

Construction Scotland/ Scottish Government Leadership Forum

15 May 2019

SFT, Thistle St, Edinburgh

15:00 -17:00

**Note of meeting**

**Present:**

Grahame Barn, Industry Leadership Group Member, Construction Scotland  
Scott Bell, Deputy Director of Procurement Development & Construction Reform, SG  
Bruce Dickson, Industry Leadership Group Member, Construction Scotland  
Ron Fraser, Executive Director, Construction Scotland  
Brad Gilbert, Scottish Government  
Ken Gillespie Chair, Construction Scotland  
Ainslie McLaughlin, Director of Procurement & Commercial, SG - Chair  
Alan Morrison, Scottish Government  
Colin Proctor, Director, Construction Industry and Delivery, Scottish Futures Trust  
Peter Reekie, Chief Executive, Scottish Futures Trust  
Greg Walker, Scottish Government

**Apologies**

Mary McAllan, Director for Economic Development, SG  
Michelle Rennie, Transport Scotland  
Richard Rollison, Deputy Director of Innovation, Industries & Investment, SG  
Deborah Smith, Deputy director More Homes, SG

**Review of Note of Previous Meeting:**

The meeting was accepted as a true record by those present.

To aid transparency, notes of all meetings will be made publically available on the Scottish Government website.

## **Update on sub-groups**

### **1. Quality**

Both Construction Scotland and SFT have work ongoing with regards to quality. Members of the group discussed ways to bring this work together and engage with the wider construction industry. It was suggested that a new group was created for this purpose, separate from the existing Hub Steering Group.

Ongoing discussions with the construction industry suggest that they are keen to engage on the topic of quality- there are lots of common incentives and there is a need to work out what the common drivers are, with goal of getting collaborative working between industry and government.

Construction Scotland to investigate further and look for commonality/consensus of industry- and aim to get a collective view as to issues/potential solutions. Will look to come up with a set of objectives with timelines- hopefully end of June, with overall process brought to next meeting.

On the subject of quality, the group will look to provide an update to the Ministerial Working group by September/October.

### **2. Sustainable Pricing**

The working group is due to meet on 28 May. The key tasks will be to discuss the nature of the problem and setting up what needs to be addressed. Construction Scotland had extended an invitation to RIAS for this meeting.

Outputs from this working group will be considered at the next leadership meeting.

### **3. Frameworks**

There is a need to get idea on what the function of frameworks should be and move forward from where we are at present. Civil Engineering was agreed as the obvious place to start, as a building framework is likely to be more complex and a greater undertaking.

The group agreed the importance of getting a date for the framework subgroup-, this can then facilitate the conversation between industry and government on what a framework should look like, as well as looking at ways in which the framework can espouse good practice.

Consensus to be reached on a target date for the introduction of a Civils framework, by the next leadership group meeting.

There should also be a consensus on elements of demand and consideration of the gaps/ overlaps with a buildings framework- this will be informed by the sub-group, which is to be arranged before the next meeting.

## **Analysis of tender activity**

The group reviewed information from Public Contracts Scotland providing a distribution of price/quality weightings. Data suggests price is indeed given greater weighting than quality. SG to consider strengthening guidance for construction works with higher quality ratios.

Data to be further interrogated and appropriate actions considered.

## **The economic case for change and economic leakage**

The group considered whether there was a correlation between the price at which a tender was awarded and the economic outcomes that were achieved- specifically if lower priced tenders were resulting in “economic leakage”. To consider whether a price of research should be commissioned, the group agreed to look at what data, if any, was currently available.

To this end, some initial scoping work will be undertaken by consulting with government economists.

Greg Walker to look in to this with economists and see if there is any relevant data showing a correlation between price and economic impact, considering factors such as company and whether the end cost of a project changes with regards to price/quality ratios. The Glasgow City deal was suggested as a place to start.

Housing colleagues to connect with Local Authorities to see if they can provide any insight/data

The group will decide, based on availability / suitability of data, on the need for commissioning further research