



Construction  
Leadership  
Council

# **Submission to the Scottish Government's Economy, Energy and Fair Work Committee**

Submitted on behalf of the CLC by Simon Rawlinson, Partner, Arcadis

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### Overview

The Construction Leadership Council (CLC) is an industry body jointly charged by the UK Government and by Industry leadership. The CLC represents all parts of the UK construction sector including consultants, constructors and the products sector. The role of the CLC is to influence the strategic direction of construction industry performance improvement initiatives. The CLC incorporates the Green Construction Board.

The objective of the CLC's participation in the enquiry by the Committee is to ensure that relevant developments associated with the Construction Sector deal and other industry reform initiatives are brought to the attention of committee members.

This submission sets out the key features of the Construction Sector Deal published in June 2018.

By working closely with the full range of industry bodies, government departments and other stakeholders, the CLC has helped to shape the construction reform agenda to deliver the 2012 Construction Strategy Performance targets.

### Lower costs

33%

reduction in the initial cost of construction and the whole life cost of built assets

### Faster delivery

50%

reduction in the overall time, from inception to completion, for newbuild and refurbished assets

### Lower emissions

50%

reduction in greenhouse gas emissions in the built environment

### Improvement in exports

50%

reduction in the trade gap between total exports and total imports for construction products and materials

Based on

lessons taken from other successful industry councils including Aerospace and Automotive, the CLC has chosen to focus on specific areas for strategic intervention where we believe that collective action will have the greatest impact on the future direction and performance of the UK construction sector. These are:

**Digital** – Technologies deployed during all stages of an asset lifecycle to deliver better, more certain outcomes, for example using BIM for design and construction

**Manufacture** - Improving productivity, quality and safety by increasing the use of manufacturing, which minimises the waste, inefficiency and delays that affect on-site construction

**Performance** - Optimising through-life performance through the development of smart assets, shifting the focus from construction cost to whole life cost.

These themes inform the specific workstreams that the CLC has developed since 2016 and which are embodied in the Construction Sector Deal, finalised in July 2018.

## **Construction Sector Deal**

The Construction Sector Deal sets out an ambitious partnership between government and industry aimed at improving the sector's productivity. The main mechanisms to achieve this outcome are investment in skills and technological innovation, underpinned by changes to practice in project procurement.

The sector deal has the potential to have an impact across the United Kingdom. Construction is a national industry employing over 3 million people. The adoption of many of the recommendations of the sector deal, particularly focused on investment manufacturing in the construction industry has the potential to benefit all UK regions through the re-distribution of construction activity away from the site to manufacturing hubs.

The ambitions of the sector deal are:

- Better-performing buildings that are built more quickly and at lower cost;
- Lower energy use and cheaper bills from homes and workplaces;
- Better jobs including an increase to 25,000 apprenticeships a year by 2020;
- Better value for taxpayers and investors from the £600bn infrastructure and construction pipeline;
- A globally-competitive sector that exports more, targeting the \$2.5tn global infrastructure market

The key components of the Construction Sector Deal, aligned to the structure of the Industrial Strategy are as follows:

### **Industry transformation and innovation in Buildings**

- £170m matched investment from the Industrial Strategy Challenge Fund (ISCF), channelled through the Transforming Construction Challenge. This includes the recently launched Construction Innovation Hub (CIH) supported by £72m of ISCF funding, which brings together the Manufacturing Technology Centre (MTC), Building Research Establishment (BRE) and Cambridge Centre for Digital Built Britain (CDBB). It is anticipated that the overall investment including matched contributions will total £400m over a three-year period, backed by collaborative initiatives including the Infrastructure Industry Innovation Platform (I3P).
- Use of central government spending programmes to support the adoption of new technologies. This includes the presumption for the adoption of Platform-based Design for Manufacture and Assembly (P-DfMA) by five spending departments in an initiative led by the Infrastructure and Projects Authority (IPA), the Transforming Infrastructure Performance programme (TIP).
- A programme of innovation and market development focused on innovation in offsite manufacture aimed at the housing sector – including the establishment of a network of centres of excellence.

### **Skills**

- Provide £34 million for retraining initiatives focused on the construction industry, originally set out in the 2017 budget.
- Reform of the CITB to focus better on the identification and commissioning of skills training to meet current and future needs
- Coordinate the development of apprenticeship standards and set aspirations to increase the number of apprenticeship recruits to 25,000 a year by 2020
- Develop a single industry platform for careers (Go Construct) and develop structured career paths including T Levels from September 2020.

### **Procurement**

- Use planned, large-scale public and private sector infrastructure investment to drive reform and innovation in the industry including the presumption for offsite construction on suitable capital programmes.
- Improve procurement practice to deliver improved lifetime performance of buildings
- Remove bureaucracy from the procurement process – for example by developing a standardised approach to pre-qualification
- Developing proposals to improve contractual and payment practices, taking into account work on retentions and changes to the Housing, Grants Construction and Regeneration Act 1996.



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