

APPENDIX I

(referred to in Introduction, paragraph (iv))

LIST OF PRINCIPAL SOURCES OF EVIDENCE

The London Builders' Conference
The National Federation of Building Trades Employers
London Master Builders' Association
Federation of Master Builders, Ltd.
Federation of Associations of Specialists and Sub-Contractors
The Royal Institute of British Architects
The Royal Institution of Chartered Surveyors
The Incorporated Association of Architects and Surveyors
Ministry of Works
Ministry of Housing and Local Government
Ministry of Education
County Councils' Association
London County Council
Associated Building Industries Ltd.
The National Federation of Building Trades Operatives

We also obtained evidence or collected information from a number of building owners in the reference area including Local Authorities, nationalised industries and other public bodies and private concerns, and from individual builders, architects and surveyors.

APPENDIX 2

(referred to in paragraphs 2, 94 and 176)

EXTRACT FROM HOUSE OF COMMONS OFFICIAL REPORT OF DEBATES OF 7th NOVEMBER, 1952

LONDON BUILDERS' CONFERENCE

MR. PERCY WELLS (Faversham): The matter of the London Builders' Conference, which I now bring to the attention of the House, is of considerable importance to all who are concerned with building charges, whether as individuals, as taxpayers or as ratepayers. I say at the outset that this is no party matter. The debate might very well have been initiated by a Member on the other side of the House who was in possession of the information which I now propose to place before the House some time before it came into my hands. Had the hon. Member chosen to do so, I should, of course, have supported him.

The London Builders' Conference has been in existence for a number of years. I hope to show that behind this innocent sounding title there exists an organisation with very wide ramifications and which exercises a control over building tenders that not only makes a farce of competitive tendering, but extracts large sums of money from those for whom the work is performed, without performing any service whatever to the building owner.

The activities of this organisation are not, as the name implies, confined to London only; they are nation-wide. There are regional conferences up and down the country and these operate in conjunction with the London Builders' Conference. The brain behind these conferences, both in London and the regions, belongs to a most industrious and ex-high grade civil servant who is reputed to receive a salary on a par with that of the Prime Minister.

The London and regional conferences are concerned with contracts of from £3,000 to £250,000. Above that sum interest is transferred to another conference called the "Major Contractors' Conference" which covers contracts anywhere in the United Kingdom, has the same chairman as the London Builders' Conference, and operates from the same offices at 32, Portland Place, W.1.

Membership of the conference is open to any firm without entrance fee or annual subscription. They are allowed to quit at any time upon giving three months' notice. Should a firm not desire to enter into membership of the conference, it can become what is known in the constitution of the London Builders' Conference as a "co-operative non-member." Although the membership of the conference is easy and cheap, it carries a certain number of obligations.

For instance, every co-operating non-member or member, as soon as he has decided to tender for a job, must immediately inform the conference chairman, Sir Alfred Hurst, of his intention so to do. The reason for this is made perfectly plain in a letter which has come into my possession addressed from the conference head office on 24th January, 1951, to certain tenderers, in the following terms:

"Dear Sirs,

The following contract has been reported to this office as a Competitive Conference job under the Rules of the Conference: Employer, Kent County Council. Description: Adaptation to form Old People's Home, Court Royal, Tunbridge Wells, and according to our information the under-noted firms are competing for it . . ."

Then follows a list of 16 firms who are about to tender for this contract. This has been checked and found to be correct.

This allows tenderers to know exactly with whom they are competing, and it also enables them to get together and fix upon a minimum price for this contract. This obligation to report—I now quote from the London Builders' Conference constitution and rules, paragraph 15:

"should extend to all building or civil engineering work anywhere in the United Kingdom estimated to cost more than £2,500."

Members must also report:

“ information coming to their knowledge in regard to the competition of non-members.”

The next and fundamental obligation of members and their co-operating non-members to the Conference is—and here I quote again from paragraph 18 of the Conference constitution—to

“ report in confidence to the chairman the preliminary price at which he would propose to tender.”

The House will appreciate that this information is forwarded to the chairman of the London Builders' Conference or the regional conference, whichever it may be, before any tender has been sent to the person for whom the work is to be done.

What happens to these prices when they reach the offices of the Conference? Are they checked by a body of experts? Not at all. The highest one-third, when more than five tenders are received, and the highest in excess of three when five or less tenders are received, are eliminated. The average of the remaining two-thirds or the last three, as the case may be, is taken as the fair price. To this is then added £5, plus 2s. per £100 of the balance up to £50,000, plus 1s. per £100 in respect of cases over £50,000, for each person tendering. As “ The Builder,” the trade journal, stated in a leading article on 29th August this year, this could make a difference of £550 on a £15,000 contract if 10 firms tendered.

If I may, I will give an example to the House in order to show the way in which this works out in practice. We will suppose that 12 firms submit preliminary tender prices for a school to the London Builders' Conference. The highest four are eliminated, it being a common practice in the building industry that firms which do not wish to have a particular job, but who wish to be kept alive on the list of tenders, are eliminated. That leaves the remaining eight firms, and they tender as follows: £50,100; £49,600; £49,450; £49,300; £49,250; £49,100; £48,700, and the last, which, of course, is the one that is of importance to us, £48,200.

Assuming that the lowest tender might otherwise have been accepted, the job would be done for £48,200, which is the lowest tender price. Because of the London Builders' Conference scheme, however, the average of the lowest eight prices will be taken, and this works out at £49,212. To that is added the £5 for each tender, and then the 2s. per £100 to which I have referred, which adds a further £550 on the lowest price, making it £49,762, or £1,562 more than it was originally. Incidentally, this is equal to the product of a 3½d. rate in the largest local authority area in my constituency.

This latter sum is then called the fair price, and becomes the lowest tender price from members of the London Builders' Conference and their co-operating non-members. The other prices are adjusted in order that the person who sent in the lowest price would still be the lowest tenderer from amongst the membership of the London Builders' Conference.

If successful he would be expected to hand the £1,562 that he had received in excess of his lowest price to the Conference. This £1,562 is then shared equally between the 12 firms that tendered, less a deduction of 25 per cent. in the case of a member and of 33½ per cent. in the case of a co-operating non-member. It will be seen that not only is the owner paying £1,562 more for the job than he would do otherwise, £1,562 from which he derives no benefit, but that 11 firms receive payment for no service to him whatever.

Further if a member or a co-operating non-member loses a contract owing to having carried out the chairman's instruction to increase its price—and I now quote from paragraph 28 (3) of the London Builders' Conference objects and rules—

“ Compensation will be paid at the rate of 1 per cent. of member's preliminary price up to £100,000 and of half per cent. on any excess over £100,000.”

This has been described in many quarters as a racket. To what extent it has increased the cost of building it is not possible to tell, but the sum must be tremendous. It is an impudent and unjust extraction for which the owner receives no benefit.

That the activities of the London Builders' Conference are open to condemnation is agreed by the Royal Institute of British Architects, the Chartered Surveyors' Institute and that very reputable trade journal "The Builder."

A letter to over 500 members of the London Builders' Conference, dated 21st July, 1952, sent out by Sir Alfred Hurst states:

"As a result of a semi-official discussion I had with leading officers of the Ministry of Works, that Department has in no case insisted on the signature of the Declaration and no firm has been penalised on that account."

I have already received from the Minister of Works the assurance, which I accept unreservedly, that this statement is not correct. I mention it now to show the lengths to which the chairman of the London Builders' Conference is prepared to go in order—and I quote from the concluding paragraph of the letter to which I have referred—to continue

"the solid front that has hitherto proved so successful."

So successful in what? The fleecing of building owners. This letter was sent out because the Building Committee of Kent County Council had informed all firms on their list of tenderers that for all work exceeding the estimated cost of £3,000 they would be required in future to sign a declaration similar to that drawn up by the Ministry of Works in March last year.

We have been told that these additions to prices are not very frequent. Nobody but the chairman of the London Builders' Conference knows that. As far back as 6th October he was invited by the Kent county architect in a letter which appeared in "The Builder" to state the number of jobs dealt with since the war by the L.B.C.; the number of jobs where the preliminary prices have been adjusted to a "fair price"; the sum total of adjustments so made, and whether the office records of the London Builders' Conference would be open for inspection to justify any of the figures given.

There has been no reply. So far as I have been able to ascertain, all responsible people in the building industry who do not benefit directly from the L.B.C. scheme condemn it. When a responsible and large-spending local authority such as Kent County Council find it necessary to seek protection from such a body, surely there is something seriously wrong. I know that the right hon. Gentleman's powers are limited, but I ask him to endeavour to persuade his right hon. Friend the President of the Board of Trade to refer this matter to the Monopolies Commission, and meantime to see that the declaration drawn up by his own Department is strictly implemented in Government and local government contracts.

The Royal Institute of British Architects in their Journal reported on 5th August, 1951, that the R.I.B.A. Council had met and

"re-affirmed its strong disapproval expressed by the Council in 1939 of the methods of the Conference in regard to price-fixing arrangements. The Council deprecated particularly the procedure which has the effect of adding an amount to the contract price for which the building owner receives no visible or tangible return."

In view of such general condemnation by those who are so closely connected with the building industry, and in view of the present tremendously high cost of building, I beg the Minister, with some confidence, to take whatever steps are open to him to remove this parasitical organism from one of our fundamental industries.

THE MINISTER OF WORKS (MR. DAVID ECCLES): The hon. Member for Faversham (Mr. P. Wells) has certainly done the House a service in raising a very serious matter. He made a generous reference to my hon. Friend the Member for Maidstone (Mr. Bossom), whom we are sorry is not with us today.

This certainly is a matter in which both sides of the House are interested. It is quite clear from the constitution of the London Builders' Conference that it contemplates arrangements which must limit competition and raise the price of building. These arrangements were firmly condemned in the Report of the Simon Committee in 1944, but I will not read the passage as my time is short.

