

FEDERATION OF PILING SPECIALISTS MINUTES OF A COMMERCIAL COMMITTEE MEETING

Date: Thursday 28th February 2018

Time: 10:00am

Location: Friends House, 173-177 Euston Road, London, NW1 2BJ

Present: Michael Parkes Cementation Skanska
Paul Goodwin Franki Foundations
Roger Barratt Keller Limited
Greg Haynes Keltbray

Guest Attendees: Charlotte Humphreys Keltbray

In the Chair: Steve Wood Balfour Beatty Ground Engineering (acting Chair)

In Attendance: Ciaran Jennings FPS Secretariat
Grace Hawkins FPS Secretariat

No	TOPIC	ACTION
1.	APOLOGIES FOR ABSENCE	
	Apologies had been received from Mark Sheridan (BAM Ritchies), Alex Walsh (Balfour Beatty Ground Engineering), Nicholas Rogers (Bauer Technologies), Simon Lyons (Central Piling), Gemma Richardson (Expanded Geotechnical), Hannah Warburton (Expanded Geotechnical), Ian Walker (Martello Piling Ltd), Terry Martin (Murphy Ground Engineering), Andy Goddard (Rock and Alluvium) and David Colven (Roger Bullivant).	
2.	MINUTES OF THE LAST MEETING	
	<p>The minutes of the meeting held on 9th November 2017 were approved.</p> <p>Steve Wood asked Ciaran Jennings whether a conference call option could be considered. Ciaran replied conference calling can lead to a fragmented experience of the meeting but recognises it is better than no attendance; it was agreed to consider this.</p> <p>Steve asked the FPS Secretariat if there had been feedback given on the additions to the website, Ciaran advised there has been no feedback however the FPS is looking at how to promote the different aspects of the FPS such as Commercial.</p> <p>Steve noted the Asbestos in the FPS Facilities and Attendances document should be added, Ciaran advised this has been agreed however he needs to check what is currently online and update this.</p> <p>Steve asked if representation on NEC4 Working Group is required by the FPS, at the last meeting the FPS Secretariat agreed to request whether they will accept representation from working bodies. Ciaran advised he investigated it and the FPS need to subscribe, however the cost of subscription is quite high. Ciaran agreed to make further enquiries and investigate. He suggested there may be FPS members who currently subscribe, and the Committee might be able to get representation via that route.</p>	<p>FPS Secretariat</p> <p>C Jennings</p> <p>C Jennings</p>
3.	MATTERS ARISING	
i)/ii)	The Liquidation of Carillion and Retention	

