



Housing situation affecting growth says CBI

The CBI's report [Housing Britain – building new homes for growth](#), which is published as part of their manifesto, examines the current state of the housing market and the urgent need to ramp up supply across the country. The report finds that shortages have created above-inflation house price rises, which is taking a £4 billion bite out of consumers' pockets every year (£3.2 billion in housing-related costs, and £770 million in transport-related costs), money they could otherwise save or spend in the wider economy. The situation is also holding back many young people from getting on to the property ladder or renting a good home.

The report states that to satisfy current levels of demand, 240,000 new homes need to be built each year. In only four out of the last fourteen years, however, have over 200,000 homes have been delivered. By contrast in 2010, fewer houses were built than in any year since the Second World War. This gap in demand is pushing up prices, with, on average, a 56% increase in house prices nationally since 2004, and a 90% increase in London.

With housing affordability a major political, social and economic issue, the CBI is urging all political parties to commit to increasing supply. The measures it is calling for include the following.

- The development of ten new towns and garden cities by 2025.
- Doubling the number of new homes currently built, to 240,000 a year.
- Reforming Stamp Duty to end its distortive impact on the housing market.

Other potential areas for action by the next government include:

- giving local authorities more power to release low quality green belt land;
- spending more on capital support for new homes by redressing the balance with housing benefits; and
- introducing fiscal incentives to help older people looking to downsize, or families wanting to extend homes.

Outlining the challenge ahead

The RIBA report, [Building a Better Britain](#) produced in anticipation of the general election, summarizes the institution's view of the challenges for the next government. In common with many countries across the developed world the UK economy is sluggish, there's a shortage of new homes, with a population that is becoming older and less physically active, causing strain on the NHS. In addition, many schools are in drastic need of repair. Similarly, the effects of climate change and extremes of weather are having a major impact on our everyday lives underlining the need to reduce the national carbon emissions and save on peoples' energy bills. The report notes the need to retrofit homes, offices, hospitals and shops in the UK at a rate of one property every minute if we are to meet our 2020 climate change targets.

Posted Workers Directive

The recently agreed EU Directive - [Posting of Workers Enforcement Directive 2014/67/EU](#), aims to increase the protection of workers temporarily posted abroad. It also serves to enhance legal certainty after the European Commission found that the rules provided under Directive 96/71/EC on Posted Workers were not always correctly applied by Member states.

The new enforcement Directive 2014/67/EU ensures that workers are protected under the domestic law of the country they are working in. The Directive also tries to ensure that employers have clear information about their responsibilities, in particular the nature of the information which they need to hold on posted workers. This information will be used to ensure that, where needed, rights can be enforced effectively across borders.

The new enforcement Directive sets out a number of key provisions which the UK Government now needs to implement. The Department of Business, Innovation and Skills (BIS) therefore has been seeking feedback on the implications of the new directive. For instance, the control measures needed to implement Article 9 of Directive 2014/67/EU will mean the UK having to establish control measures to monitor the compliance of the original Posting of Workers Directive 96/71/EC. These measures could include a requirement for posting companies to declare their identity, the number of workers to be posted, the starting and ending dates of the posting including its duration, workplace address and nature of the services as well as ; keeping records of basic documents such as employment contracts, payslips and time sheets of posted workers.

Under Article 12 of the Directive covering Joint and several liability, those in the construction sector who post workers to other Member states or who make use of posted workers through sub-contracting work to EU contractors will be particularly

affected by the provision as in cases where work is contracted out, both the main contractor and the direct subcontractor would be held jointly and severally liable for any failure to pay the posted worker. These measures are mandatory for the building sector.

London Infrastructure Plan 2050

The Mayor has launched London's [first long-term infrastructure plan](#) which is now subject to consultation.

This document, which has been produced in conjunction with a range of supporting material, sets out details of the infrastructure which London will require. It is the first ever strategic attempt to set out the capital's infrastructure needs, to seek to estimate how much it might cost and to discuss how the projected infrastructure will be paid for. The aim is to bring fresh thinking into the city's infrastructure needs now, in order to manage these needs more cost effectively in the long term.

A [presentation](#) on the new infrastructure plan was given at a recent meeting of the CIC Economic and Policy Forum. Some [on-line questions](#) have been published. The deadline for responding to this consultation document is: 31 October 2014. Please send responses to: infrastructureplan@london.gov.uk.

The CIOB message at the Party Conferences

Two [CIOB publications](#), a Guide to the Built Environment and The Real Face of Construction are being promoted at the party political conferences. Among the messages being put forward are key challenges such as:

- a looming shortage of skilled workers, with 20% of the workforce set to retire in the next 5-10 years;
- regional imbalances with London accounting for 20% of all work; and
- the challenges of meeting international climate change commitments.

CIOB research sheds some interesting insights on the question of the size of construction. Traditionally the size of Construction is thought to represent 7.4% of all value added, a concept used to establish the total size of the economy. This avoids counting the inputs into the construction process from other sectors such as manufacturing, real estate, etc. When you take these inputs into account, the value of construction output (i.e. GDP) increases. As the size of the economy remains the same, the result is that construction is 15.3% of the economy.

DCLG – technical consultation on the Housing Standards Review

DCLG has issued a [technical consultation](#) in relation to the Housing Standards Review. This follows the announcement in March of measures which will reduce

100 housing standards to fewer than 10 and which will bring down the numbers of remaining pages of guidance from 1,000 to fewer than 100. The new consultation sets out the government's revised policy on housing standards and seeks views on draft technical standards in addition to other practical matters of implementation.

