

## CIC Policy Update



### March/April 2009

#### Budget response

With the construction industry in the midst of the sharpest, most severe downturn it has ever experienced in modern times, a mixture of long-term and short-term measures is needed to restore business confidence. To maintain a viable industry, continuity in the skills base is essential so a programme of immediate aid is vital.

CIC therefore welcomes the measures in the budget designed to kick-start recovery although the sums involved are paltry in relation to an industry which if you include the construction products sector is reckoned to have a turn-over of £100 billion a year. The “top-up” credit insurance scheme which is active from May 1; the £600 million fund to deliver 10,000 homes over the next two years; together with the £300 million capital funding to revive the stalled college building programme are the type of short term measures which if delivery is ensured will go some way to providing temporary relief pending the return of consumer confidence and normal credit conditions.

With saving energy recognised as the easiest way to cut carbon emissions the pledge of an additional £435 million to support energy efficiency is another direct measure which complements the longer term commitments to build a low carbon energy infrastructure identified in the first carbon budget. In the first of a series of carbon budgets, the aim of a 34% reduction in emissions by 2020 is a new level of ambition in UK climate policy.

With the commitment to maintain the capital expenditure programme until 2012, looking into the future a ground work has been laid for the creation of a low carbon economy with European Investment Bank funding pledged for renewable energy projects and £525 million pledged towards offshore wind projects.

In addition to the main budget it is also noted that the Operational Efficiency Programme launched at the same time as the budget recognises that construction should be included as an additional category of common spend, from which savings of £1,460 million could be made by 2011-12. Inefficiencies in public procurement systems in relation to construction are something which have been highlighted by CIC.

## **Chief Construction Officer Consultation**

The discussion paper issued by BERR on the role of Chief Construction Officer (CCO) drew a large response from CIC members. This was a discussion paper rather than a consultation, thus there is no guaranteed result of the exercise. BERR have said however that there was considerable interest in the topic, as can be gauged by the 40 responses BERR received to this paper.

Common points which were emphasised in the range of consultations received included agreement that there was a vital need for a point of engagement between a fragmented industry and the many different Government departments which interfaced with construction. Although the post have been declared as a civil service one, many members are of the opinion that while the post holder needs to be knowledgeable on public sector procurement policies, the need for an individual who is respected within the industry and who has considerable private sector experience is also of vital importance.

In the midst of the current global downturn, maintaining and expediting public spending is crucial pending a recovery in the private sector demand. The most pressing task of any new CCO would be to accelerate and co-ordinate this spending to best effect. The fact that additional consultation on this post may push the appointment of a CCO into 2010 is a cause of concern for CIC members.

## **Fair access to the professions**

In the latest submission to the inquiry by the Panel on Fair Access to the Professions chaired by Alan Milburn MP, CIC circulated the Call for Evidence paper to those within CIC in Construction Skills who have the most direct involvement with the issue.

The paper submitted summarised the position within construction in relation to access issues for those employed within the professional, managerial and technical areas of construction.

Specific areas which were highlighted were the development of sector Graduate Common Learning Outcomes by professional bodies, the development a sector wide Higher Education Strategy to engage Higher Education Institutes to meet short medium and long-term recruitment learning development and re-skilling needs, and the development of guidance to identify common accreditation processes and criteria for the recognition of academic programmes by sector institutions.

The CIC Coaching Scheme was also mentioned in the submission to the panel. This programme aims to raise general awareness of the wide variety of career opportunities in the built environment. Other initiatives such as the Construction Ambassadors programme and the National Construction Week (which has a focus on women and visible ethnic minorities) were also mentioned in the CIC submission.

## **Carbon consultations**

Following on the heels of the consultation on the definition of “zero carbon” there have been several other consultation papers in relation to carbon. One of these is a consultation on a “Heat and Energy Saving Strategy”. This document sets out the Government's vision up to 2020 and beyond. It seeks views on a range of policies which could help to decarbonise the way homes and businesses are heated, in an effort to reduce the UK's CO<sub>2</sub> emissions in line with the target of obtaining 20% of all EU energy from renewables by 2020. The deadline for responses to this document is 1 May 2009.

DECC has also launched a consultation on the “Community Energy Saving Programme”, the deadline for which has now passed. The broad policy proposals for the design of this programme include:

- placing an obligation on energy suppliers and electricity generators to meet a CO<sub>2</sub> reduction target by providing energy efficiency measures to domestic consumers;
- requiring that this obligation is met by providing these measures to households in areas with high levels of low incomes;
- to offer these measures as a package to homes, thus delivering a ‘whole house approach’ – so that homes can receive all the major energy efficiency measures they need, which could also include district heating schemes; and
- specifying that only certain measures are eligible to count towards the CO<sub>2</sub> targets, focusing on those measures which can make a substantial difference to a household emissions and fuel bills.

Although the results of the consultation on the term “zero carbon” are still unknown, DECC has also produced a consultation on the use of the term “carbon neutral”. The purpose of this consultation is to seek views on a draft definition for this term which can be used by individuals and organizations in relation to the products (goods and services) they provide. The deadline for responses to this will be 21 May 2009.

