



### Northern Powerhouse

For the construction industry, key aspects of the recent Budget were the plans for transport improvements in the North of England. As part of building a “northern powerhouse”, a new body, Transport for the North (TfN), has been established to bring together northern transport authorities. It has been tasked with working with government to create the first ever comprehensive transport strategy for the region, covering roads, rail, freight, airports and smart ticketing.

Following on from Network Rail proposals on rail improvement options, a new [Northern Transport Strategy](#) has been published which sets out plans to:

- cut journey times between major northern cities with investment in high speed rail;
- develop new east-west road connections including a road tunnel under the Peak District; and
- introduce Oyster-style smart travel cards and simpler fares across the north.

In a move designed to redress national economic imbalances, this new transport system will bring together the cities of the north so that they can be stronger than the sum of their parts. This new report sets out how that can be delivered through a long-term investment plan in rail. It examines the important relationship between HS2 and regional rail services as well as roads, ports, and airports. Aspects covered include both passengers and freight.

Other measures set out as part of the budget include the following.

- The preparation of a dedicated hybrid Bill to lay during the next Parliament, with a view to bringing HS2 to Crewe sooner than planned, thereby speeding up delivery of HS2, Britain’s new north-south high speed railway.
- The immediate simplification of rail fares across the North, by streamlining the system of regulated fares and developing contactless travel cards that can be used across northern cities.
- Continuing major improvements to the North’s road network.
- Beginning work to better connect Manchester airport to other cities in order to boost international links together with a review for regional airports affected by the recent devolution of air passenger duty.

- Producing multi-modal freight and logistics strategy for the North, to help the private sector invest with confidence in ports and other freight centres.

Government is making available up to £6.4 million to support TfN's strategic work and rail option development and will in addition ensure Highways England is able to take forward its studies identified in the report. This will mean that in total up to £12.5 million will be available to take forward development work.

### **Compulsory purchase**

In conjunction with the Budget, the Government has launched a new [technical consultation](#) in relation to compulsory purchase practice and procedures.

One of the main issues to be considered is higher levels of compensation. The first question of the consultation raises the issue as to whether to allow public sector acquiring authorities to be "more flexible in the provision of compensation", enabling them to offer more reasonable initial offers, that are more likely to avoid the need for compulsory purchase.

The intention is to improve the process by: increasing information flow; harmonising the procedures; providing longer minimum periods of notice before entry; improving the minimum rate of interest for unpaid compensation; extending the powers to override easements and restrictive covenants; improving the system of advance payments for compensation and; reforming the process of High Court challenges.

This consultation is open until 9 June 2015.

### **Pilot finance scheme for SMEs**

Secretary of State, Vince Cable has announced that the [British Business Bank](#) (set up in January 2013) will pilot a new "Help to Grow" programme which will be targeted at Small and Medium-sized companies.

British Business Bank (BBB) research finds that there are approximately 16,000 firms with high growth and annual turnover in the range £1m to £25m per year which might be suitable for growth finance, and expects that around 500 of these firms annually could benefit from additional finance availability.

The British Business Bank's Small Business Finance Markets report, published in December 2014, shows that increased numbers of smaller businesses are expected to seek finance for growth in the coming years, as nearly half (46%) of small businesses plan to grow their turnover in the next 12 months, with 17% of these expecting to fully or part fund this expansion with commercial finance.

The main goal of the BBB is to change the structure of finance markets for smaller businesses, so these markets work more effectively and dynamically. The bank does not provide funding directly to smaller businesses. Rather it works in conjunction with private sector partners to enable businesses to access more finance, from a greater number of providers, through a wider range of products.

This £100m pilot “Help to Grow” scheme has been launched with a request for proposals based on two alternative approaches.

- Funds that would co-invest private money alongside public money, drawing on the BBB’s experience of running its successful Enterprise Capital Funds programme.
- Funds that would invest private money supported by a structured government guarantee to encourage increased lending.

The BBB Strategic Plan 2014, indicates that 10% of the organisation’s activity was directed at construction. The average size of loans through the bank’s programmes is £68,000 and the typical equity investment is £600,000.

## **Starter homes**

The [outcome](#) of the Government’s consultation on starter homes has been published. The original consultation launched in December 2014, proposed that there should be a new national exception site planning policy to enable starter homes to be built on under-used or unviable commercial or industrial sites not currently used for housing.

