Finance Committee

Scottish Futures Trust/ NPD Programme

Submission from CECA Scotland

The Civil Engineering Contractors Association (CECA) Scotland welcomes the opportunity to submit its views to the Finance Committee on the work of the Scottish Futures Trust.

Introduction

CECA represents around 100 contractors across Scotland ranging from large multinational companies engaged in flagship infrastructure projects to rural SMEs carrying out civil engineering works in their communities. A list of our members is attached. CECA members currently deliver an estimated 80% of Scotland’s annual civil engineering outturn of circa £3bn p.a. and employ over 25,000 PAYE people with many more in the supply chain.

CECA welcomed the reconvening of the Scottish Parliament in 1999 and has worked closely with the Parliament ever since. This has included giving evidence to Parliamentary Committees at Holyrood and participation in a number of Ministerial Stakeholder and Working Groups on subjects such as infrastructure investment, procurement, renewables and banking. CECA is a founder member of the Cross-Party Group in the Scottish Parliament on Construction and Company Secretary of the Construction Scotland Industry Leadership Group.

Impact of the Recession on Scottish Civil Engineering

During the period from 2009 to 2013 CECA Scotland lost nearly 20% of its member companies due largely to business failures as workload slipped close to £2bn and thousands of jobs were lost. Although most surviving companies endeavoured to retain their core workforce for as long as possible, the majority downsized during the recession as orders decreased and profit margins all but disappeared. The recession also had a significant impact on the planned replacement of plant and, importantly, on investment in skills where, in most cases, training was reduced to the bare minimum required to meet statutory responsibilities.

SFT - Securing Additional Investment During the Recession and Since

CECA has absolutely no political axe to grind but there is no doubt amongst our membership that the efforts made by the Scottish Government during the recession to move all available funding, including the transfer from revenue to capital budgets, was instrumental in keeping many Scottish civil engineering companies in business and preventing far worse job losses. Furthermore, as a result of these measures the industry then had confidence in the short to medium term programme of
infrastructure investment including capital projects such as the Queensferry Crossing, EGIP and Borders Railway and also through the civils work associated with the emerging hubCos.

This confidence then continued with a long term flow of work including NPD projects such as the Colleges (e.g. Inverness Campus), the Aberdeen Western Peripheral Route (AWPR) and the M8 M73 M74 Motorway Improvement Programme. In August 2015 CECA carried out a short piece of research into Scottish infrastructure and growth which demonstrated a correlation between the investment in infrastructure and increased employment in Scotland. A copy of the report is attached.

As far as CECA Scotland members are concerned there is no doubt that some of the work of the SFT such as the use of the hubCos has led to infrastructure investment and the development of the TIF, National Housing Trust and NPD models have secured additional investment which has been of huge benefit to the tax payer in delivering improved infrastructure as well as to the construction industry by first preserving jobs and then providing opportunities for reinvestment in businesses, skills and new recruits such as apprentices.

**SFT - Innovation**

CECA does not have a lot of experience of this aspect of SFT’s work except for the Street Lighting Toolkit which our membership felt was a very sensible and useful piece of work.

**SFT – Community Benefits**

CECA worked with SFT on the production of its Community Benefits Toolkit for Construction including a joint workshop to explore some of the methodology and intended outcomes. CECA supports any such work which leads to a more uniform and pragmatic approach to community benefits so that all firms bidding for public sector construction contracts start from the same baseline and the public sector benefits from consistency in their delivery.

Alan Watt
Chief Executive

28th September 2015