

**CIC COUNCIL NO. 78 : 19 MARCH 2009**

**CHIEF CONSTRUCTION OFFICER**

**A response from the Construction Industry Council**

**Overview**

1. CIC firmly welcomes the proposed creation of the new role of Chief Construction Officer.
2. However, unless the person in that office has significant authority within government and outstanding respect within the widest reach of the industry then the advantages to be gained in improving the efficiency of public procurement of construction work – with the consequent savings to the Exchequer and taxpayers (identified as £2.6bn by the NAO in 2005) and improving the interaction between the industry and government will be severely marginalised. The current proposals are unlikely to achieve the authority required for the post.
3. In relation to the specific issues raised within the discussion document with respect to influence and responsibility we would make the following comments:

**Point of engagement**

4. In 2008, the Construction Matters report pointed out that although the construction industry employs 2.8 million people and generates 9% of the national GDP, the industry at all levels is highly fragmented. On the professional services side alone, 23,500 firms employ 225,000 people.
5. This fragmentation also exists in the Government's relationship with the industry. Eight main government departments covering up to twenty policy areas have a direct interest in the industry. In the absence of a full-time construction minister, the creation of a Chief Construction Officer (CCO) backed by a properly resourced team is an important step in developing a continuing relationship between Government which acts as client, regulator and source of finance and the construction industry whose output spans most other economic activity as well as contributing to the Government's social and environmental objectives.

6. Given the problem of fragmentation on both sides of the interface, the key role of the CCO will be to act as the main point of engagement between Government and the construction industry. As this will be the over-riding function of the office-holder, it is vital that he or she must have an in-depth knowledge of how the industry functions and wide private sector experience in addition to an understanding of the workings of the public sector.

## **Procurement**

7. In the present economic downturn, the importance of delivering public spending commitments cannot be overstated at a time when privately funded building activity is in steep decline. The new CCO needs to have a thorough grounding in construction procurement practices and preferably experience of delivering major projects. The OGC goal of delivering for Government best value from its spending will benefit from an informed CCO who can create a common view of construction procurement. This will embody the concept of whole life costing and low carbon construction principles in line with current OGC policy objectives to achieve carbon emissions saving. As a client accounting for a major portion of construction output, the public sector must be an exemplar in promoting partnership and good working practice within the construction industry.
8. Improving best practice can only be done in conjunction with accurate post-occupancy evaluation studies of completed buildings and adequate enforcement of the existing system of regulation. This type of large scale monitoring and implementation can be co-ordinated centrally by the new CCO. The promotion of co-ordination and consistency can facilitate the transfer of ideas from one part of the public sector to be used in other (e.g. the bench-marking systems now used in the Building Schools for the Future programme).

## **Improving communications**

9. In relation to the organisations with which the CCO should establish contact, we suggest that – as the umbrella body responsible for the whole professional dimension of planning, designing, constructing and maintaining the built environment, the CIC should be added to the existing list. The same applies to the other major industry umbrella bodies, most notably the Construction Products Association and the Construction Confederation.

10. The built environment professions have a vital role in educating and influencing the entire design community, which is a vital constituency in relation to training, skills and innovation. CIC also directly controls the “design quality indicator” (DQI), the audit system for evaluating building design which is already providing a catalyst for delivering better buildings and is a mandatory part of the Building Schools for the Future process; it is the designated body for the licensing of Approved Inspectors (a function it carries out for the CLG) and oversees the guardianship of the Building Control Performance Standards; from 1 April it will also host the Building Control Alliance; CIC is a partner with CITB – ConstructionSkills and CITB (Northern Ireland) in ConstructionSkills, the sector skills council for construction; and it co-ordinates an industry-wide register of adjudicators for appointment to resolve disputes under the terms of the Construction Act.
11. These – and other – functions bring CIC into direct contact with many different lead Government Departments and the lack of co-ordination in these areas is clear for us to see and has not improved over time.
12. The appointment of the Chief Construction Officer is a once-in-a-generation opportunity to provide government with a clearer interface between its own fragmented structure and a huge and complex industry which is so vital to social, environmental and economic development in the United Kingdom.

### **Shared vision**

13. While the Government’s role as regulator is a mechanism for enforcing change, the Strategy for Sustainable Construction is an important conduit for communicating the shared vision of sustainable construction, which is not just an economic concept but one with social and environmental dimensions as well.
14. It is entirely appropriate that the new CCO is involved with this Strategy as this is a major co-ordination exercise providing clarity to business in bringing together diverse regulations and initiatives and setting standards.
15. The role of the CCO must be to focus and direct the strategic vision to the existing strategy.

### **Promoting innovation**

16. One consequence of the fragmentation of the construction industry is a serious lack of funding in the area of research. The privatization of specialist construction research establishments, requiring them to function on business principles, has had a serious impact on the UK's research and development base in construction leading to a dearth of knowledge and advice on which the government can act for the broader public benefit.
17. Research is an important component in innovation and the establishment of the centralized function of a CCO with an overview of the whole industry can provide advice on targeting resources which can promote better use of innovative technologies.

### **Location**

18. As noted earlier, construction activity impacts and underpins most other economic activity as well as providing direct employment opportunities and a considerable volume of exports in many forms whether materials, design or project management. Given this spread of influence, CIC believes that the post of CCO is best placed as a "free-floating" office probably located in the Cabinet Office with excellent links into Treasury, OGC, DECC and BERR but not based either in BERR or the Treasury.
19. Most crucially, we do not believe that the CCO should report to any one Permanent Secretary but should have a status equal to Permanent Secretaries and attend their meetings.

### **Resources**

20. We believe that the private office of CCO should be structured to support a senior person of the necessary authority but that it should not be burdened with the operational delivery responsibilities currently held by BERR and the OGC. These should lie where they are but the heads of these units should report regularly to the CCO as well as their own reporting lines within their Departments. This will enable the office of CCO to be established without delay.

### **Time frame**

21. The speed, the severity and the global nature of the present economic downturn is unprecedented in recent memory. Establishing an effectively resourced office of Chief Construction Officer to bring consistency of

approach and a common understanding of construction procurement activity, thus ensuring the swifter adoption of best practice across government, is a major priority and the new office holder should be appointed in 2009. He or she needs to be in place for at least three years to allow some element of continuity and avoid the pattern of regular replacement which has been a feature of the office of construction minister over the past decade.

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