APPENDIX 2.1
(referred to in paragraph 2.1)

Statistics on the United Kingdom access industry

1. There are no definitive statistics available on the United Kingdom access industry, whether from Government departments or from trade associations. A variety of official statistics are available, but collected for different purposes and subject to considerable margins of error. There is also no generally recognised definition of what constitutes the access industry.

Customs and Excise VAT summaries

2. These categorise firms according to their main business, and have a specific code—5012—for scaffolding specialists. Some 1,275 firms were classified as scaffolding specialists in 1984 (1,373 in 1985); and their turnover, based on gross VAT payable, was about £430 million. The number of firms may be somewhat overstated, since firms may remain on the register for up to two years after they have ceased to trade, and some which have registered may not have started to trade. The turnover figures for scaffolding specialists, as derived from VAT returns, may also include a significant element of non-scaffolding turnover, such as formwork. As against this the turnover of scaffolding specialists excludes various access activities—for example, the 'in house' scaffolding activities of construction companies (whose VAT code is based on the company's main activity); provision of powered access equipment (also the subject of a separate VAT code to include other types of mechanical plant); and the sale or hire of access equipment other than through scaffolding outlets.

Department of the Environment *Housing and Construction Statistics*

3. These provide figures on the number of companies, employment and value of work done by scaffolding specialists in the third quarter of each year. In 1984, 920 firms were classified as scaffolding specialists. For construction generally, there is only an 85 per cent response rate to this survey; hence the statistics are liable to be understated. The statistics may also exclude some firms whose main activity is hiring out scaffolding; and (as with the VAT statistics) the other access activities of firms not classified as scaffolding specialists are also liable to be excluded.

The 'black economy'

4. No reliable information is available on the scale of the 'black economy' in scaffolding, and figures for it are consequently excluded from our calculations. The higher estimates put to us are based primarily on the extent of the black economy in construction generally; but it has been argued that the relative scale of black economy activities may be somewhat more restricted in scaffolding.

The Commission's estimates

5. The Commission's estimates of the size of the main access industry markets have regard to the information that can be derived from official

statistics, in particular the Housing and Construction Statistics. They are, however, based primarily on information submitted by SGB, BET and other main companies engaged in the scaffolding industry and in other activities that we have classified as also part of the overall 'access industry'.

6. Our estimate of the size of the overall access industry, of £565 million in 1984, consists of the following main elements:

United Kingdom access industry 1984

	£m
1. Turnover of 6 major scaffolding companies (SGB, BET, GKN, Palmers, Deborah, Cape)	216
2. Turnover of medium-sized access companies (49 companies, each with turnover of over £500,000)	78
3. Turnover of smaller scaffolding companies	115
4. In-house provision of scaffolding services	80
5. Hire and sale of other access equipment	76
Total	565

7. In arriving at these estimates, 'access equipment' has been defined to include scaffolding, ladders, towers, powered access equipment and cradles, but excluding non-access activities such as formwork. Sale of ladders to retail outlets as well as to trade users has been included in our definition of the overall access market since some domestic ladders may be used for purposes of trade and some production facilities are common to both types of ladder. The estimate of the turnover of smaller scaffolding companies has been based primarily on Department of Employment statistics of the number of smaller scaffolding specialists. We have adjusted these statistics for the possible understatement of the turnover of the smaller companies; but have also made some allowance for the possibility of double-counting, where equipment is hired by the larger firms to the smaller scaffolding companies for use on their own contracts, by excluding the estimated hire of equipment to other scaffolding companies by depots operated by the larger companies.

APPENDIX 2.2
(referred to in paragraph 2.7)

Traditional and management contracts and pre-contract work undertaken by scaffolding contractors

A. Traditional and management contracts

(i) Traditional contracts

1. Historically, a client requiring a new or refurbished building instructed an architect to prepare plans in conjunction with consulting engineers and quantity surveyors. The project was then put out to tender and thereafter the architect performed a management and supervisory function on behalf of the client.