No Government can remain indifferent to practices which have the result that the hon. Gentleman has described. It might be thought that the obvious thing to do is for me to ask my right hon. Friend the President of the Board of Trade to refer this Conference to the Monopolies Commission. Against that, it is a very long and cumbrous proceeding, and I want results quicker if I can get them. I should like, first of all, to try to persuade the builders in these Conferences to look very closely again at their arrangements and to end them in the national interest and, I may say, in their own.

This Conference was set up before the war, and there were many restrictive practices introduced in those inter-war years for which there is no excuse today. It has been argued, as I think the hon. Gentleman said, that since the war the powers to knock out the lowest tenders and to raise the cost by these adjustments have not been very much used. In this House we have often heard arguments of that kind from Ministers on the Government Front Bench. Ministers are apt to say that their powers are not dangerous because they are so seldom used, but I think any House of Commons man, who is a friend of liberty, knows the answer to that, which is "If you do not need the powers you ought to drop them."

Today there is plenty of work in the building industry. We are going to have more steel for building next year, and so there will be more licences and more work to do with our present labour force. It is, therefore, of the highest importance that any arrangements which add to prices should not be accepted.

As the hon. Member said, the Ministry of Works has taken some steps already. Our duty as a building Department is to protect the taxpayer whose money is involved when we place contracts, and my predecessor, who was alarmed at the actions of the London Builders' Conference, quite rightly, decided to require every firm which tenders for a Ministry contract to sign or to refuse to sign a certificate which asks for three assurances.

The certificate reads:

"We declare that we are not parties to any scheme or arrangement under which:

- (a) we communicate the amount of our tender to any other person or body before the contract is let;
- (b) any other tenderer for the works, the subject of our tender, is reimbursed any part of his tendering costs;
- (c) our tender prices are adjusted by reference directly or indirectly to the prices of any other tenderer for the works."

We ask all our tenderers to sign or to refuse to sign that, and it is a measure of protection. But I am not sure that we have gone far enough.

Mr. C. W. GIBSON (Clapham): Has the right hon. Gentleman asked local authorities to do the same?

Mr. ECCLES: I am going to do so—I think it would be a good thing—but I want to suggest some other lines of action.

The R.I.B.A. have endorsed the use of that certificate. That is significant, because the architect is the man whose professional responsibility it is to see that the client does not pay too much for a building. I am afraid that all architects have not insisted upon this certificate. If they had, I do not see how these Conferences could have continued in existence.

The House may think it reprehensible that the Ministry of Works and the architectural profession have not between them been able entirely to deal with the Conferences. The reason may be that our whole system of tendering leaves much to be desired. In these days, when a licence is a long-awaited signal to go ahead, the building owner is often unwisely impatient to start directly the licence arrives, although the architect may not have prepared the plan in detail and the quantity surveyor may not have got out his bill of quantities. The building owner may, nevertheless, press for a start, and thus the contractor very often has to tender on insufficient information. The result is that there is a very strong temptation among many builders to protect themselves against after-thoughts, modifications and increases in the cost which are not apparent from the original document which the architect sends in.

That is all very bad, but it does not mean that we should simply drop the Conference methods to cure the situation. We must go to the root of the matter and improve the combined operation of architect, quantity surveyor and contractor which is unsatisfactory. I believe the lead here should come from the profession. It should come from the R.I.B.A. The Ministry of Works will give all the help it can.

I want these Conference methods to go quietly, and I propose to conclude by saying two things to my friends in the building trade who are members of these Conferences. I would point out that some of the very best firms in the country are members. First, I want them to help me to get rid of all restrictive practices in the building industry. The national interest demands that we do so. We have a very great challenge to meet in building quicker, cheaper and without loss of standards. The country wants more investment, and we really must not let it down, but restrictive practices stand in the way of doing the maximum amount of work at the lowest reasonable cost. How can I ask the building trade unions to consider abandoning any restrictive practice if it is known that employers are making use of these Conference arrangements?

Secondly, I am against nationalisation and State control, but what more serious argument for nationalisation and State control can be found than arrangements between the employers for fixing prices and limiting competition? The consumer's interest can be safeguarded, however, either by a free choice of supplier or by State-control of prices. I do not believe in State-control of prices. Therefore, I wish to see the consumer satisfied that he is safeguarded by free and fair competition. I would say to my friends in the building industry, who are doing a very good job, that they need have no fear either of unemployment or of nationalisation if they will keep their costs down and do good work at competitive prices, and be seen by the public to be doing so.

There is here a very deep interest for them concerning their own future, and I hope that they will not overlook the importance of freedom and the price which we all have to pay for freedom, that is, fair dealing and good service to the public. I wish to ask them to take note of the arguments which the hon. Member for Faversham has put forward and of the remarks which I have just made. The hon. Member has done a service, and if we can get a quick settlement of this matter I think it would be to the satisfaction of the House and of the country.

LIEUT.-COLONEL MARCUS LIPTON (Brixton): Will the right hon. Gentleman do his best with the Minister of Housing and Local Government to protect local authorities, or at least encourage them to require the same condition from contractors as he, as Minister of Works, requires from people who tender for Government contracts?

MR. ECCLES: Yes, I will. I am under the impression that quite a number of local authorities do not really know of the existence of the conference.

MR. C. W. GIBSON: Will the Minister, in the event of this attempt to settle the matter in a friendly way behind the scenes failing, ask the Monopolies Commission to have a look at this matter urgently and give him some strong recommendations on it?

MR. ECCLES: I have already put that possibility to my right hon. Friend, and we will certainly keep it in mind.

APPENDIX 3

(referred to in paragraph 62)

CORRESPONDENCE BETWEEN THE L.B.C. AND THE JOINT COMMITTEE OF ARCHITECTS AND QUANTITY SURVEYORS (1939)

Royal Institute of British Architects,
66, Portland Place,
London, W.1.

3rd May, 1939.

DEAR SIR ALFRED HURST,

The London Builders' Conference

As Chairman of the Joint Committee of Architects and Quantity Surveyors I have been requested to convey to you the views of that Committee. These views have been considered and endorsed by the appropriate Committees of the constituent bodies, namely the Practice Committee of the R.I.B.A. and the Quantity Surveyors' Committee of the Chartered Surveyors' Institution, and may therefore be taken to represent the feelings of both professions.

The Joint Committee appreciates the frankness with which the formation and the activities of the Conference have been explained by yourself, and fully understands and can sympathise with the objects of the Conference in so far as they may be a definite, practical, and workable method of eliminating or preventing unfair price cutting and unscrupulous tendering by unprincipled and unworthy Contractors to the detriment of the Building Owner, the Joint Professions, and the Building Trade in general.

They would approve in principle any devisable method to achieve this object and would give consideration to representations by the Contractors to a limitation of the number of tenders and the class of Contractor to be invited to tender for any particular work. But they cannot agree to any infringement of or restriction upon the principle of the freedom of an individual Contractor to tender at his own figure.

The Joint Committee consider that the majority of the evils of price cutting, which the operations of the Conference are primarily designed to remove, arise largely from competition between firms of Builders whose standards of workmanship, financial stability, and general standing in the industry are widely different. They feel that it often lies within the power of Architects—and that it is indeed already the practice of many Architects—to advise their clients to restrict the invitations to tender to firms of Builders in the same class judged by these standards; the class being decided according to the wishes and general requirements of the Building Owner. If this practice were made more universal it would go a long way towards the solution of the problem without detriment to the true interests of the Building Owner. They agree, however, that it is not in every case possible to act on these lines.

While agreeing that the Conference is a constructive attempt to deal with the difficult cases mentioned above, the Joint Committee cannot regard its actions with favour in so far as they are detrimental to the interests of the Building Owner, for the following reasons and in the following manner:—

- (a) It is an artificial combination which depends for its strength on the number of its members and for its cohesion upon the mutual trust in each other of these members.
- (b) In addition to the artificial stimulus to prices and the interruption of the stabilising effect consequent upon the law of supply and demand its operation does to a greater or lesser extent in every contract add a varying amount to the actual contract figure, which amount is paid by the Building Owner without his receiving any visible or tangible return for his money. Or in other words the expenses of the working of the Conference are a levy of an undisclosed amount on the pocket of the Building Owner.

The undesirability of this is obvious.

The Joint Committee have also requested me to ask if you would be willing to let them have a list of the Members of the Conference.

I should be glad to hear from you at your convenience so that the whole matter may be further considered by this Committee.

Yours very truly,

(Signed) OSWALD HEALING,

Chairman,
Joint Committee of Architects
and Quantity Surveyors.

SIR ALFRED HURST, K.B.E., C.B.,
Chairman,
The London Builders' Conference.

32, Portland Place, W.1.

26th May, 1939.

OSWALD HEALING, ESQ., F.S.I., etc.

Chairman of the Joint Committee of
Architects and Quantity Surveyors,
21, Queen Anne's Gate, S.W.1.

DEAR MR. HEALING,

I have now had an opportunity of submitting to my Executive Committee your letter of the 3rd May, and of reporting the discussion which I had with you and Mr. Geoffrey Wilson at the R.I.B.A. on the 15th. As arranged at that meeting, I am endeavouring to embody my Committee's views on the various points raised by the Joint Committee in a written reply, but they will be ready to supplement this in discussion if so desired.

They are very glad to find so wide a measure of agreement between the Joint Committee and themselves on the desirability of promoting more stable conditions in the building industry by eliminating unfair price-cutting, and they welcome your Committee's offer to co-operate to this end by limiting the number of tenders for any particular job, and by issuing invitations only to contractors of the same class. They readily acknowledge the assistance which is already being given in this direction by many Architects and Surveyors.

They would, however, point out

- (1) that while many architects and surveyors limit their competitions to a reasonable number of firms, it is probably only a minority as yet that have adopted a definite policy of one-class competition;
- (2) that even among this minority there are naturally wide differences of opinion as to what constitutes a class for this purpose; and
- (3) that all too often the wishes of the architect, both as regards number and class of competitors, are overruled by the client. This is notably so with the large field of local authorities' work put out to public advertisement.

