

DRAFT for review

The Construction Alliance

Annual Review and Plan

29th July 2011

Minutes

Attending:	Richard Diment – FMB Director General	RD
	Brian Berry – FMB Head of External Affairs	BB
	Alasdair Reisner – CECA Director External Affairs	AR
	Julia Evans – NFB Chief Executive	JE
	Mark Wakeford – Spokesman	MW
Apologies:	Mark Roper – CECA Regional Chair	MR
	Michael Levack – SBF Chief Executive	ML

1.0 Introduction

1.1 MW welcomed all to the first annual review of the Construction Forum, giving the objectives of the meeting as:

- To review the first year in relation to Chief Executives' expectations and in light of the environment in which the Alliance was operating.
- To ascertain areas of joint collaboration and agree priorities for the Alliance for the coming year
- To agree what the Alliance and its members will do to support the agenda agreed at the meeting, recognising that actions need to support the members of the trade federations represented.

2.0 Review of our First Year

2.1 MW presented the Memorandum of Understanding and suggested that this document was still fit for purpose and that it allowed the CA to undertake a broad range of activities should members agree.

2.2 MW reminded all that the CA had been formed to fill a vacuum at the Strategic Forum for Construction and that he had attended all the meetings since inception on this basis. MW felt that it was important for the member federations to be represented at this Forum, even though its output had been very limited. MW asked whether his reporting and the system of distributing minutes was satisfactory for members.

2.3 JE reported that the Specialist Engineering Contractors had recently assumed the Chair of the Forum and that she had attended the first Executive Group meeting on Wednesday 27th July. She hoped that previous issues surrounding the Major

Contractors Group were now resolved and that the Forum would concentrate on fewer, but more deliverable issues.

2.4 MW noted that in addition to attending the Strategic Forum he also ran the CA website. Whilst this had received over 1700 hits in the past ten months it had been poorly advertised and promoted for a number of reasons. MW reported though that the calibre of visitor was good with an average time of 2 mins and 42 seconds per visitor. MW noted the Google statistics, which were attached to the Agenda.

2.5 MW reported that the CA had had a meeting with Paul Morrell last year to discuss our input at the Strategic Forum and that we were now represented on the CIC BIM working group. MW anticipated that these working groups would increase as the work from the Innovation and Growth Team (IGT) Report got underway.

2.6 MW felt that the previous year had not been a particularly auspicious year in terms of successes. However, the CA was recognised as a cogent organisation with a significant mandate to represent the SMEs and contractors within the industry and he felt that the first year had provided a sound footing for the CA to tackle some of the major issues that members of the CA faced over the coming year. JE stated that her experience at the Executive Group indicated that we were a consistent voice of reason that had a proactive can do approach. We were promoted as “the no whinge group!”

2.7 MW stated that he had a renewable one year tenure as the spokesman at the Forum and he stated that he would be happy to continue in post. All confirmed that they were pleased for him to remain in post.

3.0 Members’ Objectives for the next year that could relate to the CA

3.1 MW asked each Chief Executive what the key objectives of their organisation were over the coming twelve months. He asked for ones that were outward looking where a collaborative approach with other industry trade federations or the CA may be able to assist.

3.2 JE stated that the NFB had a number of initiatives running, but that her aspirations for the CA were:

- To continue to act as the stable, grounded and proactive member of the Forum to help make it the industry power house.
- Provide a confidential sounding board for the remaining civil servants, with a construction brief within BIS.
- Consolidate the reputation of the CA and get the CA more widely recognised as our vehicle for an integrated and / or collaborative message to Government.

3.3 RD stated that the FMB supported these principles and that he would add the following:

- Help raise the profile and influence of the Strategic Forum

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- Contribute to the intellectual robustness of the Forum
- Collaborate on the Green Deal, low carbon, sustainability and issues such as zero carbon homes where he felt that there was a common agenda
- VAT and the campaign for a 5% rate on large elements of work within the industry.