(ii) Management contracts

2. Since the mid-1970s there has been an increase in management contracts. Here, a management contractor is appointed at the outset of a project and assumes responsibility for the role of architect, designer, consulting engineer and quantity surveyor, providing the client with a project management team comprising all these skills.

3. The management contractor is responsible for the preparation of the tender documents including those for the main construction contract. As many management contractors are associated companies of main contractors, it is not unusual for the appointment of a management contractor to be on terms that it will not seek a tender for the main construction contract from an associated company. If the main construction contract is awarded to a company associated with the management contractor it will be on the basis of the most competitive tender submitted.

B. Pre-contract work undertaken by major scaffolding contractors

(i) Pre-tender consultations

4. If a project is particularly complex, the views of one or more of the principal scaffolding contractors may be sought by an architect or a management contractor before tender documents are prepared. At this stage the scaffolding contractor might be asked to evaluate the support or shoring problems which may arise on the project and to suggest practical solutions.

5. If such consultation does not take place, the scaffolding contractor only becomes involved when the contract has been put out to tender to the main contractors. The work undertaken by the scaffolding contractor thereafter is the same whether it is a traditional or a management contract.

(ii) Quotations

6. The scaffolding contractor obtains full details of the project from the tender document and its accompanying drawings, and by site inspections. A preliminary assessment is made of the problems likely to be encountered and the scaffolding contractor's estimating, design, surveying and safety departments will be involved in assessing the likely labour, material, transport, management and supervisory requirements.

7. A list of previous contracts of similar standing and value is prepared to demonstrate the necessary experience and ability to carry out the work and a team of key personnel is nominated for the project. That team approaches all the prospective main contractors on the tender list to discuss the project. This is necessary because each prospective main contractor may adopt a different approach to the sequence in which the work involved in the contract is to be undertaken. Thus, it may be necessary to devise and design a number of scaffolding schemes in respect of one project.

8. Having completed all the preliminary work a full quotation is prepared for each main contractor who proposes to tender. Each quotation will:

(*a*) include firm proposals for the resolution of access, support and shoring problems;

(*b*) complement the prospective main contractor's approach to the timetable for the contract;

(*c*) contain an evaluation of loads and stresses in the proposed scaffolding structure;

(*d*) be accompanied by engineering drawings of the proposed scaffolding;

(*e*) contain a detailed assessment of material and labour requirements; and

(*f*) contain evidence that appropriate insurance cover is in place.

The quotation will be submitted to each prospective main contractor only after final approval by SGB's contracts director.

9. At this stage there will be no certainty as to which scaffolding contractor will obtain the scaffolding sub-contract even though substantial time and resources have already been committed to the project.

