



SNIPEF

Renewing the plumbing and heating industry – a manifesto for Scotland



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, manages the Modern Apprenticeship in Plumbing scheme in Scotland and 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; in addition SNIPEF facilitates the training of 700 plumbing apprentices.

INTRODUCTION

As the leading trade association for the plumbing and heating industry in Scotland 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 problems facing contractors in Scotland. We have compiled this manifesto, which is aimed at the incoming Scottish Government, to highlight five 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 Government 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. There is £4 billion of public sector construction work carried out annually in Scotland and 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 we are to reach our national targets 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 Scotland's construction industry, and working with Government to help renew and revitalise this critical aspect of our country's economy.

Robert Burgon, Chief Executive, February 2016

1. 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 by some 50%. By 2016 apprentice recruitment levels had recovered by only 10%.

We believe that annual recruitment over the next few years needs to increase by 25% on the current annual intake to avoid a skills shortage threatening the industry.

A healthy and growing construction sector economy will encourage plumbing and heating businesses to invest in their futures by taking on apprentices and it is vital that support for this is sustained.

Government must ensure that:

- Education and Careers services support young people wishing to enter into a traditional apprenticeship.
- Current funding of traditional modern apprenticeships is maintained and all planned increases implemented.

- older entrants (20 years +) to apprenticeships are not discriminated against through reduced funding where the costs of training are the same.
- money raised from employers under the Apprenticeship Levy is seen as being additional to normal apprenticeship funding and levy raised in Scotland is spent in Scotland on apprenticeship training.

2. 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.

In order to better protect and support all businesses within the construction sector we call on Government to:

- 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.
- introduce project bank accounts as a mandatory feature of public sector construction: once progress payments are certified as due they would be paid into a ring-fenced bank account and all those delivering the works would be paid simultaneously
- introduce legislation to ensure prompt supply chain payment: the Scottish Government have made payment within 30 days throughout the supply chain a contractual requirement on central Government contracts, and we are calling

for this principle to be extended to all construction projects.

- remove retentions - at any one time over £120 million is withheld by way of retentions in the public sector in Scotland, 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.
- digitise the payment process - online payment management systems could facilitate greater monitoring and auditing of payment processes.

3. Public procurement

Government has taken steps to improve supplier access to public procurement in order to encourage sustainability and development within the construction sector. Further improvements and reform are required in order for the benefits of these changes to be fully realised and to allow all Scottish business, particularly those that strive for high standards through licensing and approval schemes, to access such work and to achieve the growth required to effect sustainability in the future

Government should prioritise the following activity:

- to standardise the Scottish Pre-qualification Questionnaire (SPQQ) process through the use of one centralised digital platform.
- licensed plumbing businesses and Approved Certifiers of Construction to be preferred suppliers for public sector construction projects.

- carry out further trials of 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.

4. Increase the supply of new homes

Scottish Government's commitment to new builds is not adequate to meet Scotland's demand for new housing as outlined in the Accounts Commission/Audit Scotland report, *Housing in Scotland* (2013).

We request Government commits to:

- an increase in the number of new build energy efficient homes to least 20 000 per year.

5. Energy efficiency and micro-renewables

Government has already set ambitious targets for carbon efficient energy 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 funding.

In order that Scotland can deliver its targets, Government needs to prioritise the promotion and funding of low carbon, energy efficient solutions.

Government needs to:

- make home energy efficiency a National Infrastructure Project with at least 127000 homes in the social housing sector having their energy efficiency improved to Band C or above by 2025.
- as part of a National Infrastructure Project carry out a carbon audit of the Scottish 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.