My Committee feel that the best hope of winning general acceptance of this policy of limited tender lists and one-class competition lies in making it financially more attractive to the client. This the Conference claims to be doing.

The reduction of tender lists will undoubtedly lessen the serious expense of estimating and so tend to cheapen building. Coupled with a more careful grading of builders it will also remove one potent cause of price-cutting. But it is the experience of my Committee, fully supported by the figures which I brought to our meeting, that the problem of price-cutting is much more than a question of long and heterogeneous tender lists; still less can it be summed up as "unscrupulous tendering by unprincipled and unworthy contractors". Rather is it the inevitable result of unrestricted competition in a market in which productive capacity is much in excess of demand. It is a problem common to all industries in which such a situation develops. The greater this excess of productive capacity the greater is the pressure on individual

firms to forgo profit and even part of their overhead charges in the scramble for turnover which often becomes a struggle for existence. Few firms can claim to be unaffected by this pressure.

So far, therefore, from the law of supply and demand conducing to stability, it has the contrary effect. In times of depression it leads to uneconomic prices, financial difficulties and bankruptcies, tending to force down the capacity of the industry to fit the reduced demand. When better times return, the industry is not equal to the demand and high prices result. Neither process is in the best interests of the client or of any of the professions and industries dependent on the well-being of the building industry.

At our meeting, you and Mr. Wilson expressed the view that these wider considerations were rather outside the sphere of responsibility of the architect and the surveyor, and that it was for builders, like the members of other industries, "to put their own house in order". This is, in fact, what we are trying to do: at the same time, the relations of building contractors with architects and surveyors have always been so close that it was felt that their advice and co-operation would be of enormous value. The Conference scheme is ever open to adjustment in the light of experience and helpful criticism, and my Committee would welcome the possibility of further discussions leading to an agreement on some such lines as those mentioned at our meeting. Such an agreement would naturally include full disclosure of membership of the Conference and reciprocal assurances as to the operation of the scheme. Both you and Mr. Wilson were, I think, persuaded that it would not be in the interests of the Conference to make its membership list generally available without such assurances.

There only remains for me to add a few words on the two specific criticisms on page 2 of your letter. The first is that the Conference

" . . . is an artificial combination which depends for its strength upon the number of its members and for its cohesion upon the mutual trust in each other of these members."

This simple statement of fact would seem to apply to practically every trade and professional association in the Country!

As regards the second criticism—the effect of the Conference scheme on prices—I am asked to say:—

- (i) that any method of checking price-cutting must, for a time at least, mean increases of price, and the method suggested by your Committee is no exception. This same criticism would, moreover, apply to the action of the Government in regard to the coal, agriculture, iron and steel, cotton, shipping and other major industries; in fact it would apply to all schemes for maintaining reasonable prices and fees. If prices or fees are so low as to constitute a menace to the stability of the industry or profession, both justice and public policy demand that they should be raised to an economic level.
- (ii) that the small net increase in the price level resulting from the Conference is little more than the cost of tendering, which many architects and surveyors have long considered should be separately provided for on each job.
- (iii) that even this small increase is likely to be progressively offset in time by the more favourable terms which the Conference is engaged in negotiating for its members in their buying and sub-contracting.

Yours faithfully,

(Signed) ALFRED HURST.

APPENDIX 4

(referred to in paragraphs 67, 155 and 193)

CORRESPONDENCE BETWEEN THE L.B.C. AND THE R.I.B.A. AND THE R.I.C.S. (1945)

32, Portland Place, W.1.

23rd April, 1945

The President,
Royal Institute of British Architects,
66, Portland Place, W.1.

DEAR SIR,

The Royal Institute is, I believe, fully informed of the objectives of the London Builders' Conference and the methods by which the Conference sought to achieve them before the War: in fact my mind goes back to an occasion on which I had the opportunity of discussing both with the Practice Committee of the Institute. While the Committee were not at that time unsympathetic to the objectives of the Conference they did not feel able, after a joint investigation along with the Surveyors' Institution, to approve of the operations of the Conference.

Now that the end of the War in Europe is at last in sight the Council of the Conference have been giving careful consideration to the conditions likely to obtain in the building industry in future and their bearing on the action to be taken by the Conference in the furtherance of its objectives. In this connection they have had before them the unanimous Report of the Ministry of Works Committee on the Placing and Management of Government Contracts, a committee which comprised, inter alios, representatives of the Royal Institute and of the Surveyors' Institution. It is with great satisfaction that they note the acceptance (in para. 37 of the Report) of the main contentions that the Conference has striven to establish, and in words which for cogency and emphasis they could not hope to better. When, however, they come to the specific proposals of the Committee for dealing with the situation so clearly set forth, my Council find them unconvincing, both as to their practicability and effectiveness.

The Committee recommends that competitions should be restricted to a limited number of firms carefully selected as being capable of and likely to do work of the standard required, but this course has always been open to building owners if they chose to adopt it. Moreover, the pre-war Conference scheme was expressly designed to encourage such adoption by seeking to ensure that a fair price, to include the cost of the competition, was paid in any event. The fact that large competitions still persisted in all too many cases up to the outbreak of war and that invitations were still being extended to firms known to submit inadequate prices was evidence of the intractability of the problem.

My Council have not failed to observe that in their report on the working of the Conference the Ministry of Works Committee state that the Conference made no attempt to increase the price of the successful builder to "a level at which good workmanship could reasonably be expected". But they would point out that where competitions were limited to a small number of firms submitting prices adequate to cover good workmanship—and my Council readily admits this was the policy of many architects—the operation of the Conference scheme, taken as a whole, did not in fact involve any net increase in the cost of the work.

Be that as it may, my Council, while adhering to their objectives, have throughout been ready to adjust their method of operation in the light of experience and criticism and they have at present a number of changes under consideration. They are however convinced that the problem is of such complexity that it can best be solved by the whole-hearted co-operation of all the parties principally concerned: the architect (both in his own right and as representing the building owner) the quantity surveyor and the building contractor and, furthermore, that its proper solution would be definitely in the interests of all parties and the public generally.

Before proceeding further with their present discussions therefore my Council desire me to invite the Royal Institute to nominate half a dozen or so of their members to take part, along with representatives of the Surveyors' Institution and of the London Builders' Conference, in an informal and frank discussion of the whole problem.

My Council take this opportunity of reaffirming that it is no part of their desires to eliminate competition. They are too keenly conscious of how seriously the cost of building has been increased by such elimination, in the great majority of the elements that make up that cost, to wish to see this tendency spread to the comparatively small part of the cost which is still within the builders' effective control. But, to quote Lord Latham in the House of Lords on the 21st March, "it is no good any of us hoping to get back to the old days of laissez faire with its cut-throat competition and its excessive worship of cheapness". The primary objective of the Conference remains that of finding a basis on which competition can be relied upon to give good building at a fair price. As the Ministry of Works Committee point out, the one is dependent upon the other.

Yours faithfully,

(Signed) A. W. HURST.

(A letter in similar terms was also sent to the Chairman of the Quantity Surveyors' Committee of the Chartered Surveyors' Institution.)

The Chartered Surveyors' Institution,
12, Great George Street,
Westminster, S.W.1.
24th May, 1945.

SIR ALFRED HURST, K.B.E., C.B.,
The London Builders' Conference,
32, Portland Place, W.1.

DEAR SIR,

Your letter of the 23rd April, 1945, addressed to the Chairman of the Quantity Surveyors' Committee has now been submitted to that Committee. After due consideration, the Committee felt they had no reason to alter the conclusions reached by the Institution in 1939 unless there are to be fundamental changes in the operations of the London Builders' Conference. If the changes referred to in your letter are changes of principle and your Council are prepared to put them in writing, I am asked to say that the Quantity Surveyors' Committee will be prepared to give further consideration to the matter.

Yours faithfully,

(Signed) H. G. EVANS,
Acting Secretary.

Royal Institute of British Architects,
66, Portland Place, W.1.

26th June, 1945.

SIR ALFRED HURST, K.B.E., C.B.,
The London Builders' Conference,
32, Portland Place, W.1.

DEAR SIR,

Your letter of the 23rd April addressed to the President of the Royal Institute of British Architects has now been submitted to my Council. Having given careful consideration to your letter, my Council feel that they are unable to revise the conclusions reached by the Royal Institute in 1939 unless the operations of the London Builders' Conference are to be radically altered. If the changes to which you refer in your letter are changes in principle and you will let me have details of them in writing, my Council will be glad to give further consideration to the matter.

Yours faithfully,

(Signed) C. W. SPRAGG,
Secretary.

32, Portland Place, W.1.

23rd July, 1945.

THE PRESIDENT,

Royal Institute of British Architects,
66, Portland Place, W.1.

DEAR SIR,

The Council of the London Builders' Conference have now had an opportunity of considering the reply of the Royal Institute of British Architects and the similar reply of the Quantity Surveyors' Committee of the Chartered Surveyors' Institution to their invitation of the 23rd April last. Both bodies express their willingness to give further consideration to the matter if there are to be changes in principle in the operation of the Conference and these are submitted to them in writing.

In reply I am to state that in proposing this joint meeting it was no part of their intention to submit for approval a fully revised method of operation of the London Builders' Conference. Their invitation was for a frank and informal discussion of the whole problem of competitive building, so well set out in the report of the Simon Committee (para. 37), and of the Committee's recommendations. A joint committee of the R.I.B.A. and the C.S.I. (in para. 4 of Paper 7 appended to that Report) had previously reported:—

“ the majority of the evils of price-cutting largely arose from competition between builders whose standards of workmanship, financial stability and general standing in the industry are widely different. They feel that it often lies within the power of architects—and it is already the practice of many architects—to advise their clients to restrict the invitation to tender to firms of builders in the same class judged by these standards.”