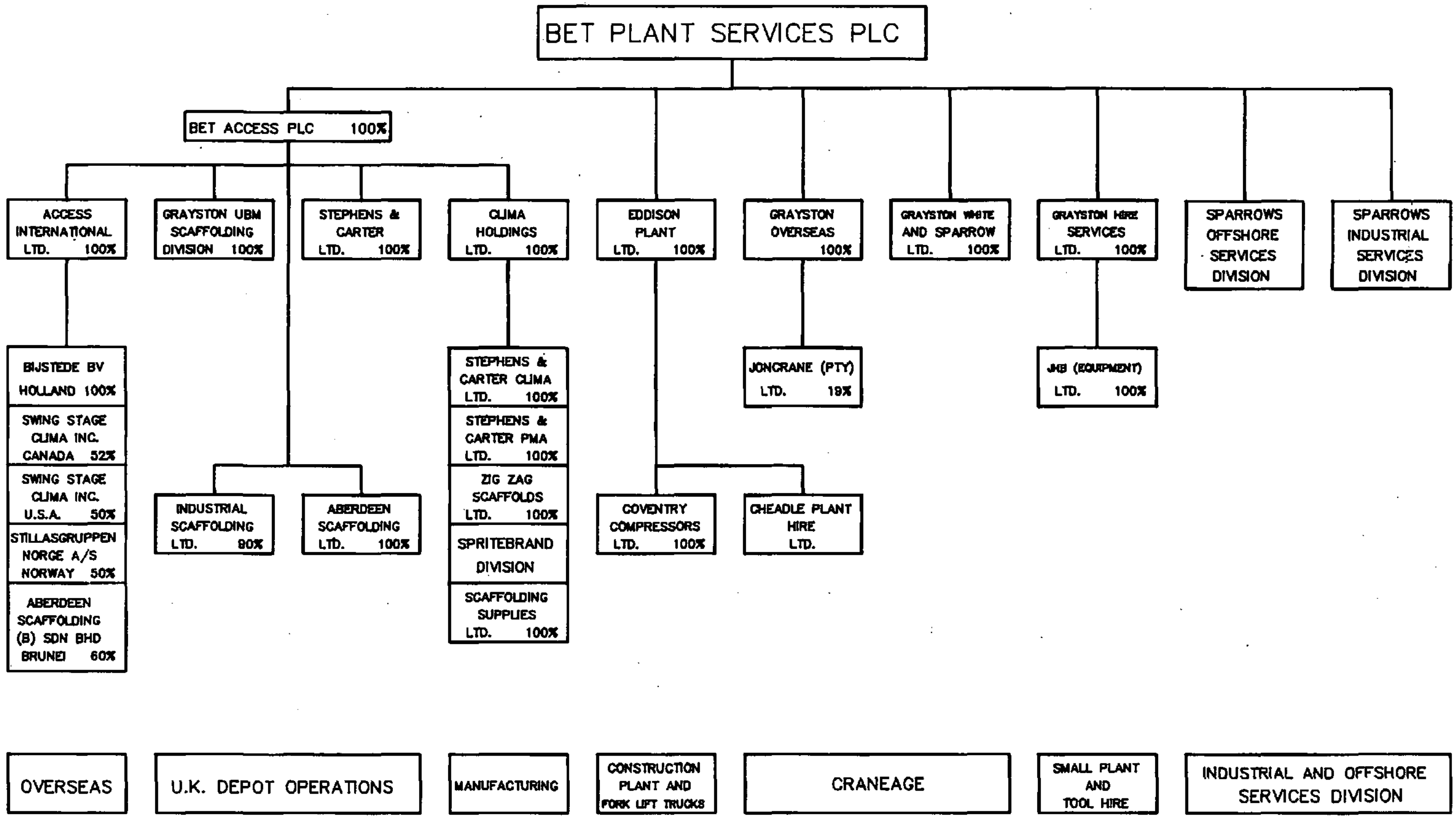
10. In a limited number of management contracts the scaffolding sub-contract is put out to tender by the management contractor independently or separately from the main construction contract. Although only one quotation is needed, it is still necessary to discuss the project with each of the prospective main contractors in order to take account of their requirements.

(iii) The award of the scaffolding sub-contract

11. Only after the main construction contract has been awarded will a scaffolding sub-contractor be appointed whether by the main contractor or by the management contractor. Prior to such an appointment, the scaffolding sub-contractor's management team will be interviewed and the quotation reviewed. This is to ensure that the scaffolding sub-contractor has adequate management, material, labour and financial resources and that it will have the flexibility to cope with any changes in the way in which the contract proceeds. The main contractor will also ascertain that the scaffolding sub-contractor is fully insured, and in certain cases require a performance bond. At this stage the price of the scaffolding sub-contract may be the subject of further negotiations. If the scaffolding sub-contractor is unsuccessful, the costs incurred must be written off.

Appendix 3.1
(referred to in paragraph 3.12)

