



### Doing business in Europe

At the invitation of BIS, CIC organized a round table event at Portcullis House on 19 June 2014. The objective of the exercise was to understand issues in construction in respect to operating in other EU countries. The focus in particular was in relation to barriers to cross border trade in services.

In the EU, the single market for services lags behind that of goods with the cross cutting 2006 Services Directive having failed to achieve its potential, partly because it permits Member States to maintain 'proportionate' trade barriers in line with a wide range of derogations, making enforcement difficult and leaving many significant barriers untouched. Rather than a large scale "horizontal" exercise of promoting a level playing field within the EU in relation to the service sector of the economy, BIS and the EU Commission feel that the best way forward is for some key high value sectors to be targeted. These sectors include: construction, retail/ e-commerce and professional business services.

BIS felt that the Construction Industry Council with its focus on the professions, would be a good sounding board for examining barriers to trade in the EU within the construction sector. After two meetings with BIS officials, the issue was discussed at the meeting of the Liability Panel on 10 April. Following on from this, an email was sent out to Chief executives of CIC member organisations inviting them to send along senior members of their organisations who have had experience in this area to a Round Table event hosted by the Rt Hon Ken Clarke MP, Minister without Portfolio in the coalition government. Mr Clarke advises the Prime Minister on a range of issues, including the direction of economic strategy.

The event started with an initial presentation from Paul Ely, an architect who runs a small practice in both England and France. His practice is registered with both the RIBA and the Conseil de L'Ordre des Architectes. At the other end of the spectrum, Tony Burton, the current CIC chairman and a partner at Gardiner & Theobald, then set out the view from a large global player within construction. He pointed out that his profession is not necessarily recognised as such in certain countries in Europe. However, once it is explained as a cost control exercise, the value is appreciated.

At the event, discussion was wide-ranging. Issues raised included: the different processes and expectations of construction within the EU; the necessity of conducting business via local contacts of intermediaries, the questions of lack of standardisation in relation to the building regulations; Eurocodes; and ; difficulties in respect to insurance and liability. In addition to representatives of the professional institutions, specialist business associations and the research institutions, some contractors were also represented. After the event, participants were asked to send in their experiences in relation to barriers to trade in the EU.

### **A new future for the Code for Sustainable Housing?**

In the wake of the recent government review of housing standards, BRE is carrying out a consultation with a view to developing a voluntary sustainability standard for new homes. This new standard will allow developers to differentiate their product in the marketplace by recognising performance beyond minimum regulation.

The new standard will be developed for the UK and international markets and can be adapted for specific local circumstances. It will use an easy to understand, consumer focused rating system. It aims to tackle the performance gap issue, ensuring that the home is performing as designed, and if not, to recommend a course of action which the home owner can take.

BRE believe that the critical issues which need to be addressed in future housing delivery are:

- resilience to adverse and extreme weather;
- mental and physical health & wellbeing of occupants;
- resource efficiency;
- increased biodiversity;
- low energy, water and maintenance costs; and
- improved connectivity.

This consultation on the new standard is open until 25 July 2014. Those who wish to participate should follow this [link](#).

### **ICE publishes State of the Nation infrastructure report**

The new ICE State of the Nation [Infrastructure Report](#) emphasizes the value of infrastructure as an enabling mechanism within the overall economy. Following extensive sessions and submissions from its members, the ICE view is that the approach to delivering and maintaining infrastructure requires attention. In particular Infrastructure UK (within HM Treasury) should expand the existing criteria used as a basis for making decisions on priority infrastructure projects to reflect major future

challenges. Criteria should include resilience, the pathway to a low carbon economy and better acknowledgement of the interdependence across networks.

In relation to specific areas, the report points out a need to enact Electricity Market Reform by the end of this Parliament to give long-term investor confidence and to entrench cross-party support in respect to electricity decarbonisation. Other ideas put forward include: more fully integrated transport authorities; a commitment to maintenance; and flood management programmes beyond the current five years plans.