But the report of the Simon Committee clearly shows that in all too many cases this remedy had either not been applied or had proved ineffective.

It is the considered view of my Council, based upon long experience in competitive building, that the problem is not one to be resolved by any system of grouping of builders into classes, even if this were generally practicable, and further that the restriction of competitions to a limited number of selected firms as recommended by the Simon Committee, while undoubtedly a step in the right direction, would not alone provide an adequate solution.

Yet the need for such a solution is imperative. The building industry is now being called upon to play a far more important part in the national life than ever in the past. Not only is good housing at a reasonable cost coming to be recognised as one of the first essentials to the happiness and contentment of the whole community, but in the application of the now generally accepted policy of full employment this industry will assume an importance second to none. For both purposes the nation will need an active, efficient, progressive and stable building industry, and my Council believe that it will expect—and rightly expect—the willing collaboration of all parties to this end.

In issuing their invitation to an exploratory discussion such as they had in mind, they deemed it sufficient that all three parties had this common objective, as well as a common interest in the continuance of good building on the basis of private enterprise and reasonable competition. They contemplated that such a discussion would cover many of the questions raised in the Simon Report, including of course the operations of their Conference and the changes to be made therein to meet the criticisms of that Committee. Such changes must necessarily be of a fundamental character and my Council felt that they were more likely to be accepted in due course by their members if they had previously been discussed in this way.

Yours faithfully,

(Signed) A. W. HURST.

(A letter in similar terms was also sent to the Chairman of the Quantity Surveyors' Committee of the Chartered Surveyors' Institution.)

APPENDIX 5

(referred to in paragraphs 2 and 41)

CORRESPONDENCE BETWEEN THE L.B.C. AND THE MINISTRY OF WORKS (1952)

32, Portland Place,
London, W.1.

13th November, 1952.

The Secretary,
Ministry of Works,
Lambeth Bridge House,
S.E.1.

SIR,

I am instructed by the Council of the London Builders' Conference to refer to my letter to Sir Charles Mole of the 6th November in regard to the Fair Price Scheme of the Conference, which has recently come under criticism although it has since the war only been of negligible financial significance. In that letter my Council, in their desire to allay any uneasiness that might have arisen over misleading presentations of the scheme, expressed their readiness to suspend the scheme and not to revive it without consultation with your Department but they stipulated that if they did this the Minister on his part should withdraw the discriminatory Form of Declaration that has recently been attached to invitations to tender for Ministry building contracts and which has been so strongly resented by the building industry generally as an unwarrantable interference with their traditional liberties.

To my Council's deep regret their offer was not accepted by the Minister and in the course of the ensuing debate in the House of Commons statements were made which my Council cannot but regard as presenting a very misleading picture of the activities of the Conference. As your Department is of course aware the Conference has always been ready to give the fullest information to interested parties as to its activities, and when the Building Industry Working Party was appointed in 1948 my Council, of their own initiative, submitted a complete statement and subsequently sent witnesses for oral examination. All aspects of the subject were discussed but in their report the Working Party apparently did not feel called upon to make any comment whatsoever, although other sections of the industry came under criticism.

In the course of the recent debate it was suggested, both by the Minister and others, that the whole matter should be referred for investigation to the Monopolies Commission. I am authorised by my Council to state that they would welcome the fullest investigation of the objectives and method of operation of the Conference, either by the Monopolies Commission or by any other impartial authoritative body. Indeed, in view of the statements that have been made they feel that they have the right to a fair hearing. Needless to say any such inquiry will have their fullest co-operation.

In the meantime, while the matter is sub judice, they are suspending completely the operation of the Fair Price Scheme wherever discriminatory action is not being continued against members of the Conference.

In view of the wide publicity that has been given to statements in the House a copy of this letter is being sent to the Press.

I am, Sir,

Your obedient servant,

(Signed) ALFRED HURST.

32, Portland Place,
London, W.1.

28th November, 1952.

The Secretary,
Ministry of Works,
Lambeth Bridge House,
S.E.1.

SIR,

I am directed by the Council of the London Builders' Conference to refer to my letter of the 13th November in regard to the statements made in the House of Commons on the 7th November about the activities of the Conference. In the course of that debate the Minister of Works referred to a suggestion that the whole matter be referred to the Monopolies Commission for investigation and said that this "might be thought the obvious thing to do . . . Against that, it is a very long and cumbrous procedure and I want results quicker if I can get them."

In my letter I referred to the readiness of my Council at all times to give the fullest information, and in particular to their submission of a complete statement and oral evidence to the Building Industry Working Party. I went on to say that my Council would welcome investigation by the Monopolies Commission or—to meet the Minister's objection quoted above—by any other impartial authoritative body. My letter continued: "Indeed, in view of the statements that have been made they feel that they have the right to a fair hearing." In the meantime they have suspended the operation of the Fair Price Scheme to which objection had been taken.

My Council have had no reply as yet to this letter, nor have they heard of any action being taken towards setting up an inquiry. Whatever wider investigation the Minister may have in mind into the whole question of competition in the building industry my Council must again point out that the objectives and method of operation of the Conference have been publicly attacked by the Minister and they claim the right to have them fully investigated by an impartial body. Indeed such an investigation would also seem to be called for in the interests of the public generally which with its instinct for fair play would seem in the main so far to have suspended judgment in the matter.

As they understand that the Conference is still being singled out for attack in certain quarters they must emphasize the great urgency of the situation. The Council will be meeting again on the 5th December and they will be very glad if it were possible for the Minister to let them have a reply to this letter by that date.

I am, Sir,

Your obedient servant,

(Signed) ALFRED HURST.

Lambeth Bridge House,
London, S.E.1.

4th December, 1952.

SIR,

I am directed by the Minister of Works to refer to your letters of 13th and 28th November, 1952, on the subject of the operation of the London Builders' Conference. Following the debate in the House of Commons the Minister has had the matter under close consideration and it has not been possible to write to you earlier.

The Minister has decided that he must continue to ask firms tendering for Ministry work to give assurances that tender prices have not been communicated to other persons or adjusted by reference to other tenders, until he is satisfied that the industry in London and Provinces has abandoned the practice to which the Minister referred in his speech in the House of Commons on 7th November, 1952.

The Minister notes that your Council would welcome an investigation into the objectives and method of operation of the Conference. Although the Minister understands your desire for an enquiry he does not feel that a reference to the

Monopolies Commission is necessarily the best way of proceeding; more especially as he recognises that wider questions of tendering and contract procedure within the building industry are involved. He is, therefore, considering in consultation with the main national bodies what steps can best be taken to ensure that the building industry as a whole brings under review these wider questions. If these discussions bear fruit, as he believes they will, and a wider enquiry is undertaken, your Council might agree that a special enquiry into the London Builders' Conference would then not be necessary.

I am, Sir,

Your obedient servant,

(Signed) H. C. EMMERSON.

SIR ALFRED HURST, K.B.E., C.B.,
London Builders' Conference,
32, Portland Place, W.1.

32, Portland Place,
London, W.1.

5th December, 1952.

The Secretary,
Ministry of Works,
Lambeth Bridge House,
S.E.1.

SIR,

I submitted your letter of the 4th inst. to the Council of the London Builders' Conference at its meeting this afternoon.

In reply I am directed to say that while my Council regret that the Minister of Works has not felt able to suspend altogether and at once the Form of Declaration introduced last year they welcome the intimation that it will in future be issued in a form which would not seek to debar members of the Conference from operating their tendering scheme. As you know, the Conference has always contended that this scheme operates in a number of ways to improve the competitive system of tendering without resulting in any net addition to the general cost of building.

This being so the only issue remaining for possible investigation by an impartial authoritative tribunal would seem to be its Fair Price Scheme. In the altered post-war conditions this has only been operated to a negligible extent: nevertheless in order to allay any public uneasiness my Council have now suspended it completely. They have moreover agreed that should economic conditions in the building industry again deteriorate they would consult your Department before reviving it. This matter is not therefore of immediate importance.

In the meantime they note that the Minister now wishes to constitute a wider inquiry of an apparently very different character and they do appreciate the difficulties that might arise if both investigations were proceeding at the same time. In these circumstances my Council are prepared to defer to the Minister's suggestion so far as to hold in abeyance the request for an impartial investigation put forward in my letters of the 13th and 28th November.

In view of the wide publicity given to the attacks made upon the London Builders' Conference in the House of Commons my Council trust that the Minister will have no objection to a copy of his letter being appended to this letter when it is given to the Press.

I am, Sir,

Your obedient servant,

(Signed) ALFRED HURST.

Lambeth Bridge House,
London, S.E.1.

11th December, 1952.

SIR,

I am directed by the Minister of Works to refer to your letter of 5th December on the subject of the operation of the London Builders' Conference, the contents of which he has noted.

With reference to the second paragraph of your letter, the main features in the operation of the London Builders' Conference to which objection has been taken are the communication of tender prices to other persons, and the adjustment of tender prices by reference to other tenders. Whether or not it is possible to operate a scheme for sharing tender costs without either of these features, and whether it is desirable that such a scheme should be operated, are clearly matters which will come within the scope of the review to which reference is made in the Ministry's letter of 4th December. Accordingly the Minister does not propose to consider any change in the Form of Declaration used in Ministry of Works contracts until the results of the review are known. Another reason for not changing the Form of Declaration is that price fixing and tender cost schemes are known to exist outside the area covered by the London Conference.

The Minister has no objection to the publication of the whole correspondence, as your Council so wish, and he will arrange for the text of the letters to be published by the Ministry on Monday next, 15th December.

I am, Sir,

Your obedient servant,

(Signed) H. C. EMMERSON.

The Chairman,
London Builders' Conference,
32, Portland Place, W.1.

32, Portland Place,
London, W.1.

15th December, 1952.

The Secretary,
Ministry of Works,
Lambeth Bridge House,
S.E.1.

