use it to assess the likely effect of their future demands on industry capacity, and on that of other construction programmes/projects (including new build, refurbishment or maintenance projects), as part of their construction investment decision-making process. Copies of the Model are available free from OGC, with instruction on how to use it.

Background

PSCDD

The PSCDD was a result of implementing a key recommendation of the report by Sir Christopher Kelly "Increasing Competition and Improving Long-Term Capacity Planning in the Government Market Place" (Kelly Report - December 2003), that identified how the public sector can help to influence and enhance the UK construction industry's

long term capacity planning, so as to meet public sector demand and provide a healthy level of competition. The Kelly report highlighted the need for the public sector to share information on future projects and programmes, with a view to better understanding the totality of public sector demand and its effect on industry.

The PSCDD has been developed by OGC in collaboration with the Public Sector Construction Clients' Forum (PSCCF), to collect, store, analyse and report details about future public sector construction programmes. It is capable of providing the demand side with an overall real-time view of proposed public sector programmes and projects. It can also provide the supply side with an early view of demand and spending patterns, hence improving capacity planning and competition. Confidentiality has been accounted for in the system, allowing departments to view the entirety of their inputs but only anonymised information about other public sector clients. The supply side will be able to view the anonymised data. However, to maintain data confidentiality, the aggregated information does not identify specific projects and programmes to other viewers, be they public sector procurers or the supply side.

Analytical tools built into the database allow users to view data both graphically and in tabular, exportable format. The system generates Portable

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Document Format (PDF), snapshot reports of information entered by Departments. Information can be shown by sector and region so that reports can be used to identify potential capacity bottlenecks. The reports provide intelligence to enable decision makers to make informed investment and resource decisions relating to priorities and resources.

The PSCDD enables public sector construction procurers to record their forthcoming construction projects, at varying stages of maturity. This allows the public and private sectors to have a high-level view of demand and capacity. Data stored in the PSCDD 'feeds' into and refreshes information in the Model on a bi-annual basis.

The OGC is working with the PSCCF and public sector construction procuring organisations to collate, research and analyse the public sector's construction procurement requirements over the short and medium term. OGC is also working with the supply-side of the industry to assess capacity, so both the demand and supply sides of the industry can have a better view of future construction programmes and projects, enabling them to take account of and manage future demand.

The Model

The Model is a market analysis tool. It allows for scenario playing to assist project and programme planning and investment decision-making. It will inform the Public Sector Construction Clients Forum (PSCCF) in its market analysis role and their upward reporting to Ministers.

The Model will provide a view of how construction projects might impact on each other or on the industry as a whole. It will reveal potential cost effects on inflation, labour and materials supply. It will help the supply-side of the industry plan to meet demand in good time. It will also serve to inform and assist project managers in their planning and phasing of work.

The Model achieves this by highlighting investment and resource implications in relation to future demand priorities and capacity constraints. It also provides a quantitative measure of construction output fluctuations. The Model will assist the Public and Private Sectors in planning future construction work.

The Model 'resides' with OGC, however it is publicly available to both the demand and supply sides.

The Model will be of great benefit both centrally and at Departmental level in making funding and investment decisions. However, data of sufficiently good quality is required to feed the Model.

How to access the Model and the PSCDD

A copy of the Model can be obtained from Charlotte Madum on 020 7271 2703 or charlotte.madum@ogc.gsi.gov.uk in a user-friendly Microsoft Excel format. It uses time series data to forecast wages, output prices and materials prices. It has a built-in facility for scenario analysis to determine the effects of changes in variables upon wages, output prices and materials prices.

Access to the PSCDD is via government secure internet (gsi), ensuring provision of electronic web-based, real-time data. A log on and password to the website can be obtained from OGC, please contact Charlotte Madum on 020 7271 2703 or charlotte.madum@ogc.gsi.gov.uk to arrange.

OGC Information Note 3/2006

Further Information

Further guidance on this Information Note can be obtained from Charlotte Madum on 020 7271 2703 or charlotte.madum@ogc.gsi.gov.uk

Departmental Policy

Recipients of this Information Note should consult adequately within their department to ensure that any action taken is at the appropriate delegation level and complies with their own department policies and procedures.

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