This evidence is offered from the perspective of a professional SME design consultant. We are currently part of the supply chain on a number of NPD and HubCo new build construction projects in education and health sectors.

The vital life blood of SME’s is cash flow. In this regard we find that the experience of working on NPD projects is quite different from HubCo projects.

From the commencement of Competitive Dialogue NPD projects typically allow consultants to recoup some of their costs in preparing design and technical information as part of the dialogue process. This allows more resources to be employed during the critical early design stages and real innovations and efficiencies to be delivered to the client. Once Financial Close is reached payment stages tend to be much more regular, often monthly. This allows all subsequent design stages to be properly resourced and the innovations promised during dialogue to be delivered for the client.

HubCo projects are very different. The current arrangements for supply chain funding during the Hub development process continue to require significant resources to be committed to Hub projects well in advance of payment being received. Payment stages can often be up to 12 months after the commencement of the Hub Stage. For example our own practice has been working for over a year on a Hub Stage 2 with no payment whatsoever. This places an unreasonable level of risk and financial strain on supply chain members, especially SME’s who are in effect subsidising the public sector. This is quite separate from the extremely low fee levels that typically apply to these projects. In contrast to NPD projects described above it can be very hard to continue to adequately resource HubCo projects where payment stages are so protracted, often through no fault of the supply chain, and cash flow is very difficult to manage.

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