SIR,

Your letter of the 11th December was fully discussed at a largely attended meeting of my members that had been called for the following day and I was instructed to reply as follows.

My members cannot but say that this letter further intensifies their feeling of injustice at the treatment which they have received at the hands of the one Minister of the Crown charged with responsibility for the welfare of the building industry. The London Builders' Conference—almost alone of the many organisations, professional as well as commercial, concerned to mitigate the evils of excessive competition in their several sections of this highly complex industry—has from the outset set its face against the elimination of competition, only seeking to ensure that, in the interests alike of the industry and of the nation, such competition was reasonable. Moreover the Conference had emerged without adverse criticism from the full investigation made only two years ago by the Working Party appointed by the Minister's predecessor.

Nevertheless, without any further enquiry and to their indignation and astonishment the Conference—comprising firms of the highest reputation in the industry—was singled out for public attack by the Minister and others in the House of Commons on the 7th November and held up to general opprobrium as seeking only to exploit the public.

They thereupon welcomed (in my letter of the 13th November) a suggestion put forward in the debate that their activities should be referred to the Monopolies Commission for investigation and, moreover, to meet the objection of the Minister that the procedure of the Commission was cumbersome and very lengthy they suggested as an alternative any other impartial, authoritative tribunal. This request was repeated on the 28th November. In the meantime they entirely suspended operation of their Fair Price Scheme to which alone any appreciable objection had been taken.

It would now appear that the Minister desires to merge such an investigation into a much wider enquiry into general questions of contract procedure. Such an enquiry must necessarily take a considerable time and my members have grave doubts as to whether the body regarded as suitable for this purpose would be impartial in its attitude towards the Conference. They were however prepared to defer so far to the Minister's wishes as to hold in abeyance their demand for an impartial investigation into the objectives and method of operation of the Conference on the understanding that all discriminatory action against them in respect of their present curtailed activities were discontinued in the meantime.

To their deep regret their reading of the Ministry's letter of the 4th December as accepting this position was incorrect and in view of the resultant urgency of the position they must now reaffirm their former request.

They are glad to note the Minister agrees to the immediate publication of this correspondence and they assume that a copy of this letter will also be included.

I am, Sir,

Your obedient servant,

(Signed) ALFRED HURST.

Lambeth Bridge House,
London, S.E.1.

16th December, 1952.

SIR,

I am directed by the Minister of Works to acknowledge your letter of 15th December. Mr. Eccles asks me to state that he considers his position has been made clear, in the House of Commons on 7th November and in the subsequent correspondence with your Conference.

As regards the proposed enquiry the Minister would support a reference to the Monopolies Commission if this appeared to be the best procedure. He nevertheless thinks that the most satisfactory and expeditious method of proceeding is by way of the review, by the building industry itself, to which reference was made in my previous letters; and he does not accept the suggestion in your letter that this review might not be impartial in its attitude towards the Conference.

Mr. Eccles is not able to agree to change the form of declaration used in Ministry contracts until the results of the review are known, and until he is satisfied that satisfactory procedures are followed throughout the country. In order, however, that there should be no delay in considering these questions the Minister will suggest to those undertaking the enquiry that early consideration be given to the London Builders' Conference.

In view of your further letter the publication of the correspondence has been deferred, but the Minister has no objection to publication if the Conference still so desire.

I am, Sir,

Your obedient servant,

(Signed) H. C. EMMERSON.

The Chairman,
London Builders' Conference,
32, Portland Place, W.1.

32, Portland Place,
London, W.1.
30th December, 1952.

The Secretary,
Ministry of Works,
Lambeth Bridge House,
S.E.1.

SIR,

The Council of the London Builders' Conference have considered your letter of the 16th December and in this connection have also had before them the report in The Times of the 22nd December of correspondence between the Minister of Works and the President of the R.I.B.A.

From these letters it would appear that the body to be charged with the responsibility, inter alia, of judging how far the attacks made upon the Conference in the House of Commons on the 7th November last were justified is not after all to be any obviously impartial authority like the Monopolies Commission nor even a tribunal specially constituted by the Minister himself from the building industry, but is to be a committee set up by the R.I.B.A. in consultation with other organisations primarily to review building costs and contract procedure.

In reply I am instructed to state that in view of the fact that the Council of the R.I.B.A. have over the past 14 years repeatedly expressed their disapproval of the Conference and, incidentally, have refused all invitations even to discuss the problems which they are now asked to take the lead in solving, my Council could not regard any Committee appointed by them as an impartial, nor even an authoritative, tribunal to review the activities of the Conference and they would not be prepared to appear before it on this issue. Moreover my Council are confident that in this they would have the support of all fair-minded people.

But in saying this they would make it clear that they do not question for a moment the desirability, indeed the urgency, for "the industry itself under the leadership of the architects to take active steps to reduce costs and to review contracting arrangements." Over eight years ago the Simon Committee reported (page 70):—

"6. Though we have not attempted to examine in detail the working of trade associations which attempt to regulate the prices of building materials and specialists' work, we are of opinion that in the post-war sellers' market these trade associations will together exercise far more influence over the cost of building than an association of builders such as the London Builders' Conference."

The members of the Conference, as main contractors, have had unrivalled experience of the extent to which the cost of building today is increased, both by the elimination of competition and in other ways, by the action of many of the sections in making up this highly complex industry, and they would be prepared to give whole-hearted co-operation in any really comprehensive investigation.

My Council are glad to receive the Minister's consent to the publication of this correspondence and they are giving directions accordingly.

I am, Sir,

Your obedient servant,

(Signed) ALFRED HURST.

Lambeth Bridge House,
London, S.E.1.

1st January, 1953.

SIR,

I am directed by the Minister of Works to acknowledge your letter of 30th December about the arrangements for reviewing building costs and contract procedure.

I am, Sir,

Your obedient servant,

(Signed) W. C. ORR.

The Chairman,
London Builders' Conference,
32, Portland Place,
W.1.

APPENDIX 6

(referred to in paragraphs 88, 98, 110, 116, 123 and 132)

“ THE LONDON BUILDERS’ CONFERENCE—ITS OBJECTS, SCOPE AND METHOD OF OPERATION—JANUARY, 1950 ”

I. Introduction

Objects

1. The primary object of the Conference is to secure that the competitive system of contracting in the building industry operates as far as possible in the national interest. The Conference is fundamentally opposed to the elimination of competition, but it seeks to ensure that that competition is conducted without waste, with full regard to efficiency, good workmanship and the stability of the industry and results in prices that are truly in the interests of all concerned, whether client or contractor, architect or operative. In this it is acting in full accord with the objectives set by the widely representative Government Committee on the Placing and Management of Building Contracts, which reported in 1944.

2. While the Conference recognises that these objectives can only be fully attained with the whole-hearted support of building owners and their professional advisers—and it is prepared loyally to co-operate for that purpose—it holds that substantial progress can be made by co-operative action among building contractors themselves. With this in view its activities are directed to:—

- (a) the direct recovery of the cost of tendering, thus re-allocating existing charges more fairly between clients, eliminating the waste of needlessly large competitions and thereby reducing building costs;
- (b) as a further consequence, the more careful selection of builders to compete, thus enhancing the value of reputation and encouraging higher standards of conduct and workmanship;
- (c) the avoidance of errors in tendering;
- (d) securing that only builders of substantially the same standards of workmanship and conduct are put in competition with each other;
- (e) providing a corrective for prices that are seriously uneconomic and the evils that ensue therefrom.

The Direct Recovery of Tendering Costs

3. Under existing arrangements the cost of preparing tenders represents an important part of a builder’s overheads and as such necessarily enters into the cost of all work that he carries out. Building owners content to place work by private negotiation or by small competitions are therefore saddled with part of the wasteful expenditure involved in the large competitions favoured by other building owners. A system of charging the cost of each competition to the job, instead of averaging all tendering costs over all jobs, not only corrects this injustice but gives building owners a financial inducement to favour small competitions with all the beneficial results stated above.

4. With this in view each member (and co-operating non-member*) taking part in a competition is required to provide in his tender for such amount in respect of the cost of the competition as the Chairman may fix under the rules of the Conference.

A Fair Price

5. The attainment of the last three objectives set out above is linked in the Conference Scheme with the fixing of a fair price for each competitive contract. After full consideration of various alternative methods of arriving at such a standard the Conference came to the conclusion that the most reliable guide was the estimates prepared by the skilled staffs of the several competing firms, each with full knowledge of the contract conditions, any special features of the site, the availability and price

*NOTE.—Except where clearly inapplicable references below to members apply also to co-operating non-members.

of labour and materials and other relevant factors. In general it is considered that the average of the lowest two-thirds of these estimates (or of the lowest three where there are no more than five in all) provides the most reliable standard by which to judge the reasonableness of the tendering.

6. Under modern conditions the prices in this range should show no great variation. Not only are large sections of any contract of importance withdrawn entirely from the effective control of the main contractor and covered by provisional sums, but as regards the remainder the prevalence of fixed prices for materials and fittings and the national agreements as to wages and labour conditions practically limit competition to the relative efficiency of the competitors' organisations, i.e., unless the normal provision for overheads and profit is to be curtailed.

7. As a general rule therefore any considerable variation of tenders between builders genuinely in competition with each other must be due either (i) to errors in pricing or (ii) to the competitors not working to the same standard of workmanship and conduct, or (iii) to such an encroachment on the slender margin of profit which building work normally affords as to constitute a serious threat to the progress and efficiency of the industry and even to its economic stability.

Submission of Preliminary Prices

8. In the application of these principles under the Conference Scheme each member proposing to tender in a competition may be required, before filling in his tender, to report to the Chairman in confidence the price (Preliminary Price) which he would propose to submit and to accept the Chairman's directions as to any addition to be made to that price under the rules.

Payments to and by the Conference

9. On being awarded a contract a member is required to pay to Conference funds as the work proceeds the amount for which provision had to be made in his tender under the Chairman's directions whether in respect of the cost of tendering or under the preceding paragraph, and this amount, less certain prior charges, is divided among the members concerned in the competition.