<p>Following the liquidation of Carillion, Ciaran Jennings stated Build UK are actively talking to Government about how the liquidation has been handled and managed. They are also looking at how CITB can best place Apprentices and are looking at the commercial impact.</p> <p>The FPS Secretariat circulated a request for Members to advise the amount of value and retention that they have outstanding with Carillion; one FPS Member reported a £1.6 million amount. In terms of retention Ciaran noted it was an interesting mix of small and large amounts. He noted that some had taken retention as a result of a contract with different elements of the same Group where a related subsidiary accepted retention. Ciaran added not all members have responded and the information provided is confidential.</p> <p>It was reported that the Quarterly Committee and the Executive have written an article to push the industry in the right direction on retention.</p> <p>BESA (Building Engineering Services Association) are lobbying heavily in support of the Aldous bill calling for retention deposit schemes to be Government backed and protected. BESA have approached the FPS to get behind it, Ciaran reported he has a meeting with BESA following the Commercial Committee meeting. The FPS is not supporting this as it would enshrine retention in legislation, Ciaran will explain why the FPS feels it is a retrograde step.</p> <p>The Government recently held a retention consultation, the FPS responded that they support Build UK's position to get rid of retentions by 2023. It was agreed that supporting retention deposit schemes is a backward step.</p> <p>Ciaran added referring to the paper which was circulated 'Operating on a knife edge' by Mark Castle, it is an unsustainable situation for the industry. The FPS is trying to get a meeting with Mark Castle and Alasdair Henderson as there seems to be a will from him and main contractors to address the significant problems in the industry. Ciaran commented unfortunately the retention deposit scheme may be a compromise.</p> <p>Mike Parkes added there is a huge pressure to under-certify, Cementation has seen a shift in the last three months they have been pushed to go for external bonds. Greg agreed Keltbray was being asked if they have any exposure days after the liquidation of Carillion.</p> <p>The FPS Quarterly Committee agreed that the Commercial Committee should draft a position paper on Early Payment Funding Schemes.</p> <p>Ciaran reported there has been reports that companies who were paid via the Carillion Early Payment Funding Scheme have seen the Banks reclaim the money paid to them directly from their accounts before the liquidation. when reading the Carillion terms, it states that companies are borrowing money from the Bank. The scheme was not fully understood, and it transpired it was a loan, although most people who were using it were not aware.</p> <p>Steve Wood advised BBGE has credit insurance to protect against the insolvency of a debtor. He stated it is scandalous what has apparently happened; it has been reported that the directors took huge bonuses and were under-contributing to employee pension funds whilst keeping the director's pension fund topped up and paying shareholder dividends.</p> <p>Mike Parkes commented Cementation Skanska recently had a client who accepted all the risk, stating they accept Cementation Skanska will suffer their own costs if a problem arises, so they will not pursue anything.</p>	<p>C Jennings</p> <p>Commercial Committee</p>
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	The Carillion situation demonstrates that cash retentions are part of the problem that led to such wide spread exposure to their financial loss in the wider industry. There is an opportunity to change the landscape of how construction contracts are conducted.	
4.	MARKET TRENDS: FPS 4th QUARTER STATISTICS	
	<p>Ciaran Jennings presented the order statistics for the 4th quarter; at the last meeting the Committee asked if the scale can be swapped to the opposite position on the bar graph. The FPS Secretariat reported they was unable to do so, however will look further into use of Excel to see how this can be done.</p> <p>Ciaran reminded the group that last year Franki Foundations joined as a member and at the start of 2017 Murphy Ground Engineering joined. Ciaran advised the statistics for 2017 should not be considered as a direct comparison for 2016. He also noted that Dew Piling have been removed.</p> <p>Greg Haynes stated they have found orders tailing off towards the end of 2017, although it has been noted there have been more enquiries being made in the last 3 or 4 weeks. Paul Goodwin noted the opposite at Franki Foundations, they had a good end to the year and the first quarter has been quiet.</p> <p>Steve Wood agreed it looks quiet this year but with the prospect of the HS2 work, this could increase, Mike Parkes agreed with Steve.</p> <p>Ciaran added the start of HS2 is expected for 2019; as the first phase of HS2's ground investigation is ending soon. Crossrail 2 are looking to schedule their work to follow on from HS2; in theory there should be 10 years of work flow as a result.</p> <p>Roger Barratt noted Europeans may be coming over for the HS2. Ciaran explained the Grand Paris has some problems, it has been noted they are massively over budget. There is also the Fehmarn Belt Fixed Link, which will be a tunnel between Germany and Denmark, this will use a lot of the European concrete supply. Greg asked where these resources will come from, he added there is scarce supply of quality product.</p> <p>Ciaran noted the view at the FPS Quarterly Committee was that there may be uncertainty around the Brexit deal affecting the market, partly because of the currency impact. Steve added there is forecasts of less disposable income.</p> <p>Roger noted the cells may need to be checked on the quarter 4 statistics; Ciaran agreed to check there is no corruption in the cells.</p>	<p>FPS Secretariat</p> <p>C Jennings</p>
5.	PROMOTION OF THE FPS	
	<p>i. 'Why use an FPS Member?' Leaflet</p> <p>It was reported this item need to be followed up with Debbie Darling, it was noted Debbie has been busy with articles on the Collapse of Carillion. Ciaran Jennings added in the wake of the Carillion liquidation, the FPS should add how they vet the supply chain and work fairly.</p> <p>The Committee needs to look at highlighting the benefits for clients for the FPS to be promoted.</p>	<p>FPS Secretariat</p> <p>Commercial Committee</p>
6.	POSITION PAPERS	
	<p>i. Fair Certification</p> <p>Previously Mark Sheridan agreed to continue with this position paper before the next meeting and to include the benefits of a positive cash flow. It was reported Mark had to give his apologies, to be progressed.</p>	M Sheridan

