

Construction Leadership Forum
COVID-19: Recovery Planning Group
Meeting 10
11 August 2020
Telephone Conference Call
10:00 – 11:30

Note of meeting

Present:

Kevin Stewart MSP, Minister for Local Government, Housing and Planning

Construction Industry

Grahame Barn – Industry Leadership Group member, Construction Scotland

Jim Blair - Balfour Beatty Scotland

Bruce Clark - Joint Managing Director, RJ McLeod

Emma Dickson – Technical Director, Arcadis

Steven Dillon – Scottish Trade Unions Congress

Hew Edgar - Head of UK Government Relations and City Strategy, RICS

Ron Fraser – Executive Director, Construction Scotland

Ken Gillespie – Chair, Construction Scotland

Stephen Good, Chief Executive, Construction Scotland Innovation Centre

Stuart Parker – Managing Director – Construction (Scotland),Morgan Sindall

Elliot Robertson – CEO Robertson Group

Alan Wilson – Managing Director, Select

Scottish Government and Associated Agencies

Russell Adfield – Head of Construction Sector and Policy, HSE

Scott Bell – Deputy Director, PDCRD, SG

Joe Dowd – Team Leader, Construction Team, SG

Jane Duffy - Apprenticeship Policy Team Leader, SG

Elaine Ellis – Skills Development Scotland

Dr Stephen Garvin, Head of Building Standards

Ian Gilzean – Chief Architect, SG

Sharon Miller, Manufacturing and Construction, SG

Dominic Murphy – Transport Scotland

Graham Porteous – Head of Construction Procurement Policy Unit, SG

Colin Proctor – Director, Construction Industry and Delivery, SFT

Peter Reekie – Chief Executive, SFT

Dermot Rhatigan - Deputy Director Manufacturing & Industries, SG

Mark Turley - More Homes Division, SG

John McLean - Construction Procurement Policy Unit, SG

Apologies:

Bruce Dickson – Industry Leadership Group Member, Construction Scotland
 Alasdair Graham – Acting Director of Major Projects, Transport Scotland
 Hector MacAulay – Managing Director, Balfour Beatty Scotland
 Richard McCallum - Interim Director of Health Finance and Governance
 Alan Morrison – Health Finance and Infrastructure, SG
 Andrew Richards – Board Member, Safedem

		Action
1	Introduction and Apologies	
1.1	The meeting commenced at 10:00.	
1.2	The Minister welcomed the delegates to the meeting including the new member Russell Adfield, representing the Health and Safety Executive (HSE).	
2	Minute of Previous Meeting	
2.1	The Group accepted the note of the meeting of 30 July as a true record.	
3	Actions	
3.1	At the Minister’s request, Scott Bell read through the actions of the previous meeting, giving a progress update on each. These will be reflected in the updated Actions Register, which will be distributed to the members.	
3.2	As actions 075 and 83 covered the same topic an action was taken for the secretariat to rationalise these.	Action
3.3	Action: <ul style="list-style-type: none"> Secretariat to combine actions 075 and 083. 	Secretariat
4.	Editorial Sub-Group Update	
4.1	Peter Reekie updated the members on the work of the sub-group, which had met virtually twice since the last update. In addition, the sub group has had co-ordination meetings with the sub-group chairs. He acknowledged the work by all in driving progress, noting that the Editorial sub-group had received outputs from the majority. The next stage is to draw together a recovery plan, based on a consensus of views. He was keen to stress that this was not an end point, more of a staging one, with a view to capturing all of the various perspectives across the various working groups. He noted	

