



focus

Voice of the **Specialist Engineering Contractor**

REVIEW OF 2010

The purpose of this review of SEC Group Priorities (as set out in February 2010) is to compare them against progress made by the end of 2010

Priorities

Progress

Construction Act

SEC Group to work closely with Government to review and amend the Scheme for Construction Contracts.

A detailed response was submitted in the consultation on amendments to the Scheme for Construction Contracts. [The new Government was invited to confirm 1 April 2011 as the implementation date for the changes to the Act but this will now be 1 October 2011.]

SEC Group to provide support to member associations in developing member's understanding of the new provisions in Part 8, Local Democracy, Economic Development and Construction Act 2009.

SEC Group has participated in seminars and workshops for all the member associations. SEC Group has also produced written materials to aid understanding of the changes.

Burden of Pre-Qualification Schemes

Following the House of Commons Business and Enterprise Report 'Construction matters' (which recommended that the Government reduce the burden that multiple public sector pre-qualification schemes impose on construction firms) SEC Group to persuade government to act on this recommendation.

SEC Group carried out a survey on the cost of pre-qualification which revealed that firms in member associations were incurring a total cost of almost £40m in order to pre-qualify. Lobbying from SEC Group and other industry bodies persuaded BIS to support work on a pre-qualification standard (PAS 91) to be carried out by BSI. SEC Group was on the Steering Group responsible for overseeing the work.

SEC Group to participate in development of PAS 91 together with British Standards Institution, Department for Business, Innovation and Skills (BIS) and other industry bodies.

PAS 91 was finalised and published in October 2010. As from the beginning of 2011 PAS 91 will be mandatory on central government construction.

SEC Group to continue to be involved in the Safety Schemes in Procurement Forum (SSIP) to promote mutual recognition of health and safety competence schemes. [SEC Group is a founder member of SSIP].

As the umbrella body for health and safety prequalification schemes SSIP is already making inroads into reducing the burden of bureaucracy faced by SMEs; the encouraging progress made to date should be seen as an indication that the goal can be achieved. SEC Group has made available a standard letter for member firms highlighting to clients the SSIP mutual recognition arrangements. SEC Group will be active in ensuring the continued success of SSIP.

SEC GROUP REVIEW OF 2010

Priorities

Progress

General Election 2010

SEC Group to lobby all parties to encourage them to consider SEC Group's agenda in their construction policies.

SEC Group wrote to the leaders of all the parties outlining proposals that would help make the industry more efficient through cutting out waste. The message was: CUT WASTE, NOT CONSTRUCTION. Using this message SEC Group orchestrated lobbying of prospective Parliamentary candidates by firms in member associations.

Following the election SEC Group quickly established contact with relevant Government Ministers and emailed all Members of Parliament to explain SEC Group's priorities. Meetings were held with the new Construction Minister Mark Prisk MP and Adrian Bailey MP the new Chairman of the House of Commons Business, Innovation and Skills Select Committee.

Since the election there have been meetings with a number of MPs including Ian Lucas MP, the Shadow Construction Minister.

Fair Payment

SEC Group to focus on implementation throughout public sector construction of fair payment practices.

The Cabinet Office has made fair payment practices (as outlined in the OGC's Guide to Best Fair Payment Practices) a contractual requirement. Payment periods to each tier in the supply chain have now been defined.* This is substantial progress because the Government has moved from voluntary proposals to a mandatory contractual requirement. Consequently, all procurers in central government departments, their agencies and non-departmental public bodies need to ensure that the requirements set out in the Cabinet Office Information Note 2/2010 are incorporated into the contracts entered into between the relevant parties (which include tier 2 specialists). Payments down the supply chain must be made "within a prescribed period of time from the "assessment date" (NEC terminology) in the main contract.

In particular SEC Group will promote the use of project bank accounts (PBAs).

The Cabinet Office has also advised that central government departments, their agencies and non – departmental public bodies should move to a position where PBAs are adopted unless there are "compelling reasons not to do so". The highlight of 2010 was the decision by Crossrail to use PBAs. This represents a strong endorsement for the use of PBAs which aligns well with fair payment. The PBA process automatically provides clients with visibility over payment behaviour and timescales in the supply chain.

SEC Group will continue to advocate the phasing out of retentions on all public sector contracts.

The Construction Act amendments will outlaw typical sub-contract retention provisions making release of retentions dependent upon the issue of main contract certificates such as a Certificate of Making Good Defects.

* The defined payment timescales are as follows:

- Client to Tier 1 (main contractor) - within 14 calendar days from the assessment date in the main contract.
- Tier 1 Contractor to Tier 2 (sub-contractor) – within 19 calendar days from the assessment date in the main contract.
- Tier 2 subcontractor to Tier 3 (sub- sub – contractor) - within 23 calendar days from the assessment date in the main contract.

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Construction Commitments

SEC Group to work within the Strategic Forum for Construction towards implementation of the Construction Commitments. The Commitments bring together six key areas (Procurement and Integration, Commitment to People, Client Leadership, Sustainability, Design Quality and Health and Safety) vital to delivering construction projects on time, safely within budget and to the requisite quality. The Forum is responsible for monitoring industry progress against 2012 targets within each of the key areas.

