

THE FUTURE OF ASUC PLUS

David Gakhar is the new chairman of ASUC plus, having succeeded Roger Boddy in December 2006 for a two-year term. He tells *GE* how he sees his role developing and shaping the association during his tenure.



Until now, the main thrust of ASUC plus has been the insurance funded remedial works market. This is a sector sustained by loss adjusters, consultants and contractors.

The past five years have seen many vigorous changes with the insurance-funded process and understandably the primary driving force behind these changes is the underwriter's focus on generating savings. This has led to many casualties along the way.

The traditional process of insurers appointing a loss adjuster and the insured appointing a consultant (engineer or surveyor) to determine the cause, design a scheme and invite and manage contractors seems to be disappearing fast. This is being replaced by term contracts, partnerships and/or limited approved list schemes. This effectively reduces the professional's involvement in

the process and inevitably passes more of the design responsibility to the contractor.

So, how are contractors paid for this? The short answer is that they are not. Often the system involves giving the contractor more work to do for less return, with concerns exacerbated by derisory payment terms. This ever-increasing burden on a contractor's cash flow, with high interest rates, is making life intolerable for ASUC plus members. Added to this is that some of the managed schemes require contractors to repay a percentage of the contract sum as a rebate to the network, further diminishing returns and obviously not adding any value to the scheme or the insured.

There is a real problem in the process; insurers always want a service and will rely on contract terms for programme and the imposition of damages, but go strangely quiet

when they are chased for payments in line with contractual terms.

Much has been said in the press about the payment abuse suffered by contractors involved in the insurance-funded sector and frankly ASUC plus is sensitive with this label. It is sensitive because it still exists and will continue to do so until the payers in the industry recognise that this is a real issue and take steps to resolve it. Some members have approaching 30% of their turnover on their debtors list, a statistic not to be proud of, as this represents an average of 120 debtor days.

One member, which is heavily reliant on insurance-funded work, has been told by its bank that the level of debt compared with turnover is unacceptable and been advised to leave the insurance sector and look for work elsewhere.

ASUC plus is certain this is not what insurers want, after all they

have driven some standards over the years to a level where they get the best, safest and most cost-effective service. So why are they not listening when a real problem exists, the resolution of which is very much in their control?

A recent survey among members highlighted that collectively members are becoming less reliant on insurance-funded works and have marketed themselves outside of this arena. Although many members still operate within this sector, it is clear there are market changes. So much of the drive for ASUC plus over the next two years will be an increased focus on activities outside of the insurance-funded sector.

One of my initiatives will be to progress a strategy group with the principal aim of determining what members want and delivering a more focused package in line with their requirements. This will include retro-fit basements, restricted access piling, underpinning for load increases and other specialist foundation systems pioneered through innovation from within the membership.

With the market's leading guarantee, a culture of upskilling with training goals, visible self-policing on technical quality, health and safety processes and delivery and financial strength, ASUC plus has much to be proud of in its membership. It also has a real desire to deliver the best product in the market and has a lot to offer customers outside of the insurance sector.

As chairman my role will be to oversee these changes to provide members with a more tailored package, in line with current requirements so that all get more from their trade association.

But one of my main concerns is that ASUC plus members may be forced to desert the insurance funded sector if terms of payment are not improved. Much of this organisation's historical drive has been moulded around the requirements of this sector – and the association is delivering much of the model it has been asked to deliver. But it is getting rewarded with increased responsibility, increased debtor days and less financial return.

This situation needs managing or the insurance sector will have trouble employing the quality of the companies within ASUC plus, which will have a detrimental affect on the policyholder's product.

Aside from strategy, this chairman sees his term cementing existing initiatives and further driving standards higher giving the end users, whom ever they may be, the very best available and safest service in the industry.

David Gakhar is chairman of ASUC plus, a Fellow of the Royal Institution of Chartered Surveyors and managing director of Underpin and Makegood Contracting.