

Minutes of the ninth Meeting of the Construction Sector Group

3rd September 2020



Conference Call

Present

Ronnie Downes (Chair, DPER), Sarah Ingle (ACEI), Conor McCarthy (ACEI), David Howard (BMF/IBEC), Tom Parlon (CIF), Pat Lucey (CIF), Caroline Spillane (Engineers Ireland), Patricia King (ICTU), Orla Purcell (IPI), Conor Norton (IPI), Kathryn Meghen (RIAI), Patrick King (SCSI), Micheál Mahon (SCSI), Shirley Coulter (SCSI), Alan Power (DBEI), Hubert Loftus (DES), Keith Moynes (DES), Valerie Kirwan (DES), Phil O'Flaherty (DES), Jim Curran (HSE), Maria Graham (DHPLG), Sarah Neary (DHPLG), Ray O'Leary (DTTS), John Shaw (DoT), George Burke (DoT), David O'Brien (OGP), Graham Rigney (DPER), Ciara Morgan (DPER), Margaret O'Donnell (DPER), Fionn Jenkinson (DPER), Struan Charters (DPER), Christina Mohan (DPER), Owen Joyce (DFINANCE), Declan McGee (Enterprise Ireland).

1. Minutes of meeting held on 19th June 2020

The minutes of the last meeting were agreed and all related actions have been followed up on.

2. Procurement Update – Covid-19 impacts and Review of CWMF (OGP)

The OGP provided a broad update on the response to the impact of the public health measures implemented from 19th March – 23rd July. An update on the review of the Capital Works Management Framework (CWMF) was also provided, and the OGP explained that works have continued to progress, albeit at a slower pace due to the impact of Covid-19. The work streams underway and timeframe for the three key areas that have been progressed were detailed, including engagement of construction technical professionals, Construction Inflation Review and Building Information Modelling. The key areas to be progressed and related work streams were also identified, including liability, indemnity and insurance, and reflecting quality in the award of contracts. Meaningful stakeholder engagement was highlighted as an area for consideration in light of the challenges presented as a result of Covid-19 restriction. As such, the OGP welcomes any suggestions in terms of the manner in which to conduct the review moving forward.

3. Industry Update (Industry Bodies)

Industry members identified positive developments since the last meeting, the actions underway and the challenges in respect of their respective organisations.

IPI – The IPI welcomed the PfG on the basis that it has re-affirmed Project Ireland 2040 and provides a clear basis for plan led investment to support population and economic growth, retains regeneration funds and supports 'Placemaking'. However, the IPI is cognisant of the fact that we need to ensure synergies, particularly around the new mobility initiatives. In terms of actions, it was noted that the Statutory Development Plan Process and the adoption of digital interactive tools is well underway, as well as the continued roll out of CPD programmes to planners. Various challenges, including: the pressing need for the roll out of enhanced digital planning services; the need for development plan guidelines and flexibility around population projections; challenges of structural changes to Planning

System; resourcing of Planning Authorities; the critical element of delivery at local level; and spatial alignment of NDP and NPF were detailed.

ACEI – In terms of positive development in the sector, ACEI noted that some large public projects are continuing through the design tender process. It was also noted that client's expectations continue to be met by remote working, use of technology and public health guidelines being actioned. Reference was also made to return to work safely protocols, drafting of policy documents, offices being made 'Covidresponsive' and long term planning for remote working. In terms of the challenges, ACEI reflected on the importance of having shovel ready projects prioritised and provided to the sector, having a robust strategy ready to clearly identify funding deficits, the changes in the new wage subsidy scheme and associated implications, and the availability and renewal of Professional Indemnity Insurance.

BMF/IBEC – It was noted that there is no significant update since the last meeting and that the capacity to increase domestic supply remains. Concerns were shared about the uncertainty of Brexit and associated effects on supply chains, as well as the matter of Sawmills and shortage of timber. In terms of actions been undertaken, BMF/IBEC continue to brief and provide support to members, particularly on issues of customs requirements.

RIAI – RIAI identified the positive developments in the sector, including: speedy member engagement with upskilling CPD, increased investment in BIM and digitalisation; smooth move to blended learning by Schools of Architecture and Architectural Technology; opportunity to expand global reach, connections and learning; the July Stimulus package and temporary reduction in VAT; and engagement with the OGP on new Architect Led Framework for Housing. Actions currently being undertaken by the RIAI include: additional CPD on business resilience; housing and sustainability; engagement on future needs; working with UK and EU Colleagues on Brexit with regards to recognition of qualifications; working with EU Colleagues on PI models and systems; and updating of RIAI Construction Contracts to reflect best practice and legislative changes. Similar to others, Public Indemnity Insurance and Brexit were highlighted as challenging areas.