	<p>that as this was a consensus, it was not possible to capture all of the individual views in the document, but that these had been heard and considered and this was not a 'final' view, but a 'stepping stone' to recovery, focusing on initial priorities.</p>	
4.2	<p>It was stated that the group was doing its best to collate a coherent plan this week. Due to the pace of the work, it had not been possible to share a draft of the work so far. The forum will, however, receive an update on the coming Friday, which would either be the draft document or an update setting out the likely date of delivery, with an explanation of any delays.</p>	
4.3	<p>It was stated that the date to have the draft 'publication ready' by 21 August was ambitious, pursuing the forum's aim of having a publication by the middle of August. It is expected that key theme for immediate actions will be drawn out of each of the sub-groups, to inform the recovery plan. The document is intended to be a 'first day' publication indicating where more work is needed and allowing for wider feedback via the web-based platform. He also added that it is intended that the platform to contain the logos of those involved in the forum and sub-groups, and that members will be contacted regarding this. Additionally, when the plan is published, the sub-group will be looking to all members to publicise this via their networks.</p>	
	The Minister invited Questions	
4.4	<p>Russel Adfield asked, if there was an explicit requirement to ensure that maintaining and improving of occupational health and safety standards were embedded in the recovery plan, as was the case for England and Wales?</p>	
4.5	<p>Peter Reekie replied that the sub-group were absolute clear that standards are to be maintained on health and safety as part of the plan. He also noted that they were very mindful of the need for workforce engagement and increasing productivity in a safe way, such as innovations alternatives to close working, that negate the need for Respiratory Protective Equipment (RPE).</p>	
4.6	<p>Ron Fraser noted that the update on the Transformation sub-group would mention the key theme of safety.</p>	
4.7	<p>Steve Dillon commented that whilst there was much focus on COVID related issues, it was important to remember that construction is an inherently dangerous industry.</p>	
4.8	<p>The Minister acknowledged this this was an important point that consideration needed to be given to Health and Safety in a wider context.</p>	

5.	Update on Pipeline/Commercials Sub-Group	
5.1	<p>Graham Porteous informed the group that the Pipeline and Commercial sub-group has now held four of its planned eleven meetings. Since the last forum meeting two had taken place. The first of these was on Cash Flow, the key emerging priorities that the sub-group had suggested were:</p> <ul style="list-style-type: none"> • Cash flow is critical to the industry, not only to a main contractor and its supply chain but also to consultants involved in projects. The 30 day payment period needs to be adhered to, the date at which the 30 days commences needs to be established properly and the payment process needs to be monitored to ensure compliance. • There is a need to investigate and discourage the use of factoring payment arrangements with significantly extended payment periods of up to 120 days (or substantial discounts required to get paid earlier). • Retention of a percentage of money on construction contracts needs to be radicalised. • The use of Project Bank Accounts needs to be extended further down the supply chain. • Payment processes need to be adjusted to take cognisance of the growing trend for off-site manufacture. 	
5.2	<p>The Second meeting had been on the topic of contractual issues, with the key emerging priorities that the sub-group had suggested being:</p> <ul style="list-style-type: none"> • That the position taken by Scottish Government in issuing guidance that the construction industry should close, was inequitable and that in any future event, if Scottish Government wishes the construction industry to close, then it should be done on the same legal basis as those sectors of the economy that were required to shut down. • A Scottish Government ‘approved’ set of standard contract amendments agreed with industry bodies as being fair and reasonable would be a useful development. • All Tier 1 contractors should have proper governance systems in place to push back on accepting unquantifiable risks and avoid exposing their supply chain to such risks. • Guidance on an equitable approach to dealing with COVID-19 should be included in the Scottish Construction Procurement Manual and guidance issued to all public bodies that this is the recommended approach to dealing with COVID-19 both on current projects and in future contract drafting 	

