

# Construction News

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## SITE REPORT

### History's span

Phiroz Dalal is overseeing work by TFL to repair London's Westminster Bridge. Page 20



## VIEWPOINT

### Level market

Subsidence specialist Rob Withers denies the insurance sector is in chaos. Page 13



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### Skinner cuts out

Brandon boss Charles Skinner leaves seven months after Wolseley takeover. Page 19



Treasury wants legislation by April to change status of composite company workers

# Tax crackdown to net £1billion

## Layoff rate takes off at Heathrow

BAA HAS accelerated its redundancy programme at Heathrow's T5.

Union officials were told this week that more than 400 workers will be let go between now and the end of January.

One site source said: "It seems BAA has decided to step things up on the redundancy front."

"For the past few weeks there have been problems with not enough materials on site and people with nothing to do."

Last week *Construction News* revealed how BAA was to in-



# e party

## Viewpoint

### Contractors are crucial to insurers



The insurance sector is not in chaos, argues Rob Withers

*CONSTRUCTION News* recently quoted Vic Handley from piling and groundworks contractor Van Elle on how he moved away from subsidence repair work to focus more on civil engineering.

The 2012 Olympics and urban regeneration schemes are contributing to a construction boom that is not only pushing up material costs and wages, but is resulting in a number of contractors pulling out of the insurance sector for subsidence claims to try to secure greater income streams elsewhere.

More money is being channelled into 2012 than has been spent in the entire history of subsidence, so we know we will never be able to compete with the construction industry when it comes to spend. And, yes, payment issues have created problems for contractors but why single out the insurance sector?

According to the National Specialist Contractors Council, 70 per cent of construction specialists say they are never paid on time. This figure is woefully high and unacceptable in any sector.

Managing costs and tackling capacity issues are two of the greatest challenges facing those involved with subsidence claims – it is widely recognised that suppliers will become more discerning as to who they want to work for, so it is in our interest to ensure all contractor issues are addressed, especially payments.

Contractors are a crucial part of the supply chain – they are on the front line when it comes to dealing with a policyholder, so ultimately are representative of the insurer. Many believe the insurers do not afford contractors the same level of customer service as they

**'More money is being channelled into 2012 than has been spent in the entire history of subsidence'**

do policyholders and would like to see insurer Service Level Agreements applied to those carrying out the subsidence repair.

In many instances there are SLAs in place for making payments. Most insurers outsource their claims handling to either engineers or loss adjusters and, depending on the arrangements, will utilise supply chain arrangements that in some instances allow a payment to the contractor as soon as work commences.

The engineer or loss adjuster will generally be expected to process the payment within five days of receipt and likewise the insurer will make the payment on delegated authority cases within the next five days. The overall payment process is therefore generally well within the normal 28-day payment terms.

