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The Royal Incorporation  
of Architects in Scotland  
Aonachadh Fìoghal nan Alltìre ann an Alba

Mr Kevin Stewart MSP  
Minister for Local Government, Housing and Planning  
The Scottish Government  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

By Email: [scottish.ministers@gov.scot](mailto:scottish.ministers@gov.scot)

20 April 2020

Dear Mr Stewart

### **Construction Sector in Scotland**

The Royal Institution of Chartered Surveyors (RICS), Royal Incorporation of Architects Scotland (RIAS) and the Chartered Institute of Building (CIOB) represent a combined membership of over 13000 skilled and trainee professionals in Scotland. We develop, maintain and export professional services and standards for the built environment, as well as accrediting and overseeing university courses in Scotland and across the globe.

Together, our members make a vital contribution to the global success of Scotland's built environment, and we are writing to offer our help in this time of national emergency and seek Government support for Scotland's construction and infrastructure sectors which are worth over £20bn to the Scottish economy.

Due to Covid-19, we find ourselves in exceptional circumstances, and we welcome the measures that the Scottish Government has introduced to ensure public safety; including the recently published Covid-19 related CPN issued to Local Authorities and other public procurement bodies.

Collectively, we have been collaborating with a number of construction-based organisations – either directly, or through working groups – such as Construction Scotland and Construction Industry Coronavirus (CICV) Forum - and we are encouraged by the enthusiasm and drive of these groups to find viable solutions to tackle construction sector.

These groups are working tirelessly to assist the Scottish Government address some of the key concerns of the sector now, and post-pandemic, and we would implore the Government to introduce the measures they recommend; starting with the gradual reopening of non-essential construction sites.

### **Opening of Construction Sites**

RICS, RIAS and CIOB, like the majority of construction stakeholders, believe the Scottish Government should look to implement a gradual re-opening of construction sites in Scotland within the parameters of health, safety and wellbeing as soon as possible. If standard safe working practices can be adopted, then the construction industry is well placed to police itself through CDM Regulations and additional HSE enforcement. Indeed, if the sector is responsible enough to manage the control of asbestos, then the same could apply to temporary safe working measures in respect of Covid-19.

One of the biggest impacts of closed construction sites is that we are finding contractors and supply chains are now engaging in a comprehensive furlough of staff to the point that a state of paralysis is setting into the construction industry. Many projects are in jeopardy, even at pre-construction phase, because the supply chain cannot submit quotes and prices. Any delay in project planning and procurement will cause projects to be cancelled, and it could prolong the recovery.

## **Elongated Recovery**

A primary concern of the Covid-19 impact is the long term damage and an elongated recovery period. A reduction of work will negatively affect cash flows, leading to extended furloughing, redundancy and company closures. This will intensify the “funneling” of workforce and supplies activity post-pandemic i.e. where remaining construction sector participants race to capture available work. Ultimately, this funneling will add further strain to the skills and supply shortage, and increase costs of construction supplies and labour as they are not immune to the realities of supply and demand. In addition to this, supply chains will take longer to obtain, manufacture or produce the materials needed for construction – further slowing industry reactivation.

This is also a time where preconstruction design and specification work leading to tenders can be prioritised, ensuring there is a flow of activity into the construction industry.

In short, unless due consideration is given now, a post-pandemic construction sector will see pushed up costs and flatlined productivity. This can be bypassed through a tapered lifting of the lockdown with regard to construction sites.

## **Public Sector Maintenance Programme**

It is imperative that as much activity across the built environment can take place to ensure continuity of activity now and post-pandemic.

The current lockdown situation means that many publicly owned buildings, such as schools, colleges, museums and libraries that are usually populated are vacant, and therefore provide an opportunity for appropriate building surveys and condition inspections to be undertaken.

Following these surveys and inspections, maintenance works could be instructed and undertaken (within health and safety parameters) that will assist cashflow for SMEs, supporting the supply chain and retaining skills.

Anecdotally, we believe that some local authorities are already undertaking this programme, but stronger instruction needs to come from the Scottish Government. Likewise, there are a number of construction operations that can be carried out with a reduced workforce, away from the public eye, and in isolation; thereby adhering to social distancing advice.

If work cannot start immediately, contractors could start preparing materials and supplies for post-lockdown. This would keep materials being manufactured and produced; supply chains open; and allow the sector to hit the ground running when sites can reopen – whether that is tapered or instantaneous.

We would also welcome the pre-design and development work being maintained to ensure that the design professionals are also able to support future public sector development programmes.

We urge the Scottish Government to lead an initiative to encourage large-scale public sector programme of maintenance, and would gladly assist in looking at how this can be achieved.

## **Role for the Scottish National Investment Bank**

There are sectoral concerns as to whether companies will get financial help quickly enough, post-pandemic, and whether banks will be expensive or will ask for personal securities.

We believe there is a role for the Scottish National Investment Bank to provide guarantees, acting as a longer-term post-pandemic CBILS, that will encourage investment in Scotland’s infrastructure programme.

## **VAT Rebate Funding**

We recognise that VAT is reserved matter; and appreciate your calls to reduce VAT if it was devolved.

The current constitutional settlement, however, does not inhibit the establishment of VAT rebate fund for home repair and maintenance, and energy efficiency improvement measures. This would be parity between new build and existing properties.

This fund could be accessed by an individual providing proof of a VAT payment for the aforementioned works through, for example, the receipt for these works undertaken by a VAT registered company. Following the recognition of the VAT payment, the client could receive a rebate on the VAT paid from the fund.

It is more likely that VAT registered companies will have apprentices, thus this fund will support job creation and maintenance, particularly for SMEs; tackle the skills shortage; as well as obstructing rogue traders and the informal economy.

We would welcome any positive action to this letter from the Scottish Government; will continue to monitor activity in Scotland's built environment; and inform you of market conditions to ensure the impact of these unprecedented times can be minimised.

If you wish to discuss any of these matters directly with our organisations, please email Hew Edgar at [hedgar@rics.org](mailto:hedgar@rics.org) who can organise a mutually convenient time for a virtual meeting.

Yours sincerely

John Edwards; Chair, RICS in Scotland  
Gareth Williams; Chair, CIOB Glasgow Hub  
Robin Webster OBE PRIAS; President, RIAS