



## **Construction Industry Council (CIC) response to Department for Business and Trade (DBT) consultation on *Invest 2035: the UK's modern industrial strategy***

### **Introduction**

The Construction Industry Council (CIC) is an umbrella body for the Built Environment professions with 35 Members and 20 Associate members (see Annex A) collectively representing over 500,000 people and several thousand businesses.

### **Our Response**

Through the CIC Public Affairs Group, we have elected to provide an overarching response. Some of the professional bodies that make up the CIC's membership will be submitting their own, more detailed comments. CIC has also contributed to the Construction Leadership Council response.

We feel that Government's mission is inextricably tied to the broader construction and built environment sector whether this is through unlocking regional growth, meeting net zero, building infrastructure such as new prisons, data centres and hospitals, fostering healthier communities or using a vibrant construction economy to increase tax take (for example through national insurance). In particular our industry is being tasked with one of government's core aims - the construction of 1.5 million homes within 5 years.

Construction accounts for an estimated 7% of GDP and employs over 2 million people across all the UK. In our publication, *'Building A Safer, Healthier and More Sustainable Future for All'*, we outlined some of the opportunities the new Government could take to empower the country's economic growth, as well as enhance the nation's health and wellbeing by ensuring a better built environment for everyone. The document, published in July this year, illustrates the extraordinary scope and potential of the broader construction sector.

Recent projects such as the Stirling Prize-winning Elizabeth Line and the shortlisted Kings Cross Masterplan show that our built environment sector retains its world-leading expertise in the development of high-quality, high-value, sustainable infrastructure. The UK is globally recognised when it comes to construction, planning and property advice, and much of this

comes from our professional bodies and standards. The challenge for industry and government is to work together to spread these benefits across the UK.

There is a myriad of other cross-sector benefits that a long term, data-driven commitment to the construction industry can bring. These include saving the NHS around £1.4bn in first year treatment costs by improving poor quality homes, helping to reduce the £22bn a year expense to the taxpayer to maintain Government's £158bn property portfolio and creating 725,000 new jobs by 2030 in low carbon sectors, from retrofit to renewable energy generation. It is also estimated that households living in temporary accommodation cost councils £1.74 billion a year, something the sector can help fix in parallel with Government housing ambitions. Construction is also a huge contributor in terms of UK greenhouse gas emissions and can play a crucial role in reducing embodied carbon and leading the transition to a more circular, low-waste economy.

We must work together to make the best of our opportunities. This year the House of Lords Built Environment Committee criticised the previous Government's lack of a coherent strategy and measurable objectives for the use of Modern Methods of Construction (MMC) and offsite construction. Shortly after this the Public Accounts Committee recently warned in a damning report that the UK lacks the skills and capacity to deliver major infrastructure. A long-term Government strategy can provide clear objectives to drive delivery of our housing, climate change, energy and infrastructure needs.

- **We support the idea of a long-term sectoral strategy for construction** with meaningful input from built environment professionals. This strategy must essentially be a living document, offering the stability needed to encourage investment in core areas yet capable of being moulded and improved to reflect future events and innovations.

Previous Governments have invested political capital in areas such as the Green Deal for Home Improvement, but these initiatives have often failed, not because they were too interventionist, but because Government didn't then fully address concerns from industry over how they were structured.

There is a huge opportunity to focus the machinery of both local and central government to become more conducive to oversight and improvement of the broader construction industry. There has been some progress here, not least through the Construction Leadership Council, however mission-driven ambitions need to be accompanied by a joined-up level of scrutiny, oversight and direction. This will of course require serious cross-Government engagement, much improved use of data and refined collaboration on areas



such as training and immigration needs especially given the new role of Skills England in supporting workforce development. Given the size and breadth of the construction sector and its role as an enabler, the costs to Government here will be dwarfed by the benefits.

Together we must challenge any assumptions that construction – an industry more tiered and complex than many - will ‘just sort itself out’, and ensure that responsibilities for construction products, businesses, housing, skills and planning are interlinked under a broader construction umbrella in a way that allows for departmental collaboration to take place. Deferring leadership can be costly on both a social and an economic level as government and industry will simply be forced to intervene out of necessity at a later date. We saw this in the case of the Grenfell Tower fire in June 2017 where a litany of industry and government failings helped enable a culture where safety, competence and compliance with the law was no longer an absolute priority. We saw this in the liquidation of major construction firms such as Carillion which collapsed in 2018 owing £1.2 billion of debt to 30,000 subcontractors and earlier this year the collapse of ISG which held more than £1bn worth of government contracts.

