

6 May 2020

Kate Forbes MSP
Cabinet Secretary for Finance
T3.21
The Scottish Parliament
Edinburgh
EH99 1SP

By email: Kate.Forbes.msp@parliament.scot

Dear Ms Forbes

Support for construction during the COVID-19 crisis

I hope this letter finds you safe and well during the current unexpected health crisis. As a major employer in the Scottish construction sector I am writing to seek your support and outline our concerns as a result of the current crisis and highlight areas where we believe government cooperation would help to reinforce the sector as we emerge from these difficult times.

McLaughlin & Harvey Construction Limited is a national construction business based in Bellshill and directly employs 300 people in Scotland. We support a wide range of national and local supply chain in providing economic value to the communities of Scotland in providing both public and private sector construction projects. Some of our current and recently completed projects you may be familiar with include:

- Barclays Bank Headquarters, Buchanan Wharf, Glasgow
- Banchory Leisure Centre for Aberdeenshire Council
- The Bayes Institute for University of Edinburgh
- Roslin Primary School for Midlothian Council

As part of the wider McLaughlin & Harvey Group we turnover in excess of £500m per annum across the United Kingdom with a workload in Scotland currently in construction or within pre-construction of around £600m.

As a responsible employer we have an ethos that recognises the development of staff to be critical to the economic success of not only our business but also the wider Scottish economy. For that reason, we work closely with local authorities to nurture and develop new talent throughout our business. To date we have had great success with this approach, and we believe it is important that this success is not undermined as a result of the current situation. Working with Skills Development Scotland, we are committed to developing and growing our 30 apprentices in line with your Youth Employment Strategy.

McLaughlin & Harvey Construction Limited

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Registered Office: Killoch, Ochiltree, Cumnock KA18 2RL

As you are aware this is a very difficult time for all industries but particularly the construction sector where confidence, cash flow and continuity of workload are critical if we are to maintain jobs and support to Scotland's economy. At this challenging time, we would seek Scottish Government support in maintaining current public projects, ensuring we are not disadvantaged going forward in the procurement of future public sector projects and in safely returning to work.

Maintaining current projects

McLaughlin & Harvey has several projects that rely on Scottish Government, City Deal, University and Council funding, therefore any delay to funding or the administration of these funding routes has a knock-on effect to pre-construction activity and subsequent construction activity. We would urge the Government to provide support and critically ensure deadlines for current funding release are maintained.

Future procurement

We are also concerned that at these times greater emphasis will be put on the use of the hub procurement model through Scottish Futures Trust to the detriment of other frameworks. In times of economic uncertainty, public sector work has traditionally been used to underpin the construction industry, ensuring that the sector is supported until the economy is back on its feet. Unfortunately, the hub model restricts procurement of NHS and education projects to a limited number of contractors, effectively creating a monopoly. This monopoly excludes a number of home-grown construction companies from accessing public work in these areas. Ability to access these works will be important to all construction companies coming out of this recovery, as it is likely that public works will form the backbone of any stable business in the short term.

We are currently involved in Scape, Crown Commercial Services and several other individual public sector frameworks working together with bodies to provide "best value" in the delivery of important buildings and infrastructure. We would therefore urge the Scottish Government to ensure that all procurement routes are treated equally to provide continuity and fairness of approach to the industry and not directed down one procurement route.

Returning to work

Scotland unlike England has mandated a shutdown of all non-essential construction work and is still mandating a lockdown on construction sites. Upon lockdown we immediately closed all but critical healthcare projects across the UK ensuring the safety of our staff and the general public until safe systems of work could be agreed. Since then we have worked with the Health & Safety Executive and other construction bodies to devise approved systems of work which maintain social distancing rules and provide safe methods of working.

This has allowed us to return to work in England lessening the economic impact of the current COVID-19 crisis on our business. We would urge the Scottish Government to adopt a similar approach to prevent further economic damage to the construction industry and support people to get back to work.

Thank you for taking time to consider my letter. In the meantime, if you have any queries, I would welcome a teleconference to discuss these matters further.

Yours sincerely

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