

MINUTES OF MEETING

Construction Leadership Forum

Meeting 29

6 December 2022, 15:00 – 17:00

Microsoft Teams meeting

Attendees:

Chair - Ivan McKee MSP, Minister for Business, Trade, Tourism and Enterprise

Grahame Barn - CECA Scotland and member of Construction Scotland

Anshu Choudhary – Policy Manager, Construction, SG

Paul Dodd - Senior Associate Director, SFT

Mila Duncheva - Chair of the Built Environment Change Makers

Gavin Dyet – Transport Scotland, SG

Elaine Ellis – Skills Development Scotland

Kathryn Fergusson – Head of Housing Strategy, More Homes, SG

Dr Stephen Garvin - Head of Building Standards, SG

Jonathan Guthrie - Robertson Group

Sam Hart – Head of MMC, BE-ST

Hector MacAuley - Balfour Beatty

Sharon Miller – Team leader, Construction, SG

Archie Mitchell – Health and Safety Executive

Douglas Morrison – Deputy Chief Executive, BE-ST

Stuart Parker – Morgan Sindall

John Pearson - Policy Manager, Construction and Steel, SG

Heather Perman – Supply Chain Development Programme, SG

Fran Petrie – CLF Secretariat, SG

Graham Porteous - Construction Procurement Policy, SG

Colin Proctor - Director, Construction Industry and Delivery, SFT

Peter Reekie - Chief Executive, SFT

Dermot Rhatigan – Head of Manufacturing and Industries, SG

Andrew Richards – Safedem

Louise Scott – CLF Secretariat, SG

Professor Ryan Smith – MOD X

Elisabeth Stark - Head of Construction and Steel, SG

Margaret Watson – Scottish Enterprise

Alan Wilson – Managing Director – SELECT

Apologies:

Morag Angus - Chief Surveyor, SG

Emma Dickson - Arcadis & co-chair of Skills and Workforce Subgroup

Steven Dillon - Unite The Union

Carron Flockhart – Future Skills Strategy, SG

Ron Fraser - Chair, Construction Scotland

Alasdair Graham – Transport Scotland

Sarah Shore – Health and Safety Executive

Lisa Singh - CLF Secretariat, SG

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		Action
1	Introduction and Apologies	
1.1	The meeting commenced at 15:00. Dermot Rhatigan welcomed everyone to the meeting. Dermot read through the list of apologies and handed over to the Minister.	
1.2	Mr McKee thanked everyone for all the work that had been achieved through the group this year and noted that this had not been without its challenges. He stated that the group is now in a more focused place and the challenge now is to continue this energy and enthusiasm towards transformation of the sector.	
1.3	The Minister noted that the focus of today's meeting was on Modern Methods of Construction (MMC), and welcomed Professor Ryan Smith from US company MOD X - joining us today.	
1.4	This is an area where there is huge scope - not just in terms of sustainability, but in driving efficiency and lowering costs through utilising offsite environments - this may also help address skills challenges.	
1.5	The Minister thanked Peter Reekie and others for their work on the refresh of sub-group co-chairs, and hopes to be able to share this work shortly.	
1.6	Officials are working to amend the draft terms of reference for this group following feedback from sector representatives.	
1.7	The Minister thanked members who contributed suggestions for the upcoming membership refresh. It is vital that we have	