<p>5.3</p> <p>5.4</p>	<ul style="list-style-type: none"> • The mechanism for employing consultants needs to be simplified <p>As Bruce Dickson, the sub-group co-chair was unable to attend, Stuart Parker updated the forum on the two breakout sessions which were held to discuss specific topics in detail. The first breakout session focussed on retention. The key suggested points were:</p> <ul style="list-style-type: none"> • Where a 'good' profit margin in the industry is 2%, a starting point of 3% retention is inequitable. The group recommend that this is lowered. • It is viewed that retention is used to encourage contractors to be good contractors, however, it should also be used to encourage customers to be good customers. A common issue main contractors experience is difficulty in obtaining defects lists from customers within the contractual timescales. It was suggested that where a customer does not issue the defect list within the required timescales then the customer is required to release full retention immediately. • It is recommended that retention is allocated proportionally by subcontract package to allow phased release to the supply chain. For example, in a project that lasts 2 year, the steelwork contractor can have finished their works within the first 2 – 3 months, yet they still wouldn't have retention released until a year after practical completion at best. For the avoidance of doubt, this is not because main contractors are withholding the retention monies – they are not within the main contractor's grasp. • The group highlighted the common practice where full retention is withheld until all defects are cleared. Numerous examples exist where low value defects related to landscaping cannot be completed until the appropriate growing season, however, full retention is held. • The potential to abolish retention in favour of extended making good defects periods of say 3 years should be explored, similar to the practice adopted in the car industry. • The potential to develop a mechanism which rates individual contractors' performance on quality and clearing of defects was suggested. This would allow scores to be allocated against each contractor allowing those who perform better to benefit from reduced retention sums. <p>The second breakout session focussed on contractual issues. The keys suggested points were:</p> <p>:</p> <ul style="list-style-type: none"> • It was generally accepted that the SPPN's, CPN's and SFT guidance are positive & welcomed. The group would 	
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	<p>welcome this being extended & implemented across all public sector bodies.</p> <ul style="list-style-type: none"> It is becoming apparent that there are real difficulties in pricing and/or allocating the risk associated with Covid-19, particularly the risk of further lock down or a regression to previous phases of the construction restart plan. This is becoming a blocker on new projects coming to market. The Covid-19 pandemic is no longer considered an unforeseen event & some examples were shared where public sector contracts had been amended in an attempt to transfer all risk to the contractors. Contracts are frequently amended away from standard forms. It was proposed that if this is absolutely necessary then more transparency is required and changes should be tracked together with an explanation of why the change is required. 	
	The Minister invited questions.	
5.5	Alan Wilson- asked if it was possible to consider setting a level, below which retentions would not apply, e.g. lower level contracts. Stuart Parker agreed that this would be taken back to the sub-group,	Action.
5.6	Joe Dowd, noting that the SG had a run a recent consultation on retentions- asked that any relevant information be forwarded to him, as SG analysts are going through process of publishing a report.	Action
5.7	Elliot Robertson noted that he was hoping that there would be some acknowledgement through SG guidance in relation to Health and Safety law, regarding the ongoing provision of time and resources under Construction (Design & Management) Regulations (CDM).	
5.8	<p>Actions:</p> <ul style="list-style-type: none"> Stuart Parker to feed back to Retentions breakout group suggesting where there could be a level at under which retentions would no longer apply Any relevant information on retentions to be forwarded to Joe Dowd from the Pipeline and Commercials sub-group 	<p>BD</p> <p>BD</p>
6.	Supply Chain Sub-Group Update	
6.1	<p>Dermot Rhatigan giving the update, stated that the sub-group has met a number of times and were focusing on the following four topics, noting that there was some overlap between them and other sub-groups:</p> <ul style="list-style-type: none"> Development & enabling. 	

	<ul style="list-style-type: none"> • Zero carbon/ energy efficiency. • Tax and financial issues- considering the difference between refurbishments and new builds. • Materials, including product & service supply. 	
6.2	The group had collected a sample view around availability of products and services and whether this was hampering recovery. Whilst there had been some reported issues in terms of availability of materials and of sub-contractors, in general, availability was not seen as a major factor in recovery. Most issues were expected to be addressed as operatives began to return to work and supplier resumed production. On PPE availability, no concerns have been reported.	
6.3	The group had found that Brexit could potentially cause some uncertainty in the medium term, both in potential difficulties in having the confidence to fix prices, due to unknown risk factors, or sourcing European goods.	
6.4	<p>The group has developed fifteen proposals which have been shared with the Editorial sub-group. One of the key overlaps with other sub-groups is confidence of the pipeline of future work. Development areas identified include:</p> <ul style="list-style-type: none"> • Making development of brownfield sites more attractive – looking at change of use in local development plans. • Net zero carbon, including retrofitting existing building, expansion of the electric charging network and increased use of local and recycled materials. • Looking at the future of supply chains beyond short term, considering the effects of COVID & Brexit and building a more resilient Scottish supply chain. 	
6.5	Sharon Miller also added the importance of Leadership Skill Program to net zero carbon- developing future leaders to enable a more effective move towards net zero carbon.	
	The Minister invited questions, but none were forthcoming	
7	Transformation Sub-Group	
7.1	Ron Fraser, giving the update, noted that the sub-group had one meeting last week, discussing and reviewing of manufacturing approaches and how these could assist recovery. The group had also looked at existing initiatives and	

