

CECA Consultation response

26 January 2018

Dear Sir / Madam

[Government's Industrial Strategy and impact on UK productivity](#)

The Civil Engineering Contractors Association (CECA) welcomes the opportunity to respond to the above named call for evidence.

CECA is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the UK's transport and utility networks.

With more than 300 members throughout England, Scotland and Wales, we represent firms who together carry out up to 80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and utilities including electricity and water.

Our members include some of the largest construction firms as well as a range of small specialist and regional contractors. Our industry supports the employment of over 200,000 people in the UK with annual activity worth £25 billion.

CECA welcomed the publication of the Industrial Strategy White Paper in November, which outlined plans for a sector deal for construction which is due to be published shortly.

We believe the publication of the White Paper and the forthcoming sector deal highlights the value of investing in infrastructure as a means of driving economic growth. We especially welcome the £170 million allocated within the deal to transform our sector, match-funded by an industry investment of £250 million, combined with an increase in the National Productivity Fund to support, amongst others, investments in transport and digital infrastructure.

CECA has been working with its members and with others across the industry in the development of the sector deal to ensure that the challenges facing our sector are addressed and economic growth via world-class infrastructure is secured for the long-term.

We trust that you find our comments below helpful and that they will be taken into consideration.

Yours faithfully,

Alasdair Reisner
Chief Executive
Civil Engineering Contractors Association

Are the criteria for sector deals sufficiently clear and fair to enable any sector to secure them? Which of the Government's criteria are the most important?

The White Paper identifies six core criteria:

1. Is there clear leadership from the sector?
2. Does the Sector Deal represent the breadth of the sector?
3. Does the proposal include a rigorous analysis of the comparative strengths and weaknesses of the sector?
4. Will the specific proposals have an impact on productivity, earning power or the availability of good work?
5. Can the specific proposals be delivered?
6. Is there a clear offer from the sector?

These criteria appear appropriate core requirements that will support the development and delivery of a sector deal.

In essence, we see the sector deals as vehicles to deliver change across whole sectors. There is a substantial body of research to identify the key factors that underpin effective change. Most change management models focus on a number of core principles, including the need for:

1. An underlying reason for the change, supported by evidence
2. A clear strategy
3. A clear structure for delivery
4. Strong leadership
5. Competent and engaged people
6. Understanding and addressing barriers

We see that the criteria for sector deals address some of these key requirements. In particular, the criteria focus on:

- the underlying reason for the change (“Does the proposal include a rigorous analysis of the comparative strengths and weaknesses of the sector?”),
- supported by evidence strong leadership (“is there clear leadership?”),
- the Deal itself to provide the overarching strategy for the sector.

We would also welcome greater attention in terms of how a sector ensures that it has competent and engaged people involved in the delivery of the deal. Finally, our experience of previous cross-industry attempts at change demonstrate that there would be benefits if some assessment was made up front about the likely challenges that may arise in terms of the delivery of the sector deal, and consideration given as to how these barriers can be overcome.

Our experience relates to the Construction Sector Deal. While the deal has not yet been finalised, we can comment on the work that has been undertaken in its preparations.

In terms of Leadership, the Construction Sector Deal has benefitted from the fact that it has been driven by the Construction Leadership Council. This body brings together senior leaders from across the sector and has ensured that the industry could move promptly forward with the development of the Construction Sector Deal.

The UK construction sector encompasses more than 200,000 companies, so there are challenges in terms of representing the breadth of the sector. Positive work has been done in this regard, through special events and engagement with industry bodies such as ours. There has also been an effort to speak to the wider sector through the trade media.

But there remains an issue about how to more fully engage with industry. Our sector's focus on delivery means that many people will not have had any engagement with the sector deal at this stage. Yet if ways could be found to engage with these individuals, this could accelerate progress on the objectives of the deal, by attracting a much wider group of people to work on its implementation.

What will sector deals contribute to increasing productivity across the entire UK?

What aspects of sector-based deals will help to increase productivity? Are there measures other than investment that can make a difference?

Successive Governments have recognised the case for investment in infrastructure. Yet the challenge for our sector is how we can deliver new projects efficiently. Productivity growth in construction has flatlined and the productivity gap between construction and the wider economy must be addressed.

The Government's focus for our sector for 2018 is to increase productivity to further drive economic growth. Recently announced Government policies include moving towards offsite construction and bringing better developed projects forward for funding.

Given this shift in policy direction, CECA believe that the Construction Sector Deal provides an ideal platform to drive rapid improvements in productivity. In particular we see the successful implementation of the deal playing a key role in increasing the adoption of a digitally-led production approach to construction that would significantly improve productivity while also offering safety and quality improvements.

Key to the success of this will be whether the industry has a common understanding of the change to come, and a shared desire to be part of this change. The challenges that are associated with this should not be underestimated, but the potential gains for all parties are huge.

What are the metrics of success for sector deals? Is there enough transparency throughout the process?

We believe that the key success factors for Sector Deals should be:

- Did the Sector Deal set out a clear plan for radical change within the industry that they cover?
- Did this plan include specific measures that are of relevance to that sector, and relate to how the sector will address the five foundations in the Industrial Strategy White Paper? Have these measures been achieved?
- Has the sector identified specific approaches to the way productivity is measured that can be widely understood and recorded? Has this led to a clear improvement in productivity?

How do you engage with the Government to secure industry-wide deals? What do you expect the Government to deliver and how is progress measured?

Government and the construction sector, through the Construction Leadership Council have agreed a sector deal to transform the productivity of the sector benefiting the wider economy.

As noted above, we have been engaged in discussions with the Construction Leadership Council as it developed the Construction Sector Deal proposal. We have also welcomed the positive engagement that we have had through the Department for Business, Energy & Industrial Strategy, which has sought our views and those of our members.

The construction industry supports the employment of over 200,000 people in the UK with annual activity worth £25 billion. We call on Government to ensure that contractors large and small are invited are fully involved in the roll out of the sector deal to ensure the intended improvements are reflected across the industry as a whole, as well as within the wider public sphere.

The construction sector deal contains commitments to work collaboratively in three key areas:

1. Procuring for value
2. Industry led innovation
3. Skills for the future

On procurement, we hope that the Government will continue to support work to reform the delivery model for UK construction. We want to move to a model where industry works with its customers in long-term relationships to deliver outcomes, rather than a more traditional project-by-project approach.

Our sector is keen to embrace Government led change, while tackling the low margins that make investment difficult for companies. These challenges are being addressed by industry already as part of Project 13, a community of infrastructure owners and suppliers committed to change and to unpicking the UK's productivity knot through new models of working. The overarching aim of Project 13 is to move away from a transactional business model across the supply chain, to an entrepreneurial one where all businesses work together to achieve the outcomes of a project as a whole.

This new relationship with suppliers will allow greater investment in the technologies and skills that will secure enhanced productivity. We welcome the Government's support for innovation in construction through the Industrial Strategy Challenge Fund, and hope it will sustain this investment in the technologies that will reinvigorate the UK construction sector.

On skills, we hope that the Government will recognise that there is more to do, particularly in relation to apprenticeships. The current model has strong aspirations around apprenticeship numbers, yet the experience of the Apprenticeship Levy has, so far, been poor, jeopardising the ability of industry to deliver its future workforce. We hope that this will be addressed when the Construction Sector Deal is published in full.