3.4 AR stated that CECA had just completed a members' survey, where members were asked to specify the top three issues facing their businesses. He added the following issues:

- A real need to create a strong Strategic Forum
- Suicidal bidding throughout the supply chain
- Construction inflation, requiring the correct price adjustment indices
- The Quality of staff remaining within the industry

3.5 MW stated that he had spoken with ML and that the challenges facing Scottish Building were numerous and exacerbated by the reduction in work within the industry. ML had the following key issues that he felt could be handled by a national approach through the CA:

- 5% VAT campaign
- Suicidal bidding within the industry
- A national approach to framework contracting to ensure / assist frameworks added more value than alternative forms of procurement. By way of an example ML described the Scottish Government's approach to Major Infrastructure Procurement: The Scottish Futures Trust (SFT) is an independent company, established by the Scottish Government in 2008, with a responsibility to deliver value for money across all public infrastructure investment. SFT operates at arm's length from the Government but works closely with the public sector to seek and deliver improved value for taxpayers. (More info: www.scottishfuturestrust.org.uk). SFT have established a programme called "hub". The Scotland-wide hub initiative reflects a national approach to the delivery of new community infrastructure which is expected to be valued at more than £1bn over the next 10 years. The threshold for projects to be included within the hub had originally been set at £750k. After extensive lobbying by The Scottish Building Federation the threshold has been increased to a figure of £3.5M, which should improve the access for SME contractors.

4.0 What should The Construction Alliance do?

4.1 MW noted that the CA had been formed to respond to the agenda promoted by the Strategic Forum. Whilst this had been limited in the past twelve months he believed that it encompassed the following:

- Advise Government of reality in the Construction Industry
- Advise members of The Strategic Forum intentions
- Promote best practice / survival mechanisms

4.2 MW felt that these three objectives worked equally well for the CA. He believed that the areas of common interest within the CA could coalesce around these three objectives and promote the interests of Members on a larger stage than they could be by the individual trade federations. In this respect the CA was a badge that any one of the member federations could use to promote its own agenda, provided it was pertinent to other trade federations and a common position could be agreed.

4.3 MW also believed that the virtual nature of the CA would assist Member federations in operating a low cost and manageable organisation. He believed that Member Federations would only support the CA where they identified opportunity and that the low overhead meant that there was little chance of over-exposure on a large number of separate issues.

4.4 MW believed that there was significant change coming to the industry over the next decade. This would be driven by the lack of work, the shift to R&M and the price of energy. MW noted that Paul Morrell had identified significant consolidation within all sectors of the industry as a result of these pressures and that he anticipated the survivors would be the businesses that adopted new ways of working. MW believed that there was a real need for the Strategic Forum to inform Government and the industry and that there was a real opportunity for the CA to promote the needs of its Members to Government and to inform its members of new ways of working.

4.5 MW recognised that the CA would only function if its Member federations believed that it added value to their organisations and that it could provide their members with greater visibility to Government and Greater visibility of Government.

4.6 The Chief Executives reviewed the principle of the CA and it was agreed that the CA should initiate a limited number of key initiatives on issues that the majority of member bodies would actively support. It was important to deliver on selected issues rather than spread limited resource too thinly.

4.7 JE updated the meeting on the recent Executive Group meeting on 27th July under the new chairmanship of Lord Martin O'Neill. She made the following points:

- SEC Group will provide significant resource to make the Forum work. John Nelson is co-ordinating the secretariat and Lord O'Neill is keen that his tenure of the Forum will be a success and deliver tangible results.
- Lord O'Neill will promote the benefits of SMEs within the industry, which may be in recognition to the Government's interest in these businesses.
- The agenda for this year will revolve around three issues: The Government Construction Strategy, The IGT Report and the Growth agenda.
- The CA's pragmatic approach that provided answers was being recognised as a positive influence within the Forum.

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4.8 AR raised his concern that the Forum represented an industry of up to 10% of GDP, yet it was very poorly funded. This would need to be addressed, though there was an opportunity for members to support the Forum in kind. The Chief Executives agreed that the CA must support the new Chairman to make a success of the Forum.

4.9 BB believed that there was a need to maintain momentum between Strategic Forum meetings and that the CEOs of the trade federations should meet between meetings. ***JE undertook to raise maintaining initiative momentum at the Executive Group, though she believed that the new chairman was aware of this problem.***

5.0 Opportunities for the Construction Alliance in the coming year

5.1 AR suggested that there was a large opportunity for the CA to undertake some work around a review of both Government and non-Government work opportunities that could be easily unlocked. This would respond to the growth agenda and provide regional members of all organisations with an opportunity to contribute and promote the findings. JE suggested that a title of “Unlocking Growth in Construction” would attract the right headlines and provide the right opportunities.

AR agreed to lead on this initiative which all trade Member Federations would support with information, research and local knowledge. AR will distribute a proposed questionnaire (for agreement by CA trade feds by 5.8.11) for member federations to issue to their members for completion over the subsequent three weeks. AR requested overt support and encouragement from all members to ensure that it was representative and statistically relevant. MW suggested that this questionnaire was provided as a link to the CA web site to promote this web site to members. AR anticipated that the output would be a report that should be available to influence the Autumn Statement.

