



SNIPEF

Renewing the plumbing and heating industry – a manifesto for Northern Ireland



SNIPEF is the Scottish & Northern Ireland Plumbing Employers' Federation. We are the principal trade association representing the interests of plumbing and heating businesses based in Scotland and Northern Ireland. SNIPEF operates the Plumbing Industry Licensing Scheme, delivers training in a range of areas. We aim to ensure the highest standards across the plumbing and heating industry in Scotland and Northern Ireland and to assist our members in employing qualified, professional and highly skilled staff. SNIPEF currently has over 750 member firms employing over 3500 plumbers.

INTRODUCTION

As the leading trade association for the plumbing and heating industry in Northern Ireland we have witnessed the impact of the recession on businesses both large and small in our sector. There can be no doubt that it has been an extremely challenging time and while there are some signs of a recovery, we are frequently told of the ongoing and severe problems facing contractors in Northern Ireland. We have compiled this manifesto, which is aimed at the incoming Northern Ireland Executive, to highlight four key areas that we believe to be critical to building a resilient and sustainable construction landscape in which plumbing and heating firms can develop, compete and thrive.

We must develop tomorrow's talent and ensure that plumbing, as well as other trades, has a supply of skilled and able operatives to choose from. This requires support from the NI Executive in terms of encouraging people into the construction industry in the first place and incentives for employers to invest in apprenticeships.

There are significant barriers to trade in the form of high VAT and a complex landscape of differing tax levels. Many of our members operate small businesses and it is both time consuming and expensive to navigate the system. We would like to see it made easier for them to run their businesses. In addition slow payment and a lack of protection make it difficult for business to thrive.

We welcome improvement to the procurement process and would like to see greater access for smaller firms. SMEs account for more than 99% (and 72% by turnover) of local businesses in Northern Ireland and more than £4.7M is awarded in public sector contracts every day. Ensuring that a range of businesses can access this work will assist in building a more diverse and resilient construction sector. There are many opportunities, not least in the area of renewables and carbon efficiency. Our members have embraced new technologies and have invested heavily in training and gaining licenses to install. If national targets are to be reached there must be a commitment and a renewed approach to encouraging and incentivising the commercial, private and domestic sector to take up new technologies.

We look forward to playing a key part in Northern Ireland's construction industry, and working with the new Northern Ireland Executive to help renew and revitalise this critical aspect of the country's economy.

Robert Burgon, Chief Executive, February 2016

1. Improving payment and cash flow

Business relies on efficient cash flow to function. The construction industry is beleaguered by problems with cash flow security and the effect of poor payment. Plumbing and heating businesses are often at the end of a long chain of contractors and frequently experience long delays in receiving settlement for works. In addition, VAT at 20% can be a significant barrier to winning work, particularly in the domestic market.

The mandating of project bank accounts this year is welcome and leads the way for the rest of the UK, this enforcement could be extended to cover lower value projects and further protect NI businesses.

In order to better protect and support SMEs within the construction sector we call on the NI Executive to:

- extend the use of project bank accounts in the NI construction sector, including

universities and local authorities, for projects valued at less than £2M.

- introduce legislation to ensure prompt supply chain payment: the Northern Ireland Executive has made payment within 30 days a contractual requirement on Government construction clients and supply chains. This principle needs to be extended to all construction projects.
- remove retentions - at any one time over £60 million is withheld by way of retentions in the public sector in Northern Ireland, ostensibly as security in the event of insolvencies or defective work. The best guarantee of quality work is to use a competent and qualified supply chain. SNIPEF and other construction trade associations operate schemes that confirm the technical competence of member firms.
- encourage the making of payment for materials held off-site and labour in exchange for title to materials.
- digitise the payment process: online payment management systems could facilitate greater monitoring and auditing of payment processes.
- simplify the law and reduce VAT levels on renovations, repairs and materials to level the playing field and to avoid SMEs losing out to non VAT-registered businesses.

2. Public procurement

There is a need for effective oversight of public bodies and the supply chain to achieve a more pro-active approach to challenging poor practice in all matters relating to public procurement in Northern Ireland.

The NI Executive must prioritise the following activity.

- Introduction of legislation to establish an ombudsman service to promote best practice in Northern Ireland public sector construction with effective powers to deal with bad or punitive practices.
- Stipulating that licensed plumbing businesses should be preferred suppliers for public sector construction projects.
- Consider establishing an approved certifier of construction scheme to ensure high standards in contract performance and to ease the burden on building standards in certifying works.
- Trial integrated project insurance (IPI) prior to rolling out its use across the public sector with the objective of improving costing certainty and eliminating wasteful processes.
- Exclude businesses with a poor payment history from the public procurement process.
- Ensure tier 1 contractors name sub-contractors when bidding for public sector work and must use those contractors in the event of a successful bid.
- Ensure standardisation of the pre-qualification questionnaire template by encouraging use of one digital platform for clients and customers.

3. Energy efficiency and micro-renewables

The NI Executive has already set ambitious targets for delivering 40% of electricity and 10% of heat from renewable sources by 2020. In

spite of this objective the incentives and assistance available to property owners in social, private and commercial settings have been eroded making it increasingly difficult and less cost-effective to install such technologies.

Many businesses have invested significantly in becoming proficient in the installation of renewables only to find that demand has dropped off in line with the removal of government financial support. In order that Northern Ireland can deliver its targets, Government needs to prioritise the promotion and funding of low carbon, energy efficient solutions.

The NI Executive needs to:

- conduct a carbon audit of the Northern Ireland public sector estate prior to commencing a programme of retrofit to enable carbon efficient technology and materials to be installed.
- improve and enable access to grants, incentives and low interest loans for social, private and commercial property owners in order to improve the carbon and energy efficiency of homes and to support the maintenance and sustained usage of the technology into the future.
- Introduce a statutory duty for owners of commercial/industrial buildings to achieve a high standard of carbon/energy efficiency (Band C or above) *before* they can be let to tenants.

4. Training, apprentices and recruitment

SNIPEF is committed to increased apprenticeship recruitment and regards this as vital to the industry in order to ensure that the skills base of the industry is not eroded.

Recruitment levels are yet to recover to pre-recession levels, which saw apprentice numbers fall significantly. We will work with the Northern Ireland Executive to achieve these objectives.

The NI Executive can assist and support by:

- improving dialogue with trade associations in order to ensure the needs of the industry are being met in terms of apprentice numbers.
- reducing the bureaucracy associated with applying for financial support in order to undertake training in the building services engineering (BSE) sector in Northern Ireland.
- working with training providers and the BSE sector industry to ensure training delivery is uniform, of a high standard and that the content appropriate and fit for purpose. Ultimately qualifications must be suitable for the industry and deliver the necessary key core competencies.
- working with training providers and employers to increase the number of apprentices in order to ensure sufficient numbers of qualified and competent plumbing and heating operatives for the sector.
- ensuring only employed individuals can undertake a traditional apprenticeship.
- improving the construction sector information and careers advice available to young people in order to encourage them into apprenticeships.

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Bellevue House, 22 Hopetoun Street,
Edinburgh EH7 4GH
contact@snipef.org 0131 556 0600