The Scope of the London Builders' Conference and its Relation to Other Similar Bodies

10. The London Builders' Conference is primarily concerned with building work in the London Wages Area estimated to cost over £3,000 and less than £250,000. Building and civil engineering contracts in excess of the latter limit anywhere in the United Kingdom come within the purview of the Major Contractors' Conference which has the same Chairman, Secretary and Headquarters as the London Builders' Conference.

11. This Office is also responsible—under the direction of a liaison committee representative of all affiliated Conferences and similar bodies, termed the National Contractors' Conference—for co-ordinating the application of the Conference Scheme where practicable to contracts between £3,000 and £250,000 for which competition is not restricted to any one Conference area.

Membership

12. Any firm concerned in work in the London Area within the limits stated above is eligible to join the London Builders' Conference at any time and may leave on three months' notice at the end of any calendar year, subject to the due fulfilment of any obligations then outstanding. No entrance fee or annual subscription is required.

13. When competing outside the London Area a member will continue to report to, and take directions from, his own Conference: any necessary liaison with other Conferences concerned is provided by the National Contractors' Conference.

Co-operation of Non-Member Firms

14. Where non-member firms are not prepared at the outset to accept the full responsibilities of membership they are invited to co-operate on terms—somewhat less advantageous than those of membership—which leave them complete freedom of choice in regard to any particular competition.

II. Method of Operation

Reporting of Invitations to Tender

15. The foundation of all action by the Conference and its affiliated bodies is the prompt reporting to the Secretary by members of their intention to tender for a job. *This should extend to all building or civil engineering work anywhere in the United Kingdom estimated to cost more than £2,500.*

NOTES

(i) All such reporting should be made to this Office which will be responsible for any necessary co-ordination with other Conferences concerned.

(ii) Civil engineering is included because some of these Conferences are concerned with such work.

(iii) Work thought to be privately negotiated should normally be included as other members may in fact have received a similar invitation and in any case the job in question may already have been up for competition. Apart from such cases the Conference takes no action in regard to such contracts below £250,000.

(iv) The limit for reporting is fixed below the operative limit of the Conference to ensure uniformity of action by all members in cases near that limit.

Notification of Competitors to Members

16. Each job reported to the Secretary is given a code number and this number together with the names of all firms, members or non-members, known to be competing is circulated to each member concerned as soon as practicable. (Form N.F.C.) *Thereafter the job should be referred to, whether over the telephone or in writing, by this code number.*

Competition by Non-Members

17. Members are requested to give the Secretary the fullest information coming to their knowledge in regard to the competition of non-members, especially any information leading the member to think that the non-member concerned is not seriously competing.

Reporting of Preliminary Prices

18. In order that grave errors in estimating may be discovered and any seriously uneconomic tendering that might result therefrom may be avoided, it is essential that each member should report in confidence to the Chairman the price—Preliminary Price—at which he would propose to tender, at the same time giving any information of special significance in regard to that price. As regards contracts for which there is considerable outside competition preliminary prices will not normally be required though many members may wish to give them for their mutual protection. *Where preliminary prices are required members will be notified accordingly on Form N.F.C. and in all such cases preliminary prices should be reported not later than 3 p.m. on the working day next before that on which tenders are due.*

NOTE. If tenders are due on a Monday uniformity of action can only be secured by making the latest time for reporting preliminary prices 3 p.m. on the previous Friday.

Avoidance of Errors

19. Where, on a review of the preliminary prices reported to him on any competition the Chairman has reason to think that a member has made a serious error in his estimating, he may give that member the opportunity of withdrawing in effect from the competition, submitting instead, if the member so desires, a price fixed by the Chairman.

Tendering Addition ("Tenad")

20. Subject to any such prior variation, if the lowest two-thirds—or the lowest three where there are fewer than five in all—of the preliminary prices are sufficiently in accord with each other to indicate proper tendering by firms working to the same standards the lowest one—subject to the inclusion of the provision for the cost of the

competition—is regarded as a fair price for the job and no further addition is made. And where for any reason preliminary prices are not required the appropriate Tenad is the only addition made.

21. The cost of tendering for each competitor is taken as £5 plus 2s. per £100 of the estimate up to £50,000 plus 1s. per £100 in respect of any excess over £50,000. Within a maximum represented by the figure so arrived at, multiplied by the number of competitors, the Chairman has discretion to fix the amount of the Tenad for which each competitor shall make provision in his substantive tender, so however that it is not less than the prescribed minimum.

The Conference Addition ("Conad")

22. Where, however, in the opinion of the Chairman, having regard to the circumstances, the disparity between the preliminary prices referred to in paragraph 20 (i.e., the lowest two-thirds or the lowest three where there are fewer than five in all) is such as to show uneconomic tendering for work of the standard required, the average of them—subject to the inclusion of the appropriate Tenad—is taken as a fair price and in the absence of any adequate explanation the Chairman is authorised to direct increases therein not in any case exceeding the amount required to raise the lowest one to the fair price, provided that their order is not changed and the chances of any member obtaining the contract are not appreciably affected.

Notification of Tenad or Conad

23. Each member concerned in a competition will be informed by the Secretary, before the due time for completing his tender, of the amount to be provided therein in respect of Tenad or Conad. This will of course apply also to non-members co-operating with the Conference but not to any non-members with whom a member may have made independent arrangements.

Unless the Council on consideration of all the circumstances otherwise decides, failure by any member to comply with the Chairman's directions in respect of any such provision will entail a reduction in that member's share in any distribution by the Conference by an amount equal to $2\frac{1}{2}$ per cent. of the lowest price submitted by a member in that competition.

Notification to Secretary of Price Submitted

24. Within 24 hours of submitting any competitive tender for work coming under the Conference each member is required to report the amount thereof to the Secretary (Form S.T.) who will in due course circulate the list of prices, so reported, to the members concerned (Form C.P.S.). This information, though at one time normally given by architects, should under present conditions be regarded as *strictly confidential*.

Award of Contract and Payment of Tenad or Conad to Conference Funds

25. On being awarded a contract the successful member will report the fact to the Secretary (Form A.C.) and will thereupon receive an assessment of the amount to be paid to the Conference. This amount will normally be independent of the eventual cost of the work, but the Chairman has discretion to deal with cases of exceptional hardship.

26. If the amount does not exceed £500 payment will become due on receipt of the *second* instalment under the contract. Above this figure and up to £3,000 the member has the option to pay either in one sum on receipt of the second instalment or in three equal parts, at monthly intervals, the first being due on receipt of the first instalment. For larger amounts the intervals will be three months.

27. In making payment the member should notify the Accountants (Messrs. Thomson McLintock & Co., 33 King William Street, E.C.4), of the date of the relative architect's certificate or similar document and if payment is made within 14 days of the due date so determined a cash discount of $2\frac{1}{2}$ per cent. may be retained. Where payment can be spread over six months under para. 26 a discount of 5 per cent. may be retained if the whole sum is paid within 14 days of the first instalment under the contract.

Where any payment is delayed for more than one month after the due date the amount due is increased by 1 per cent. for each complete month of such delay.

Distribution

28. (i) *Reporting Fee.* There will be paid to every member duly complying with the Conference rules in regard to the *prompt* submission of forms I.T. and S.T. a reporting fee of £1 in respect of each such competition.

(ii) *Compensation.* Where the Chairman is satisfied that by reason solely of an addition made under his directions a contract has been lost by a member to a non-co-operating firm, compensation will be paid at the rate of 1 per cent. of the member's preliminary price up to £100,000 and of $\frac{1}{2}$ per cent. on any excess over £100,000.

(iii) From the gross amount due in respect of any competition divided by the number of firms co-operating in the Scheme, there will be deducted:

25 per cent. in the case of a member;

33 $\frac{1}{3}$ per cent. in the case of a non-member to cover the amounts required for:—

1. Discount on collection.
2. Reporting Fee.
3. Compensation.
4. Administration expenses.
5. Reserve Fund

and the net shares will be paid out as soon as practicable after receipt of the amount due to the Conference.

Provided that where for any reason it is deemed either impracticable or inequitable to make a distribution strictly in accordance with this rule, the Chairman, in conjunction with the President—or if he is personally interested, a Vice-President—has authority to make such variation in that particular case as appears to them reasonable, subject to the right of any member concerned to appeal to the Council.

32, Portland Place,
London, W.1.

January, 1950.

APPENDIX 7

STATISTICS OF THE L.B.C.'s OPERATIONS

Table I. Post-war Competitions to which Conad was applied (1949-1952)
(referred to in paragraphs 89, 108, 113 and 117)

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
Conad No. 1				
Tenderer No. 1 ...	£ 174,351	£ 174,351	£ —	£ 174,351
Tenderer No. 2 ...	166,131	166,131	800	166,931
Tenderer No. 3 (c) ...	—	—	—	158,199
Tenderer No. 4 ...	155,009	155,009	(825)	155,834
Tenderer No. 5 ...	154,720	154,720	800	155,520
Tenderer No. 6 ...	150,353	150,353	1,800	152,153
		4/626,213		
		156,553		
		Tenad 756		
		157,209		
Awarded to tenderer No. 6 at £97,000. Revised Conad £1,150 (see paragraph 113).				
Conad No. 2				
Tenderer No. 1 ...	—	—	—	10,396
Tenderer No. 2 ...	—	—	—	10,380
Tenderer No. 3 ...	10,095	10,095	150	10,245
Tenderer No. 4 ...	9,841	9,841	150	9,991
Tenderer No. 5 ...	9,618	9,618	150	9,768
Tenderer No. 6 ...	9,597	9,597	150	9,747
		3/29,056		
		9,685		
		Tenad 108		
		9,793		
Awarded to tenderer No. 6 at £9,747.				
Conad No. 3				
Tenderer No. 1 ...	5,521	5,521	—	5,521
Tenderer No. 2 ...	—	—	—	4,970
Tenderer No. 3 ...	4,675	4,675	150	4,825
Tenderer No. 4 ...	4,393	4,393	250	4,643
		3/14,589		
		4,863		
		Tenad 44		
		4,907		
Awarded to tenderer No. 4 at £4,643.				