5.2 BB suggested that there was a need for the CA to inform its membership about the complex world of sustainability, The Green Deal and appropriate training to service this growing market.

BB will work with other trade federations to look at ascertaining how SME and larger contractors can best access the Green Deal. The output may be lobbying materials and messages to promote. BB also stated that he would coordinate the CA response to DECC consultations on the Green Deal in the autumn. He would also manage, with support from other members, the process of finding nominees to fill task groups set up to respond to the IGT Report.

5.3 JE had prepared to speak on the imposition of BIM within the industry over the next five years, in accordance with the Government Construction Strategy. She believed that there was a significant need to prepare, train and promote BIM within the CA target membership. MW confirmed that the CA membership represented the fulcrum within the industry and that they would be crucial in any effective take up of BIM.

JE will work up a proposal to inform and train the wider industry of BIM in order to allow it to absorb the opportunities. She will work with other CA members to ascertain the best methodology and sources of funding. AR suggested that they both look at the Infrastructure UK fund.

5.4 AR had prepared to speak later on the subject of an industry wide audit of Government's performance to objectives set in the Government Construction Strategy. Subject to Paul Morrell's views AR could co-ordinate an industry review, for which he believed the CA would be uniquely positioned as the centre of the wider industry.

AR will, subject to Paul Morrell's confirmation in September, create a list of deliverables from the Government Construction Strategy for review by Members of the CA initially and then for approval at the wider Strategic Forum. MW noted that it would be useful to have something to present at the Strategic Forum meeting on the 13th September for comments back at the Strategic Forum meeting of the 30th November.

5.5 It was agreed that the 5% VAT rate was a key industry issue and one that had a very strong argument. However, it was felt that the existing VAT Coalition was the best forum to promote the CA's interests. ***BB was active on this forum and stated that he would inform the group of the CA's interest and ability to provide factual evidence from within the sector. MW asked that BB keep ML informed of progress and requests for any evidence.***

5.6 It was agreed that the issue of suicide bidding and construction inflation were significant issues, but that they should be reviewed in six months time to determine if there was resource and appetite for collaborative action.

5.7 The meeting debated the CA's possible response to the Government Construction Strategy. RD made the point that it only related to a strategy for Government Construction and not the private sector's spend. He also noted that in a turbulent economy that was driving for a 20% reduction in capital cost that it was generally the smaller organisations that suffered disproportionately. It was agreed that the CA would not create a piece of work on the Strategy in general, but address its inputs to the areas defined above.

5.8 All were concerned at the need to retain apprentices within the industry and believed that there was scope for collaborative work on the issue. However, it was felt that the existing cross industry apprentice task group was well focused and that the CA should not replicate, but support this initiative with its current membership of the body. BB stated that the issues were ones of the availability of opportunity (work), the quality of provision and the diversity of apprentices (particularly women in construction). MW stated that ML was also concerned with the quality of the Modern Apprentices in Scotland and that the industry should fight hard to retain meaningful apprenticeship periods in the face of Governments seeking quick wins. MW also reiterated his concern that basic education up to the age of sixteen should enforce good standards of English and maths.

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5.9 A brief discussion on PAS91 concluded with the position that the CA supported its use, but that work by individual members would be adequate at the moment. AR has a meeting with Andrew Smith of Hampshire County Council, who has influence within the Local Authority arena. He would report back any significant findings.

6.0 Membership Engagement and Communication

6.1 AR believed that there was a real need within the Strategic Forum for a communication group of press &/or external affairs officers to meet and promote the good work of the Forum. AR was the sole communication expert with access to the main forum meetings and he felt that it was very important for the press statements to be issued in the same week as the meetings.

6.2 MW stated that a group consisting of all the press teams from all the members of the Forum would constitute the best in the industry and should be able to promote the work of the Forum and its task groups. MW stated that he believed that there would be a need for each member of the CA to allocate a page of their regular publications to cover the work of the Forum and the CA. RD, JE and AR believed that this was possible and appropriate.

6.3 *JE will propose a public affairs group to Lord O'Neill and AR will produce a brief paper that outlines a possible remit, working arrangements and possible media channels that the group will work within for distribution by 10.8.11. MW suggested that this group was chaired by AR as AR attended the main Forum meetings. These actions should be completed by the end of August to allow the Chairman time to collect views from other Forum members to allow him to set it up before the meeting on the 13th September.*

AR outlined his vision as a group that would be primarily focused on public affairs activity, identifying the key issues for the industry and taking these directly to ministers. It will also have a role in terms of communications both upstream and downstream into the membership of the Forum.