	<p>ii. Unexploded Ordinance Previously Nick Rogers drafted a clause to address UXO in the FPS Facilities and Attendances document, the Committee agreed to the changes made, the FPS Secretariat to upload the amended Facilities and Attendances Document to the new website.</p> <p>iii. Project Bank Accounts It was reported the paper was circulated to the FPS Executive and has now been published on the website.</p> <p>iv. Early Payment Funding Schemes It was reported that the FPS Quarterly Committee has tasked the Commercial Committee with discussing the issues surrounding Early Payment Schemes and producing a position paper. It has been requested for this to be produced within a short timeframe; Ian Alcorn who sits on the FPS Quarterly put together a starting point for a position paper on Early Payment Schemes to highlight pitfalls and set out a position that the FPS does not want to engage. Steve Wood asked members to send in comments on Ian Alcorn's wording.</p>	<p>FPS Secretariat</p> <p>All</p>
7.	FPS WEBSITE	
	<p>Ciaran Jennings previously asked for members of the Committee to think of ideas for changes or additions on the website; the FPS wants the website to be continually updated to avoid it remaining static.</p> <p>Ciaran added since the last meeting there is nothing to report, although he noted the website visitor numbers have decreased since the last quarter.</p>	All
8.	FUTURE TOPICS FOR THE FPS COMMERCIAL COMMITTEE	
	<p>Steve Wood advised this was requested as a standing item for the agenda at the last meeting. Steve asked if an item on BESA and on Carillion can be added to the next agenda.</p> <p>Roger Barrett noted the agenda was quite long, Ciaran Jennings advised many of the position papers have concluded and will be removed from the agenda.</p>	FPS Secretariat
9.	CONTRACTS AND TERMS	
a)	Build UK	
i)	<p>Pre-Qualification Ciaran Jennings reported he attended a meeting with Build UK on the 23rd November, he asked what happens if Achilles and Builders profile do not comply with the scheme. Build UK stated main contractors need to support the scheme and have agreed to do so, they will be kicked out of the organisation if they do not comply.</p> <p>Ciaran explained that under the scheme organisations such as Achilles will be the data collection/accreditation body and will put this into a central database for Tier 1s etc to access. There is an option for the FPS to become an accreditation body, so that the PQQ data registration is covered in the cost of Membership. However, the FPS do not want to be running the audit every year as it is expensive and intensive to do. Once the scheme is better defined it should be possible to determine how the FPS audit relates to the PQQ process.</p>	
ii)	<p>Payment Group It was reported the Payment Group meeting in February was cancelled.</p>	

b)	<p>JCT Report David Colven sent in his apologies, nothing was reported under this item.</p>	
10.	<p>DIGITAL CONSTRUCTION</p>	
i)	<p>FIEC project</p> <p>Previously it was reported the FPS had been approached by Sue Arundale at FIEC about the issues between contractors and plant manufacturers in relation to BIM. Sue is interested in stopping technology companies taking over Digital construction and wants to ensure contractors and the supply-chain are driving development in the industry.</p> <p>FIEC is the equivalent of Build UK at European level and the FPS is a member via the EFFC membership. They are looking at BIM at European level adoption and they need the main contractors to drive it.</p> <p>Ciaran Jennings added FIEC are part of The European Council for Construction Research, Development and Innovation (ECCREDI), they are trying to obtain a 1 million euro grant which they will use to create a platform for construction. Ciaran is not sure how far it will go; they may go for a big software platform open to everyone and to prevent BIM being monopolised. It was noted something like the AGS data format will be created. They have big ambition but require a lot of research.</p>	
11.	<p>EQUALITY, DIVERSITY AND INCLUSIVITY</p>	
a.)	<p>Career Profiles on the Website</p> <p>Previously the Commercial Committee discussed how to improve the inclusivity and diversity of people in the commercial function of the industry. It was agreed the Committee place career profiles onto the website that explain what the role is, what progression is available and how to qualify for them. It was suggested the profiles could be based on the theme "A day in the life" to further illustrate what is involved in the career. It was also agreed people outside of the Commercial Committee should be involved as it should be various people at different career stages.</p> <p>Members of the Commercial Committee agreed to request someone in their company writes an article based on either the theme "A day in the life" or an article in the format of a career profile to send in to the FPS Secretariat.</p> <p>Steve Wood advised he has been sent profiles he will proof read, he added both had been approached differently, one is in a question & answer format and the second focuses on the benefits of being a Piling Quantity Surveyor.</p> <p>It was discussed that Debbie Darling should be asked to create a campaign to get these types of people in the industry highlighted on the career profile page of the website. It was suggested to consider creating a career pack to send to Universities and place into magazines.</p> <p>Steve asked if the FPS do any University lectures, Ciaran advised Jim De Waele has an established relationship with a couple of Universities. It was reported Portsmouth University have been looking at standards and they are applying to be approved as a Trailblazer, putting together a Degree apprenticeship. It was noted Birmingham University may also be interested. Ciaran advised Members are looking to support this. It will be a mix of academic studies and release to work, condensed to two years. Ciaran asked if members can inform the FPS Secretariat where they normally recruit from.</p> <p>Birmingham University are proposing to offer a Degree in Geotechnical Engineering and Portsmouth University are offering a course on Engineering Geology.</p>	<p>S Wood</p> <p>FPS Secretariat</p> <p>All</p>

