
Blueprint for our industry

What do we want and how do we achieve it?

4 June 2020



A consultation document issued to members of the
Construction Industry Coronavirus (CICV) Forum

CONTENTS

3 // Introduction

4 // Conduct

5 // Contracts

6 // Workload

8 // Payments

10 // Programmes

11 // Quality

12 // Disputes

13 // Legislation

14 // COVID-19

15 // Health & Safety

16 // Other issues

20 // CICV Forum members and contact

INTRODUCTION

Everyone involved in the Construction Industry Coronavirus (CICV) Forum agrees that we need change and we cannot revert to type. In a very short period of time, the Forum has demonstrated the ability to work together for the mutual benefit of the member bodies and their members.

However, there is a longer-term objective, which is to create an industry, that is fair, transparent and allows contractors and the supply chain to operate profitable businesses. The same objective applies to the consultants, who are so essential to the industry.

We also need to consider and consult with public and private sector clients who are the lifeblood of the industry as their investment creates employment for the industry in Scotland.

The questions to be put to you and your members are:



***What sort of industry do you want?
And what needs to be done to achieve it?***

It is fully appreciated that there has been consultation after consultation about the construction industry for over 50 years, but little has changed – the endemic problems of low tendering, no margins, little regard to competency and experience, serious cash flow and payment issues and poor quality are consistent problems for the industry.

Many step changes are needed; we need to focus on the main problem areas, and find solutions.

The discussions we are going to have will be different because the end result will be an industry that you all want, and not one that is imposed on the organisations that actually produce the buildings – the supply chain.

Over the following pages you'll find a number of points made by four of our leading QS firms in Scotland, in conjunction with Ian Honeyman of SBF and advisers to the Forum Len Bunton, Ken Lewandoski and Angus Pearson. We now invite your thoughts.

Please respond with your own thoughts in the box marked **INDUSTRY COMMENTS** - and help us create a blueprint for our industry.

CONDUCT

What is needed:

- Return of integrity, decency, respect, fair play and honesty.
- Working together to resolve differences, with industry buying in to Conflict Avoidance Pledge and parties resolving disputes.
- An ethos to be adopted by all contracting and professional bodies to promote and facilitate collaborative working and a “no surprises” culture, by providing advance notice of deviation from objectives and a drive towards mitigation of risk rather than accumulating claims.

INDUSTRY COMMENTS (type on blue box):

CONTRACTS

What is needed:

- Amending SBCC and other Standard Contracts to be deprecated.
- If contracts are amended, then show by track exchanges and explain the reason for amendments. Procurement process should permit sensible clarification of contract terms.
- Contractors to call out shoddy practices, without fear of being removed from tender lists.
- Seek equitable risk transfer.
- Minimise the use of Provisional Sums which = works not fully designed.
- Minimise the extent of CPD packages which = works not fully designed.
- Utilise standard consultants' appointments and, like building contracts, avoid widescale amendments.
- Accept sensible limits of liability. Uncapped liability across the sector is inequitable

INDUSTRY COMMENTS:

WORKLOAD

What is needed:

- Certainty of forward tendering opportunities and workload. Gives confidence for employment and apprenticeships.
- Public sector must discourage and not accept unrealistically low bidding, must find an evaluation system, with price not the only factor. For example, the German and French systems of taking the top and bottom price out, averaging the remaining and closest to average best cost score.
- Same applies to professional fees. Get back to fully designed projects at tender stage, eliminate risk transfer to contractors and supply chain and reduce to a minimum CDP packages. Accept additional cost implications. Reintroduce professional fee scales.
- Alternatively, consider consultants fees based on defined activities, and service levels
- Greater use of two-stage tendering; competitive bids on track record of bidders' reputation and experience, calibre of management structure delivering the project; price out preliminaries. Cost plan jointly agreed by employer/design team /contractor.
- Identify suitably qualified trade contractors and invite tenders, select contractors based on above criteria. All open book and no hidden discounts, tender reductions etc. Complete involvement by all in risk reduction and agreeing final costs plan and programmes.
- As it stands, design and build is actually design and dump – avoid dumping inequitable risk on the contractors.
- Prior to commencement on site, the employer should facilitate a project review with design team and contractor (and critical subcontractors/suppliers) to reduce risk to the project.