6.4 MW presented a paper produced by Liz Coyle-Camp, who maintains the web site and who believes that the CA could improve its visibility and that of its members with only a little more input from the members. These included:

- Links from Member websites to the CA web site
- A short profile of the CA on members web sites
- We already post news stories from members. Could white papers and reports also be posted here?
- Can we make use of YouTube, possibly with a short video from members on task groups such as BIM to support educational promotion
- Regular blogs to comment upon industry issues as seen from a Forum perspective, or in support of one of the initiatives above
- An active discussion forum. This could be used in both the assessment of where the work is not happening and in reporting upon the Government Construction Strategy in a year's time

- Promotion of the resource and information through members publications, which will raise the profile of the CA and the Forum.

6.5 AR suggested that we hold a press / publication conference call to discuss with AR, BB, Sameena Thompson from the NFB and ML (or other representative) what actions could be taken that would improve the flow of information to members of our member federations. MW suggested that a video blog on BIM by Malcolm Stagg, one on fair payment by RD and one on 5% VAT by either BB or ML would be a good start and that it would tie in with the initiatives above. ***MW suggested that he produce a discussion paper based upon the paper from Liz Coyle-Camp and set up the conference call to discuss actions from each member. The conference call would be in early September to avoid holidays.***

6.6 MW suggested that each trade federation may like to devote a page / section of their internal regular publication to the work of the Forum and the messages that were being put out. This could also publicise our discussion forum when we wished to find out what our members thought for onward presentation to Government. BB suggested that the FMB electronic paper to members would be appropriate.

6.7 MW also discussed the paper on the Google statistics for the CA web site. The surprising things were that there were 170 hits per month, despite no publicity and that the average time on the site was 2 minutes 42 seconds, which was long compared to an average of 4 seconds on most sites. Promotion of the CA web sites by members would also promote their own web site statistics and raise their profile on the industry search engines.

7.0 Any Other Business

7.1 There was a quick review of the topics and approach that the CA would adopt with Paul Morrell, who was coming for a working lunch.

7.2 RD suggested a meeting with Lord O'Neill and John Nelson, who headed the secretariat. He suggested a meeting in six weeks along the same format as the forthcoming lunch with Paul Morrell, when topics would be presented prior to a debate amongst those present. AR had suggested a CA meeting at this time to discuss the CA report "Unlocking Growth in Construction". AR believed that there was a need to respond quickly to the opportunities around the Autumn Statement and recognised that the CA would need to obtain this information from its wider membership quickly. ***MW will then set up the meeting. Both agendas can then be covered with a single meeting, with the report and approach being discussed in the morning and lunch with Lord O'Neill after.***

7.3 RD suggested that a six monthly meeting with Paul Morrell, which was approved by Paul Morrell, would be useful for all concerned. JE suggested that he be allowed to bring whoever he felt would benefit from BIS. ***MW to set up another meeting for the end of January 2012. MW will book the date and the venue can be agreed once we know numbers.***

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7.4 JE confirmed that the budget for the CA would remain as last year, subject to any shared costs that Members felt should be shared that were associated with the initiatives discussed above. MW confirmed that he would fund the web site and press team for a further year, but that he hoped that AR could manage them on his behalf.

7.5 JE reminded all that if the CA says that it will do something then it is important that it does deliver. We may not deliver huge quantity, but we do what we say we will do and this reputation is important to maintain. This means that Chief Execs must give the work of the CA priority when necessary.

The Construction Alliance

Lunch with Paul Morrell, The Government Chief Construction Advisor

How can the Construction Alliance Support his Remit?

29th July 2011 at Shepherd's, Marsham Street

Notes and Actions

Attending: Paul Morrell – GCCA	PM	
Richard Diment – FMB Director General		RD
Brian Berry – FMB Head of External Affairs	BB	
Alasdair Reisner – CECA Director External Affairs	AR	
Julia Evans – NFB Chief Executive	JE	
Mark Wakeford – Construction Alliance Spokesman	MW	
Apologies: Mark Roper – CECA Regional Chair	MR	
Michael Levack – SBF Chief Executive	ML	

1. Introduction and Welcome

MW welcomed PM to the lunch at the annual review of the Construction Alliance. The CA represented large and small contractors, together with the vast numbers of small operators within the industry.

Lunch was intended to be a working lunch to identify areas where the CA could support the work of PM within Government to improve the industry and the interaction of Government and the membership of the CA. MW stated that the CA represented the vast numbers of businesses at the fulcrum of the industry who would be responsible for the success of any change.

The CA had prepared three separate discussions where they believed they could support PM and sought feedback. PM had also asked some challenging questions where he sought to clarify his understanding.