The fourth current consultation from DECC involves the development of the Carbon Reduction Commitment scheme which is a cap and trade scheme which aims to reduce carbon dioxide emissions from large non-energy intensive

organizations in the public and private sector. It is estimated that the scheme will involve some 5,000 organizations. The deadline for submission of comments in relation to this consultation is: 1 June 2009.

## **Building Control Alliance**

From 1 April 2009, CIC took over the secretariat of the Building Control Alliance (BCA).

The Alliance was formed in January 2007 by the Royal Institute of Chartered Surveyors (RICS), the Association of Building Engineers (ABE), the Association of Consultant Approved Inspectors (ACAI) and Local Authority Building Control to tackle industry wide building control issues in a more co-ordinated way. The Chartered Institute of Building (CIOB) joined the BCA in September 2007.

The aims of the Alliance are:

- To work together to promote a coherent, accurate and well founded view of the UK's building control systems to all stakeholders and to ensure that the systems work efficiently in contributing to the nation's needs.
- To respond where possible in a co-ordinated fashion to Government proposals and initiatives where they concern pan industry issues.
- To encourage efficiency and minimise duplication in consultation between Government and the existing representative bodies.
- To encourage best practice and be involved in setting standards.
- To achieve greater coordination in setting research agendas, to collaborate on research projects where there is mutual benefit and, to ensure better dissemination of research findings.

The first meeting of the BCA under the chairmanship of Paul Timmins will take place on 14 May 2009.

Building control issues are topical at the moment. CLG has published a consultation paper on the proposed changes to the local authority building control charging regime. Responses to consultation paper should be sent to CIC by 18 June 2009.

## **Recession watch**

While everyone within the construction industry is aware of the impact of the current downturn, it can be quite difficult to assess figures in relation to job losses, recruitment issues and underemployment especially in the professional sector of the construction industry.

To address this gap in information CIC is undertaking a number of initiatives which include: an audit of member activity to find out what member institutions are planning in response to the recession; a workshop on the subject which will take place on May 11 2009 at ICE and; research conducted in conjunction with Construction Skills to assess the extent of the problem.

A programme of visits to some CIC member organisations to gather information on members' responses to the recession will start shortly.

## **Carbon criticality**

In relation to the carbon criticality project. the report from Marion Bowman on the audit of CIC members' activity in relation to carbon has been finalized. Draft plans have also been received from the Building Operations task group, the Skills task group, the Decision Tools task group and the Design task group. These draft plans will shortly be circulated along with the agenda to a meeting to discuss the initiative.

The first steps in a co-ordinated drive towards sharing information can be seen in the production of these joint plans and in the call for evidence for an ICE State of the Nation report on Low Carbon Infrastructure. Work is under also under way to update the Carbon Critical World section of the CIC website so that it can act as a "carbon portal" connected to links on members' own websites.

CIRIA have produced a proposal to map carbon initiatives in the built environment. Further details of this proposal have been circulated to the members of the task groups before starting a general surveying exercise.

The next steps in the process are:

- The formal establishment of a steering group to co-ordinate the CIC Carbon Criticality initiative. The terms of reference of this group will be to "Discuss and provide overall co-ordination for the CIC Carbon Criticality initiative; provide input into co-ordinated responses to Government consultation on carbon; to provide advice on the role that the construction sector has to play in Government plans for a 'low carbon economy; to provide a point of reference to which task groups can report back to and; to provide input into lobbying activity in relation to Carbon Criticality. " The planned first meeting of the Group will be on May 22.
- Consideration of the draft plans submitted so far. These can be drawn together into a single plan which sets out the goals of the Carbon Criticality initiative. The overall aim will be to produce a flexible overall plan to which all members of CIC can contribute as they feel able.

## **Construction manifesto**

Discussion continues in relation to the form of a draft of a document which can promote the cause of the construction professions at the party conferences in autumn 2009 and might even serve as the basis for a joint election manifesto for the forthcoming general election.

While it is difficult to formulate a set of messages which deal with all aspects of the industry covered by CIC members, some of the main ideas which have been put forward include the following eight items:

- The construction industry is huge and important. It underlies practically all the social programmes of Government.
- The construction industry is in crisis at the moment. This is less visible than in some other sectors.
- New models of financing construction projects within the public sector have to be developed as there are problems with PFI at present.
- Construction policies have direct impact on employment which can be spread throughout the regions and nations. There is also a multiplier effect within the UK based construction products industry.
- If we want to retain skills within the industry and tackle youth unemployment we have to encourage the recruitment and retention of young people during the downturn.
- In the promoting the low carbon economy, the built environment which accounts for 50% of carbon emissions is the easiest place to start. Other side benefits include dealing with fuel poverty and improving the infrastructure.
- A commitment to delivering public sector spending on construction is vital to maintaining the viability of large numbers of designers, specifiers, consultants and building firms of all sizes and types.
- Construction firms make a huge contribution to UK exports. Many firms within the sector are involved in designing, delivering and promoting overseas work.

## **Party conference update**

As a general election is no more than a year away, a strong joint CIC presence at the autumn party political conferences in Brighton (for Labour), Bournemouth (Liberal Democrats) and Manchester (Conservative) will serve to promote the cause of the built environment . Towards this end plans are under discussion by a special task force of the Public Affairs panel for at least five CIC fringe events - three lunch time fringe meetings within the secure areas of the conference centres and two evening events at venues which are within a short walking distance of the main centres of events.