**Busting the over-budget and overtime paradigm**

When it comes to bidding for new clients, design, and construction specialist Dan Grimshaw, explains why he walks away if the process involves competitive tender when it’s based on cost alone.

With a new Cabinet Office Green Paper set to simplify present complex public procurement procedures, design construction specialist Dan Grimshaw says there are lessons to be learned from the private sector when it comes to rethinking the procurement process.

Dan, founder, and director of Beam Development, believes the process is ‘massively wasteful’ and that a negotiated tender route – where a client invites one contractor of their choice to submit a tender response for a project – is the way ahead.

“The main motivation for people opting for competitive tender is to get a comparison price from more than one person, but the procedure doesn’t do an awful lot else and tragically doesn’t even do that very well,” said Dan.

“Sadly, everyone has got used to this paradigm where everything's over-budget and over-time – with HS2 rail network £800 million over budget a case in point – when the truth is, they just weren’t priced and programmed properly in the first place.

“Part of that is driven by competitive tender, by people claiming to be able to do things that they can't do and then making up for it later on. This has a massively negative impact and serves to sow seeds of distrust in procurement as a process.

“In my own business if I learn a job is to be decided through competitive tender, I just walk away when it’s based on cost alone. It’s too costly in terms of resources, and also for the potential client who just ends up with a big spreadsheet of bloated numbers to compare and with prices that bear no relation to reality.”

Dan, a specialist in the design and construction of high-end residential property for private clients and developers, says from a private sector perspective it is about negotiating the right tender at the right price for the job and then getting the job done.

“It's not about who can pretend to be cheapest and then win the work because this will inevitably mean costs are driven up one way or another,” he added.

In the construction industry, negotiated contracts are typically a transparent collaboration between a specialist builder, an architect and the client. The builder is selected at the start of the design process for their reputation and experience based on the specific type of project.

“The result is not predicted. It’s still competitive. Even if we do negotiate tender we're still up against other contractors and other project management companies out there that the clients will be looking at. We still have to win that client, but we do it on merit, on track record, on recommendations and on the cost that we propose it is going to be.”

Dan says the competitive tender process can also allow clients to try to do more than they can really afford, sometimes with disastrous consequences.

“If you want to go down that route – where somebody is going to tell you that you can have something and then through the process of building it you're going to find out that you can't and what’s more it's going to cost more – then fine, but I just don't think that's the best way.”

The Government published its Green Paper “Transforming public procurement” last month on proposed reform to the UK public procurement with the end of the Brexit transition period providing “an historic opportunity to overhaul our outdated public procurement regime”.

**ENDS**

**Issued by Empica Ltd on behalf of Beam Development. For further information contact Judith Skorupski on 0208 983 0779 or Martin Powell on 01275 394400.**

Issued 12 January 2021