

CROSS-PARTY GROUP FOR CONSTRUCTION IN THE SCOTTISH PARLIAMENT/ BRIEF NOTES

WEDNESDAY 5 DECEMBER 2012 AT SCOTTISH PARLIAMENT, EDINBURGH, EH99 1SP

The meeting was well attended with 24 in attendance (details attached) and members were welcomed to the meeting by the Convenor.

Mr Don reported that Mr John Park MSP would be leaving the Scottish Parliament and thanked him for his support and assistance to the group.

Matters Arising

The notes from the meeting on 19 September 2012 were approved as an accurate account of the meeting.

Treasurer's Report

Mr Watt (Treasurer) gave the Treasurer's Report (attached).

Skills Subgroup Report

Mr Don reported that Mr Ford (Secretary of the Skills Subgroup) had tendered his apologies.

Mr McKinney said that the notes from the last meeting of the Skills Subgroup meeting would be circulated with the notes from the meeting and should members have queries they should contact Mr Ford.

Retentions

Mr Robertson was welcomed by Mr Don and invited to present to the group on retentions.

Mr Robertson thanked the group for the opportunity to discuss retentions and said that they had a significant impact on specialist contractors' cashflow. The cost of administering and pursuing retentions was also significant.

While the Scottish Government did not prescribe retentions in its contracts there was a general feeling that it was the default position used to protect the public purse.

Mr Robertson stated that retentions were ineffective at addressing faults and inappropriate for the modern construction industry.

Mr Don thanked Mr Robertson for his presentation and asked Mr Al Hasan to also present on the topic.

Mr Al Hasan reported that retentions had a significant impact on FMB members' cashflow. He said that specialist contractors had to pay Corporation Tax, Value Added Tax, materials and labour for work despite funds being held in retentions.

He felt that there were more appropriate mechanisms to protect the client against faulty work which included project bank accounts and retentions bonds.

Mr Al Hasan emphasised the cost to contractors in pursuing retentions and the impact this had on specialist contractors' cashflow.

There was a wide ranging discussion about retentions with widespread agreement that they were no longer appropriate for a modern construction industry.

However, it was felt that there were a number of issues that needed to be addressed to protect the client's purse such as quality assurance and the overall procurement process.

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Ms McCulloch felt the procurement process needed to be addressed and said she was a member of the Scottish Parliament Infrastructure and Capital Investment Committee which would be reviewing the Procurement Review Bill and would appreciate contractors' views on the whole procurement process.

Ms McCulloch also asked how the introduction of a Living Wage requirement would affect contractors.

Mr Watt felt that once the Scottish Prequalification Questionnaire had been finalised and operating that this should address issues of quality work and designed to protect the public purse without the need for retentions.

The issue of quality assurance across the supply chain including the need for a qualified workforce including supervisors.

Mr Don said that from retentions the discussions had led to procurement and skills which showed the complex nature of trying to remove retentions across all contracts.

He said that as the group agreed that retentions were outdated, he asked Mr Watt, Mr McKinney and Mr Robertson to prepare a one page summary of the situation to be circulated to members of the group to sign up to. Mr Don and Ms McCulloch would then then present the paper to the Minister and feed into the Procurement Reform Bill.

Date of Next Meeting

Mr Don reported that details of the next meeting would be circulated to members in due course.

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Attendance

N Don MSP

M McCulloch MSP

N Al Hasan - FMB

G Barn - FMB

R Buchan - RICS

J Brown – FMB

A Galbraith - SECTT

P Judd – University of Strathclyde

M Kampff – Fife Construction Forum

J McKinney – NSCC

A Merrilees – University of Strathclyde

M Murray – CCS/University of Strathclyde

T Pogson – Asset Skills

J Reid – SPS Envirowall

M Reid - SELECT

I Robertson – NSCC

I Rogers - SDF

A Seath – Fife Construction Forum

R Skene - SDF

P Thomas – University of Toronto

A Watt – CECA Scotland

J Williams - GGF

A Wilson - SNIPF

S Young – CECA/Breedon Aggregates

Apologies

J Baxter - ACE

A Ferguson

P Ford – ConstructionSkills

H Frew – UCATT

M Horner – University of Dundee

G Keillor – Hillcrest Housing Association

A MacKinnon – Scottish Enterprise

G McGuinness – Skill Development Scotland

E Monaghan - Mactaggart & Mickel Homes Ltd

P Peacock - Institution of Structural Engineers

C Sanderson - Link Group Ltd

K Watt – Anderson Strathern LLP

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CROSS-PARTY GROUP IN THE SCOTTISH PARLIAMENT ON CONSTRUCTION

ACCOUNTS FROM 23RD AUGUST 2012 - 3RD DECEMBER 2012

Full - FULL GROUP

S&T - SKILLS AND TRAINING SUB GROUP

P&W - PROCUREMENT AND WORKLOAD SUB GROUP

P - PLANNING SUB GROUP

S - SUSTAINABILITY SUB GROUP

INCOME TOTAL

23.08.12	Opening Balance	£726.17
11.10.12	Chq Contributions	£80.00
22.10.12	Chq Contributions	£120.00
10.10.12	BACS	£40.00
	BACS	£40.00
11.10.12	BACS	£40.00
15.10.12	BACS	£40.00
16.10.12	BACS	£40.00
18.10.12	BACS	£40.00
19.10.12	BACS	£40.00
29.10.12	BACS	£40.00
29.10.12	BACS	£40.00
31.10.12	BACS	£40.00
31.10.12	BACS	£40.00
31.10.12	BACS	£40.00
31.10.12	BACS	£40.00
07.11.12	Chq Contributions	£80.00
13.11.12	Chq Contributions	£80.00
TOTAL		£1,606.17

EXPENDITURE V. NO. TOTAL

25.09.12	Sodexo Ltd mtng	05.09.12 1	£146.40
16.10.12	Sodexo Ltd mtng	19.09.12 2	£193.20

TOTAL £339.60

BALANCE **£1,266.57**