	<p>the right people around this table to drive transformation. We'll seek feedback on the initial proposals shortly.</p> <p>Across the sector, the supply of materials appears to be getting better - it is now inflation, cost increases and labour shortages that are the main concerns.</p>	
1.8	We continue to call on the UK Government to use all levers at their disposal including the Shortage Occupations list, VAT reductions for SME electricity bills, and the extension of loan schemes to address these.	
1.9	BEIS have announced that they intend to delay ending recognition of CE marking for several product sectors until 2025. While this is good news, we will continue to put pressure on UK Government to reach a more sustainable and long term solution.	
1.10	The Minister had the pleasure of launching the Construction Accord, and is looking forward to implementation of the principles it sets out.	
2	Minutes and Actions of Previous Meeting	
2.1	Dermot apologised as the minutes from the previous meeting have not yet been issued - these will be with members shortly, and we will take any comments once you have had time to review them.	
2.2	Five actions remain outstanding:	
2.3	A25.190 - Drafting of the best practice guidance on use of retentions is now complete. The intention is to publish as soon as practicable. Work on other recommendations will follow on from that. In parallel, officials are seeking budget approval to progress work on the options appraisal work around a statutory custodial Retention Deposit Scheme.	
2.4	A25.191 – The Steering Group met with the Workshop Facilitator on 2 December. Workshops will commence after the festive break.	
2.5	A26.195 – Archie Mitchell will provide the update on asbestos at item 7.	
2.6	A28.213 - Peter Reekie has now met with the new Chair of the Construction Leadership Council (CLC). The CLC are establishing a Devolved Nations group, to feed into the UK CLC. Peter, who has agreed to be Scotland's representative, has also met with representatives from Northern Ireland and Wales, and invites members to feed into the CLC via him.	
2.7	A283.216 - The booster programme bivalent vaccines, as recommended for use by the JCVI, target the original	

	Coronavirus strain and Omicron BA.1. At the moment there is no data on their efficacy against other strains of COVID-19, including other strains of Omicron such as BA.4 and BA.5, but the JCVI continue to review all emerging data.	
2.8	Stuart Parker asked if there would be any further consultation on the statutory retention deposit scheme? There continues to be concerns in industry that this doesn't resolve the issues with retentions.	
2.9	Graham Porteous confirmed that the expectation is to consult widely again once budget for the business case has been confirmed.	
3	Transformation – Modern Methods of Construction (MMC) Subgroup / Edinburgh Homes Demonstrator (EHD) Programme	
3.1	Paul Dodd gave a presentation on the Edinburgh Homes Demonstrator (EHD).	
3.2	Officials to share slides with members.	A29.217
3.3	The EHD is focussed on the South East region, aligned to the city region deal. Funded through SG and partners, it is a collaboration towards affordable housing through MMC first proposed in 2018.	
3.4	Paul mentioned the benefits of scaling demand, delivering high performing homes for occupants, transparency in the construction pipeline and higher energy performing homes – current assessments of these are ongoing.	
3.5	Paul outlined the five work streams: <ol style="list-style-type: none"> 1. Demand/pipeline 2. Regional type 3. Houses in occupation 4. Procurement business model 5. Pilot projects. 	
3.6	This work aligns with the CLF pipeline database - they have mapped 10,000 units across 200 sites to ascertain the type of units being developed.	

4	Offsite Construction overview from More Homes	
4.1	Kathryn Fergusson gave a wider overview of MMC from More Homes.	
4.2	SG is committed to make greater use of offsite construction in delivery of new affordable homes - this was a PfG commitment and forms part of the long-term Housing Strategy.	
4.3	Kathryn noted that there is clear alignment between SG housing commitments and the Accord.	
4.4	The potential of increased use of MMC is viewed as an opportunity. SG has encouraged use especially since the Construction Procurement Review 2013, and have funded many projects up and down the country.	
4.5	Over 90% of new affordable homes are open panel timber frame - while there has been varied take up around the country, it has not reached the level anticipated.	
4.6	Edinburgh Homes Demonstrator shows how offsite construction can work in practice - the challenge is trying to do this at scale.	
4.7	Kathryn expects that EHD will influence how homes are delivered in the future, including the SG commitment of 110,000 affordable homes by 2032, procured by Local Authorities and Registered Social Landlords (RSLs). Kathryn notes not all of these will be new builds, these will also include some purchased and refurbished properties.	
4.8	Private sector development accounts for a third of affordable homes between 2017–2021 - National Planning Framework 4 changes the policy landscape.	
4.9	The target of 110,000 affordable homes brings social, economic and environmental benefits. We are working with the Supply Chain Development Programme on this, and have recently appointed Grant Thornton to gather data on supply chain capacity and resilience.	
4.10	Dermot thanked Kathryn for her presentation and invited questions.	
5	Discussion	
5.1	Alan Wilson asked about issues with mortgage availability and insurance for MMC buildings.	
5.2	Kathryn noted that SFT has done a lot of work around insurance, investment & mortgages - there has been a	