The intention behind these new standards is to underpin the delivery of high quality housing whilst ensuring that the overall cost of development is reduced. New measures include the introduction for the first time of Building Regulations for security standards to ensure that homes are better protected from crime. There are also optional Building Regulation requirements, which can be introduced where justified by need and viability for age friendly and wheelchair user housing standards to meet the needs of older and disabled people. Higher water efficiency measures are also being introduced to ensure that new development is sustainable.

The bulk of the material for consultation is a package of all the technical material. The Government is further seeking views on the nature of the planning statement which sets out the Government's policy in this regard. The statement will have immediate effect at the time of its publication and transitional arrangements are proposed to deal with the period before the optional requirements come into force.

There is one area where a new standard is being taken forward which will not be in the Building Regulations. This relates to Space Standards. The Government does not feel that there is a case for statutory regulation in this area. However, it does consider that there is a need for a national standard to replace the many different existing space standards used by local authorities. A draft of this standard is included in the consultation. There is a eight week period of consultation on the whole package, which will close on 7th November 2014.

Public Accounts Committee criticizes road maintenance

The Chair of the Public Accounts Committee, Margaret Hodge MP has said that public satisfaction with the condition of the roads is its lowest level since surveying of this topic began in 2008. In the [last survey](#) only 30% of the public were satisfied with the condition of the roads and the speed and quality of repairs.

The Committee found that the Department of Transport's piecemeal, "stop-go" approach to funding for road maintenance in recent decades has made it difficult for highways authorities to maintain roads cost-effectively. There has been too much reactive work in response to flooding and other events and not enough focus on preventative work that is less expensive in the long-term.

The Department's unpredictable and fluctuating budgets for road maintenance over decades have put value for money at risk. In 2010 the Department cut road maintenance budgets by £1.2 billion over the four years from April 2011, but then it

has intermittently given £1.1 billion additional funding on nine separate occasions for various reasons, including in response to flooding or winter damage to the roads.

Ms Hodge noted that Infrastructure UK has said that savings of 10-20% are associated with certainty of funding, and the Department says it is taking steps to make funding more certain in the future. Recommendations from the committee include the following.

- The Department should hold the new Highways Agency to account for delivering the improved value for money that should be achievable given the certainty that will be provided by the planned funding reforms. The Department should keep to the long-term budget allocations it has set out for local highway authorities to enable them and the supply chain to plan ahead confidently and efficiently.
- The most effective way in which the Department can influence practice is through its funding of road maintenance. The Department should use the way it allocates its funding to incentivise efficiency and collaboration and it should not fund poor performance. The Department should identify those local highway authorities that carry out maintenance less efficiently and target the Highways Maintenance Efficiency Programme at them.
- The Department should ensure that Government funding promotes the more even spread of expenditure over the year, with work carried out during the time when costs can be minimised. The Highways Agency should develop longer-term plans for preventative maintenance and streamline annual planning processes to spread work more evenly across the year.

Growth recommendations

In their [Property in Politics](#) initiative, the largest consultation undertaken by RICS, property professionals from across England shared their professional insight into the biggest challenges currently facing housing, planning and development, construction and infrastructure. They also formulated the actions which, in their professional opinion, a future government should take to remedy them. From this exercise, twelve recommendations emerged. There were grouped into four main categories.

- In relation to housing: to implement development delivery units and housing zones; issue property tax forward guidance in the first 100 days of Government and; deliver a professional private rented sector.
- With regard to planning and development, the RICS suggest: the creation of a new “amberfield” planning class; the embedding of local plan enforcement and; additional resourcing for planning.

- For construction generally, it was suggested that there needs to be a national procurement framework; the introduction of a construction skills investment charter and; the implementation of a construction finance hub.
- On infrastructure, recommendations were that: we need to have a national infrastructure delivery plan; there should be the promotion of “Olympic style” infrastructure delivery partners and; the creation of an infrastructure commission.

The biggest demand from RICS members is the need to focus on regional growth. Across the country, housing, planning and development, construction and infrastructure must be made relevant to the specific needs of local markets, meeting the needs of communities and unlocking local growth. All political parties need to focus on local growth in tandem with devolving further spending powers and responsibilities for infrastructure and housing delivery to regions. This does not mean the return of Regional Development Agencies (RDAs). Instead, RICS propose strengthening the current frameworks of cities, local enterprise partnerships (LEPs), combined authorities and, where they are desired and effective, city mayors. Transparent and accountable LEPs can play a key role in providing both the carrot and the stick to drive growth across the UK.

Focusing on transport

The CIHT publication, Making the journey - A Manifesto for Transport, sets out the institution’s vision on a range of transport issues as a vital element in supporting economic growth in respect to roads, rail, airport capacity and ports.

Six specific areas in which institution calls for change include:

- Production of a National Transport Strategy which will promote a co-ordinated approach to transport infrastructure. The devolved nations already have plans but there needs to be co-ordination at a UK level.
- Certainty of funding over the longer term to support and sustain economic development.
- Provision for a resilient network by ensuring there is adequate funding for maintenance.
- Promotion of wider benefits (e.g greater mobility and alleviating social exclusion in the context of an ageing population).
- Integrating transport and planning to meet the needs of development in the right place at the right time.
- Investment in skills to combat the current trends of fewer graduates entering an industry which already has an ageing workforce.