

Transforming the construction industry

This summer saw the publication of the Government's Construction Strategy and Low Carbon Construction Action Plan. *What do these two initiatives entail and how will the construction industry respond?*



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The summer of 2011 has been one of strategy and action planning for the construction sector by the UK Government. First we had the Government's Construction Strategy published on 31 May (www.cabinetoffice.gov.uk/resource-library/government-construction-strategy), followed a month later by the Low Carbon Construction Action Plan (www.bis.gov.uk/constructionIGT) – the UK Government's response to the Low Carbon Construction Innovation and Growth Team report published in late November 2010.

What are the objectives behind these inter-related (getting value for money and cutting out carbon) pieces of work? What does it really mean in practice? And what was the construction industry's response? Before I try and answer these questions, it might be worth providing some context.

DIVERSE CHALLENGES & COMPLEXITIES

The construction sector is worth about £110bn per annum, comprising three main sub-sectors – commercial and social £49bn (£20bn public, £29bn private); residential £42bn (£14bn public, £28bn private) and infrastructure £18bn (£7bn public and £11bn private), with 40% of spend in the public and central government its largest customer. Construction output contributes some 7% of GDP, employing over two million workers and over 300,000 businesses of which only 0.3% are not SMEs.

So it's a significant part of our economy. However it is a highly fragmented industry with diverse challenges and complexities – compare a huge infrastructure project against a small-scale social-housing refurbishment. It is also an industry that is embracing the need to change. Rightly or wrongly it has been criticized for being inefficient and lacking in transparency, leading people to question whether it delivers value for money.

Another critical piece of context to acknowledge is that the transition of the UK to a low-carbon economy needs a construction sector fit for purpose that can provide affordable solutions.

Whether it is the provision of green infrastructure – like renewable energy – or the refurbishment of 26 million homes to make them energy efficient and affordable to live in – it cannot be done without construction skills.

EFFICIENT, EFFECTIVE & PROFITABLE

In many ways the context answers my first question: both the Construction Strategy and the Low-Carbon Construction Action Plan seek to help the industry transform to be more efficient, effective and profitable. Perhaps unfairly, carbon can be seen as the Action Plan's "trojan horse" to bring about this change, whilst the Strategy's aim of reducing public-sector procurement costs by up to 20% by the end of this parliament is clearly aimed at driving efficiency changes.

The over-arching objective of the Government Construction Strategy is a reform of public procurement with the aim of buying a better, more affordable product. The strategy has a number of objectives, under-pinned by an action plan. These objectives include, value for money, standards and cost benchmarking; use of building information modelling; competitiveness and reducing duplication; new procurement models; and implementation of existing and emerging Government policy in relation to sustainability and carbon. There is a strong element of common sense to the strategy that does make you wonder why various things were not in place before. For example, to provide procuring departments with visibility of the total pipeline to identify opportunities for collaboration and the need for market management. Improving co-ordination of, and consistency between, approaches to construction procurement across Government is another objective which will help the industry better understand the needs of the client.

If there has to be a word of caution from me, it would be the concern that we drive cost down at the expense of quality and sustainability performance and simply deliver cheaper poor products, rather than affordable sustainable products. I do also worry at the capacity for public-procurement officers to understand whole-life value and costing methodologies when their success may only be judged by meeting their budget. How long did it take for procurement officers to specify timber from sustainably managed forests? The need to train and upskill is clear.

DEEP AMBITIONS & WILLINGNESS TO SUCCEED

Moving on to the Low Carbon Construction Action Plan, it sought to respond to the 65 recommendations from the Final Report of the Low Carbon Construction Innovation

and Growth Team. The Action Plan is a joint Government and industry plan, and its development is testament to the support and credibility the IGT process was given by the industry. The action plan looks at nine key areas for which actions are proposed. The areas vary from affordability and funding, to incentivisation and international opportunities. Undoubtedly, such a plan can't be all things to all people and some areas may not be covered to everyone's satisfaction, but it is deeply ambitious. To oversee its delivery it will set up in September 2011 a Green Construction Board, which the Minister of State for Business & enterprise will participate on. This commitment of time suggests a real interest and willingness for the plan to succeed.

Launching these plans during a time of austerity it is clear that much of the actions will only be delivered if there is a willingness for true collaboration and pro-bono support within the industry. Despite coming at a time when the industry's resources are severely constrained and most companies focus is on winning work, the industry response has been very supportive. Partly because there is a recognition that it has to change and partly because of a genuine desire to demonstrate leadership and responsibility for its future.

UNIFIED BY THE ACTION PLAN

It is also important to recognise that the construction industry is not starting from scratch. Design teams and architects are working to design out waste and reduce energy consumption; the materials and product suppliers are on a similar journey to eliminate waste, reduce water use and energy in the sourcing and manufacturing of construction products; the housebuilders have been busy with the task of bringing to market affordable zero-carbon homes; and contractors have been dealing with reducing a number of environmental impacts in the construction process.

The biggest win would be to bring the existing work together, unified by the Action Plan so that everyone can understand who is doing what, by when and what is already out there to use. So now the tricky part: keeping the drive and commitment to make it all happen ■