

## **Summary of Proceedings at the Public Sector Consumer Clients' Forum Meeting (8) 17<sup>th</sup> September 2007**

**See Annex A for list of attendees and apologies.**

### **1. Agenda Item 1: Welcome and Introductions**

- 1.1 Sir Christopher welcomed members and noted those apologies received.

### **2. Agenda Item 2: Confirmation of Minutes of Meeting 14<sup>th</sup> June 2007**

- 2.1 The minutes were confirmed.

### **3. Agenda Item 3: Market Analysis User Group report**

- 3.1 John Ioannou introduced Neil Blake (Experian) and Charlotte Madum (OGC) who were attending to support this item. He reported that the latest run of the model reported imbalances between projected demand, over capacity, in some areas, resulting in a substantial price premium being paid in 2010/11 by the public sector. John said how although the model was not perfect, it was indicative, and had been shown to be very accurate in tests by Experian on historic data over the past year.

Members were then invited to discuss:

- a. The credibility of the models own output in terms of their own experience on the ground; and
  - b. The implications for action.
- 3.2 James Wates stated that the Construction Products Association (CPA) viewed the latest model results as unduly alarmist and that the Comprehensive Spending Review (CSR) could dampen the outlook. On the other hand the OFT report into bid rigging could have an affect in that firms would be fined, increasing the risk of bankruptcy. This, in turn, could have a resultant effect on market capacity. After further discussion it was decided that the results were perhaps cautionary rather than alarmist.
- 3.3 John Ioannou confirmed that the aforementioned CPA report had been taken into account in the latest model. He stated that the CPA report was a snapshot of the immediate future where the OGC model looked well forward.
- 3.4 Mark Pedlingham said that the key issue with construction capacity was the shortage of skilled construction professionals. This point was seconded by James Wates who said it was 'top end' workers who were in demand.
- 3.5 Neil Blake confirmed to Steve McGuckin that road and rail projects were included in infrastructure figures. Steve indicated the lead time of 10 years for new skills to enter these markets due to the time taken for training.
- 3.6 John reminded everyone that workers could be imported but did acknowledge that some work may dependant on having experience in the UK.
- 3.7 Alan Jones asked if there were any geographic 'cold spots' during this period. Neil described the market as 'simmering' outside London rather than 'cold'.
- 3.8 Roger Latham stated that training could alleviate the situation and improved client skills could in turn, release some consultancy to the market. He then offered information to the OGC on local government projects funded outside central government provision. This was

welcomed by John Ioannou and he reminded everyone that client capacity and capability were being considered by WG6

- 3.9 Neil Blake made the point that if the commercial market started to construct all the major towers planned then this, and other speculative development, would add to the situation.
- 3.10 James Wates acknowledged the draw to big projects in London and that firms are looking to develop people to deal with the bubble in demand but, stated that if all this happened a wake up call would be needed in the CSR.
- 3.11 Jeremy Jones stated that HMT were factoring in the concerns when considering major programmes such as Crossrail.
- 3.12 Tim Laurence stated that the CSR was unlikely to bring about significant change as spending departments were already in contact and broadly aware of their position.
- 3.13 Roger Latham pointed out the link between CSR and the efficiency agenda within local government. Several significant programmes such as BSF are being delivered at this local level. Andrew Jones highlighted the need for efficient use of consultants by such aggregation of projects.
- 3.14 John Ioannou asked whether this sort of analysis should be included in the business case report for major programmes.
- 3.15 Steven Douglas supported the point that there will be pressures in years 2 and 3 of CSR07 and that output from the model would help in those discussions. It was agreed the model's conclusion should be shared more widely.
- 3.16 Richard Simmons gave a short report on the progress of WG6. The latest developments were that Leeds University would carry out skills gap analysis covering 4 departments starting with the MoJ. Results would be tested with departments whose results were increasingly focused on outcomes. Richard looked for help from the PSCCF for this and hoped the initial findings could be seen at the next meeting. The works link to the OGC's procurement capability review and aspects of the High Performing Property Initiative was also recognised.
- 3.17 Sir Christopher concluded that there were grounds for concern regarding capacity in the approach to 2010/11 and that departments should take account of this in their plans. HMT was aware of the situation. He also used this to highlight the importance of the work on capacity and skills.

#### **Agenda Item 4: Fair Payment**

- 4.1 Sir Christopher summarised the progress made so far: OGC had published the guide during the summer and the signing ceremony, accompanied by a celebratory event later that evening was due to take place on the 19<sup>th</sup> September in partnership with NSCC. Sir Christopher thanked Archie Robertson for his work as Chair of WG4.
- 4.2 John Ioannou clarified that the most important part of this initiative was its implementation. The previous FST had written to ministerial colleagues in the main procuring departments to obtain support for putting the Fair Payment initiative into practice. Members were asked to implement the appropriate measures in their organisations by January 2008. OGC had put in a regime to; initially benchmark the current position, then to measure the progress made through to 2010.

- 4.3 James Wates asked after the arrangements for sanctions in the event of non-compliance. Mark Pedlingham explained that, following ministerial lead, the Procurement Council will take an interest in department's implementation.
- 4.4 John Ioannou explained that the measuring process provided a spur to departments to implement the initiative. He also explained that the OGC and BERR would be keen to hear about any areas of government not implementing the agreed arrangements.
- 4.5 Sir Christopher asked James Wates about the sanctions to supply side members failing to implement fair payment. James considered that the government sanction would trigger this. Sir Christopher thanked him for his support.

