

press release

PRESS RELEASE

Monday 31 October 2011

For immediate release

OFGEM FINE FOR NPOWER IS WARNING TO OTHERS, SAYS NFB

Builders' representative The National Federation of Builders (NFB) today welcomed the £2 million fine imposed by utilities regulator Ofgem on Npower for breaching regulations with an inadequate complaints procedure. Ofgem's criticism was at Npower's treatment of small businesses as well as domestic householders. This fine, along with that imposed on British Gas in June 2011, serves as a stark warning to all utility providers to ensure best practice when dealing with customers.

NFB members, many of which are small and medium sized businesses (SMEs) have traditionally faced problems when requesting connections from and dealing with utility companies, and since 2006 the NFB has conducted a survey every two years examining the experiences of its members in the construction industry. The results of the latest survey will be released this year.

Julia Evans, Chief Executive of the NFB, said: 'We are pleased that Ofgem is demonstrating its commitment to upholding the highest standards among utility providers. Anyone falling short of these standards should rightly be penalised and this fine, following on the heels of British Gas earlier this year, is a warning to the utility industry to speed up improvements. Difficulties dealing with utilities companies cost the construction industry millions of pounds a year in delays and lost productivity.'

The 2011 NFB Utility Survey, the largest of its kind, is an important piece of research which will help to inform the industry and government about improvements and enhance relationships with providers. The aim is to quantify the cost, both in terms of resources and direct financial loss, of problems in dealing with utilities companies. It will also assess whether there has been any improvement in service within the utilities sector over the past two years.

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In particular, the report will address the outcome of previous recommendations:

- Opening up to increased competition;
- Enforced Service Level Agreements;
- Better education for contractors;
- Single teams dealing with cases from start to finish;
- Named contacts for contractors;
- Fines for poor performance.

During 2006 and 2008, the NFB surveyed its membership along with the members of other trade federations in order to gather exact evidence of the problems caused by the utility network companies. The results showed that there were extensive problems. This work resulted in a major regulatory review in electricity connections, as well as action by Ofwat, the water regulator.

In **2006**, the survey found:

- 85.9% of sites reported experiencing problems when seeking a new connection to the utility networks;
- Over 40% of sites seeking connections to the water and gas networks reported problems;
- Over 60% of sites seeking a new connection to the electricity networks reported problems; and
- For telecoms, under 20% of sites reported problems.
- Causes of problems included poor communication, issues surrounding adherence to agreed programmes, agreement on cost, and the length of time taken in issuing quotations, and agreeing to supply.

Ends

Words – 480

Notes to Editor:

1. The NFB is one of the UK's longest established trade federations for small to medium-sized (SME) builders, contractors and house builders across England and Wales. It was created 150 years ago to represent the building profession and to help create the conditions for its members to thrive and contribute to the economic success of the UK. Its members range from the sole trader to large, multi-million pound construction



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companies, with turnover ranging from below £500k to £500m plus. The NFB provides advice, training and business solutions to ensure members stay up to date.

2. The NFB campaigns on the issues that impact the construction industry such as procurement, utilities, sustainability and funding. It represents the industry at government and industry forums and is an active media commentator and policy influencer.

For further information please contact the NFB press office on 01293 586664 or email marketing@builders.org.uk