

SEC *focus* GROUP

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

ARE YOU **CONTENT** WITH THE CONSTRUCTION ACT?

The fifth anniversary of the Construction Act was on 1 May 2003. Whilst most firms would declare that it has benefited their businesses, there are still reservations and concerns about the Act. The SEC Group is now taking stock of the operation of the Act with a view to submitting a report to the Construction Minister (in London), the Scottish Executive, the Welsh Assembly and the Department of the Environment in Northern Ireland.

The SEC Group's report will focus on how, in practice, the Act has been operating. The aim will be to establish whether or not the legislation will require changes. A questionnaire has been produced in order to obtain the views of firms.

The contracts committees of the SEC Group associations will be coordinating the input from their respective sectors. The maximisation of such input will, of course, help to strengthen the findings of the survey, thus lending substantial weight to the report.

Please **make sure that you make your views known** to your association.

RETENTIONS - **NEXT STEPS...**

On 9 July the House of Commons Trade & Industry Committee re-convened to quiz government officials on their lacklustre response to the Committee's report. Civil servants from the Department of Trade & Industry and the Office of Government Commerce (which is responsible for the Government's procurement policies) were asked why they could not accept the Committee's recommendation for the phasing out of retentions on public sector contracts by the end of 2007. The initial response on the Government's side was that this target could not be applied to all public sector procurers because some were small or occasional clients.

Under further questioning, the Government side changed its position. They could not accept a target because, first, the industry had to demonstrate that it could deliver defect-free projects. However, the Government conceded that it wished to see the end of retentions – the argument was simply how this was to be achieved.

The Government side undertook to monitor the use of retentions as progress was made towards meeting its own target of achieving defect-free construction on 70% of its projects (by value) by 2005.

The SEC Group provided a substantial briefing to the Committee that included suggested questions for putting to the Government side. The Committee will be reporting in September.



NEW JCT CONTRACT PUBLISHED

The JCT has published a new form of contract titled "The Major Projects Form" which, as its name suggests, is primarily intended for major new works of construction such as large office or retail developments. It is much more concise than the standard JCT contracts.

The contractor is given far greater responsibilities than exist in most JCT forms. The employer is required to state his requirements, so far as design is concerned, and the rest is up to the contractor.

The employer can name specialists to carry out design and construction; the contractor is solely responsible for their performance. If the contractor does not appoint the named specialist he will not be able to claim payment for the work allocated to that specialist.

Essentially, the employer's obligation is to provide the contractor with access, to review the design as it progresses and make payment to the contractor. With regard to the latter, it should be noted that the contract does not allow for retentions.

The contractor will be required to invest more in risk management as there is no allowance for extensions of time for matters such as inclement weather, industrial disputes, inability to obtain labour/materials and delays caused by the actions of statutory authorities.

Unfortunately, there is not, as yet, published the sub-contract for this Form; publication is expected before the end of the year.

IS LOCAL GOVERNMENT APPLYING BEST VALUE?

There were 528 returns from firms in May and June to a questionnaire on local government procurement. The questionnaire was aimed at establishing whether local authorities were applying best value. The findings of this survey will be included in a report to the Minister of Local Government in London, the Scottish Executive, Welsh Assembly and DoE in Northern Ireland.

The initial findings will come as no surprise to firms dealing with local government. The lowest price culture still prevails and there is little evidence of specialist engineering firms involvement in partnering/alliancing arrangements with local authorities. Once the report is finalised it will be put on to the SEC Group website.

SEC GROUP BRIEFINGS

Alongside Focus, the SEC Group also publishes occasional Briefings: these deal with specific issues in detail. To date, two such Briefings have been published on the meaning of "Integrated Project Teams" and on the recent report of the Better Regulation Task Force/Small Business Council review of access by small and medium-sized firms to public sector contracts. Copies of the Briefings can be down-loaded from the SEC Group website <http://www.secgroup.org.uk>

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

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Continued overleaf

SEMINARS/WORKSHOPS

INTEGRATED TEAMS

Buzz words are now in abundance. To take a few examples:

- Integrated project teams
- Supply chain management
- Partnering/Alliancing
- Collaborative working

What do all these terms mean?

Many clients – especially large government clients such as Defence Estates, Highways Agency and NHS Estates – are insisting on integrated project teams. What are the implications for one's business? How will training and IT be affected? What help is available?

These and other issues will be addressed in a series of regional seminars and workshops being organised by SEC Group. Speakers will come from local organisations that have been involved in new ways of working such as partnering and teamworking. The first of such seminars/workshops will be held in the North East and further information will be provided in Focus.

CONFERENCE ON THE NEW CORPORATE MANSLAUGHTER PROPOSALS

The construction paper, Contract Journal, and Commercial Motor will be holding a conference on the new corporate manslaughter proposals on 17 September 2003. The venue is the Aston Villa Football Ground, Birmingham. One of the speakers will be Rudi Klein, SEC Group Chief Executive. SEC Group has negotiated a substantial reduction on the conference fee exclusively for firms in the SEC Group associations, £199 (plus VAT); whereas normally the fee is £245 (plus VAT). Please contact Teresa Murphy 0208 652 3887 explaining that the conference was mentioned in the SEC Group Focus.

“Vision without action is a daydream, while action without vision is a nightmare”.

old Japanese proverb)

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