(i) (c) indicates cover price.

(ii) adjustments in brackets do not appear in the L.B.C.'s records but have been calculated by deduction from tender prices.

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
	£	£	£	£
Conad No. 4				
Tenderer No. 1 ...	11,006	11,006	60	11,066
Tenderer No. 2 (c) ...	—	—	—	9,786
Tenderer No. 3 ...	9,001	9,001	150	9,151
Tenderer No. 4 ...	8,984	8,984	150	9,134
		3/28,991		
		9,667		
		Tenad 68		
		9,735		
Awarded to tenderer No. 4 at £8,340.				
Conad No. 5				
Tenderer No. 1 ...	12,951	—	60	13,011
Tenderer No. 2 ...	12,307	—	60	12,367
Tenderer No. 3 ...	9,303	—	(630)	9,933
Awarded to tenderer No. 3 at £9,933.				
Conad No. 6				
Tenderer No. 1 ...	20,847	20,847	200	21,047
Tenderer No. 2 ...	20,429	20,429	200	20,629
Tenderer No. 3 ...	19,632	19,632	350	19,982
		2/40,061		
		20,030		
		Tenad 90		
		20,120		
Awarded to tenderer No. 3 at £20,182.				
Conad No. 7				
Tenderer No. 1 ...	3,695	—	—	3,695
Tenderer No. 2 ...	2,599	—	100	2,699
Tenderer No. 3 ...	2,387	—	150	2,537
Tenderer No. 4 ...	2,124	—	150	2,274
Awarded to tenderer No. 4 at £2,274.				
Conad No. 8				
Tenderer No. 1 (c) ...	—	—	—	11,599
Tenderer No. 2 ...	11,274	11,274	250	11,524
Tenderer No. 3 ...	10,891	10,891	250	11,141
		2/22,165		
		11,082		
		Tenad 60		
		11,142		
No award.				

(i) (c) indicates cover price.

(ii) adjustments in brackets do not appear in the L.B.C.'s records but have been calculated by deduction from tender prices.

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
	£	£	£	£
Conad No. 9				
Tenderer No. 1 ...	5,217	5,217	(102)	5,319
Tenderer No. 2 (c) ...	—	—	—	4,960
Tenderer No. 3 ...	4,800	4,800	140	4,940
Tenderer No. 4 ...	—	4,627	140	4,767
Tenderer No. 5 ...	—	4,592	140	4,732
Tenderer No. 6 ...	4,343	4,343	240	4,583
		<u>4/18,362</u>		
		4,590 (Tenad not specified)		
Awarded to tenderer No. 6 at £4,583.				
Conad No. 10				
Tenderer No. 1 (c) ...	—	—	—	—
Tenderer No. 2 ...	—	—	—	9,325
Tenderer No. 3 (c) ...	—	—	—	9,241
Tenderer No. 4 ...	8,790	—	357	9,147
Tenderer No. 5 ...	8,258	—	357	8,615
Awarded to tenderer No. 5 at £8,615.				
Conad No. 11				
Tenderer No. 1 (c) ...	—	—	—	4,299
Tenderer No. 2 ...	—	—	—	4,206
Tenderer No. 3 ...	—	—	200	3,948
Awarded to tenderer No. 3 at £3,948.				
Conad No. 12				
Tenderer No. 1 ...	—	52,651	1,000	53,651
Tenderer No. 2 (c)* ...	—	—	—	52,719
Tenderer No. 3 ...	51,073	51,073	1,000	52,073
Tenderer No. 4 ...	—	50,884	1,000	51,884
Tenderer No. 5 (c) ...	—	—	—	50,862
Tenderer No. 6 ...	48,843	48,843	(1,016)	49,859
		<u>3/150,800</u>		
		50,266		
		Tenad 380		
		<u>50,646</u>		
Awarded to tenderer No. 6 at £44,893. Revised Conad £750 (see paragraph 113).				

(i) (c) indicates cover price.

(ii) * indicates a non-co-operating non-member.

(iii) adjustments in brackets do not appear in the L.B.C.'s records but have been calculated by deduction from tender prices.

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
Conad No. 13				
Tenderer No. 1 ...	£ 23,981	£ 23,981	—	£ 23,981
Tenderer No. 2 ...	22,093	22,093	800	22,893
Tenderer No. 3 ...	20,378	20,378	1,200	21,578
Tenderer No. 4 ...	19,727	19,727	1,200	20,927
		3/62,198		
		20,733		
		Tenad 120		
		20,853		
Awarded to tenderer No. 4 at £20,927.				
Conad No. 14				
Tenderer No. 1 ...	6,522	6,552	(170)	6,722
Tenderer No. 2 ...	—	6,115	200	6,315
Tenderer No. 3 ...	5,700	5,700	(227)	5,927
		3/18,367		
		6,122		
		Tenad 42		
		6,164		
Awarded to non-member at £5,445.				
Conad No. 15				
Tenderer No. 1 (c) * ...	—	—	—	—
Tenderer No. 2 (c) ...	—	—	—	135,149
Tenderer No. 3 (c) ...	—	—	—	132,984
Tenderer No. 4 ...	127,349	—	1,500	128,849
Tenderer No. 5 ...	—	—	3,000	123,979
Contract cancelled.				
Conad No. 16†				
Tenderer No. 1 ...	422,587	422,587	16,000	438,587
Tenderer No. 2 ...	419,399	419,399	16,000	435,399
Tenderer No. 3 ...	401,966	401,966	16,000	417,966
Tenderer No. 4 ...	385,122	385,122	16,000	401,122
Tenderer No. 5 ...	382,700	382,700	(16,270)	398,970
Tenderer No. 6 ...	378,700	378,700	16,000	394,700
		4/1,548,488		
		387,122		
		Tenad 1,300		
		388,422		
Awarded to tenderer No. 5.				

(i) (c) indicates cover price.

(ii) * indicates a non-co-operating non-member.

(iii) adjustments in brackets do not appear in the L.B.C.'s records but have been calculated by deduction from tender prices.

(iv) † the L.B.C. told us that "in this case (a reinforced concrete building) the building owner did not employ a professional engineer to design the scheme or a quantity surveyor to take out quantities, but each of the six competitors was asked to do these things at his own cost. A special fee of £6,000 was therefore added to the Conad to provide a contribution towards these heavy expenses."

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
Conad No. 17	£	£	£	£
Tenderer No. 1 ...	—	10,501	300	10,801
Tenderer No. 2 ...	—	10,375	150	10,525
Tenderer No. 3 (c) ...	—	—	—	10,450
Tenderer No. 4 ...	—	10,026	200	10,226
Tenderer No. 5 ...	9,669	9,669	300	9,969
Tenderer No. 6 ...	—	9,602	300	9,902
		4/39,672		
		9,918		
		Tenad 108		
		10,026		
Contract cancelled.				
Conad No. 18				
Tenderer No. 1 (c) ...	—	—	—	78,890
Tenderer No. 2 (c) ...	—	—	—	78,480
Tenderer No. 3 (c) ...	—	—	—	78,181
Tenderer No. 4 (c) ...	—	—	—	77,324
Tenderer No. 5 ...	—	75,380	1,200	76,580
Tenderer No. 6 ...	—	72,622	3,000	75,620
Tenderer No. 7 (c) ...	—	—	—	74,333
Tenderer No. 8 (c) ...	—	—	—	74,093
Tenderer No. 9 (c) ...	—	—	—	74,010
Tenderer No. 10 (c) ...	—	—	—	73,692
Tenderer No. 11 (c) ...	—	—	—	73,461
Tenderer No. 12 ...	—	69,800	3,000	72,800
Tenderer No. 13 ...	—	69,555	3,000	72,555
		4/287,358		
		71,839		
		Tenad 1,100		
		72,939		
Awarded to tenderer No. 13 at £72,553.				
Conad No. 19				
Tenderer No. 1 (c) * ...	—	—	—	—
Tenderer No. 2 ...	16,971	—	250	17,221
Tenderer No. 3 ...	16,452	—	250	16,702
Tenderer No. 4 ...	—	—	250	15,897
Awarded to tenderer No. 4 at £15,897.				
Conad No. 20				
Tenderer No. 1 (c) * ...	—	—	—	52,495
Tenderer No. 2 (c) ...	—	—	—	51,326
Tenderer No. 3 ...	—	—	—	50,625
Tenderer No. 4 ...	—	48,577	1,500	50,077
Tenderer No. 5 ...	48,381	48,381	1,500	49,881
Tenderer No. 6 ...	46,677	46,677	(2,150)	48,827
		3/143,635		
		47,878		
		(Tenad not specified)		
Awarded to tenderer No. 6 at £48,827.				

(i) (c) indicates cover price.

(ii) * indicates a non-co-operating non-member.

(iii) adjustments in brackets do not appear in the L.B.C.'s records but have been calculated by deduction from tender prices.

