

NEWS RELEASE

21 February 2011

For Immediate Publication

ENGINEERING CONTRACTORS CALL FOR RADICAL OVERHAUL OF INFRASTRUCTURE PROCUREMENT

A leading construction industry trade body has called for a radical overhaul of infrastructure procurement to deliver the 15% p.a. savings demanded by the Treasury. The Specialist Engineering Contractors' (SEC) Group has submitted a 13-point action plan for inclusion in the implementation plan for reducing infrastructure costs.

The 13 actions are each allocated to the five improvement objectives set out in the Infrastructure Cost Review report published by HM Treasury/Infrastructure UK in December 2010 (see attached diagram).

SEC Group's chief executive Professor Rudi Klein said that it was impossible to deliver modern cost efficient infrastructure projects using nineteenth century procurement strategies.

“The fundamental change required is the appointment of integrated project teams – consultants, contractors, manufacturers – at the outset of projects to buy in to the decisions on design and risk and, most importantly, to the cost plan which should be underwritten by project insurance.”

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He added:

“Funding of infrastructure projects should be conditional on the agreed cost plan being insured.”

The infrastructure implementation plan will be published next month.

- ENDS -

Notes for Editors

1. The Specialist Engineering Contractors' (SEC) Group represents a sector comprising 60,000 firms employing over 300,000 people. The sector accounts for the largest single component (by value) of construction output. The SEC Group comprises the construction industry's premier trade associations: Association of Plumbing and Heating Contractors, British Constructional Steelwork Association, Electrical Contractors' Association, Heating and Ventilating Contractors' Association, Lift and Escalator Industry Association and SELECT.
2. The Infrastructure Cost Review revealed that construction costs were significantly higher than in Europe. "Comparisons of major station development costs indicate that the UK is 50 per cent more expensive, for example, than Spain" (para.1.6).

NEWS RELEASE

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3. The infrastructure implementation plan will be included in the Government's Growth Review which will report at Budget 2011.

4. For more information please contact Professor Rudi Klein (SEC Group Chief Executive) on 07767 412903 or John Nelson (SEC Group Executive Secretary) on 07921 687 301.