**Agenda Item 5: Performance in use.**

- 5.1 John Ioannou introduced the largely self-explanatory paper and sought volunteers to participate in the pilot. These were ideally office projects but there were opportunities for other projects in due course.
- 5.2 Tim Laurence offered 2 projects for the pilot and was keen on the work to get going as benchmark data would be particularly useful to his organisation.
- 5.3 Alan Jones agreed to check for suitable projects from the DCSF for the pilot study.
- 5.4 Don Ward offered to share any suitable data CE had available. He also commended the work done so far and suggested that some publicity is given to the initiative.
- 5.5 Bridget Harvey drew members' attention to associated research work about to be published by BCO.
- 5.6 Sir Christopher thanked everyone for their evident enthusiasm in this work.

**Agenda Item 6: Sustainable Construction Strategy**

- 6.1 Richard Simmons summarised the main conclusions from the event hosted by Cabe on 1<sup>st</sup> August. The main issues identified were; skills, procurement and communications. The meeting went on to briefly discuss some of the perceptions recorded in the paper PSCCF (14)07 in particular perception regarding 'spend to save'. Tim Laurence believed that HMT had a positive message in this area, and despite concerns over the division of CapEx/OpEx, the situation had improved. Richard highlighted that many still believed that the lowest price ruled, despite rule flexibilities to press overall VFM. He speculated as to whether a shortage of skills militated against intelligent application of the rules.
- 6.2 Denis Walker offered to table a paper at the next meeting on BERR's industry-wide consultation on the draft strategy.
- 6.3 Roger Latham mentioned work by Local Government to act on the recommendations of the SPTF report.
- 6.4 James Wates was keen to ensure there was one clear government strategy on sustainability.
- 6.5 Sir Christopher summed up that this was a high profile aspect of government procurement and that the PSCCF would return to the subject at the next meeting in light of the paper from BERR.

**Agenda Item 7: PSCCF Working Groups – Progress Report**

- 7.1 Sir Christopher stated the report was a matter to note rather than discuss but invited any particular points members may have.
- 7.2 Don Ward expressed his exacerbation that the work of WG2 was yet to be finished. Sir Christopher reminded everyone that as the OGC was much smaller and therefore was more reliant on membership to deliver its work.
- 7.3 In response to a question on WG7 from Tim Laurence, John Ioannou explained that the agreed work had not been taken forward as the members were not available on 2 common dates. It was noted that other WG's were experiencing similar problems as key participants were particularly pressured at the time.

**Agenda Item 8: Any other business.**

- 8.1 John Ioannou encouraged members to consider nominating projects for the PM's Better Public Building Award. John highlighted this was building and not buildings and that nominees were judged on; design, management, sustainability and implementation of the project including delivering to budget.
- 8.2 John Ioannou made members aware of the industry wide event the OGC were in tentative stages of planning for early 2008. Covered items would include; the econometric model, fair payment, sustainability etc. Other suggestions were invited.
- 8.3 James Wates mentioned the next meeting for the Strategic Forum for Construction on 25<sup>th</sup> September. Likely focus was on 2012 Construction Commitments and, in relation to this, how the forum's work aligned with them.
- 8.4 Jim Price drew attention to the positive feedback received from the Roadshow Event held in Bristol, the next one being in Cambridge on the 25<sup>th</sup> September. All these are well supported from the OGC and HSE.
- 8.5 James Wates complimented attendees on the drive and focus of the meeting.
- 8.6 Sir Christopher thanked members for attending and for their useful contributions.

**Agenda Item 9: Date of next meeting.**

- 9.1 Taking place on 12<sup>th</sup> December 2007 at 2pm, 1 Horse Guards Road.

**PSCCF Secretariat  
September 2007**

## Annex A: Attendees and Apologies

### OGC Conference Room LG1, Trevelyan House

Attendee's name	Title	Dept/Org
<b>External</b>		
Sir Christopher Kelly	<b>Chair</b>	
V Ad Tim Laurence	Chief Executive	MOD DE
Alan Jones		DCSF
Adam Skinner		MoJ
Richard Simmons	Chief Executive	CABE
Jim Price	Head of Professional Services	SWRDA
Don Ward	Chief Executive	Constructing Excellence
James Wates	Chairman, Construction Confederation	Strategic Forum for Construction
Steven Douglas	Deputy Chief Executive	Housing Corporation
Steve McGuckin	Development Director	Land Securities
Dr Denis Walker (Observer status)	Construction Unit	BERR
Nigel Dorman		DoH
Jeremy Jones	Corporate & Private Finance Unit	HM Treasury
Roger Latham	Chairman	Local Government Task Force
<b>OGC</b>		
Mark Pedlingham	Director Markets, Suppliers & Skills	OGC
John Ioannou	Head of Markets & Suppliers - Construction <b>PSCCF Executive Officer</b>	OGC
Bridget Hardy	Government Estate Transformation	OGC
Peter Wooliscroft	Collaborative Procurement - Construction & FM	OGC
Phil Heenan	<b>PSCCF Secretariat</b>	OGC
<b>Apologies</b>		
Sampath Sundaram	Commercial Director	MoJ
Archie Robertson	Chief Executive	Highways Agency
Mike Burt	Director, Government Estate Transformation	OGC
Sally Brooks	Head of Schools Capital	DCSF
Rob Smith	Director of Estates & Facilities	DoH

### 2012 Commitments Roadshow Events

25th October 2007	Marriot Hotel Gosforth Park, Newcastle
7 <sup>th</sup> November 2007	PERA Melton Mowbray, East Midlands
8 <sup>th</sup> November 2007	Hilton Hotel Belfast, Northern Ireland
20 <sup>th</sup> November 2007	Leeds Civic Hall
22 <sup>nd</sup> November 2007	Aurora Hotel, Gatwick
6 <sup>th</sup> December 2007	Birmingham Botanical Gardens

Further details and registration arrangements for these free events can be found at [www.constructingexcellence.org.uk](http://www.constructingexcellence.org.uk)