### **A look at previous construction sector strategies**

It is important to interrogate previous strategies to improve construction and ask what became of them. *Construction 2025: industrial strategy for construction* was launched in 2013 by the coalition Government. It correctly identified some of the opportunities and problems facing the industry despite making little headway on the broader cultural change needed and later highlighted post-Grenfell by Dame Judith Hackitt. Initiatives linked to the strategy in areas such as BIM were successful in increasing uptake and improving technological capabilities. Unfortunately the strategy failed to bridge the digital divide within industry or offer a fix to problems within the industry relating to cost overruns, commercial friction and late payment. The May government’s *Construction Sector Deal* which came out of 2017’s *Industrial Strategy White Paper* highlighted the importance of improving productivity and focussing on innovation, skills and value. Although this was well received by some in industry its scope was emblematic of a light touch approach in addressing industry weaknesses and opportunities.

- CIC urges Government to consider the exceptional benefits a well thought out and comprehensive plan for construction and the built environment can bring and to this end **construction must be seen as a critical foundational sector to realise the ambitions of Invest 2035.**



## Improving sectoral outcomes through data

Agreed metrics for progress and productivity will be needed to move any industrial strategy forward. This is also important on a sectoral level as improved data collection and wider co-ordination can have a dramatic impact in improving quality and driving better practice across the built environment.

The next few years will be vital in terms of moving data reporting further away from a box ticking exercise and more in line with the spirit of the 'Golden Thread' requirements being brought in through the Building Safety Act to foster a longer-term, more collaborative approach. This could also reap benefits by embedding the cost and safety considerations of maintenance deeper in Government - and industry – thinking. Improved reporting and analysis of post-occupancy data across a range of metrics could raise standards in both new construction and retrofit as well as reducing energy costs for millions.

Construction has shown exceptional resilience in the face of challenges such as soaring inflation and the Covid-19 pandemic yet it remains highly volatile, dependent to a large extent on the SMEs that constitute 98% of the sector being able to traverse a short-term, low-margin and often high-risk environment. Sadly the construction industry continues to see the biggest number of administrations and liquidations by sector, with over 4000 firms collapsing in the 12 months to 31 August 2024. These conditions are not helpful to government's plans in area such as housing and retrofit, and they make it more difficult for industry to deliver and invest in skills and in innovations such as modular construction. Better data offers an opportunity to build on the work of the Competition and Markets Authority by investigating and encouraging the most productive forms of investment in terms of driving quality and sustainability across the built environment. It can help Government drive improved behaviour through its role as a client. It is an opportunity for Government to work with industry and better establish which levers to pull for long-term growth.

I hope that this response is helpful, and we stand ready to assist the government in whatever way is necessary.



## Annex A

### About the Construction Industry Council

The Construction Industry Council (CIC) is the representative forum for the professional bodies, research organisations and specialist business associations in the construction industry.

Established in 1988 with five founder members, CIC now occupies a key role within the UK construction industry providing a single voice for professionals in all sectors of the built environment through its collective membership of circa 500,000 individual professionals and 25,000 firms of construction consultants.

The breadth and depth of its membership means that CIC is the only single body able to speak with authority on the diverse issues connected with construction without being constrained by the self-interest of any particular sector of the industry.

Organisations and Professional Bodies in membership of CIC are shown below.

### Members of the Construction Industry Council

ABCA	Association of Building Control Approvers
ACE	Association for Consultancy and Engineering
APM	Association for Project Management
APS	Association for Project Safety
BCS	Chartered Institute for IT
BIID	British Institute of Interior Design
BRE	Building Research Establishment
BSRIA	Building Services Research and Information Association
CABE	Chartered Association of Building Engineers
CIAT	Chartered Institute of Architectural Technologists
CIBSE	Chartered Institution of Building Services Engineers
CIOB	Chartered Institute of Building
CIHT	Chartered Institution of Highways & Transportation
CIPHE	Chartered Institute of Plumbing and Heating Engineering
CIPS	Chartered Institute of Procurement & Supply
CIRIA	Construction Industry Research and Information Association
Diversitas	
GF	Ground Forum
ICES	Chartered Institution of Civil Engineering Surveyors
ICWCI	Institute of Clerks of Works and Construction Inspectorate



IET-BES	Institution of Engineering and Technology - Built Environment Sector
IFE	Institution of Fire Engineers
IIRSM	International Institute of Risk and Safety Management
ISSE	Institute of Specialist Surveyors and Engineers
IStructE	Institution of Structural Engineers
IWFM	Institute of Workplace and Facilities Management
LABC	Local Authorities Building Control
LI	Landscape Institute
NFDC	National Federation of Demolition Contractors
NHBC	National House-Building Council
RIBA	Royal Institute of British Architects
RICS	Royal Institution of Chartered Surveyors
RTPI	Royal Town Planning Institute
SAFed	The Safety Assessment Federation
TAS	The Survey Association

