

# Defined

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Ascend Construction

Business Insurance Solutions

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## Construction Insurance Solutions



### The rise and rise of modular

The use of modular building is nothing new but it seems to be gathering momentum. Two major companies made announcements recently.

Redrow trials modular garages to cut costs - house builder Redrow is stepping up its use of offsite manufactured components to cut construction costs.

Redrow revealed it is now trialling the use of modular garages at two of its regional divisions.

The house builder is also installing service pods to homes at its Paddock Wood development at West Drayton near Heathrow Airport. According to Redrow the innovations not only reducing reliance upon site based skilled workers but also give more certainty over costs.

McAvoy targets offsite housing with 7-day build pledge - offsite construction specialist McAvoy Group is aiming to make a mark in housing with a new seven-day foundations-to-finish modular system for all tenures.

In collaboration with Queen's University Belfast, McAvoy has developed a steel-framed offsite housing solution for multi-storey apartments, detached, semi-detached and terraced family homes. It claims an

entire house can be assembled in a single day - with a total programme of foundations to occupation in just seven days. It is claimed that the McAvoy approach to housing will slash programme times in half compared to site-based construction.

**Does this have implications for your insurance? It could:**

Physical damage - be aware that Contractors All Risks typically covers contract materials on or about the site, and in transit to and from. It will also, usually, cover off site storage of materials designated for a contract up to a pre-agreed limit. It does not though cover contract materials in the course of manufacture or assembly offsite. Separate material damage cover is needed to pick up this exposure.

Business interruption - many contractors don't insure this risk, or have cover restricted to increased cost of working only; but where you are reliant on a single source of supply for materials there is a serious risk to your contract. Cover for gross revenue (or gross profit) will be needed.



### Congratulations to Colin Wood

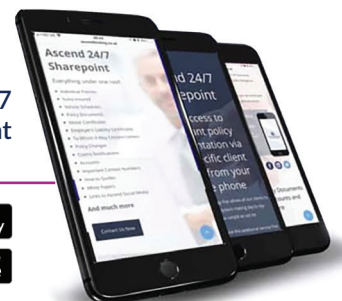
Those of you involved in Plant Hire are likely to know, or at least know of, Colin Wood. The former Chief Executive of the Construction Plant hire Association (CPA); a good bloke and always fun to have a drink with.

Colin has been recognised for his distinguished career in the construction plant industry at the 2018 European Rental Awards. The European Rental Association has awarded him their Lifetime Achievement Award at an awards ceremony hosted in Vienna, Austria, during the ERA's Annual Convention, organised by the ERA and International Rental News magazine. The prestigious accolade is awarded to an individual whose career achievements have had a profound impact on the industry.

Well deserved recognition.

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## Three items of interest for the construction community



### Phoenixing - Construction bosses who phoenix firms to face fines or bans

Construction is one of the UK industries that suffers the most from 'phoenixing' – folding a firm to avoid debts then starting up a near identical business with a new name.

Now directors who do this could face hefty fines or be banned from running a business. The government is to press ahead with new plans to tackle phoenixing of firms in an attempt to safeguard workers, pensions and small suppliers. Business Minister Kelly Tolhurst said that while the vast majority of UK companies were run responsibly, there were a minority of directors who deliberately dodge debts by dissolving companies.

When the new powers are passed, the Insolvency Service will be able to fine directors or even have them disqualified for cheating trade contractors and suppliers.

### HMRC can withdraw Company's CIS Status

The Supreme Court has confirmed the decision of the Court of Appeal that HM Revenue & Customs (HMRC) have the right to cancel a company's gross payment status, - the Construction Industry Scheme (CIS) -, without considering whether its removal would have a detrimental effect on the company. JP Whitter (Water Well Engineers) Limited - had had its CIS gross payment registration cancelled by HMRC, because the company had failed to pay the due taxes on the appropriate date. The legislation surrounding CIS provides that HMRC "may" cancel a person's or organisation's registration for gross payment "if it appears to them" that

various conditions have not been met. The company's appeal to HMRC claimed that the loss of the CIS status could lead to a significant reduction in company turnover and a significant loss of staff.

The First-tier Tribunal decided in favour of the company; but on appeal by HMRC, the Upper Tribunal and the Court of Appeal both decided in favour of HMRC, confirming that HMRC had no duty to take into account matters outside the CIS regime which could affect the company.

A warning for Contractors who may hold CIS status to ensure all requirements imposed by HMRC are met.

### Self-employed? - 'Self-employed' plumber deemed a Worker by Supreme Court

A plumber who had been engaged as a self-employed contractor by a London firm, Pimlico Plumbers (PP), was in fact deemed to have 'worker' status as decided by the Supreme Court.

In a unanimous decision, the court found that as a worker, Mr Gary Smith came under the 1996 Employment Rights Act (ERA), the 1998 Working Time Regulations and the 2010 Equality Act (although, perhaps strangely, he wasn't considered an 'employee' ERA engaged under a contract of service as defined by the ERA, so not entitled to bring an unfair dismissal claim against Pimlico).

Mr Smith signed an agreement in 2005, and an updated version in 2009, to provide plumbing work on behalf of PP. The agreement was in force until he was dismissed following a heart attack in May 2011 and, among other things required him:

- To work a minimum number of hours over a five-day week, and to keep himself available for work even if no work was available.
- To wear a uniform with a Pimlico logo.
- To rent a Pimlico branded van.

In addition, he was bound by certain non-compete clauses should he cease to work for PP or go to work for a competitor. The Supreme Court felt the relationship between PP and Mr Smith were unfair.

Although the circumstances surrounding this case are extreme, it does give a warning to Contractors who employ individuals on a 'self-employed' basis. If you follow this practice, then it might be prudent to review the contractual relationship between you and the individual to avoid being caught out.

<http://ascendbroking.co.uk/liability/construction-mistakes-the-use-of-subcontractors/>