	Preliminary prices shown in the L.B.C.'s records	Calculations shown in the L.B.C.'s records	Adjustments made by tenderers	Tender prices submitted to building owner
	£	£	£	£
Conad No. 21				
Tenderer No. 1 (c) ...	—	—	—	—
Tenderer No. 2 (c) ...	—	—	—	192,437
Tenderer No. 3 (c) ...	—	—	—	191,110
Tenderer No. 4 (c) ...	—	—	—	189,960
Tenderer No. 5 (c) ...	—	—	—	188,932
Tenderer No. 6 (c) ...	—	—	—	188,488
Tenderer No. 7 ...	—	—	—	185,500
Tenderer No. 8 ...	—	—	—	184,074
Tenderer No. 9 ...	—	—	3,000	179,722
Awarded to tenderer No. 9 at £179,722.				
Conad No. 22				
Tenderer No. 1 ...	—	57,490	900	58,390
Tenderer No. 2 (c) ...	55,896	55,896	900	56,796
Tenderer No. 3 ...	55,686	55,686	900	56,586
Tenderer No. 4 ...	54,500	54,467	900	55,367
Tenderer No. 5 ...	—	53,528	900	54,428
		<u>3/163,681</u>		
		54,560		
		Tenad 350		
		<u>54,910</u>		
Awarded to tenderer No. 5 at £54,428.				
Conad No. 23				
Tenderer No. 1 ...	17,947	17,947	500	18,447
Tenderer No. 2 ...	—	17,549	500	18,049
Tenderer No. 3 ...	—	17,371	500	17,871
Tenderer No. 4 ...	—	16,896	500	17,396
Tenderer No. 5 ...	—	16,551	500	17,051
Tenderer No. 6 ...	—	15,723	500	16,223
		<u>4/66,541</u>		
		16,635		
		Tenad 150		
		<u>16,785</u>		
Awarded to tenderer No. 6 at £16,728.				

(c) indicates cover price.

Table II. Post-war Competitions in which Compensation was Paid (1949-1953)

(referred to in paragraph 117)

Year of Payment	Preliminary price shown in the L.B.C.'s records	Adjustment notified by the L.B.C.	Tender price submitted to building owner	Price at which contract was awarded	Compensation paid by the L.B.C.
1949 ...	£ 5,995	£ 150	£ 6,145	£ 6,110	£ 61
" ...	—	60	58,297	(not shown)	583
" ...	—	70	44,805	44,760	447
" ...	—	35	9,960	9,939	100
" ...	—	900	96,447	95,705	964
1950 ...	—	50	24,576	24,530	245
" ...	—	200	22,555	22,538	225
" ...	—	200	52,321	52,235	523
" ...	—	15	3,279	3,271	33
" ...	—	75	15,982	15,969	160
" ...	—	300	39,862	39,775	399
" ...	—	150	39,233	(not shown)	392
" ...	—	25	6,036	(not shown)	60
1951 ...	—	50	10,898	10,868	109
" ...	44,789	60	44,849	44,800	448
" ...	—	50	8,296	8,290	83
" ...	—	80	28,728	(not shown)	287
" ...	—	100	7,260	7,210	73
" ...	—	30	4,875	4,846	49
" ...	—	100	21,927	21,837	219
" ...	31,659	150	31,814	31,696	318
" ...	—	200	31,987	31,926	320
" ...	—	150	25,700	25,638	257
" ...	—	100	7,263	7,250	73
" ...	—	30	5,823	5,798	58
" ...	—	15	4,252	4,248	42
1952 ...	—	50	7,089	7,060	71
" ...	—	100	9,487	9,478	95
" ...	—	50	15,850	15,835	158
" ...	—	50	10,202	10,167	102
" ...	—	30	11,402	11,386	114
" ...	—	30	8,545	8,531	86
" ...	—	1,400	100,593	100,308	1,003
" ...	—	30	3,621	(not shown)	36
" ...	—	50	12,917	(not shown)	129
" ...	—	90	17,050	16,989	170
" ...	—	100	10,806	10,716	108
" ...	—	20	4,994	4,990	50
" ...	—	20	4,641	4,634	46
1953 to June 24th	—	50	18,531	18,506	185
"	—	50	21,447	21,405	214
"	—	100	28,628	28,620	286
"	—	500	30,987	30,785	310

Table III. Summary of Operations (1949-1951)

(referred to in paragraph 118)

Year	Total number of reported competitions (1)	Contracts won by L.B.C. concerns					Contracts won by L.B.C. concerns which had reported preliminary prices						
		No. (2)	Value (3)		Adjustments (4)		No. (5)	Value (6)		Adjustments (7)			
			£	£	£	£		£	£	(a)	(b)	£	£
1949...	2,175 (14)	509 (12)	20,663,836	£ (295,798)	£ 116,982	£ (6,297)	56 (11)	£ 2,212,647	£ (291,850)	£ 15,234	£ (6,293)	£ 15,612	£ (6,097)
1950...	2,279 (3)	605 (3)	28,191,547	£ (483,152)	£ 190,345	£ (19,250)	26 (1)	£ 1,283,991	£ (398,970)	£ 20,418	£ (16,270)	£ 22,825	£ (16,000)
1951...	2,449 (3)	573 (3)	30,844,711	£ (282,977)	£ 220,103	£ (5,900)	13 (1)	£ 1,019,475	£ (48,827)	£ 6,292	£ (2,150)	£ 12,630	£ (2,000)
	6,903 (20)	1,687 (18)	79,700,094	£ (1,061,927)	£ 527,430	£ (31,447)	95 (13)	£ 4,516,113	£ (739,647)	£ 41,944	£ (24,713)	£ 51,067	£ (24,097)

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1. Figures in brackets represent Conad cases.
2. Figures in column 1 exclude jobs reported which involved no competition.
3. Figures in column 3 are calculated from the lowest tender price recorded by the L.B.C. for each competition.
4. Figures in column 6 are calculated from the tender price of the winning concern for each competition as recorded by the L.B.C.
5. Figures in column 7 represent (a) actual adjustments, (b) adjustments notified by the L.B.C.



Table IV: Summary of Receipts and Distributions

(referred to in para

Year	Receipts								Expenses of Conference
	1	2	3	4	5	6	7	8	
	Conad and Penad Receipts (a)	Tenad and Conad Receipts (a)	Special Levies Received	Net Receipts on work Outside Area	Distributions Forfeited	Bank and Loan Interest Received	Transfer from Reserve (Excess of Expenses over Receipts)	Total	
	£	£	£	£	£	£	£	£	£
1.10.35 to 30.4.37	274,154	—	—	—	—	1,219	—	275,373	15,193
1.5.37 to 31.12.37	14,665	—	—	—	—	12	—	14,677	1,291 } (c) (11,284)
1938 ...	137,302	—	—	—	—	313	—	137,615	11,924 } (c) (14,924)
1939 ...	200,322	—	1,910	—	—	1,096	—	203,328	28,143 } (c) (15,151)
1940 ...	67,324	—	—	4,369	—	752	—	72,445	13,342
1941 ...	19,224	—	—	236	—	397	—	19,857	3,290
1942 ...	20,545	—	—	—	333	199	—	21,077	2,921
1943 ...	4,920	—	—	—	—	184	—	5,104	2,104
1944 ...	959	—	—	—	—	87	4,730	5,776	5,776
1945 ...	227	—	—	—	—	16	7,960	8,203	8,203
1946 ...	666	—	—	—	—	—	7,683	8,349	8,349
1947 ...	253	—	3,477	—	—	—	6,363	10,093	10,093
1948 ...	—	14,160	967	—	—	—	8,637	23,764	13,479
1949 ...	—	75,545	43	—	599	—	—	76,187	13,690
1950 ...	—	126,412	178	—	—	18	—	126,608	13,211
1951 ...	—	125,388	13	331	—	24	—	125,756	13,560
1952(d) ...	—	295,468	—	910	—	—	—	296,378	24,433

(a) Columns 1, 2 and 13 relate to members and co-operating non-members.

(b) In the period 1.10.35 to 30.4.37 90 per cent. of the gross receipts less the expenses was distributed by way of quota payments to members and 10 per cent. was retained as reserve. From 1.5.37 to the end of 1943, except in 1939 when one-half of the special levy (see column 3) also was transferred to reserve, the transfer to reserve comprised 10 per cent. of [columns 1, 4, 5 and 6 less columns 9 and 10], the balance of receipts (less expenses and other distributions) being distributed by way of quota payments. In 1949-1952 the transfer to reserve represented the excess of receipts over distributions.

and Reserve Fund—October, 1935–December, 1952

graphs 64, 104 and 119)

Distributions								Reserve Fund
10	11	12	13	14	15	16	17	18
Payments to Co-operators	Tendering Allowances to Members	Quota Payments to Members (b)	Tenad and Conad Payments (a)	Compensation for Loss of Contract (See Table II)	Reporting Fees	Transfer to Reserve (b)	Total	Balance at end of Year
£	£	£	£	£	£	£	£	£
—	—	234,162	—	—	—	26,018	275,373	£ 26,018 (at 30.4.37)
—	—	12,047	—	—	—	1,339	14,677	27,357
9,140	35,084	69,812	—	—	—	11,655	137,615	32,245
6,319	34,642	116,478	—	—	—	17,746	203,328	49,908
707	—	52,556	—	—	—	5,840	72,445	43,797
206	—	14,725	—	—	—	1,636	19,857	44,425
—	—	16,340	—	—	—	1,816	21,077	46,036
—	—	2,700	—	—	—	300	5,104	46,846
—	—	—	—	—	—	—	5,776	43,200
—	—	—	—	—	—	—	8,203	36,711
—	—	—	—	—	—	—	8,349	30,282
—	—	—	—	—	—	—	10,093	24,800
—	—	—	10,285	—	—	—	23,764	19,070
—	—	—	52,577	2,155	5,155	2,610	76,187	22,186
—	—	—	95,227	2,037	5,779	10,354	126,608	32,813
—	—	—	94,785	2,336	6,475	8,600	125,756	40,378
—	—	—	228,467	2,168	6,679	34,631	296,378	57,412

(c) In 1937 and 1938 the expenses of the Conference were not fully set against the actual receipts in these years but were in part carried forward in the Balance Sheet. In 1939 the carry forward was fully written off against receipts in that year. The figures in brackets show the actual expenses incurred.

(d) The L.B.C. estimates that in 1952 some 25 to 30 per cent. of receipts and distributions were in respect of work outside the reference area, namely Major and National Conference jobs following the winding-up of those two Conferences in January, 1952 (see paragraph 52).

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