During 2010 limited progress has been made but SEC Group hopes that this will change when the 'Specialist' sector takes over the chairmanship of the Forum in September 2011

Health and Safety

SEC Group's Health and Safety Strategy – available on the SEC Group website www.secgroup.org.uk – sets out five strategic action plans in respect of Occupational Health, Competence, Designing out Risk, Managing Health and Safety Risk and Continual Improvement. SEC Group will continue to monitor progress against the objectives in the Strategy.

SEC Group's Health & Safety Task Group oversees implementation of the Strategy. The aim is to consider progress when the Strategy is revised in 2011.

The SEC Group is a founding member of the Safety Schemes in Procurement Forum (SSIP) and will continue to promote SSIP.

SSIP – see under Pre-Qualification schemes.

SEC Group is committed to reducing accidents and will work continually and rigorously to drive down accidents. SEC Group will continue to collate accident statistics from its member associations and issue an annual report.

The 2009 statistics showed a fall of 4% over the previous year resulting in a 30.5% reduction in reportable accidents since 2001.

SEC Group will continue to promote the use of the Safe Site Access Certificate which facilitates implementation of the 2007 Construction (Design and Management) Regulations.

SEC Group has urged the HSE CDM Working Group to recommend greater use of the Safe Site Access Certificate.

SEC Group is represented on the Health and Safety Executive Working Group evaluating the impact of the 2007 Construction, Design and Management (CDM) Regulations. SEC Group will conduct a survey of its member associations to seek feedback on the implementation and effectiveness of the current Regulations.

A SEC Group Report titled 'Experience of Working with the Construction (Design and Management) Regulations 2007' was published in October. This Report reflected the comments of 289 firms which participated in the survey. The Report was submitted to the HSE.

SEC Group will continue to provide representation on the Strategic Forum's Health and Safety Working Group.

This Working Group has, for the time being, ceased to function. But SEC Group has been represented on a sub-group which has produced a DVD to help health and safety induction.

SEC Group will continue to be represented on the Construction Industry Advisory Committee (CONIAC).

CONIAC has been re-constituted and SEC Group has renewed its representation. Gerry Mulholland is the new representative for SEC Group replacing Bill Belshaw.

Specialist Engineering Alliance (SEA)

SEC Group is a member of the Specialist Engineering Alliance together with the Chartered Institution of Building Services Engineers (CIBSE), the Association for the British Electrotechnical Industry (BEAMA), Association of Consultancy and Engineering (ACE), Building Services Research and Information Association (BSRIA) and the Federation of Environmental Trade Associations (FETA). SEC Group will support the work of the Alliance – in particular the recommendations of the 'Sustainable buildings need integrated teams' report and seek their implementation in consultation with public sector clients.

The SEA Report: 'Sustainable buildings need integrated teams' was submitted to the Innovation and Growth Team.

SEC Group will support SEA in taking forward the 'Soft Landings' project. It will aim to provide a simple mechanism by which project teams can remain involved after handover in order to identify and resolve emerging problems.

The SEA 'Soft Landings' project (led by BSRIA) has received wide support from government and industry.

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Construction Procurement

SEC Group will continue to drive:

- *Delivery by integrated project teams, selected on their ability to deliver clients' success factors (including low carbon performance).*
- *Independent risk assurance of design solutions (including H&S) and cost plans, underpinned by integrated project insurance.*
- *Funding of public sector projects to be conditional on implementation of best practice.*
- *Reliable and transparent cost databases for categories of public sector facilities.*

Meantime, the SEC Group will continue to highlight abuse under traditional procurement and contracting systems whilst these remain in force across the UK.

The Innovation and Growth Team Report published in November by the Chief Construction Adviser recommended that project team integration was a pre-requisite to carbon reduction and greater energy efficiency in construction.

The SEA submitted to the Government and the review of school construction costs detailed proposals for two pilot projects to demonstrate savings of between 15% and 20% by using integrated teams.

SEC Group made a substantial contribution to the Infrastructure Costs Review published in December 2010.

Working with the University of Northumbria SEC Group supported the University's work on developing Building Information Modelling as a risk management tool. The survey to be carried out in 2010 was postponed and

Survey on Public Sector Procurement

Ten years ago SEC Group began to monitor and report on progress on improving best practice in public sector procurement. This year SEC Group will survey the sector and produce a further report on progress.

will now take place in 2011.

Phasing out the practice of retentions

SEC Group will continue to seek the phasing out of retention clauses from public sector construction contracts and will highlight retentions abuse on public sector projects. It will also identify those public sector bodies and private sector companies that are not using retentions.

It has been estimated that nearly 15% of construction, by turnover, is now retention-free. However, the fact that a number of clients are not requiring retentions is not always reflected along the supply chain.

Scotland, Wales and Northern Ireland

SEC Group will liaise and work with member associations and the devolved administrations to improve procurement and payment practices.

SEC Group Wales continues to lobby the Welsh Assembly Government on procurement issues.

SEC Group has also worked closely with Scottish CASEC on payment issues.

Insolvency Protection

SEC Group will work towards improving insolvency protection.

The increasing use of PBAs will help to reduce exposure to insolvency risk.

SEC Group has held meetings with the Federation of Small Businesses to seek their support for legislative change.

Media Coverage

SEC Group will continue to promote its agenda through the media.

There was extensive coverage in the trade press and national press on payment issues including the issue of unwarranted discounts and rebates.

For further information on all aspects of SEC Group and its activities contact:



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