CIF – On the issue of housing, CIF welcomed the various steps taken to ensure affordability. Reference was made to the Affordability Report and the recommendations to improve supply, including: unblocking the planning system; infrastructure for zoned land; small builder finance; planning and density guidelines; reduce soft costs; and taxation measures. Other issues identified included: health and safety measures and associated challenges; Irish Water funding; the fall-off in new housing starts; and the issue of timber and costs of importing. Concerns were also shared about matters such as: Industrial Relations; Covid; future pipeline in the private sector; the issue of Professional Indemnity Insurance; the effect of cross-border mobility on supply chains; and commitment needed on OGP medium term strategy. On the issue of the Careers campaign, CIF confirmed that they have met with DES and have engaged the services of a PR company.

Engineers Ireland – EI noted that many of their members continue to work remotely and are exploring new ways of working. The July Stimulus and the increase in capital spending was welcomed but the need for clarity with regards to the NDP was highlighted. In terms of actions being undertaken, there has been a continued expansion of online upskilling/CPD and steps have been taken to recognise engineering excellence and sustainability. EI also supported the views already shared on Public Indemnity Insurance and explained that they are currently considering ways of working in response to Brexit. Reference was made to the emerging themes of 'The State of Ireland 2020: Engineering a sustainable recovery' report and it was noted that a separate process for engaging with government will be implemented in parallel with the engagements with engineers and economists.

SCSI – SCSI provided an update on construction and property post-lockdown. In particular, it was noted that there is evidence of reduced tender inflation, more stringent financial monitoring and oversight

from funders. In terms of the rental sector, SCSi explained that it is seeing slowing demand from investors while industrial demand is currently quite strong. In relation to the 'Real Cost of New Housing Delivery – 2020 Report' SCSi identified that there is still a viability gap in housing. The 'SCSi Special Covid-19 Residential Report' confirmed that the outlook still remains challenging. SCSi also reiterated what other industry members had said in relation to the difficulties associated with Professional Indemnity Insurance.

The Department of the Taoiseach noted the need for continued vigilance in relation to the implementation of health and safety guidance related to Covid-19. It was also noted that work was ongoing in preparation for Brexit. In summing up, the chair acknowledged the prevailing issue of Public Indemnity Insurance. Cognisant that the OGP have a lot of projects to move forward, it was suggested that the group would benefit from regular progress updates.

Action Points

- OGP to contact State Claims Agency to participate in a review of the professional indemnity issue.

4. Innovation Sub-Group (IPPO)

DPER gave an overview of the terms of reference for the Innovation Sub-Group group which were circulated to the wider CSG group. A spec for the role of chair for the group (a pro bono position) was also drawn up and industry members were asked to put forward candidates for the position of chair. Following proposal and consultation with industry, P.J. Rudden has been selected. DPER acknowledged that from a public sector point of view that it was heartening to see the calibre of candidates put forward.

Action Points

- Work of the Sub-Group to continue and report back to the CSG.

5. Project Ireland Update – July Stimulus, Build Report, Review (IPPO)

DPER provided an update on the developments since the group last met. Reference was made to the July Stimulus which provided an additional €500 million in public investment to help support the economic recovery in light of Covid-19. The Build report was published on 28th July and included an update on the impact of Covid, a new chapter on Regional Activity, as well as new pieces of data and the incorporation of feedback from group members.

Preparations for the review have been underway over the summer months and the proposed approach is due to go to Government shortly. It was noted that a key work stream will be stakeholder engagement. Other issues discussed in relation to the July Stimulus was the incentives put in place around apprenticeship recruitment. DES reminded industry that the consultation phase for new apprenticeship is up and running until 18th September. In closing, DPER reiterated that the Government have made a clear commitment to continued capital investment.

Action Points

- DPER to provide update on review once plans are finalised and brought to Government.

6. AOB

It was queried as to whether there is an update on the CIRI legislation and DHLGH confirmed that they are currently working with the AG's on drafting the Bill.

The next meeting of the group is scheduled for 26th of November.