

Get Britain



Building

Resilience **Safe**
Socially inclusive
Healthy Future
New homes **Repair**
Maintain **Improve**
Infrastructure
Growth Jobs





The construction sector is a major contributor to the UK, but in recent years the economy has endured a succession of challenges including the Covid 19 pandemic; the impact of the Russian invasion of Ukraine; and the cost-of-living crisis. Now is the time for yet another construction led economic recovery. We need to invest and enable the construction sector to build the infrastructure and homes that are so desperately needed as well as retrofitting our existing homes and other buildings to ensure the UK can meet its zero-carbon target by 2050.

It is vital that Government support the UK manufacturing of building materials and construction skills development. The multiplier effect of purchasing materials produced in the UK and building homes employing local labour would deliver a £94 billion return to the UK economy at normal rates of build. However, delivery of new homes is currently constrained by the limited supply of land, finance for local builders, planning delays and affordability. The recent changes to the shortage occupation list are welcome but for long-term security of supply we must train and develop our indigenous workforce.

Economy

British construction is a significant sector. According to the Office for National Statistics (ONS), construction output value in the United Kingdom for 2022 was almost £205 billion. This represents over 8% of total GDP (£2,491 billion). Crucially, the latest ONS data records for 2021 shows that total construction employment for those in VAT and PAYE registered businesses is 2.15 million workers (6.6% of the total number the 32.506 million in employment in the UK).

Additionally, construction product manufacturing, not included in data by the ONS, according to the Construction Products Association, provides employment for 382,500 people in 23,949 companies and cumulatively achieves an annual turnover of £62.5 billion. It's estimated approximately 80% of materials used in new homes are manufactured in the UK. The Builders Merchant sector in the UK is valued at over £27 billion and operates from over 6500 branches throughout the UK.

Construction and its material supply chain is an essential prerequisite to everything we do. Having the best possible built environment is critical to providing society with maximum utility and enjoyment of homes, health, work, recreation, and transport. It's also essential to ensure we have the most efficient economy possible, which is vital to enhancing collective prosperity and opportunity.

Britain should capitalise on the 'multiplier effect' of investment in UK construction to underpin economic growth and prosperity, create employment, as well as rebalancing and genuine 'levelling up' of regions across the country.

Made in Britain

Increased use of domestically produced building products, including masonry, heating and ventilation, would help in reducing the UK's £10.8 billion building materials trading deficit. It's crucial that any future trade deals focus on inward investment to expand the UK's building materials manufacturing capacity. Currently, in the speculative housing model, the speed of build is determined by purchaser demand and can respond appropriately ensuring developers are not burdened by excessive quantities of finished stock.

As we move away from fossil fuels for our energy needs, we need a long-term energy strategy. The proposed Clean Heat Market Mechanism is likely to result in unintended consequences and should only be implemented following detailed consultation and in agreement with Manufacturers, Plumbing and Heating Merchants. The Government should also offer substantial incentives to encourage the UK manufacture of Heat Pumps, PV and batteries to reduce the carbon and economic impact of import dependency. Currently over 95% of PV is imported from China.

Our carbon accounting rules should be altered to include their source of origin, waste and transportation, as well as considering the lifespan of the material in use and likely outcome at the end of life. The current practice of measuring carbon from the port of entry into the UK is misleading and arguably unethical, as it fails to take account of production overseas, harvesting and transportation.

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The Importance of SMEs

Small and Medium Enterprises (SMEs) constitute around 99.6% of the industry and is absolutely critical in the recruiting and developing of the skilled workers urgently required to deliver a high-quality built environment. The number of new homes built by small and medium-sized developers has declined dramatically in the last two decades and now account for less than 10% of all new homes being built. This trend needs to be reversed.

SME builders are essential if we are to respond to the urgent challenge of retrofitting 29 million homes and other buildings, which is the only route to compliance to achieve legally binding climate change obligations by 2050.

Amidst a growing housing crisis, SME home builders are critical to increasing the country's housing supply and supporting the economy. Intervention is needed now to protect smaller businesses. If SMEs are

unable to build, they risk having to lay off longstanding staff and subcontractors.

Whilst the recent FMB 'State of Trade Survey' covering April-June 2023 reported an improved repair and maintenance market, the SME homebuilders continue to struggle due to planning delays, costs, regulation and skills. Assistance with employment and training costs, improved and simplified access to publicly funded projects, and prompt payment & cash retentions, will unlock additional capacity and assist in rebalancing the UK economy.

