

Note of meeting to discuss proposals for more formal and strategic engagement between the Scottish Government and the Scottish construction sector

10 December 2018

Victoria Quay, Edinburgh

Present:

Ainslie McLaughlin, Director of Procurement & Commercial, SG - Chair
Scott Bell, Deputy Director of Procurement Development & Construction Reform, SG
Richard Rollison, Deputy Director of Innovation, Industries & Investment, SG
Jonathan Moore, Head of Construction Procurement & Commercial Policy, SG
Graham Porteous, Transport Scotland
Colin Proctor, Scottish Futures Trust
Ken Gillespie, Construction Scotland
Ron Fraser, Construction Scotland
Bruce Dickson, Construction Scotland
Grahame Barn, Civil Engineering Contractors Association (CECA), Scotland

Apologies

Mary McAllan, Director for Economic Development, SG
Michelle Rennie, Transport Scotland
Peter Reekie, Scottish Futures Trust

1 Aims & Purpose of the Group

AMcL opened the meeting by noting the key role that the construction sector plays in the Scottish economy, employing some 134k people and a Gross Value Add in excess of £7bn/annum. In turn, the Scottish public sector is a significant consumer in this market, spending over £4bn/annum – almost one third of the total public sector procurement spend. Not only does the industry represent a significant portion of the economy, but it is delivering significant levels of publicly funded economic infrastructure, whether through buildings or civil engineering.

Consequently, the industry has a strong resonance and visibility with the public when compared to other sectors. However, over the past few years the construction industry has faced and continues to face a challenging period, with issues being raised in relation to quality, cost, and payment performance including the use of retentions, fair work, supply chain practices, business continuity and safety. The SG believes there is significant scope to increase productivity, innovation and public perception through improving industry and business practices as well as the way in which the public sector communicates and forecasts its requirements.

In addition, the impact of Brexit on the SG's infrastructure plans and on the industry generally could be significant and will need careful handling going forward.

While there is already wide and varied engagement between the SG and the construction sector, the government believes this could be strengthened to enable both sides to work together more closely and effectively in response to the challenges being faced. Therefore, the SG is proposing to host quarterly meetings between key industry contacts and senior officials; the purpose of these meetings will be to develop clarity and understanding between the government and industry and to lay the foundation for future developments. This will include, for example:

- How the public sector addresses prioritisation;
- Budget programming;
- Programmes of work and contract structuring;
- How the industry can respond to policy priorities such as fair work and fair payment; and,
- Developing a framework that maximises the local economic impact of public sector procurement of construction.

Therefore, the overarching purpose of the Group is to develop a shared action plan between the SG and the construction sector which:

- enables the government to deliver on its economic, procurement and quality aims; and,
- helps the construction sector to achieve its aims as set out in the Construction Scotland Industry Strategy for 2019/2022.

2 Issues for consideration going forward

As a first step, the SG suggested that key issues for discussion at future meetings could be structured around the following headings:

- Quality;
- Skills;
- Innovation;
- Procurement;
- Capacity;
- Engagement.

CS indicated there was close correlation between the SG's "list" and the priority action areas as described in its new Strategic Plan for 2019- 2022. CS described how it was tackling these issues through a series of specific working groups, such as its Working Group on Construction Quality.

Consequently, it was agreed these areas would form the initial basis/agenda for subsequent meetings where the key focus would be on leading and driving the changes/improvements required as well as providing a challenge function.

3 Arrangements for First Meeting

It is proposed SG will organise and host meetings and will draw up the agenda for each meeting in consultation with CS & SECA. SG noted that this was a preliminary

meeting intended to set the scene and the first full meeting of the Group be held in March 2019 and on a quarterly basis going forward. This was agreed.