



focus

Voice of the **Specialist Engineering Contractor**

The members of the
SEC Group are:

Association of
Plumbing and Heating
Contractors

British Constructional
Steelwork Association

Electrical Contractors'
Association

Heating and
Ventilating
Contractors'
Association

Lift and Escalator
Industry Association

SELECT

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

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SEC Group Chairman awarded OBE in New Year Honours.

Trevor Hursthouse – the SEC Group Chairman – received the OBE for his services to the construction industry in the New Year Honours.

PRIORITIES 2011

Working with Government Ministers, Shadow Ministers, Members of Parliament and Civil Servants.

Over many years SEC Group has established a close working relationship with Government Ministers, Shadow Ministers and key civil servants – particularly those in the Department of Business, Innovation and Skills (BIS) and the Cabinet Office that have responsibility for construction.

SEC Group will engage with Ministers, Shadow Ministers and civil servants on relevant issues and invite them to SEC Group Board meetings/dinners for further discussion.

The devolved Governments - the Scottish Government, Welsh Government Assembly and the Northern Ireland Assembly - require SEC Group to liaise and work in conjunction with the relevant member associations and public bodies.

SEC Group will work closely with Scottish CASEC to promote interests of engineering contractors in Scotland. The SEC Group Board meeting/dinner will be held in Edinburgh on 22 March.

The Association of Plumbing and Heating Contractors (APHC) has highlighted the fragmentation of the industry and the lack of a cohesive voice on some issues can lead to concerns and difficulties in the current economic climate. There can also be a tendency for the industry to get embroiled in issues that effect the large corporate, while the sole trader and SME issues receive less attention. The excessive burden of regulation and a lack of enforcement of current legislation, which is compounded by lack of Government joined-up thinking, needed to be addressed.

SEC Group - together with APHC and others - will take the opportunity to address these concerns in correspondence and discussions with Government Ministers and civil servants.

Fair Payment – A Contractual Requirement.

The Cabinet Office has made fair payment as outlined in 'Guide to best Fair Payment practices in construction' a requirement in central government contracts. This means



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that payments down the supply chain (to Tier 3 contractors) must be made, at the latest, within 23 calendar days from the due date in the main contract. SEC Group, with member associations, will ensure that member firms are made aware of these significant developments.

SEC Group will assist the Cabinet Office in the monitoring to be carried out by a reporting system which will depend upon firms reporting non-compliance to a supplier feedback service.

Project Bank Accounts (PBAs).

As part of the Fair Payment – A Contractual Requirement the Cabinet Office has advised that central Government departments, their agencies and non-departmental public bodies move to a position where PBAs are adopted unless there are compelling reasons not to do so. The use of PBAs aligns well with the new fair payment contractual provisions as the process automatically provides the client and other parties with visibility over payment timescales in the supply chain. SEC Group will develop, promote and monitor the use of PBAs.

SEC Group, with RLB (Rider Levett Bucknall), will continue to offer training on the use of PBAs to ensure maximum benefits.

Working with CROSSRAIL.

SEC Group has met with CROSSRAIL Limited (CRL) to discuss the requirements and opportunities for the supply chain. CROSSRAIL are committed to the use of project bank accounts and no retentions. It has been agreed that a

SEC Group 'Working with CROSSRAIL' event will be held on 15 February 2011.

Pre – Qualification Scheme – PAS 91.

The Department of Business, Innovation and Skills (BIS) has published PAS 91. The aim is to reduce the cost of duplication through the application of the one core standard – PAS 91. It should only be necessary for clients to specify compliance with PAS 91 and insist that this is adhered to along the supply chain.

Looking to the future it is to be hoped that all buyers specify PAS 91 compliance and recognise those suppliers who have already achieved it. To move forward the overriding need is for public sector clients to specify PAS 91 and require that this is also insisted upon by their main contractors and so on along the supply chain.

SEC Group will promote and support the use of PAS 91. Additionally SEC Group will monitor implementation and report back to the Construction Minister on progress. SEC Group will also advocate a UK – wide approach to this issue.