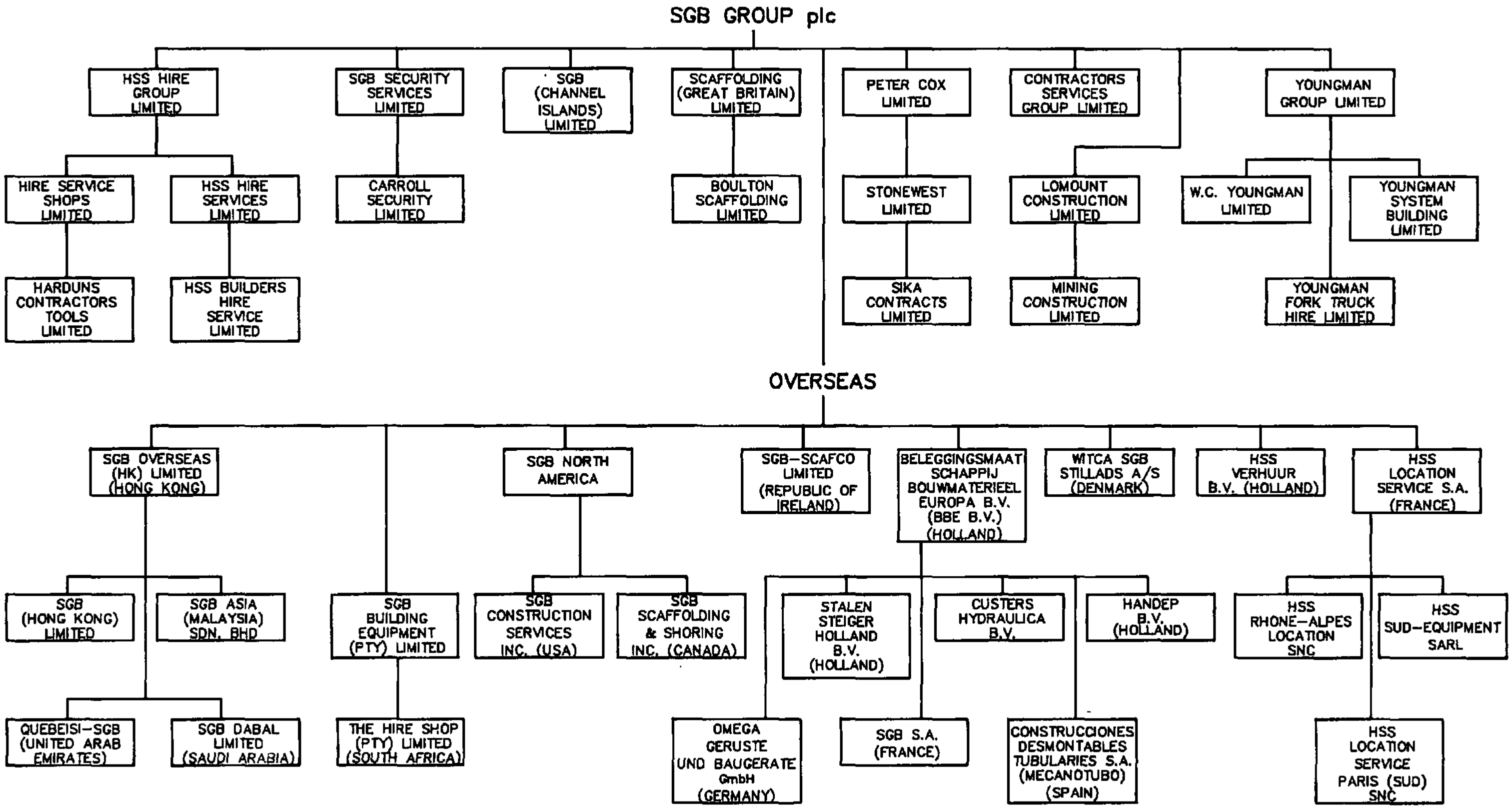
BET Plant Services PLC: corporate structure



Source: BET

APPENDIX 4.1
(referred to in paragraph 4.19)

SGB Group PLC: corporate structure



Source: SGB

APPENDIX 4.2

(referred to in paragraph 4.19)

Financial information relating to SGB Group PLC companies

£ million

	Year ended September		
	1983	*1984*	*1985*
UK scaffolding companies			
Turnover	52·5	60·3	70·7
Profit before tax	2·9	3·7	4·8
Youngman Group			
Turnover	14·1	17·4	19·5
Profit before tax	1·6	2·7	2·8

Source: SGB

Notes:
1. Due to the fact that SGB accounts do not distinguish management charges from finance changes, profits are shown after all charges.
2. For names of companies whose accounts are included in these tables see Appendix 4.1.

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