	reassuring response from the mortgage sector, although the insurance sector is less engaged.	
5.3	Ross Lindsay observed that he has been pleasantly surprised that UK lenders are supportive - lenders in general are comfortable.	
5.4	Andrew Richards noted that the planning environment can be challenging for MMC, with associated costs. Andrew asked if grants will be increased for houses that are going to cost more to build initially - before the efficiencies of scale come online.	
5.5	Kathryn responded that SG are already paying for MMC through the Affordable Homes Programme, and noted that it will be necessary to indicate the scale of investment required for returns on investment through efficiencies. If RSLs/ LAs do not go down this route, SG recognise it isn't an even playing field for MMC in construction.	
5.6	Peter noted that MMC produces real advantages in standardisation, with elements of customisation allowing structures to match local visual considerations.	
5.7	Mila Duncheva highlighted working towards the creation of an 'insurance playbook' for MMC projects, noting that the lack of historic datasets on claims for MMC projects make it more difficult for insurers to calculate premiums.	
5.8	On skills, Alan noted that Skills Development Scotland are capping the number of contracts for apprentices, citing 800 who may not receive funding this year. This is critical to the delivery of homes through MMC.	
5.9	Stuart agreed with Alan on skills, and highlighted that support for collaborative procurement is key.	
5.10	The Minister mentioned the great work being taken forward, with a lot more to do. MMC can be truly transformational.	
5.11	Approaching the 10th anniversary of talking about MMC in Scotland, we need to be driving this transformation. Decisions need to be taken at pace in a structured and methodical manner, and the Minister welcomed any thoughts on how we can accelerate this.	
5.12	The Minister noted the potential for Scottish industry to be left behind if other counties take the initiative first, and indicated the need to address planning and procurement, signalling intent.	

5.13	The Minister noted that the direction of travel is clear and the timing is important.	
5.14	Dermot asked Kathryn how members can contact Grant Thornton - Kathryn advised that members should get in touch by contacting her.	
6	MMC at BE-ST	
6.1	Sam Hart gave an overview of MMC work at BE-ST highlighting their leading edge work.	
6.2	On EHD Pilot 1, Sam advised that MMC panels would be arriving in Q1 2023.	
6.3	BE-ST are aiming to have a near-real time dashboard on the performance of off-site fabrication versus standard delivery methods. This data will be fed back into the More Homes Business Case as evidence for policy around MMC. The research side of the EHD completes in March 2023.	
6.4	BE-ST is working with the Scottish Forestry Industry Leadership Group (ILG) to bring Scottish timber forestry and sawmillers directly in contact with manufacturers - aiming to create a strategic partnership.	
6.5	Wider strategic manufacturing opportunities included a collaboration with SE, HIE, SG and Napier University to develop a manufacturing facility centred around forestry and the net zero built environment.	
6.6	Workshops with the Transforming Timber team and More Homes are ongoing. They are seeking to incorporate MMC into travellers sites across LAs.	
6.7	On Home-grown fibre insulation, BE-ST are taking research from academic partners, and practical experience from the thermal bonding line at BE-ST to build an evidence base for use. Once piloted, it will be analysed and available to contribute to a Net Zero Built Environment.	
6.8	New projects were highlighted at BE-ST Building 2, where small modular manufacturers are on board pre-market.	
6.9	On a larger scale, BE-ST are working with the UK Government's GenZero project – the Department For Education are looking for 200 Net Zero schools per year for the next 10 years. Sign off has been given for the engineering for it, and Phase 2, a multi-purpose gym has been delivered in Coventry, with Phase Three projects to begin Q1 2023.	