Infrastructure

Major investment to complete current and new infrastructure projects should be a priority for Government, as we seek to grow the economy and secure resilience. This should include the delivery of major rail projects, roadbuilding and repair, investment in the water network to reduce leaks, the construction of new reservoirs, upgrading our sewerage & drainage systems, including SuDS; and ensuring measures are put in place to prevent flooding. This should be done in parallel with major investment to grow and protect our natural habitats including trees, seas and rivers, which are all vital, as we rise to the challenge presented by a warming climate to ensure we have a resilient built environment.

Energy Capacity and Security

Energy resilience and the ability to cope with future shocks should be a key priority. As we've witnessed, world events and natural disasters can profoundly impact on every UK citizen. We must invest at scale in transport, water and energy security including wind and solar. This should include UK-funded investment in nuclear and, importantly, hydrogen, to provide an adequate supply of power for domestic consumers and all sectors of industry to support the transition away from fossil fuels to make and transport building materials. Despite the highly positive effect of renewables, the sole reliance on electricity is neither cost-effective nor resilient.

Skills and Training

The skills base of the construction sector must be developed urgently to cope with an increase in activity. Whilst recognising this is a challenge, construction can offer long-term skilled employment opportunities and act as a catalyst in achieving inclusive economic growth.

The UK has a construction skills emergency and must act now to address youth unemployment with a 'wartime' effort to identify gaps and attract people into the industry. We must mobilise the education system at FE and HE level in providing knowledge and skills required by new entrants as well as upskilling of the existing workforce.

Training provision must be more flexible and include provision for night and summer schools with a focus on traditional skills as well as installation of new technology such as heat pumps and functional and soft skills to deliver the UK's biggest ever retrofit programme.

We need a shift in favour of trade and a higher-level degree apprenticeships. Government should change the rules around the use of the Apprentice Levy to allow for part of apprentice salaries to be covered for the first 12 months. This will require a substantial publicly funded incentive programme, including courses that are attractive, well-structured and offer long-term incentives aimed at growing and consistent demand. Certainty is required to drive investment to encourage training providers to organise courses explicitly intended for new entrants as well as existing workers wishing to upskill.

The current level of Government support for retrofit, which is being matched by industry is not sufficient and, due to constant changes in policy, there's a lack of the trust and confidence needed to invest in manufacturing and skills, particularly for new roles such as 'Retrofit Coordinators'.

Climate Change and Resilience

Adopting a 'fabric-first' design approach is vital. Whilst further improvements to new build construction will contribute to reducing energy consumption, net-zero targets can only be achieved if intervention at scale is implemented to improve the existing properties.

"Project 80" is a recent development of 24 houses built to meet the future home standard and now being lived in. The homes, built using bricks and blocks made locally, are successfully delivering up to 80% reduction in carbon. Significantly, lower operating costs have been identified for the social housing tenants who, have experienced rapidly rising bills for energy. There's an economic uplift due to local sourcing of materials and skilled workers. It's estimated the Project 80 development delivered around £6 million of social value to the local community.

As our climate warms, we must ensure that our new homes are constructed to last 150 years, are adaptable, and have the thermal mass to keep warm in winter and cool in Summer. We need to prepare for the increasing likelihood of severe weather events including overheating, droughts, floods, strong winds and wildfires.

Thermal mass and well-designed ventilation and shading will reduce overheating and enhance indoor air quality. Appropriate interventions made now will avoid an increase in the use of air conditioning which will potentially undermine the 2050 carbon target.

A successful transition to net zero will require significant occupier engagement. Research undertaken by Birmingham City University as part of "Project 80" supports the importance of influencing collective behavioural change.

Private landlords and owner occupiers will require grant support to bring homes up to EPC level C, as well as a range of easy-to-access measures to make carbon reduction improvements to their homes.



Decarbonisation and Investment

Manufacturers and distributors of construction products and materials provide employment for at least 373,000 people across almost 24,000 companies that are overwhelmingly based in the UK and have a combined annual turnover of over £62.1 billion (source: CPA).