See also 'Health and Safety' – for SSIP.

Amendments to the Construction Act.

Part II of the Housing, Grants and Regeneration Act 1996 (known as the Construction Act) has been amended. The amendments are now on the Statute Book. The aim was that the amendments be brought into law by April 2011. However SEC Group has been informed by BIS that the April date will be postponed until October 2011. The Scheme for Construction Contracts will also need to be updated by BIS to reflect the amendments.

SEC Group will monitor progress towards the October date and engage with BIS on the amendments to the Scheme. The SEC Group Board has agreed that regional events will be organised, at the appropriate time, to explain the implications of the changes to the Act. SEC Group has and will continue to participate in association events such as regional meetings to explain the amendments.



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Specialist Engineering Alliance (SEA).

The membership of SEA consists of the Chartered Institution of Building Services Engineers (CIBSE), the Association for the British Electro –technical industry (BEAMA), Building Services Research and Information Association (BSRIA), the Federation of Environmental Trade Associations (FETA) and SEC Group. The SEA 'Sustainable buildings need integrated teams' Report was published in March 2009. SEA was also taking forward a 'Soft Landings' Project. This requires designers and contractors to remain involved with buildings beyond practical completion, to assist the client during the first months of operation and beyond. Also to help fine-tune and de-bug the systems and ensure that the occupiers understand how to control and best use their buildings. This is increasingly important in the context of the building's energy and other performance measures.

SEC Group will provide the chair and secretariat of SEA. It will also support, co-ordinate and address actions as necessary.

'More for less' solutions.

SEC Group has advocated that cuts in levels of construction activity can be mitigated if best practice procurement is adopted to achieve efficiencies and savings by reducing waste. The SEA (with SEC Group in the lead) has submitted a fully worked 'more for less' proposition to the Review Team led by Sebastian James that is currently looking at capital investment in schools on behalf of the Department of Education. This proposition embraces independent risk assurance, is underpinned by 'integrated project insurance (see below) and has been recommended to the Treasury's Efficiency and Reform Group by the Chief Construction Adviser in the report in the next item.

SEC Group will action as necessary.

Low Carbon Construction.

The Innovation and Growth Team (IGT) Report on Low Carbon Construction has been published and submitted to the Government for a response which is expected in the early part of 2011. At the same time the industry has been invited to comment. As a member of the Strategic Forum the SEC Group has been asked along with other sectors of the industry to consider the recommendations.

SEC Group will play an active role in relevant recommendations – particularly those relating to integration and early involvement.

Integrated Project Insurance.

Integrated project insurance is a new product developed in conjunction with leading insurers and brokers to replace the many CAR, PL and PI policies on a project with a single insurance to give the integrated team (client, consultants, contractors and their supply chains) additional cover for financial loss incurred on the project and the risks of latent defects. It has been recommended for trial on public sector projects, and should cost-effectively underpin initiatives to cut waste with integrated collaborative working.

SEC Group will continue to support and show the benefits/savings to be achieved by the adoption of integrated project insurance.

Raising performance through supply side integration and integrated teams.

Traditional methods of procuring construction work have too often created an adversarial culture with the individual parties seeking to look after their own interests at the expense of others. The objective must be to achieve maximum value and optimum performance by the development of integrated teams.

SEC Group will seek the early involvement of 'specialists' as part of the team.



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Collaborative Contracts.

Integrated team working needs to be underpinned by contracts that foster collaborative rather than adversarial relationships between clients, contractors and sub contractors. The Construction Clients' Board (formerly Public Sector Construction Clients' Forum) recommends that public sector organisations use the NEC3 contracts when procuring construction. Standardising use of this comprehensive suite of contracts should help to deliver efficiencies across the public sector and promote behaviours in line with the principles of Achieving Excellence in Construction.

SEC Group will support the use of the NEC contracts.

Building Information Modelling (BIM).

The development of BIM was a recommendation in the IGT Report. BIM has massive potential as a tool to facilitate integrated project working.

