

Voice of the **Specialist Engineering Contractor**

SEC GROUP PRIORITIES 2010



Present at the SEC Group Dinner on 28 October 2009 (from left to right) are Lord O'Neill – the SEC Group President – Ian Lucas MP – the Construction Minister – and Trevor Hursthouse – the SEC Group Chairman.

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

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Construction Act.

Part 8 of the Local Democracy, Economic Development and Construction Act now amends the payment and adjudication provisions of the Construction Act.

SEC Group will continue to work closely with Government to review and amend the Scheme for Construction Contracts. It will also provide support to member associations in developing member's understanding of the new provisions.

Pre – Qualification Schemes.

SEC Group welcomed the House of Commons Business and Enterprise Report '*Construction Matters*' which recommended that the Government must reduce the burden that multiple public sector pre – qualification schemes impose on construction firms – particularly SMEs.

There have been two significant developments. The Department of Business, Innovation and Skills (BIS) is developing a Publicly Available Specification



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

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(PAS 91) on construction pre-qualification questions (PPQ) with the British Standards Institution (BSI). There has also been the formation of the Safety Schemes in Procurement (SSIP) Forum.

Both of these initiatives have the full support of Government. The SEC Group is fully committed to their progress and implementation. This should ensure that the complexity of diverse contractor qualification schemes and health and safety requirements will be minimised (particularly through the development of 'deemed to satisfy' arrangements).

General Election 2010.

SEC Group will lobby all parties to ensure that their construction policies reflect SEC Group's agenda.

The Office of Government Commerce 'Guide to Best Fair Payment Practices – Construction Procurement'.

The OGC 'Guide to Best Fair Payment Practices' – Construction Procurement'. (Available on the SEC Group Website www.secgroup.org.uk) recommends that all firms in the supply chain (for all new public sector projects) are asked to sign a Payment Charter before appointment and that project bank accounts are applied (unless impractical or not cost effective).

The SEC Group – along with other sectors of the industry – was committed to the adoption of all the main principles of the Guide and the Charter. SEC Group will focus on **implementation** of fair payment practices – including through the promotion of project bank accounts.

Construction Commitments.

SEC Group has signed up to the Construction Commitments – published by the Strategic Forum for Construction (available at www.strategicforum.org.uk). They bring together the six key areas (e.g. Procurement and Integration, Commitment to People, Client Leadership, Sustainability, Design Quality and Health and Safety) vital to delivering construction projects on time, safely and to budget. The Forum has identified the *Commitments* as being the centrepiece of their agenda and they have set a number of targets under each of the six areas. SEC Group will continue to press the Strategic Forum and (now) the Chief Construction Adviser to focus on implementation of the Commitments and achieving the targets.

Health and Safety.

The SEC Group Health and Safety Strategy Report - 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.

The SEC Group is a founding member of the Safety Schemes in Procurement Forum (SSIP) and will seek progress and implementation. (See also section 2 on pre-qualification schemes).

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SEC Group has reported a 25% reduction in reportable accidents since 2001 and is committed to reducing accidents and will work continually and rigorously to drive down accidents. The SEC Group will collate accident statistics of its member associations and provide a report.



Trevor Hushouse – SEC Group Chairman with Ian Lucas MP – the Construction Minister

The SEC Group will continue to promote the use of the Safe Site Access Certificate that takes account of the 2007 Construction (Design and Management) Regulations.

The SEC Group is represented on the Health and Safety Executive Review Working Group that is evaluating the impact of the 2007 Construction, Design and Management (CDM) Regulations. The Working Group will be looking into how the regulations are working in practice. The SEC Group will conduct a survey of its

member associations to seek feedback on the implementation and effectiveness of the current Regulations.

The SEC Group provide representatives on the Strategic Forum Health and Safety Working Group and the Construction Industry Advisory Committee (CONIAC) and will continue to support these bodies and relevant sub – groups.

Specialist Engineering Alliance (SEA)

The 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.

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.

Construction Procurement.

Engineering is the critical element for achieving low carbon/sustainability and it is the area where delays and cost overruns are most prevalent. Procurement and Integration, the first of the Construction Commitments, hold the key to delivery of client/industry objectives particularly:-

- Low carbon delivery
- Sustainable built environment
- “More for less”

SEC Group/SEA is leading the way for the supply side to demonstrate it

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can deliver all these priorities by promoting:-

- Modern procurement of integrated teams, without lowest cost tendering, but supported by accredited pre-qualification schemes.
- Independent risk assurance of design solutions (including H&S) and cost plans, underpinned by Integrated Project Insurance.
- Operation of project bank accounts, ensuring rapid and reliable payments to the supply chain.
- Gearing the integrated team's profit to delivery of the pre-agreed project success criteria (e.g. low carbon performance).
- Elimination of the waste of resources, time and money tied up in fragmentation, making profit "by the pen" and litigation.

Meantime, the specialist sector must be protected from abuse under traditional procurement and contracting systems whilst these remain in force across the UK.

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.

Phasing out the practice of retentions.

SEC Group welcomed the House of Commons Select Committee for Business and Enterprise Report '*Construction Matters*' in which it was pointed out that the practice of holding retention against contractors damages the cash flow particularly of smaller sub-contractors and reduces investment in training and innovation. Given that the practice is at odds with the Government's promotion of integrated working through the Common Minimum Standards and the Strategic Forum's *Construction Commitments* the Select Committee urged the Government to require all parts of the public sector to end retentions as soon as possible.

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 relevant public bodies to promote and improve procurement and payment practices.

Insolvency Protection.

SEC Group will be represented on the All – Party Insolvency Group and will work towards improving insolvency protection.