In the transition from the use of fossil fuels, it's essential the UK building products manufacturing industry receives financial support and consultancy to achieve low-carbon alternatives. Failure to act with urgency now will inevitably mean more building products imported, a worsening of our balance of payments and the threat of environmental consequences for components that could be made in the UK.

Government should provide significant incentives to ensure heat pumps, batteries and PV are manufactured in the UK. The United States, through its Inflation Reduction Act, provides an exemplar. The £30 million Heat Pump Accelerator is insufficient to persuade most global manufacturers to manufacture in the UK. As a result, we see boilers produced in Great Britain replaced with Heat Pumps assembled overseas. The Government must match its desire to protect UK car manufacturers with investment into the UK building products sector to assist in the net zero transition.

The lack of a 'level playing field' will actively undermine global investment to replace and enhance manufacturing capacity for UK produced construction materials. This will result in the long-term decline of a crucial industry with the corresponding loss of the multiplier effect to the UK economy.

Fire and Building Safety

The tragedy of Grenfell Tower, which resulted in 72 fatalities, provides a stark reminder of how critical the integrity and safety of construction components is. Avoidance of major loss of life and property through fire must be regarded as non-negotiable.

The Fire Safety Act and the Building Safety Act require the use of non-combustible building materials in high-risk buildings. Given our fast-changing climate, all buildings in which there's a 'sleep risk' or vulnerable people are likely to be present, should be constructed, where practical, using non-combustible materials.

Regulations and Standards

Carefully considered regulations and standards provide a codified system of ensuring safe and resilient construction of the built environment. It's essential we continue to play an active role in European standards setting, through bodies such as CEN.

Future legislation should be subject to evidence-based decision-making rather than modelling. The government should invest in and partner with academia and industry to conduct vital research.

High quality new homes built to last

The withdrawal of the 'Help to Buy' scheme, coinciding with the cost-of-living crisis, has seen sales of new homes significantly decrease. This has resulted in a significant fall in the delivery of new homes and reduced demand for materials, damaging the UK economy, which due to the multiplier effect, depends on a vibrant housing market. Unfortunately, fewer homes being built means the ongoing housing crisis won't be alleviated.

Government should act now to provide additional resources and speed up and simplify the planning process. It should also put an end to the practice of local authorities 'gold plating' regulatory and other requirements on developers. There is a need for incentives and better access to finance for SME home builders and Housing Associations who construct homes using locally sourced materials and labour.

A replacement for 'Help to Buy' to offer first-time buyers assistance and the reintroduction of mortgage interest tax relief would stimulate the housing market and ensure it's on a long-term sustainable footing. We need consistent strong delivery of new housing, rather than over ambitious targets and a boom-and-bust pattern of demand. This results in uncertainty and a lack of long-term investment in UK manufacturing and skills capacity which is required to support long term resilient growth.

10 Steps to a resilient economic, safe and sustainable built environment

1. **Recognise the added value the construction industry offers to people's lives, health and economic prosperity.**
2. **Build at least 200,000 new homes every year, using British made building products where possible.**
3. **Get behind construction SMEs to drive growth and levelling up in every community.**
4. **Invest at scale in infrastructure and energy security, including hydrogen and nuclear, to meet the needs of industry, transport and home heating.**
5. **Address the UK Construction 'Skills Emergency' with urgent action.**
6. **Act now to address Climate Change with a measured progressive programme that avoids unintended consequences and puts the customer at the heart of the journey.**
7. **Help the building products industry to decarbonise and transition to the UK manufacture of emerging technologies such as heat pumps and batteries.**
8. **Ensure our built environment is safe and resilient to fire and severe weather events as our planet warms. reducing deforestation, cleansing our oceans, and protecting our natural habitat.**
9. **Make evidence-based decisions on future Building Regulations, taking fully into account the lived experience of occupants who we must fully engage with to avoid unintended consequences.**
10. **Embark on a major programme of retrofitting our existing buildings based on long term funding, incentives, training, and an independent advice model for owner occupiers, creating huge employment opportunities, reducing carbon and energy consumption.**

About us

The Building Alliance, Builders Merchant Federation and the Federation of Master Builders represent a large cross-section of the construction industry including manufacturers, merchants' distributors and the smaller companies who are a massive 99.6% of the industry and whose voice is seldom heard or understood. Collectively the Building Alliance, Builders Merchant Federation and the Federation of Master Builders represent a £45 billion pound industry employing over 200000 people.