2. Procurement: Contractors and SMEs as the engine of growth

RD introduced this topic to see how the CA support the Government's intention to mobilise the resourcefulness and ingenuity of contractors and SMEs within the construction sector. The following points were raised and actions agreed:

- PAS91. The CA supported the introduction of PAS91 and would encourage its members to promote its use within all client sectors. There needed to be some consolidation of approach to ensure that different clients were not auditing the same information. There also needed to be a recognition that PAS91 should not replace competent procurement and contractor selection. RD stated that take up of PAS 91 would be monitored through the membership of the CA. PM requested that any

abuse of the system or feedback be passed to Paul Mees's team in the cabinet office, with a copy to Tony Mulcahy.

- Frameworks and sub-contractor relationships. The CA supported frameworks where they added value to the customer. However, for a framework to deliver best value it had to be actively managed and the incumbents regularly challenged. PM requested any examples of poorly performing frameworks to be sent to him. PM confirmed that the cost benchmarking was a responsibility of individual Government Departments and that the results would not necessarily be published.
- The Green Deal. The CA had some concerns that the Green Deal contractors would only be national contractors or the large energy companies / supermarkets and that the conditions of contract / supply would be very onerous on the supply chain. PM believed that consumers wanted a sustainable provider, but that the provider would need to be economic and understand commercial risk. PM urged the CA to respond to the consultation in September.
- The CA proposed to carry out a survey of its members to ascertain where there were construction opportunities that could be easily unlocked to create wealth, jobs and economic activity. The emphasis will be on "Unlocking Growth in Construction". PM welcomed the initiative and suggested that it would have maximum visibility around the Autumn Statement.

3. Development and Promotion of BIM within the industry

JE introduced this discussion to see how the CA could support the Government's intention to see all public projects include BIM within five years. The following points were raised and actions agreed:

- Two tier industry. The CA was concerned of the risk of generating a two tier industry between the adopters and the others. This could be around a number of blockers such as cost, opportunity or between site doers and the remainder. The CA had identified their membership as being at the heart of these debates.
- BIM Leaders. The CA hoped to find 500 early adopters to lead the industry. The CA would facilitate training, education and support to get these companies to level 2 BIM. The intention was to identify case histories and promoters and to record where the resistance occurs.
- BIM Support. The CA wished to use its position of credibility within the industry to develop a programme to introduce BIM to companies within the wider industry. This would be developed with experiences from the 500 early adopters and may include elements of CSkills funding or Infrastructure UK funding. The target audience would be the middle ranking organisations and the trailing edge of businesses who struggle with significant change.
- PM supported this approach, noting that there were many private suppliers offering elements of BIM training. It was important to PM to retain the diversity of differing operators and the CA offer would need to compete on this

basis. PM suggested speaking to Mark Beede at URS Scott Wilson as he had created the Government Strategy for BIM.

4. An annual industry wide audit

AR led on the subject of an audit of the Government Construction Strategy. The CA has a unique position of representing the large and the small contractors. Is there any value to Government in the CA using this position to provide an annual report to Government on how successful they are in delivering on their aspirations and commitments?

- Approach. AR described how the CA could provide the focal point for industry to collate the record of the Government next summer to define how well the Government had achieved its aspirations. This would be similar to the Infrastructure UK report that CECA were coordinating. The information would need to come from across the membership of the Forum.
- PM recognised value in this report and believed that an external review would assist him in demonstrating the efficacy of the group. He was wary about duplication, but was not aware of others doing the same.
- PM suggested that he speak to Andrew Wolstenholme about the report and that he would come back with approval or otherwise by the middle of September. He would also comment on the structure.

5. General Discussion Points

Those present then discussed some of the topics put forward by PM in his response to the original agenda. Issues included:

- Pre-qualifications. The CA confirmed that it recognised the need for a pre-qualification system. Procurement was a key issue and the CA promoted good pre-qualifications with competent procurers.
- Licensing. Those present agreed that a system of licensing for operators was not a proposal they could support in any way.
- Procurement. PM requested what lean procurement might look like as this was a growing issue within Government. The CA suggested that this might be a topic for another day.
- Innovation. PM stated that the Government was keen to capture innovation, particularly around Green Businesses. Ideas could be submitted to the Government innovation platform.
- Supply Chain. PM believed that there was still a need for a description of what a good supply chain may look like. It may encompass issues such as training, innovation, communication, contractual relationships etc.

6. Any Other Business

PM stated that he had enjoyed a worthwhile lunch and that he would appreciate a similar opportunity to discuss the industry in six months' time. The Chief Execs thanked him for his time and confirmed that they would appreciate a further meeting at the end of January 2012.