

**SCOTTISH CONSTRUCTION FORUM  
MINISTERIAL BRIEFING: DECEMBER 2009**

**Highlights**

The construction industry welcomes the Scottish Government's commitment to the prequalification database, and this Forum will welcome the opportunity to work with Government to develop this for construction.

Major concern in industry about falling workload and increased competition. This brings with it falling prices and resultant job losses

We note the Scottish Government's DRAFT budget and hope that the Government can hold firm on its public sector infrastructure investment commitments so that the construction industry can plan accordingly. While the reasons behind the cancellation of GARL are accepted, this was a blow for construction and all the more important that the remainder of the infrastructure investment programme remains on track. In particular, the civil engineering sector regards infrastructure investment as the corner stone of its survival.

**Procurement and Contract Matters**

It is hoped that the aims of Scottish Government to streamline the pre-qualification process for all purchasing will achieve its aims for construction in particular. It would be of considerable benefit to Government and the industry if this can be applied to all public sector purchasing, with particular emphasis to local authorities and NHS Trusts.

The industry is experiencing difficulty in the issue of completion certificates by public sector clients. This is where work is completed, but clients are reluctant to release final retention monies.

**Training**

The Scottish construction industry has a long and highly positive record of training, when compared to the rest of Great Britain. The principal Sector Skills Council for the industry (ConstructionSkills) appear to be going through a difficult period, with reduction in training grants and staff redundancies. This is sending negative messages to the industry on training, when we had previously had encouragement from CoinstructionSkills. It is difficult to predict the long term effect this could have on the industry's future skill base.

**Finance**

The opportunity for construction companies to have deferred payments to HM revenue and Customs has been of considerable benefit to cash flow for the industry. However, these payments will shortly become due, and there is concern across the industry for companies who may not be able to pay. Such arrangements have not been available to be included in credit checks on these companies and therefore could cause other companies to cease trading despite taking reasonable precautions.

Private house builders are experiencing difficulty in obtaining finance to start sites.

## **Renewables**

It will be helpful to have a clear policy from Scottish Government regarding future grants for micro renewables. Concern that house owners are putting off the investment in micro renewable fittings, waiting on grants to become available.

## **Economic Downturn Review – comments from members**

- Major concern for dramatic impact from cuts in public sector funding.
- Overview of major project release required to ensure continuity of employment
- Concern with increasing number of contractors being asked to tender for each project.
- Restructure required of finance for social housing sector
- Consideration to remove retention/ defects liability clauses
- Ensure support available for companies with innovative ideas
- Encourage companies to learn faster than competition
- Identify and support companies who could learn from overseas initiatives
- Concern with skills which will leave the industry and not return

## **Scottish Construction Centre**

Supported by Scottish Enterprise and ERDF funding, the Scottish Construction Centre (SCC) has made considerable progress in its aspiration to help the Scottish construction industry become the envy of the world. In the last 12 months, it has

- run 27 workshops attended by over 600 people in the areas of lean thinking, sustainability, whole life costing and health and safety,
- developed a powerful information portal due to be launched in February 2010,
- collated Scottish construction statistics,
- set up a Performance Improvement Network for infrastructure,
- showcased 6 innovative demonstration projects,
- developed a productivity portal due to be launched in February 2010.

The workshops have thrown up a latent demand for one-to-one company support, and although they have identified limited funds to provide some support in lean, the demand far exceeds the capacity to respond. The minister might care to consider whether further support could be made available.

ENDS