SEC Group will work with the University of Northumbria in the development of BIM and help promote its BIM Academy.

Strategic Forum/Construction Commitments.

The SEC Group with the National Specialist Contractors' Council (NSCC) share the 'Specialist' seat on the Strategic Forum for Construction. This consists of being represented at five Forum meetings in 2011/12. From the third meeting of the Forum this year (e.g. May) it will be the turn of the 'Specialists' to take the chair and provide support for a term of twelve months. Therefore, the SEC Group in consultation with NSCC will provide the Forum chairman and required support roles.

The SEC Group having signed up to the Construction Commitments will continue to promote the six principles and their targets through the Strategic Forum.

Phasing out retentions on public sector contracts.

The National Audit Office and the House of Commons Business Select Committee have recommended that the practice of holding retention against contractors undermines efforts to promote team – working and integrated supply chains. It also has a serious adverse affect on cash available for business operations. SMEs suffer most through the impact on cash flow and a much reduced ability to fund investment in training and innovation. The Construction Commitments stipulate that there should be no unfair withholding of retentions. Furthermore the OGC Fair Payment Guide to fair payment practices requires that any client arrangements for retention should be replicated through the supply chain.

SEC Group will continue to seek the phasing –out of retention clauses from public sector construction contracts and will highlight retention abuse on public sector projects. It will also identify as far as possible those public sector bodies and private sector companies that are not using retentions. At the same time SEC Group will provide for the benefit of association members the legal avenues for recovering outstanding retentions.

Public Sector Procurement.

SEC Group conducted a survey amongst its members and produced a report on 'Government Procurement' in 2000 and 2005. It was the intention to repeat a similar exercise after ten years (e.g. 2010) to monitor and report on progress about improving best practice in public sector procurement.

SEC Group will now undertake the exercise in 2011.

Health and Safety.

The SEC Group Health and Safety Task Group published its health and safety strategy report in April 2007. This sets out five action plans covering occupational health, competence, designing out risk, managing health and safety risk and continual improvement.

SEC Group will review as appropriate.



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The SEC Group member associations collect their reportable accident statistics on an annual basis. The 2009 statistics show a fall of 4% over the previous year resulting in a 30.5% reduction since 2001.

SEC Group will co-ordinate and publish accident statistics.

SEC Group produced a Report to the HSE Executive on 'Experience of Working with the Construction (Design and Management) Regulations 2007.

SEC Group will promote the Report and its recommendation to ensure that the issues and concerns are addressed.

SEC Group as a founder member is supportive of the Safety Schemes in Procurement Forum (SSIP). Each scheme within the Forum accredits compliance with the CDM core criteria for health and safety competence (now part of PAS 91). Furthermore, they have undertaken to mutually recognise each other's requirements so that firms belonging to a Forum scheme do not have to be audited by another Forum scheme.

SEC Group will be active in ensuring the continued success of SSIP.

SEC Group is represented on the Strategic Forum 'Raising the level of competence' Working Group.

SEC Group will continue to ensure that member associations are consulted on the aims and work of the Working Group.

Insolvency Protection.

Insolvency protection has remained 'unfinished business' since the Construction Act was introduced. In consultation with interested parties

SEC Group will examine the impact of insolvency law and practice on construction supply chains – particularly on SMEs – and make proposals for legislative change to the Government.

House of Commons Business and Enterprise 'Construction matters' Report.

SEC Group has held discussions with Adrian Bailey MP – Chairman of the Business and Enterprise Select Committee - and recommended that in the light of the present economic climate facing the industry the 'Construction matters' Report should be revisited.

SEC Group will continue to press that the Select Committee should return to issues of concern – particularly Fair Payment and improved cash flow by the use of project bank accounts and elimination of retentions on public sector contracts.

Communication.

SEC Group will actively engage with the trade and national press on issues facing the industry. The SEC Group FOCUS, press releases, articles and supplementary notes will be produced to support the SEC Group position.