	<p>exemplar projects currently underway. The Group has produced a number of drafts for the Editorial sub-group. The key emerging issues are:</p> <ul style="list-style-type: none"> • Improving productivity while maintaining safety. • Ensuring that quality is maintained under recessionary pandemic conditions • Digitisation -developed ideas on helping SMEs catch up on digital skills and invest in digital tools that are improving productivity and allowing people to work remotely and with less risk. 	
7.2	<p>In term of improving productivity whilst maintain safety, the group has gone back to all companies involved with the creation of the Site Operating Procedures, collecting information on how they are experiencing work on site and how they are changing their methods to improve productivity whilst maintaining safety. Examples of good practice and innovation are being collected. It was also noted that there has been an increase welfare facilities and the number of cleaners on site.</p>	
7.3	<p>Regarding SME representation on the sub-group Ron Fraser informed the group there are two SMEs represented on the group, on building and one civil engineering company. The sub-group also has representation through SNIPEF, SELECT and RIAS, so there is a good coverage of SME companies within the group.</p>	
7.4	<p>The sub-group has future meetings planned on zero carbon and developing more sustainable industry.</p>	
	The Minister invited questions	
7.5	<p>Russell Adfield stated that one of the areas being considered more widely across England and Wales was how COVID-19 had affected the perception of risk by workers and how this may have had some benefits, such as improved pre task planning and execution- He asked if this was something being considered in Scotland.</p>	
7.6	<p>Ron Fraser replied that whilst, this was not a specific topic being considered, it was interesting and that he and Russell Adfield should meet to discuss this further. Jane Duffy suggested that there should also be a link with the Skills & Workforce sub-group on this and offered to participate.</p>	Action
7.7	<p>Elliot Robertson stated that he wished to make Ron Fraser aware of 'Mosaic' a type of modular off-site manufacturing developed by Wilmott Dixon and Scape. The suggestion was that the principles should be considered in terms of</p>	Action

	productivity and getting products to market. The Minister agreed that this would be looked at.	
7.8	<p>Actions:</p> <ul style="list-style-type: none"> • Meeting to be arranged to discuss possible benefits of increased perception of risk to pre-task planning and execution. Will involve Russell Adfield, Ron Fraser and Jane Duffy. • Transformation sub-group to consider 'Mosaic' modular system for buildings. 	<p>RF/ RA</p> <p>RF</p>
8	Skills and Workforce Sub-Group Update	
8.1	<p>Jane Dufy provided the update. The key points were:</p> <ul style="list-style-type: none"> • The sub-group is currently prioritising eight immediate actions out a longer list that is currently being rationalised down. The sub-group is also looking at actions highlighting things to be done rather than business as usual, with a focus on new activities • For the immediate period, one of the key asks from industry is for the government to have a clear investment strategy, allowing industry the confidence to start to forward plan. It was stated that this would be something that would be picked up with the other sub-groups. • On health and safety and occupational safety, a key theme is ensuring employers and employees have appropriate guidance, training & resources. This needs to be clearly disseminated at all levels with industry taking ownership of this. • The group has taken an action to ensure that businesses are made aware of all financial support and available funding. This can support new employment and limit redundancies • There is a need to continue to build on co-operative communication across the industry. It was noted that this forum is valued across the industry as vehicle for doing, this with opportunities to communicated between government & industry. • There is currently a Backlog of renewals for health and safety cards- this will be picked up with Joe Dowd and Sharon Miller. • There is a need to help employers and employees coping with redundancies, both in signposting to available support and increasing of support. Skills Development Scotland have work underway looking at how to establish who the redundant apprentices are and where they are located. Elaine Ellis confirmed that this work was progressing 	

	utilising data from sources such as PACE and the Department for Work and Pensions.	
	The Minister invited questions	
8.2	Alan Wilson, for the information of those on the call, noted that the CITB covers building apprentices, with Electrical, plumbing, heating, etc. covered via individual training bodies.	
8.3	Steven Dillon, on the fact that there were several bodies looking after apprentices, stated that we did not want 'to re-invent the wheel' and should tap into what already exists, suggesting that the Fair Work Apprentice Co-ordinator to give an update to this forum.	
8.4	The Minister stated that the appropriate place for this update would be the Skills and Workforce sub-group. While he agreed that we should not look to unnecessarily 're-invent the wheel', he did have concerns that some of these bodies were not particularly good at change, stated that a degree of modernisation was required in apprenticeships to ensure they were fit for purpose.	
8.5	Steven Dillon raised another issue, around reports such as the Cole report (on Edinburgh Schools), noting that the Cole report make recommendations that are against the current, very effective practices in Scotland.	
8.6	The Minister replied that he had met Professor Cole and recognised what Steven Dillon was saying. However, he is very keen that Scotland attracts young people to all sector of construction. He stated that we have to create a workforce fit for modern working, which he was not convinced that the current schemes achieve. The sub group needs to look at all aspects of this, including college courses. As it is important to 'get this right' the Fair Work Apprentice Co-ordinator should feed into the sub-group.	
8.7	In response, Emma Dickson noted that the Co-ordinator was engaged with the sub-group. She added that the input of any other groups was welcomed. Noted that they were already looking at apprenticeships, not just about getting back to work, but also upskilling, modernising, etc. Jane Duffy confirmed that this was part of the in short and medium term actions.	
9	Update on Data and Intelligence Sub-Group	
9.1	Stephen Good gave the update on the sub-group, which - meets weekly. He noted that 41 members of forum and sub-groups had signed up to the portal so far, around half of the total members. The portal currently contains 86 evidence sources, and he thanked members for providing surveys, as requested in the last meeting. He informed the group that the test dashboard will go live on the coming Friday and will be	

