

FEDERATION OF PILING SPECIALISTS MINUTES OF A COMMERCIAL COMMITTEE MEETING

Date: Thursday 13th June 2019

Time: 10:00am

Location: Cavendish Conference Centre, 22 Duchess Mews, London, W1G 9DT

Present:

Randeep Kamboj	Abbey Pynford
Alan D'Urban-Jackson	Bachy Soletanche
Alasdair Henderson	BAM Ritchies
Simon Lyons	Central Piling
Michael Parkes	Cementation Skanska
Greg Haynes	Keltbray

Guest Attendees:

Gordon Taylor-Mackenzie	Cementation Skanska
Charlotte Humphreys	Keltbray

In the Chair:

Mark Sheridan	BAM Ritchies
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In Attendance:

Grace Hawkins	FPS Secretariat
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No	TOPIC	ACTION
1.	APOLOGIES FOR ABSENCE	
	Apologies had been received from Steve Wood (Balfour Beatty Ground Engineering), Nicholas Rogers (Bauer), Melissa Hooper (Franki Foundations), Jamie Kelly (JRL Civil Engineering), Dan Cairney (Keller) and Ian Alcorn (Roger Bullivant Limited).	
2.	MINUTES OF THE LAST MEETING	
	The minutes of the meeting held on 28 th February 2019 were approved.	
3.	MATTERS ARISING	
a)	<p>Early Career Professional Group The FPS secretariat reported that an early career professional from Expanded presented at the last FPS Quarterly Committee meeting on the proposal for an early career professional group.</p> <p>Alasdair Henderson advised that the key focus is networking for young persons to grow without having extra meetings. Greg Haynes felt this was a good idea allowing communication amongst the next generation. Mark Sheridan noted part of the idea was to invite various people from different background, Alasdair added the group will have a lot of potential for different perspectives being heard.</p> <p>Alasdair advised that the FPS Quarterly Committee discussed the group being used for poaching talent, but it was noted the MDs will not be attending so this should not be a concern.</p> <p>Mark suggested the Commercial Committee should engage with the group by suggesting topics or look to present. Greg agreed they should be able to ask the Committees questions and the Committees be available for queries.</p>	
b)	<p>Fair Certification standard for evidence and escalation Mark Sheridan asked the Commercial Committee to think about how to tackle the problem, he suggested introducing an escalation policy to say to clients this is what the</p>	

standard for evidence is and what is the acceptable standard to tackle certification. Greg Haynes noted it should detail what constitutes records of completion of works. Mark noted they receive various documents such as working platforms certificates, a record of what happened each day and a notification of changes.

Alasdair Henderson reported that the FPS Executive has asked the FPS Commercial Committee to put together a paper on fair certification, which they recognise is difficult. He added the FPS are pushing the position paper on retention and project bank accounts with Build UK. It was agreed good commercial practice is a good facilitator of good business practice. Alasdair stated that the FPS' membership of Build UK is a good opportunity to engage with the tier ones, specialist contractors and clients. This is about cash flow.

It was noted the CLC (Construction leadership Council) are looking at how to resolve problems around fair payment. They are looking to make construction work more constructively.

Mark advised he has struggled with the topic; he had a conversation with Steve Forks to help with the retention paper. It is anticipated that this standard will acknowledge that the FPS recognise that records are not quite where they should be and will talk about what can be provided rather than what will not be provided.

Alasdair reported that the tier ones at Build UK said that their certification practices ensure good quality. Alasdair replied to this that if they want quality, they need to buy quality. The contracting community use cash retention to assure against any defects. The tragedy of the Grenfell fire highlighted how flawed this approach is. The construction industry does not have an assurance culture; however, it was noted that Network Rail have removed retentions out of their contracts therefore they should be used as an example of the benefit for quality of provision and records.

Michael Parkes advised client issues are around change and variations, companies need to be having a discussion as early as possible, however this can be difficult competitively there is a race to the bottom. Mark added the more forward-thinking clients would be happy to have that discussion whereas some clients will do what they can to withhold payment.

