



### City Growth Commission Report

The City Growth Commission had published its final report, *Unleashing Growth* contains a full set of recommendations for national and local government. This report shows how, cities can take a new role in our political economy, creating stronger, more inclusive and sustainable growth in the UK.

Drawing on earlier material which concentrates on skills, infrastructure, fiscal devolution and the role of universities in driving growth in metropolitan areas, this report set out a series of recommendations which advocate a major shift from central control to metropolitan areas. These recommendations include the following:

- Coordinate resources across their city-region and make strategic policy and finance decisions via place-based budgeting and investment strategy.
- Make more informed and responsive decisions based on evaluation of local data and evidence.
- Develop effective ways of integrating public service reform and economic development.
- Have greater flexibility over their spending and borrowing arrangements, including: multi-year finance settlements of between five and 10 years; retention of a proportion of the tax proceeds of growth; and freedom for the most devolved metropolitan areas to set and fully retain a suite of taxes.

Furthermore the metropolitan areas should be represented in national decision making, bringing forward measures to enhance connectivity and growth, including:

- comprehensive review on how our current and future needs for digital infrastructure can be met; and;
- accelerated connectivity between metropolitan areas in the North, Midlands and other 'super city-regions'.

Other measures suggested include lifting the cap on Tier 2 (non-EU) migration, devolution of adult skills budgets, and additional support for universities to help fuel their local economy.

### Consumer Rights Bill

The CIC Liability Panel has been active in the past few months in monitoring the new Consumer Rights Bill which is currently going through its last stages in Parliament.

In particular, the Liability Panel has been concerned that Clause 50 of the new Bill, might have a range of unintended consequences when applied to construction, particularly where a provider of construction services is dealing with a difficult client. Following earlier representations to civil servants as a direct result to the response

we submitted to the initial public consultation on the Bill, we put our case to Lord Lytton, a professional surveyor with an interest in property matters. He introduced an amendment to Clause 50 in the [debate in the House of Lords](#) held on 22 October 2014. Citing the case of *Walter Lilly & Co Ltd vs Mackay*, CIC suggested that the word “reasonably” ought to be included in the new clause.

In reply Baroness Neville-Rolfe stated that the safeguards in the existing Bill (i.e that the burden of proof is on the consumer and that the consumer must have relied on this information) are sufficient. Lord Lytton therefore withdrew the amendment. The Construction Industry Council was however cited five times during the debate.

### **Hinkley power station – EC approval**

The first new nuclear power station in a generation has moved an important step closer, as the European Commission announced that it has approved the Hinkley Point C State aid case.

Hinkley will generate a stable source of clean power to nearly 6 million homes once it is up and running, and will provide 25,000 jobs during construction. UK companies could benefit from getting more than 50% of the work, and thousands of jobs are expected to go to local people.

The State aid case included both the proposed Contract for Difference, which provides the developer with an increased price certainty for the electricity generated by the plant, and the proposed UK Guarantee for the project, which will help unlock debt finance.

Construction costs for the Hinkley station have risen considerably from EDF’s initial £16 billion estimate. The European Commission now estimate [construction costs](#) at £24.5 billion.

In October 2013, the Government agreed a 35 year deal with EDF. This deal agreed a “strike price” of £92.50 per megawatt hour for the output from Hinkley Point C around twice the current price of power. Last October’s agreement in principle with EDF, the developer, remains in place, and there has been further agreement to strengthen arrangements for benefits to be shared with consumers if the project comes in under budget, or if the project’s return exceeds a certain level.

The Government and EDF are continuing to work together to finalise the Hinkley project, including the full terms of the Contract for Difference and the financing arrangements for the project, which includes support from the UK Guarantee. UK Guarantees are designed to facilitate the development of infrastructure that would otherwise find it difficult to obtain finance due to the current state of capital markets.

Even when the deal is completed Austria promises to mount a legal challenge which may result in even further delays to the project.

## **New Northern rail system**

A [new report](#) from David Higgins sets out proposals for how to maximise the benefits of HS2 in the north and how transport links can be improved in the north of England more widely.

In this report, Sir David identifies the vital importance of improving east west connectivity across the north and considers the central role a high speed rail link could play. He concludes that with a high speed link the journey time between Leeds and Manchester could be cut from around 55 to between 26 and 34 minutes.

In response the Chancellor announced the creation of a new body called Transport for the North made up of the main northern city regions. This body will work together with other authorities and stakeholders and allow the north to speak with one voice on the big decisions to benefit the region as a whole.

The government, working with Transport for the North, will now produce a comprehensive transport strategy for the region. This will include options, costs and a delivery timetable for a HS3 east west rail connection. An interim report will be produced next March.

Combining the strengths of the north's great cities, could help transform the economy of the north of England and play a key role in delivering a "northern powerhouse" which might act as a counter-balance to the growing dominance of Greater London and the South –East.

## **Healthy buildings**

There is "overwhelming evidence" which demonstrates the design of an office significantly impacts the health, wellbeing and productivity of its staff, according to a major new report from the World Green Building Council.

The report, [Health, Wellbeing & Productivity in Offices](#) finds that a range of building design features from air quality and daylighting, to views of nature and interior layout, can affect the health, satisfaction and job performance of office workers.

The report, sponsored by JLL, Lend Lease and Skanska, also presents for the first time a simple toolkit which businesses can use to measure the health, wellbeing and productivity of their staff and relate this back to the physical features of buildings.

Understanding the link between workers and their workplace helps to drive the business case for higher quality, healthier and greener buildings, valued by investors, developers and tenants alike. With salaries and benefits typically responsible for 90 per cent of an organisation's expenditure, any higher construction or occupation costs are far outweighed by even small improvements in staff performance.

The report suggests that design features in "green buildings" can enable healthy and productive environments for their occupants, but acknowledges that low carbon buildings are not automatically healthier and more productive for occupants.

## **Training in London**

The London Assembly Economy Committee has today published its report on apprenticeships in London, [Trained in London](#). This report examines why London is lagging behind other regions in England when it comes to the number of apprenticeships, despite having a major problem with youth unemployment. It highlights the challenges London faces and calls on the Mayor to use his power and influence to do much more.

The number of funded apprenticeships in 2012/13 stood at 77,110, the lowest regional total, bar that for the North East. As a proportion of total employment, London's figure of 2% was also the lowest in England. Yet in 2012 25% of economically active young adults in London were unemployed, compared with 20% in the rest of England. Notably, sectors such as construction, Information and Communications Technology (ICT) and leisure, travel and tourism, where London has particular strengths, are among the worst performing sectors in terms of the proportion of apprenticeships created.

The report makes a number of recommendations, which include:

- The launch of an Apprenticeship Action Plan with a clear and cohesive strategy that brings together all mayoral initiatives to deliver his target of 250,000 apprenticeships.
- Firms and sectors that create the most jobs in London should be targeted in boosting their numbers. Measures including procurement could be used to incentivise firms to take on apprentices.
- There should be a pan-London careers advice service to highlight apprenticeships to young people.

## **Barriers to growth**

The NHBC Foundation has produced a report - [Improving the prospects for small house builders and developers](#). This research found that small house builders and developers in the UK face serious barriers to growth. Key findings include:

- Planning – One third said that that the planning application process and conditions attached to planning represented a major challenge to their business.
- Finance – Securing suitable finance for projects was identified as a major challenge for nearly a quarter (22%) of smaller companies.
- Land availability – The availability of land at a suitable price was seen as major challenge by 14% of the small companies.
- Skills – Nearly three quarters (74%) felt that there would be insufficient good quality subcontractors and trades to meet the needs of a growth market over the next 2-3 years.