	updated on weekly basis. He reminded everyone who hasn't registered to please do so. Additionally, If any of the sub groups have any asks, please get in contact Nicole (details on platform, or Paul Dodds or Stephen Good.	
9.2	The group were updated that Innovation is ongoing regarding on-site solutions. The Group were reminded that the CSIC website and iCON platform were still live and to contact him if any additional data was required.	
	The Minister invited questions, but none were forthcoming	
10.	Open Discussion	
10.1	The Minister commented that the group had gone through a number of topics today and asked if there was anything else that they wished to raise.	
10.2	Russell Adfield suggested that as recovery plan developed, it may be prudent to think of how occupational health and safety risks arise out of development and how this can be mitigated. He noted that the UK government working group was looking at what they could improve and enhance in the future and what risks can be reduced. He asked if it might be a good idea to have occupational health and safety explicitly embedded in the objectives of the sub-groups.	
10.3	In response, the Minister said that he was sure that most sub-groups were already doing this, but re-iterated to all the members that health and safety is at the heart of all we do.	
10.4	Elliot Robertson, noting the editorial sub-group's timelines suggested that it would be good to have the ability to review drafts and asked if there would be sufficient time to do this.	
10.5	Peter Reekie, stated that the plan was to put out an overall draft from groups, he was keen to avoid a never ending review cycle. Whilst he agreed it was important that the forum owns the recovery plan, the work should stand as that of the individual groups.	
10.6	The Minister added that whilst this group can take an overview, he felt that there was little point in submissions if the work would be subsequently changed.	
10.7	Elliot Robertson clarified that he was concerned by a lack of documentation so far, noting that it would be good to have some written updates, and that he was not suggesting prolonging the process. The Minister stated that if members wished that the sub-groups share docs, to advise officials & we will arrange, however this might result in information overload.	
10.8	Elliot Robertson, regarding Pipeline and Commercials, asked that given there are issues with getting UK Government support for capital spend, whether any thought is being put towards any acceleration of the Mutual Investment Model,	

	which is one example of introducing private sector funding into infrastructure.	
10.9	The Minister noted that this was something that had been previously discussed by this forum.	
10.10	Elliot Robertson raised opportunities for promoting fast track procurement approaches such as existing frameworks.	
10.11	The Minister noted that this had also been covered before and was being looked at. He stated that there are various views around procurement, all of which are being looked at. The ambition of the government is to ensure that we get restart right and aid recovery as much as possible. He also noted that he is happy for any suggestions on reducing bureaucracy, but at the same time the system must be fair, taking account of the multitude of views that exist.	
10.12	Scott Bell added that the SG has been clear on the use of frameworks, via guidance (SPPNS, CPNs) as a way to get to market. He stated that he had also asked his team to look at whether we are explicit enough in the promotion of the use of Quick Quotes, which can greatly benefit small local suppliers and is probably the fastest route to market for smaller works.	
10.13	Steven Dillon asked if there was any way to find out how many construction workers and apprentices are currently on furlough. Sharon Miller said that she would contact colleagues see if this information was available.	Action
10.14	<p>Action:</p> <ul style="list-style-type: none"> Sharon Miller to investigate if any data exist on the numbers of construction workers and apprentices currently on furlough. 	
11	Any other Business	
11.1	As there was no other business, the Minister thanked all of the group for their participation.	
12	Date of Next Meeting	
12.1	The next meeting will be on 25 August 2020 at 12:30. Details will be circulated prior to the meeting,	