6.10	Laing O'Rourke and Landsec are both working with BE-ST to deliver panellised elements of concrete and timber for large-scale projects. Discussions are ongoing with fire engineers, and hybrid solutions have been noted as most likely to satisfy current regulations for fire safety engineering.	
6.11	BE-ST Fest held an afternoon session on MMC which was very well attended.	
7	MOD X	
7.1	Dermot introduced Professor Ryan Smith of MOD X, who provided an international perspective of MMC.	
7.2	Ryan has had links to Scotland since the genesis of BE-ST (as CSIC) in 2013. An architect by training, he is now Director of a school for architecture in the US.	
7.3	Ryan works with academia, industry and government to progress sustainability and to 'solve' housing.	
7.4	MOD X is using Scotland as an example, looking at housing access, affordability etc and attempting to bring best practices from around the world to the US.	
7.5	The MOD X delegation includes representatives from US Federal Government, Department of Energy, and International Council of Codes (ICC), who write US Building codes – they have written a number of MMC codes which are currently being tested.	
7.6	Ryan gave a background to housing development initiatives in the US since the 1960s - 95% of the housing market in US is made from lightweight timber frame.	
7.7	The big barrier to utilisation is not technology, but contextual forces – Ryan notes a number of major barriers <ol style="list-style-type: none"> 1. Regulatory and policy – every municipality in US is own king of own policy, can adopt or amend national regulations - presents serious problems. 2. Policy – finance and insurance. 3. Procurement – existing contracts are based on traditional construction methods. 4. Workforce and Labour – ageing – reskilling for offsite 5. Challenges with business models. IT/ Silicon valley investing to disrupt construction sector, but no-one has delivered on the promise yet. 	
7.8	In overview, MOD X is seen as voice of Federal housing agency, and is looking for international partners – they see BE-ST as their Scottish partner.	

7.9	Dermot noted that SG have a base in Washington DC if they need any support for their planned event in 2024Q1.	
7.10	Sam noted that MOD X are in BE-ST currently, and BE-ST will create a report of the visit which can be shared.	
7.11	The Minister thanked Ryan for the talk and emphasised that CLF are keen to engage with international stakeholders to learn and cooperate where we can.	
7.12	The Minister departed the meeting for other commitments at this point.	
8	Health and Safety Executive Update	
8.1	Archie Mitchell gave an update on behalf of Sarah Shore.	
8.2	Following the Work & Pensions Select Committee recommendations earlier in the year, the UK government has agreed to take forward 13 of the 16 recommendations surrounding the Regulation of Asbestos.	
8.3	Asbestos inspections are being undertaken in 400 schools across the country by HSE inspectors.	
8.4	Work is ongoing to identify the evidence base for any changes to legislation. Much of the legislation came from EU regulations, and the government is looking at this as part of their wider review - clarity is expected in coming months.	
8.5	None of the recommendations are short-term - there is a lot of asbestos in buildings and this is a very long-term programme of extensive work.	
8.6	Net Zero aims will be achieved through the retrofitting of buildings, and this will require asbestos removal. Consideration of opportunities for a systematic method of removing asbestos during retrofit activities is underway.	
8.7	The HSE's delayed campaign on raising awareness of the risks of moving & handling in construction ran for eight weeks from September to November 2022 – it is now being evaluated.	
8.8	Mental Health in Construction is a priority topic for HSE. The campaign has been ongoing for a year, and Archie highlighted that they are seeking Campaign Champions in Scotland.	
8.9	The HSE have re-published internal operational guidance on welfare with a view to updating previous publications. The CLC have picked this up and will publicise it.	

9	Discussion	
9.1	Archie was asked to share what is expected of a working minds Campaign Champion.	A29.218
9.2	Officials to share description with members	
9.3	Andrew highlighted his concerns about how much asbestos there is in buildings and how many people don't realise. He noted the report issued to the UK Parliament, and emphasised the onus on all to think about what to do with buildings – along with need to raise awareness.	
9.4	Alan noted that businesses doing retrofit work are often micro in size and H&S can be an afterthought - asbestos may not be adequately highlighted. Alan offered to work through CICV to help highlight this issue.	
9.5	Archie emphasised that people who work on buildings are at the highest risk, and that HSE wish to consider how to highlight that to the workforce.	
10	AOB	
10.1	Peter highlighted work ongoing to agree the co-chairing of the sub-groups under the Accord, with the majority now in place. The next step will be asking for volunteers to be members of groups and looking for formal participation.	
11	Close	
11.1	Dermot thanked all members for attending and recognised the MMC agenda generated good discussions from CLF members.	
11.2	The meeting was closed at 17:00. The next meeting is on Tuesday 21 February 2023.	