Greg asked what records should be included for the scope. Simon Lyons suggested early involvement to explain buying quality to start with will be cheaper in the long run, Greg added both sides need to have conversation about dates and flexibility. Charlotte Humphreys agreed it is about working towards the same goal, and the aim of the meeting is to set the project goals and the drivers; how it affects us and the client. Greg recognised there are gaps in-between the procurement teams and delivery teams.

The Commercial Committee agreed records should include the following;

- Pile logs
- Cube test
- Materials
- Resources
- Labour
- Plant
- The scope agreed

Mark asked for additional thoughts to be sent across to him and he will begin to draft a first copy. Greg suggested using bullet points to highlight what is required. It was agreed to give information that is valid but will not be used against FPS members. Mark noted that transparency is crucial.

**All
Mark
Sheridan**

	<p>Randeep Kamboj advised they have retention, if there is certification, they can withdraw 75% of the funds from the project bank account. He added the certification date is more important than the payment date.</p> <p>Greg stated this is trying to solve a problem which is an educational problem across the industry. Mark recognised it will be a good step forward in changing mindset. This should be treated as a working document.</p>	
4.	MARKET TRENDS: FPS 1st QUARTER STATISTICS	
	<p>The Commercial Committee reviewed the order statistics for the first quarter of 2019; Greg Haynes advised the market is still inconsistent, he thinks there is some uncertainty around Brexit causing this.</p> <p>Mark Sheridan commented that they have been busy during the first quarter of 2019, Greg noted the structural side has started to become busy, but there is not much continuity. Michael Parkes added the pressure on margins is still present and he thinks it will stay this way until HS2 commences.</p> <p>Gordon Taylor-Mackenzie noted the past year resources availability has been difficult and asked how companies are preparing for HS2. There is a concern buying materials may be an issue. Mark replied the issue has been recognised in terms of concrete and in terms of Brexit, such as retaining European workers, he also added there are not enough resources in the UK. There is a group in Government who are looking at this and there is an occupational shortage list which includes Piling, but it was recognised they cannot predict how this will work.</p> <p>Greg concluded looking at the statistics for the first quarter of 2019, they are not the most positive.</p>	
5.	PROMOTION OF THE FPS	
	<p style="text-align: center;">i. FPS Market Share Research</p> <p>Previously it was suggested the FPS should commission research into how much of the market share the FPS has, Mark Sheridan advised there was a negative response at the last FPS Quarterly Meeting. It was felt funds were better spent elsewhere and the understanding of how much of market the FPS share is not important.</p> <p style="text-align: center;">ii. Fair Certification Editorial</p> <p>It was previously agreed that Debbie Darling would write an editorial piece on Fair Certification, Mark Sheridan agreed to send Debbie Darling bullet points on why fair certification matters. Mark stated this action is still in progress, however the discussion under item 3b) will help him produce something to send to Debbie.</p>	
6.	POSITION PAPERS	
	<p style="text-align: center;">i. Early Payment Funding Schemes</p> <p>It was noted the Commercial Committee has been discussing the issues surrounding Early Payment Schemes and producing a position paper. It was reported that this is being progressed, the article was easy to write, but it was recognised that the position paper needs further thought.</p> <p>Michael Parkes asked other than Kier, what companies have this, Mark Sheridan replied that Interserve have adopted this. Greg Haynes added there seems to be a recurring trend in companies such as Kier, Interserve and Carillion using PPI.</p> <p>Mark noted there are still a lot of people were not aware of Early Payment Schemes that if a company goes bust the money will still need to be repaid to the bank, it is essentially</p>	