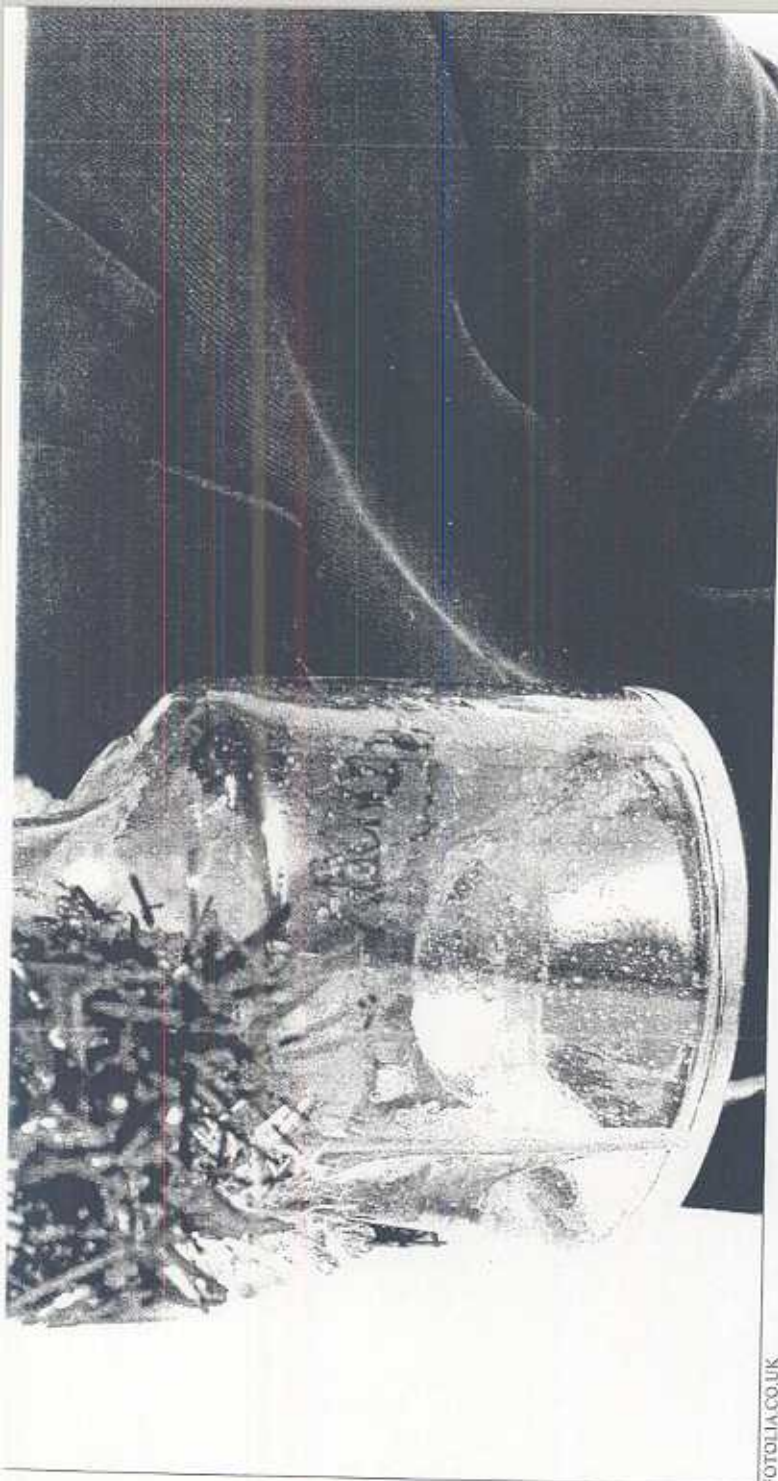
The insurance industry is not in chaos.



PHOTO: JACQUES

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phones (34 per cent), the most frequent item to go missing. Next on the list was a purse, wallet or jewellery (23 per cent), but perhaps of more eyebrow-raising concern, 13 per cent confessed to losing their underwear.

The morning after the night before is tricky for all involved. But staff who turn up for work visibly looking worse for wear won't be able to use the party as an excuse.

Ms Matheson said: "Your employees have an obligation to ensure that they are not under the influence of alcohol when at work and a personal responsibility to ensure that they are fit to attend work and carry out their duties."

"You should inform your employees that, while you want them to enjoy Christmas parties and nights out, that normal terms and conditions of employment apply and, if anyone does attend for work under the influence of alcohol, that they will be subject to the normal disciplinary procedures, which could result in action up to and including summary dismissal."

So the message for the Christmas party is: make sure that everyone can enjoy themselves by providing both alcoholic and non-alcoholic drinks; make sure the entertainment is not strictly aimed at one age group and remind staff that booze-fuelled harassment or brawling must stay off the menu.

And also check out those local taxi firms to help eve-

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Yes there are issues that need addressing but not of the magnitude Mr Handley suggests. Many contractors believe the procurement process and supply chain professionals employed to secure the best deal have turned a fairly simple service into a labyrinth of processes and payments – or non-payment according to some. This is not the case. Processes are in place to make claims handling easier, both for the suppliers and claimants.

There is still room for improvement. In particular the areas that need to be addressed are one-off cases and those where there is a dispute on the requested amount of payment. The continuing dialogue that is now occurring through the Subsidence Forum with various contractor organisations will only improve this.

The Subsidence Forum works hard to change perceptions both inside and outside the insurance industry and this is why all of those involved in a subsidence claim are represented. There is a willingness to work together and tackle the challenges, whether it's a supplier relationship, technical, claims or customer communication issue.

*Rob Withers is managing director of the Withers Group and vice chairman of the Subsidence Forum*