INDUSTRY COMMENTS:

PAYMENTS

What is needed:

- No amendments to SBCC and other standard form payment provisions. If changes **are** made, show by tracking and explain the reasons or purpose of the amendments.
- Reduce public sector payment periods to 14 days from the date of the contractor's applications. Ensure payment quickly filters down the supply chain.
- Professional quantity surveyors (PQS) to be professional and thorough in reviewing contractors' monthly applications for payment. More on-site valuations and agreement. No applications for payment cut without consultation.
- PQS to discuss or explain and justify deductions before issuing valuations.
- More commercial training to improve contractor's efficiency. All-round improvement required in terms of submitting fully detailed applications for payment.
- Alterations to subcontractor and supplier applications for payments need to be explained and, if certified amounts are not to be paid by the final date for payment, reasons need to be provided to justify any amendment to the certified amount.
- Retention – accelerate the review of consultation, find an all-round solution, this will need compromise.
- Mechanism to call out abuse without retribution.
- An open and transparent visible process needs to be established which provides information relating to payment terms, timescales and amounts due to all parties involved in a project along the entire length of the supply chain. The use of technology could facilitate this.
- Project Bank Accounts that meet everybody's requirements.

INDUSTRY COMMENTS:

PROGRAMMES

What is needed:

- Education of clients groups from the outset of projects, as to the reasonable expectation of project duration.
- Set realistic design periods to avoid inadequate design being issued to tender.
- Agree realistic programmes with the contractor and subcontractors.
- Manage and update the programme regularly throughout the works by adopting the practice of four-weekly programme updates for review and acceptance by the CA.

INDUSTRY COMMENTS:

QUALITY

What is needed:

- This is a major industry problem; contractors need to sort themselves out and cannot blame anyone else.
- Define quality expectations in contract documents.
- The CICV Forum must commence a cross-industry quality initiative, involving all bodies.
- Tendering contractors – show how you will review, monitor and ensure quality, and your measures for your supply chain.
- Improve quality = no need for retention.
- Industry = must respond, it is entirely in your hands.

INDUSTRY COMMENTS:

DISPUTES

What is needed:

- Talk, discuss, negotiate, compromise. Only escalate when you absolutely have to.
- Encourage the use of the Conflict Avoidance Pledge (CAP) and early intervention into potential issues developing.

INDUSTRY COMMENTS:

LEGISLATION

What's needed:

- Consider update to HGCRA/LDEDC.
- Pay Less Notice date to have a sensible but mandatory minimum number of days before final date for payment.
- Immediate suspension provision for non-payment – why wait seven days?
- Adjudicator to determine own jurisdiction.
- Party's costs to be allowed in adjudication.
- Clarity on residential occupier; opens up domestic disputes.

INDUSTRY COMMENTS:

COVID-19

What is needed:

- Consistency of public and private sector approach on suspension and recommencement costs.
- Ability to confidentially report unfair conduct. Creation of a construction ombudsman body?
- Consistent approach to monitoring (and recording) any loss of productivity – payment/programming etc.
- Include a Pandemic Clause – contractor gets an EOT and payment of additional costs only. Fair allocation of risk.

INDUSTRY COMMENTS:

HEALTH & SAFETY

What is needed:

- Good health and safety practices cost money and it is known that if the effort is put into applying what is right at the start of any project then the benefits are achieved in quality, efficiency and production.
- Health and safety requirements should not be hidden to keep costs low through the tendering stage which then create additional costs to the contractor after the work commences.
- Creating a level playing field in the industry where health and safety requirements are made known in an open and honest environment will make sure the industry reputation of being 'high risk' can be reduced and therefore promoted with a more positive image.
- Putting the wellbeing and welfare of all the people involved in construction work will reduce absence, illness and injuries.
- Give health and safety the respect it deserves and enjoy the benefits of doing so.

INDUSTRY COMMENTS:

OTHER ISSUES

Please use this section to outline any other issues not already covered.

INDUSTRY COMMENTS:

OTHER ISSUES

Please use this section to outline any other issues not already covered.

INDUSTRY COMMENTS:

OTHER ISSUES

Please use this section to outline any other issues not already covered.

INDUSTRY COMMENTS:

OTHER ISSUES

Please use this section to outline any other issues not already covered.

INDUSTRY COMMENTS:

Current members of the CICV Forum:

- Association for Consultancy and Engineering
- British Constructional Steelwork Association
- Builders Merchants Federation
- Building Engineering Services Association Scotland
- Chartered Institute of Architectural Technologists
- Chartered Institute of Building
- Civil Engineering Contractors Association Scotland
- Construction Plant-hire Association
- Electrical Distributors' Association
- Federation of Master Builders
- Finishes and Interiors Sector
- Lift and Escalator Industry Association
- National Federation of Roofing Contractors
- Royal Incorporation of Architects in Scotland
- Royal Institution of Chartered Surveyors
- The Scaffolding Association
- The Scottish Building Federation
- The Scottish Contractors Group
- Scottish Plant Owners Association
- SNIPEF
- SELECT
- The Stone Federation (GB)

Further information



www.cicvforum.co.uk



info@cicvforum.co.uk

