

CROSS PARTY GROUP IN THE SCOTTISH PARLIAMENT ON CONSTRUCTION

13.00 Thursday 20th March 2025
Committee room 4

Ordinary Minutes

Present

MSPs

Monica Lennon MSP

Kate Forbes MSP, Deputy First Minister and Cabinet Secretary for Economy and Gaelic

Graham Simpson MSP

Michael Marra MSP

Invited Guests

Ian Honeyman

CICV

Len Bunton

CICV

Non-MSP Group Members Present

Fiona Stewart

Skills Development Scotland

William Crowe

Institute of Structural Engineers

Richard Campbell

Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF)

Chris Pateman

EPIC (Engineered Panels in Construction Limited)

Lillian McDowall

Scape Scotland

Karen Stevenson

Scottish Futures Trust

Paul McGirk

Hub South East

Tracey-Leigh Findlay

Hub West

Richard Park

Hub North

Stuart Hay

RIAS

Alan Wilson

SELECT

Yvonne Wilson

SELECT & CPG Secretary

Paul Mitchell

SBF

Fiona Harper

SECTT

James Callender

DWF LLP

Jamie Harris

DWF LLP

Brian McQuade

Robertson Group

John Ferguson

Sisaltech Ltd

Others present

Elizabeth Halliday	Morgan Sindall
Jonathan McQuillan	Anderson Bell & Christie
Cameron MacIver	Cameron Ecology Ltd
Patrik Zvirinsky	on behalf of Sharon Dowey MSP
Colin Campbell	Scottish Futures Trust
Mexar Krayen	

Apologies

Alexander Burnett,	MSP
Ben Macpherson	MSP
Lorna Slater	MSP
Sharon Dowey	MSP
Allan Thomson	Central Training Services Ltd
Graham Jackson	Thorntons
Jocelyne Fleming	CIOB
Stephen Fawcett	Homes for Scotland
Stephen Slessor	RSE
Steven Dillon	Unite the Union
Gordon Brown	ICE
Grahame Barn	Ceca Scotland and CPG Treasurer
Jonathan Gaskell	DWF LLP
Stefan Szymoszkowskyj	NHBC
Stuart Tennant	University of the West of Scotland
John Kane	CIOB
Ann Marie Waugh	Glass and Glazing Federation
Ryan Murphy	Evolution Fasteners (UK) Ltd
Fiona Hodgson	Scottish and Northern Ireland Plumbing Employers' Federation (SNIPEF)

1. Welcome, introduction, and apologies from Monica Lennon MSP.

Monica Lennon (ML) welcomed everyone to the Cross-Party Group (CPG) on Construction and explained that the group was there to bring together MSP's and industry. In the year the group has met in person to hear insights on and discuss a range of topics including:

- Scotland's apprenticeship system: and current training provision for the construction industry.
- The challenge and opportunity for our industry in de-carbonising our built environment.
- Scotland-wide Hub programme which achieves policy outcomes in place, net zero, wealth creation and affordable housing through community infrastructure investment.

- The last time we met we heard from Gordon Nelson on Licence to Build: a pathway to license UK Construction

2. Matters arising

Notes of the meeting held on 9 May 2024. No comments or clarifications raised, the notes were proposed by Chris Pateman (CP) and seconded Graham Simpson MSP (GS).

3. New member proposals

ML asked the Secretary Yvonne Wilson (YW) for the details of the 1 new proposed members of the CPG. These are:

- i. Ben Macpherson MSP

Ben Macpherson was unable to attend and sent his apologies for today.

There were no objections from CPG members present to the proposed new MSP. ML confirmed Ben Macpherson as our new MSP member

4. General Discussion

Richard Park (RP) noted that the UK Government's 10-year infrastructure strategy had been released and inquired whether a similar initiative would be introduced in Scotland.

Graham Simpson MSP (GS) asked if there were known issues with connecting new housing properties or renewable energy projects to the grid. ML noted that some challenges stem from a shortage of planners and environmental health inspectors.

Stuart Hay (SH) reported that RIAS members have raised concerns, particularly regarding heat pump connections.

Cameron McIver(CM) highlighted the turmoil within the industry, specifically regarding wind farm projects.

ML suggested writing to Michael Shanks and potentially Ed Miliband, Secretary of State for Energy Security and Net Zero, to address these concerns. An invitation will also be extended to Michael Shanks for the CPG on Construction.

5. Payment & Cash Flow Issues

A presentation was given by Construction Industry Collective Voice (CICV) members, Len Bunton (LB) and Ian Honeyman (IH). ML welcomed both as presenters for the session.

LB and IH outlined the current challenges surrounding payment and cash flow in the construction industry, noting that the issue is escalating monthly.

Key Points:

- Retention payments are not ring-fenced.
- Tender opportunities are decreasing due to rising labour and material costs.
- A concerning trend of "design and dump" is affecting the supply chain.
- Some issues are self-induced by SMEs, which must review their business practices.
- Project Bank Accounts (PBAs) have proven beneficial, but their threshold needs to be reduced, and they could potentially be utilised for retention payments.
- Recruitment and training are being negatively impacted.
- Contract changes and variations should not occur without a valid justification.
- The Conflict Avoidance Process in Construction Contracts could help reduce disputes related to payment and cash flow.
- Increasing mental health issues due to payment-related stress.

A position paper released by CICV was attached for reference.

Kate Forbes MSP, Deputy First Minister and Cabinet Secretary for Economy and Gaelic (DFM), responded to the presentation with the following remarks:

- She would like to take away the feedback and respond in writing.
- There is a compelling case for change.
- The link between high-profile insolvencies and workforce well-being is a critical concern.
- The threshold for Project Bank Accounts is optimal, and there is no apparent barrier to their use below the current threshold, though she was unaware if this was being implemented.

A letter summarising the discussion and key asks will be sent to the DFM to facilitate a formal response.

Q&A Session:

- Richard Campbell (RC) emphasised that these issues have persisted for over 30 years and suggested linking credit ratings to payment practices.
- Alan Wilson (AW) highlighted resilience planning efforts in Europe to safeguard industries and economies during unforeseen events. The DFM advised that Angela Constance, Cabinet Secretary for Justice and Home Affairs, is leading a related paper and encouraged AW to write to her.
- Stuart Hay (SH) stressed the ongoing risks contractors face and called for solutions to mitigate these risks. The DFM acknowledged that MSPs often lack awareness of where risks sit within contracts due to literacy issues.
- ML thanked the DFM and all attendees for their contributions, noting that the CPG has substantial matters to consider. ML proposed that the CPG draft a follow-up letter to the DFM.

- Karen Stevenson (KS) mentioned that the Accord Procurement Working Group is addressing some of these issues through the CLF.
- Richard Park (RP) highlighted the need to build on best practices and improve payment terms using supply chain data.
- Tracey-Leigh Findlay (TF) noted that the time required to establish PBAs is a challenge and emphasised the necessity of improved collaboration with banks.

6. Any other business

Nothing raised.

7. Date of Next Meeting

ML will consult with YW, but we anticipate that this will be in May 2025.

ML closed the ordinary meeting.

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