

BACKGROUND

DELIVERING  
MORE FOR LESS

INVESTING IN  
SUPPORT OF THE  
'GREEN' AGENDA

REDUCING  
WASTE AND  
MAXIMISING  
EFFICIENCY

MAKING IT  
HAPPEN

# A MANIFESTO FOR

# WELSH CONSTRUCTION

*“Given that further progress is heavily dependent upon practical implementation, rather than on new policy, implementation of public procurement policy should be regarded as a duty rather than an option. In the short term, this duty should be made mandatory through its inclusion as a condition of grant for all public sector funding provided to organisations by the Welsh Government.”*

Recommendation 2, *Maximising the Impact of Welsh Procurement Policy*, JOHN McCLELLAND CBE, 9 July 2012 (Report to the Welsh Government)

October 2012

## **BACKGROUND**

**C**onstruction firms in Wales have been savaged as the debt crisis has wiped out any prospect of immediate recovery. The slide back into recession has caused substantial insolvencies – particularly of small and medium-sized enterprises (SMEs), which are often family-owned businesses.

One of the biggest issues facing the industry is the slowdown in Government spending. Firms have become increasingly dependent on public sector contracts, with private investment dropping away. There is a danger that the recession will leave the construction industry with far fewer skilled professionals when work eventually starts to pick up again – and that these skills will be permanently lost.

## **DELIVERING MORE FOR LESS**

An inclusive approach to construction procurement and delivery is essential if the industry is to significantly improve its efficiency and productivity – and play its full part in the implementation of the strategy for sustainable development being pursued by the Welsh Government.

## **▶ ACTIONS REQUIRED**

- ▶ In order to maximise the impact of the Wales Infrastructure Investment Plan, best practice procurement should be enforced and wasteful activities eradicated.
- ▶ The McClelland Review recommendations should be implemented immediately – especially the proposal for a national procurement service and mandatory enforcement of procurement policy.
- ▶ A new national procurement service should be charged with championing change, ensuring compliance – and with dealing robustly with all instances of bad practice.
- ▶ Procurement strategies should take into account that specialist engineering contractors provide the largest element (by value) of construction delivery – and so must be involved at an early stage in the design process of a construction project, and in the development of the cost plan.
- ▶ The expertise of engineering specialists in the design and installation of renewable and environmental technologies should be utilised to the full.
- ▶ Procurement strategies should integrate the design, construction and asset management teams right from the outset of the delivery process.
- ▶ Contracts should be awarded on the basis of a company's independently accredited technical and commercial competence.

## **INVESTING IN SUPPORT OF THE 'GREEN' AGENDA**

Many specialist engineering firms in Wales have invested significantly in their "green" credentials, and are therefore entitled to a reasonable return on that investment – enabling them further to develop their skills

and capabilities, especially in relation to renewable and environmental technologies.

#### ▶ ACTIONS REQUIRED

- ▶ The Welsh Government should carry out a comprehensive energy audit of the public sector estate in Wales and institute a programme of refurbishment aimed at enhancing its low-carbon credentials.
- ▶ Welsh public sector procurers should give priority in their selection processes to firms which have reduced energy consumption and carbon emissions in their own business, or which have developed expertise in “green” technologies.

#### REDUCING WASTE AND MAXIMISING EFFICIENCY

The construction industry in Wales remains dogged by outdated practices that impose substantial and unnecessary burdens on firms – especially SMEs – thus reducing their potential to provide value, and posing a significant threat to their long-term survival.

#### ▶ ACTIONS REQUIRED

- ▶ The Supplier Qualification Information Database (SQuID) should become the “one stop shop” for all public sector pre-qualification in Wales – up and down the supply chain. (This recommendation was contained in both the McClellan Review and in a recent report from the National Assembly\*, and should be implemented as a matter of urgency.
- ▶ Retentions – whereby payments are held back until months and sometimes years after work is completed – should be phased out of *all* public sector contracts in Wales.
- ▶ A timescale should be established for the promotion and adoption of project bank accounts that “ring-fence” monies allocated to construction works and so guarantee payment security in the event of insolvency anywhere in the supply chain.
- ▶ Value Wales should undertake robust monitoring of payment practices – and all supply chain payments should be discharged within 20 days of the due payment date under the main contract.
- ▶ A single suite of contracts – and the adjudication procedure in the Welsh Scheme for Construction Contracts – should be adopted for use across Welsh public sector construction procurement.

\* *Influencing the Modernisation of EU Procurement Policy, May 2012 (paragraph 50)*

## MAKING IT HAPPEN

- ▶ **SEC Group Wales will work closely and collaboratively with the Welsh Government, Constructing Excellence Wales and other construction industry bodies in order to implement the above actions.**
- ▶ **SEC Group Wales looks forward to the publication of a Welsh Construction Strategy that comprises a programme of improvement with defined outputs and timescales for delivery.**



## About SEC Group and SEC Group Wales

*The members of the SEC Group are:*

**British Constructional Steelwork Association**

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**Building & Engineering Services Association**

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**Electrical Contractors' Association**

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**Lift and Escalator Industry Association**

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**Plumbing and Heating Contractors' Alliance**

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**SELECT (Electrical Contractors' Association of Scotland)**

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The Specialist Engineering Contractors' (SEC) Group was founded in 1993 in order to represent the interests of – and to provide an independent voice for – construction engineering specialists, whose contribution to the industry is larger (by value) than any other party to the construction process.

SEC Group Wales was formally launched in October 2012, although it has been active in Wales for some time.

The key aim of SEC Group Wales is to improve and modernise procurement and delivery across the Welsh construction sector – to the long-term benefit of the customer, the taxpayer, the industry and the Welsh economy as a whole.

The specialist engineering sector in Wales contributes approximately £0.85bn to the Welsh economy.

SEC Group was instrumental in the formation of the Specialist Engineering Alliance, the remit of which is to facilitate greater integration of all the parties within the specialist engineering supply chain – consultants, contractors and manufacturers.

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