

Press Release

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NFB: construction helps fuel the economy in Q3 2010

The UK's gross domestic product (GDP) grew by 0.8 per cent in Q3 2010, outpaced by the 4 per cent growth of the construction industry.

Spending on construction has not been cut as severely as the industry feared. The GDP growth figures now, as in the previous quarter, bear out what the National Federation of Builders (NFB) has always maintained: spending on construction benefits the wider economy. Construction expenditure is not just immediate economic production; it is an investment that provides long-term social and economic benefits.

What's more, the industry's low level of imports means that money spent on construction in the UK stays in the UK.

The challenge now is to make the most of the public money available as the government looks for £84 billion of savings over the next four years.

The NFB strongly believes that the government should be looking to remove the waste from the process of bidding for public construction work, rather than cutting the costs of projects. The Department for Business, Innovation and Skills estimates that a standardised approach to tendering would save the industry and the taxpayer at least £250 million each year. The NFB procurement survey, published this month (October 2010) reflected difficulties with winning public work that resulted in poor value for the taxpayer:

- 49 percent of respondents reported difficulties with pre-qualification questionnaires
- 43 per cent of respondents reported difficulties providing resources to prepare bids which can cost thousands of pounds each.
- 22 per cent of respondents spent over four weeks each year completing forms

With the adoption of the standard pre-qualification questionnaire, called PAS 91, the industry can use the efficiency gains to help contribute positively to GDP in future quarters.

Julia Evans, Chief Executive of the National Federation of Builders said: "Construction is so much more than bricks and mortar. It is a remarkably flexible and resilient industry. Despite huge job losses and high levels of insolvencies construction, once again in quarter 3, is playing a major part in generating economic activity."