Whitehall looks to BAA for procurement tips

Government departments and quangos have approached Steven Morgan, BAA's capital projects director, to discuss emulating his procurement methods, writes Emily Wright.

The news follows Morgan's revelation last month that BAA had saved about £300m since he joined the group in January 2009 and come against a backdrop of spending cuts and efficiency drives by the new government.

Morgan said: "I am invited at least once a week to talk to clients, including a number of government agencies, about how the system here and the more traditional approach to procurement works. They are increasingly seeing it as an attractive and effective approach to tendering."

When Morgan took over at BAA, it was £300m over its £4.1bn spending limit, but he says the 2008-13 five-year programme is back on budget, thanks to measures that included tendering work outside the framework, cash rewards for good performance and slashing red tape.

This week, Morgan also revealed a shake-up of the group's senior management, including three high-profile appointments. Sarah Ellis, former head of sourcing for BBC procurement, has joined as chief procurement officer; Joanne White, Bechtel's former operations manager, has joined as eastern Campus project director; taking over from Phil Wilbraham, who is now development director; and Chris Elliot from Turner & Townsend has been appointed head of infrastructure.

Morgan has extended his overhauled procurement system to cover the maintenance and upkeep of all BAA buildings. In the past this would have come under the operational side of the business, but it has now been merged with capital projects under the "capital and contract" badge. Facilities management and maintenance will now operate under the same conditions as the main construction supply chain.

Firms fear public sector work could fall by 25%

Construction companies are predicting a drop of up to 25% in public sector workloads over the next three years amid concerns that a private sector upswing will not come soon enough to offset the fall.

Out of 15 of the biggest UK contractors, consultants and architects surveyed by Building, 13 said they were anticipating a drop in public sector work over the next three years, six by at least 15% and three - Balfour Beatty and architects HLM and Sheppard Robson - by as much as 25%.

The average predicted drop in public sector work, based on company-wide turnover among contractors, was 15%. Consultants also predicted an average drop of 15% whereas the architects surveyed predicted an average drop of 12% based on their UK turnovers.

The news that major firms will be steering their businesses away from a reliance on public sector work follows the £5bn cuts announced so far - with more to follow in next month's Budget. But as companies look to find work in other areas, there is concern that the private sector will not recover fast enough to compensate.

Jonathan Goring, managing director of Capita Symonds, described the public sector as still "the only game in town". He said: "There will be a bit of private sector upturn. But it won't be significant enough."

For the full results see P38

All-rounder

A landslip of £21m Carnegie Pavilion is nearing completion at Headingly cricket ground in Leeds. The 4,000m² pavilion and media centre will also provide teaching space for Leeds Metropolitan University.

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