ICE finds that three sectors in particular: energy, flood management and local transport are of particular concern. In energy, over the next decade around a fifth of the UK's electricity generating capacity (fossil and nuclear) is expected to be retired putting further pressure on de-rated capacity margins which are 4% at peak demand periods. Similarly in strategic transport, without action, the costs of congestion could more than double between 2005 and 2025 to £36 billion.

The report states that maintenance investment in local roads declined by £150 million since 2007. A similar lack of maintenance in flood management was a major factor in last winter's flooding. The report declares that waste policy is another area which at a national level lacks direction.

### **Flood Management Select Committee Report**

The DEFRA Flood Management Select Committee [report](#) has recommended that the Department for Environment, Food and Rural Affairs (Defra) immediately draws up fully funded plans to address the current backlog of maintenance work (including routine dredging) and to accommodate the increased maintenance requirement caused by the growth in numbers of flood defence assets.

Each catchment area has different flood risk management requirements and, consequently, different funding needs. To be effective, priorities must reflect local knowledge and local circumstances. The committee expressed agreement with the Secretary of State, Rt Hon Owen Paterson MP, that the distinction between capital and revenue funding "is a bit of a grey area in practical terms" and urged the Government to assess the possibility of a future transition to a total expenditure classification for flood and coastal risk management. This would allow greater flexibility to target funding according to local priorities.

Maintenance responsibilities and powers are split between a variety of entities, including the Environment Agency, local councils, internal drainage boards and landowners. The Committee supports the introduction of public sector co-operation agreements between the Environment Agency and internal drainage boards to facilitate internal drainage boards undertaking maintenance of watercourses in their

districts with the requisite funding to support their activities. However, there is an underlying confusion relating to the division of responsibilities, with a commonly held, but incorrect, assumption that maintenance is solely the responsibility of the Environment Agency. The committee state that DEFRA and the Environment Agency must work together to improve public awareness and understanding of maintenance powers and responsibilities, particularly in relation to landowners' maintenance responsibility for watercourses on or next to their land. Alongside this education campaign, the committee recommend that Defra and the Environment Agency must improve the regulatory regime so that it does not create a barrier to landowners carrying out maintenance work.

### **New Infrastructure Bill**

The new [Infrastructure Bill](#) announced in the Queen's Speech has a number of measures of interest. These include the transformation of the Highways Agency into a Government owned company, a move which will provide for stable long term funding for strategic national road projects. The new Bill also covers shale gas pipelines under private land without prior permission, a subject under consultation at present. The right for communities to buy a stake in local renewable energy schemes is another measure covered in the Bill.

The Planning system is also affected by the new legislation. One of the declared aims is to simplify and speed up measures introduced in the Planning Act 2008 for handling minor changes to existing planning permissions for major projects. In relation to nationally significant infrastructure planning, the process for making changes to Development Consent Orders has been simplified. The Bill would allow the Examining Authority, a group of inspectors who consider major applications, to be appointed immediately after an application has been accepted. It would also allow the panel to comprise two inspectors. A [briefing note](#) has been published in respect to these aspects of the draft legislation.

The RTPI has expressed concern about changes to the approach to the discharge of planning conditions set out in the current Clause 20 of the Bill. This would allow certain types of planning conditions to be discharged upon application if the local authority has not notified the developer of their decision within a prescribed period.

Other provisions in the new Bill relate to promoting housing supply by facilitating the sale of public sector land assets. Potentially the most significant change in relation to housing concerns the approach to zero carbon. While the commitment to build all home to a zero carbon standard by 2016 was reiterated and flexibility in relation to "allowable solutions" promised, it was announced that "small sites", would be exempt from requirements to meet the zero carbon standard. The critical issue remains as to the definition of a "small site". This matter will be consulted on shortly and set out in regulation, it was announced.