Furthermore, it was suggested that these homes ought to be sold at a minimum of a 20% discount below their open market value and that local planning authorities should not seek section 106 affordable housing and tariff-style contributions on this type of starter home development. These new homes should also be exempt from the Community Infrastructure Levy (CIL) to help developers deliver them at the discounted sale price.

Having considered the 250 responses which were submitted in response to the consultation, the Government have made changes to national planning policy which would require local authorities to look for opportunities to encourage such starter homes on “exception” sites. These exception sites can include a small proportion of market homes. The starter homes will be for sale at 20% below market price with restrictions on sale or letting of the property for 5 years. A new Design Panel has been set up by the Government to develop an initial set of exemplar designs for starter homes which will shortly be published for comment.

The new planning policy has to be read alongside the NPPF. Planning guidance on implementing the change will be issued shortly. CIL regulations in the next Parliament will be changed if the new policy is adopted by the next government.

## **Garden cities – housing shortfall**

A new report from the Future Spaces Foundation, [Vital Cities not Garden Cities](#) suggests that plans to meet 250,000 homes in new Garden Cities would still not be enough to meet unmet demand. This report suggests that many urban areas in the UK (e.g Birmingham) are built to low densities and that by building to a greater density much of the situation of housing shortage could be eliminated while at the same time creating enriched vibrant places.

The Foundation criticizes the end of the Government’s “brownfield first” policy which it says has left the country without a national target for new homes on this type of land and has opened the door to the development of Garden Cities which it contends are less sustainable.

The Foundation also anticipates that funding models, particularly for social housing, will need to become more innovative in the future.

## **Degree apprenticeships**

The Government has announced the rollout of nine new degree apprenticeships designed by industry, including key areas such as chartered surveying and nuclear engineering, as a flagship part of its apprenticeships programme.

Groups of businesses, universities and colleges will come together to develop practical degree courses which will allow people to combine the academic knowledge from a traditional university degree and the practical experience that are both vital for success in the labour market.

Apprentices will split their time between normal university study and gain a full bachelor’s or master’s degree from a top university while earning a wage and getting real on-the-job experience in their chosen profession.

Degree apprenticeships are co-designed by employers to boost the employment prospects of apprentices. In some cases they will also lead to professional registration or chartered status with a relevant professional body.

The apprentice will be able to gain a full bachelor’s or master’s degree without paying any fees as the cost of course fees are shared between government and employers. Not only will the new qualifications be suitable for school leavers, they will also raise the status of vocational routes of study and be suitable for existing apprentices who want to progress in their careers.

## **Smart roll-out consultation**

The DECC has launched a [consultation](#) on the roll-out strategy for Smart Meters. These are the next generation of gas and electricity meters which will offer a range of more intelligent functioning and will provide consumers with more accurate information – thus bringing an end to estimated billing. These new devices will provide consumers with near real-time information on energy consumption.

Energy suppliers are responsible for rolling out smart meters with the Government's role being to provide milestones against which they can plan.

## **CIC Election briefings**

The Construction Industry Council's Election Briefing, *Constructing a Better Future*, has been published in two parts, a summary eight page version outlining the main recommendations and the full 46 page report. Both are available [here](#).

The Election Briefing highlights that issues affecting the construction industry are also crucial politically. These include: housing; the need for new infrastructure; the price of energy; and achieving value for money. All are vital to the creation of a balanced economy and a prosperous future. CIC recommendations include:

**Investing in infrastructure** – The UK has to build more homes. Coupled with this, there must be sustained investment in transport to drive economic growth. We also have to replace many of our ageing power stations to meet our EU climate change commitments and to provide for national energy security.

**Quality in the built environment** - Environmentally sustainable building designs, investment in the skills needed to produce a diverse workforce and a commitment to safety in construction are all aspects of a "quality agenda" which need to be promoted by the next government. Creating a built environment which promotes both healthy life-styles and vibrant communities, vastly increases perceptions of "quality of life" as well as producing cost savings in health care in the long term.

**Planning for construction** - An integrated approach to creating the communities we need is vital. We need to build more but we also need to build better. An improvement in the way in which we procure the housing and infrastructure we need will achieve savings which can be used elsewhere. Strategic planning, driven by revitalised city regions can achieve the sort of co-ordinated development which drives economic growth and regional prosperity.

One of the target audiences for the Election Briefing are [conservative](#), [labour](#) and [liberal democrat](#) prospective parliamentary candidates. CIC members are encouraged to send the briefing to these people.