	a loan taken out on the specialist contractor's behalf. The FPS need to continue to raise awareness of this.	
7.	FPS WEBSITE	
	Mark Sheridan asked that Members continue to supply footage and content to keep the website continually updated.	All
8.	PRE-QUALIFICATION	
	<p>It was previously explained that Build UK want to establish a common assessment standard (CAS). They recognise the accreditation schemes all ask the same questions but in different ways, therefore companies answer lots of the same questions and pay ten or more fees to accreditation bodies.</p> <p>The intention is to only to use a single accreditation body to be certificated against the common standard and do away with the need for multiple subscriptions.</p> <p>Mark Sheridan explained that the FPS is trying to get to place where they can self-certify, however he noted there has been a lot of debate on how the FPS audit is incorporated with the accreditation. If the FPS incorporate this to the CAS, other companies may claim they are accredited to an FPS standard and take away FPS Membership's differentiation in the marketplace. It may be possible for the FPS to have CAS Plus to differentiate FPS members.</p>	
9.	CONTRACTS AND TERMS	
a)	<p>Build UK</p> <p>i. Contract terms recommendation (see link)</p> <p>Mark Sheridan advised the Build UK contract terms recommendation is an interesting start and seems sensible. However, he noted concerns that people will find new ways to not pay.</p> <p>ii. Guidance: Are you ready for Brexit?</p> <p>Mark Sheridan advised that Alasdair Henderson wrote on the topic of Brexit for BAM Ritchies, but it cannot be predicted. BAM Ritchies have a position of uncertainty, but recognise they need to do something one way or another. There needs to be clarity on European worker and materials from Europe. He asked if anyone is stock piling, Michael Parkes advised the key suppliers are increasing stocks with German suppliers stockpiling in the UK.</p>	
b)	<p>JCT Report</p> <p>There was no update given.</p>	
10.	DIGITAL CONSTRUCTION	
i)	<p>FIEC project</p> <p>Previously it was reported that FIEC are interested in stopping technology companies taking over Digital construction and want to ensure contractors and the supply-chain are driving development in the industry.</p> <p>Mark Sheridan advised that the industry need records that can be used, he will continue to emphasise this.</p>	
11.	EQUALITY, DIVERSITY AND INCLUSIVITY	

a.)	<p>Career Profiles on the Website</p> <p>Mark Sheridan reported that it was previously agreed to add career profiles onto the website to promote the commercial aspects of the industry to young people and to promote diversity. He added it is a good opportunity to interest people from different backgrounds and people who have taken alternative routes into the industry.</p> <p>Greg Haynes felt targeting graduates is too late and should be aimed at secondary school students and college students. Greg reported that Keltbray have produced a few articles on women in construction and conferences being aimed at women, however he noted there was someone who attended one of these and reported that she received a nail file in the welcome pack which was inappropriate.</p> <p>Mark added companies are starting to look at flexible working hours for both women and men to make the industry more inclusive.</p> <p>Mark asked that members of the Commercial Committee put together a paragraph on how they came into the industry.</p>	All
12.	EFFC	
	<p>iii. Sustainability WG</p> <p>This item was not discussed.</p>	
13.	FUTURE TOPICS FOR THE FPS COMMERCIAL COMMITTEE	
	<p>Mark Sheridan advised an item on HS2 will be added to the agenda, for members to report any updates to the Committee.</p>	FPS Secretariat
14.	LEGAL AND STANDARDS UPDATE	
	<p>Mark Sheridan noted that reverse VAT from October will be outsourced, he explained the VAT will be paid by first contractor. It was noted this will have an effect on tier twos and could affect cash position of smaller companies. It may also cause supply issues.</p> <p>He also advised agency workers from next month will no longer be able to treat them as an employee, companies will not be able to dictate working times or who does the work. Randeep Kamboj added that the HMRC have been investigating large companies for a while.</p>	
15.	SOCIAL EVENTS	
i. ii.	<p>FPS Golf Day – 11th September, The Nottinghamshire & Country Club</p> <p>Annual Awards Dinner – 25th October, Intercontinental Park Lane</p>	
16.	ANY OTHER BUSINESS	
	<p>No other business was reported, however Mark Sheridan advised that guest speakers should be arranged for future meetings, he asked the Commercial Committee to think about who they want to present. He asked that contacts are sent to the FPS Secretariat. It was noted a presentation from HS2 would be good.</p>	All
17.	DATES OF 2019 MEETINGS	
	<p>Next meeting dates held at Hallam Conference Centre, 44 Hallam Street, London W1 6JJ on;</p> <p>26th September 2019</p> <p>28th November 2019</p>	