	<p>Charlotte Humphreys advised at the University of Westminster fulltime students can change to part-time. There have also been companies that come in and talk in lectures; she noted some students were recruited through this route. Ciaran agreed the FPS Members should be engaging with the Universities to promote the commercial function.</p> <p>Steve asked for the Committee to look at arranging this, Ciaran added the FPS can explore the opportunities, however the FPS Secretariat has limited knowledge, so a volunteer from the Committee would be necessary.</p> <p>Charlotte stated she would be open to this, however she recognises her experience is still growing. She added she is passionate about this subject and would like to consider this.</p>	
12.	EFFC	
	<p>It was reported that the EFFC Contracts meeting had taken place on the 8 February 2018 in London. Ciaran Jennings advised Andrew West was able to attend the meeting.</p> <p>The EFFC are planning to run a task group on working platforms, to give EFFC Member Countries a series of tools to set up Working Platform Certificate schemes. It was noted the DFI are also doing this in the US.</p> <p>They are starting a Sustainability Working Group; they recognise the topic of sustainability needs to be readdressed as clients and companies are either interested or they are not and there is no consistent approach within the industry to the subject. It was reported that Chris Harnan is going to lead the group, Ciaran asked if Members of the FPS have sustainability people that they would like to be involved in the group, names and contacts should be sent to the FPS Secretariat.</p> <p>It was reported they have been looking at mutual recognition of rig qualifications, Ciaran explained the EFFC has decided to create their own driving license scheme, the regulatory bodies are different in each country which is causing problems. Greg Haynes added it hopes to drive standards up rather than down. Ciaran agreed it is implementing one standard across each country but recognising that each country has its own; it is recognition by harmonising standards. It was noted in the UK the qualification is CPCS.</p>	All
13.	SUSTAINABILITY	
	<p>Ciaran Jennings previously explained that the FPS has a Sustainability Charter which was produced in 2007 and the EFFC produced their own version from this.</p> <p>Ciaran advised that the EFFC are creating a Sustainability Working Group, he added there is nothing to report currently, however the FPS should feed into the group when it is established. It was noted the Committee should discuss whether the FPS should pursue involvement in this group.</p>	Commercial Committee
14.	LEGAL AND STANDARDS UPDATE	
	<p>Steve Wood reminded the group this item was agreed to be added as a standing item for any discussions on legal updates. He noted that Scotland is introducing a third-party contract rights bill.</p> <p>Greg Haynes noted he has seen a recent increase in NEC4 contracts.</p>	
15.	SOCIAL EVENTS	

	<p>FPS Summer ball 2018 The FPS Summer ball will be taking place at the MacDonald Berystede Hotel in Ascot on the 30th June 2018.</p> <p>FPS Golf Day 2018 The FPS Golf Day will be taking place at The Nottinghamshire & Country Club on the 12th September 2018</p> <p>FPS Annual Dinner 2018 The FPS Awards Dinner will be taking place on the 19th October 2018, with the venue to be confirmed.</p>	
16.	ANY OTHER BUSINESS	
	<p>No other business was reported.</p> <p>Steve Wood added the FPS Secretariat will be looking at conference call options for when the weather affects attendance numbers.</p>	FPS Secretariat
17.	DATES OF 2018 MEETINGS	
	<p>Next meeting dates held at Hamilton House (Mabledon Place, London, WC1H 9BD): 19th June 2018 20th September 2018 29th November 2018</p>	