

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

PRIORITIES

The Specialist Engineering Contractors (SEC) Group is a high-profile organisation, with a very clear position on the way in which the industry should be evolving.



The Minister for Industry and the Regions - RT Hon Alun Michael MP with the SEC Group Chairman - Trevor Hursthouse.

More than any other representative group in the industry, the SEC Group has fully mastered the art of political lobbying. Regular meetings are held with Ministers, MPs and senior civil servants. Its most recent success was the announcement by the Chancellor of the Exchequer in his March 2004 Budget Statement that the Treasury would review the Construction Act.

SEC Group's current priorities are:

- **Improving payment security - this involves the use of project bank accounts on public sector contracts;**
- **Promoting recognition of and the use of reputable schemes of corporate qualification;**
- **Promoting greater collaboration and teamwork within the industry through integration of the delivery processes - especially design and construction or installation;**
- **Improving public sector construction procurement; and**
- **Improving the health and safety performance of the sector.**

Improving Payment Security

Over 12 years ago Sir Michael Latham, in an interim report reviewing contractual relationships in the construction industry, said:

"Two words have permeated all the words in the Review. They are the gatekeepers to any real progress... these words are "trust" and "money". They are totally interlocked. Too little trust and not enough money. A mighty machine which requires oil in its engine to drive it, has grit instead."



How can we hope to achieve a critical mass of genuine partnering and teamworking when we are still dogged by payment abuse and manipulation of the payment process in order to maximise credit or credit periods at the expense of others in the supply chain? We are still in the grip of out-dated payment practices that have no place in a modern and professional industry.

The vast majority of firms in the industry want the three payment certainties:

- *Certainty of amount*
- *Certainty of timing*
- *Certainty of knowing that the cash is safe*

The SEC Group secured the current review of the Construction Act.

Although, generally, the Construction Act has worked well, it does require a number changes to improve its effectiveness. These include:

- *A statutory mechanism for defining what should be paid at the date for payment;*
- *No cross-contract set-off;*
- *More information in withholding notices;*
- *No pay-if-paid clauses in the event that an upstream payer has gone into insolvency;*
- *Banning of all conditional payment clauses, especially paid-when-certified clauses;*
- *Protection against the impact of upstream insolvencies;*
- *One statutory adjudication procedure;*
- *An increase in the power of the adjudicator so that he can rule on whether certain matters are within his jurisdiction.*

Project Bank Accounts

Throughout the UK the public sector is responsible for over 40% of construction business. The government as the main client is committed to promoting best practice in the procurement and delivery of construction. Last year the National Audit Office estimated that public sector clients in England and Wales could achieve £2.6bn savings by encouraging best practice, particularly along the supply chain.

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

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"The approach to using a single bank account for the entire construction project ensures the timely payment of all parties and mitigates the risk of the main contractor unfairly withholding payments from suppliers further down the supply chain." (page 14, "Improving Public Services through better construction". NAO Report 15 March 2005}.



Following the NAO recommendation the SEC Group has also been lobbying the Financial Secretary to the Treasury to set up project bank accounts for all government projects. This will enable cash for the project to be held in trust and, thus, provide security for members of the delivery team. Furthermore, they would help to cement collaborative working. The Treasury has accepted, in principle, that this is the way to proceed. The way forward is to have a Treasury-endorsed project bank account template that can be used for all government projects.

Promoting recognition and use of reputable schemes of corporate qualification

The pre-qualification process has led to a plethora of vetting processes, schemes and qualifications promoted by a variety of organisations. However, underlying all of this is a fragmented regulatory framework that has introduced concepts of competent persons, self-certification, competent designers and constructors.

The SEC Group has proposed to the Health & Safety Executive that there should be a core set of criteria for the purpose of readily identifying reputable qualification schemes that audit health and safety performance. The main advantage is that it will only be necessary for firms to be in membership of one recognised scheme without having to qualify for other schemes. Moreover, this will help in the assessment of whether a designer or constructor is competent for the purposes of the CDM Regulations. This proposal has now been accepted, in principle, by the Health and Safety Executive.

Promoting collaboration to integrate delivery processes

Traditional construction delivery has been fragmented and adversarial. The SEC Group is working closely with improvement bodies in the industry to achieve greater integration. A key factor in this is the early involvement of engineering contractors in the design team; after all they are often responsible for designing, installing and maintaining high value systems. It is extraordinary that they are not engaged in dialogue with consultants (and even manufacturers) as part of the design team.

To facilitate greater integration within the delivery process, the SEC Group is engaged in two major projects:

- *The development of a model policy of project insurance that will underwrite the whole delivery team instead of individual members of the team;*

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- *A checklist of design activities (in the delivery of M&E systems) so that responsibility for each activity can be clearly allocated.*

Improving the Health & Safety Performance of the Sector

Last year SEC Group published statistics from its constituent associations that showed a reduction in RIDDOR - reportable accidents of over 5% since 2001. Member associations have provided 150,000 personnel in the sector with the necessary training for the purpose of being issued with CSCS - affiliated skillcards. This has been achieved without any training levy or grant.

SEC Group has introduced a Safe Site Access Certificate that enables firms to discuss their health and safety requirements (including site welfare facilities) with the organisation managing the site prior to their workforces entering the site. This has already proved to be successful in the structural steelwork sector. The Certificate is available on our website: www.sec-group.org.uk

Summary

Today the construction industry is about engineering skill. This involves substantial investment in technology and training. Such investment ensures efficient and cost-effective delivery to meet the needs of the industry's customers. If we are to maintain such investment in the future, we must now get rid of poor and outdated practices.

But the pace of change remains slow. We must quicken the pace to create a better and modern industry. By creating a modern and successful industry we shall be able to attract and retain the quality people it needs, which will enable it to profitably to deliver products and services for its clients.

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