

22 March 2019

# Briefing Note

CECA NW Member Briefing:

## Political & Economic Report, March 2019

### Introduction

The following document is to provide a briefing on the political and economic environment of the North West, and its impact upon CECA members. It covers:

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2. CECA: the current position on the development of Moorside and Wylfa
3. CECA: Collaborative Working Vital for UK Rail
4. Debbie Abrahams MP: late payment bill includes calls for project bank accounts
5. NIC: Annual Monitoring Report
6. CITB forecast: 168,500 new jobs to be created over next 5 years (15,250 in the NW)
7. CECA: Industry Letter to Theresa May: Avoid No-Deal Brexit
8. Brexit uncertainty sees UK construction slump into contraction
9. CECA: Shock Drop in Contractors' Workloads Raises Fears for UK Economy
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12. International Women in Engineering Day (#INWED19), 23 June 2019
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### 1. The Chancellor's Spring Statement - what's in there for infrastructure?

- Borderlands Growth Deal – Up to £260 million for this innovative deal to strengthen the deep ties that bind these communities within the United Kingdom. On top of the £102 million announced recently for the Carlisle Southern Link Road from the Housing Infrastructure Fund, this means up to £362 million of UK government investment into the Borderlands area.
- Transforming Cities Fund – £60 million of investment in 10 cities across England, from the fund announced at Budget 2017. This will fund 30 new schemes such as bus station upgrades, new cycle lanes and road improvements, supporting the wider programmes being delivered by city regions as part of the Industrial Strategy. None are in the North West.
- To read the Ministerial Statement, click [here](#).

### 2. CECA: the current position on the development of Moorside and Wylfa

- Hard on the heels of Toshiba's decision to pull out of Moorside, west Cumbria, the cancellation of a new nuclear power station at Wylfa in Wales is to a serious blow to the UK's future energy security. Not only that, west Cumbria has the UK's greatest concentration of nuclear expertise and, if Moorside does not go ahead, we risk losing both our skills and nuclear capacity nationally, as well as jobs in the region.
- To read CECA's press release on the matter, click [here](#).

### 3. CECA: Collaborative Working Vital for UK Rail

- Civil engineering contractors have called on Government to promote a more collaborative rail sector in order to deliver a world-class railway. In its response to the Williams Rail Review, established to recommend the best way to organise the UK's rail network and operations, CECA called for the principles of collaboration to extend to those carrying out rail construction. Looking at railway projects carried out on the mainline, the most successful of these are generally supported by a collaborative relationship between operators, Network Rail and contractors.
- To read CECA's release on collaborative working in the rail sector, click [here](#).

### 4. Debbie Abrahams MP: late payment Bill includes calls for project bank accounts

- Debbie Abrahams MP has put forward a bill calling for payments on government and public authority contracts to be made through project bank account. The Public Sector Supply Chains (Project Bank Accounts) Bill will get its second reading in March. For more information, click [here](#).

### 5. NIC: Annual Monitoring Report

- Responding to actions taken by the government to implement National Infrastructure Commission (NIC) recommendations, Sir John Armitage has warned ministers to "not take their eye off the ball" when it comes to improving UK infrastructure. Armitage says those in responsible for delivering change have a "real and exciting chance" to ensure the UK benefits from world-class infrastructure but believes ministers to date, are favouring to enact the quickest-to-implement recommendations. He now wants to see progress on the more challenging targets.
- NIC's Annual Monitoring Report looks across the six sector-specific reports that the commission has published since 2015, covering 45 recommendations to government – 42 of which have been accepted.
- Of those 42 recommendations, 10 are now considered to have been fully met – including the introduction of better measuring of mobile connectivity, moves towards improving rail connections between Leeds and Manchester and efforts to deliver a smart and flexible energy system.
- However, progress against the remaining 32 recommendations accepted by government has been varied. There are many areas where significantly increased momentum is required to meet the NIC's recommendations.
- To read the report in full, click [here](#).

### 6. CITB Forecast: 168,500 new jobs to be created over the next 5 years (15,250 in the North West)

- A five-year forecast into the industry's skills needs published by the Construction Industry Training Board (CITB) has shortened expectations for growth with infrastructure predicted to grow by 1.9%, down from 3.1% in last year's forecast.
- To read the forecast, click [here](#).
- And for details of the North West forecast, click [here](#).

### 7. CECA: Industry Letter To Theresa May: Avoid No-Deal Brexit

- CECA is a co-signatory of a letter to the Prime Minister, alongside the Association for Consultancy and Engineering, Build UK, The Construction Products Association, and the Federation of Master Builders, in which we call on the Prime Minister to ensure the Government and Parliamentarians "do their duty" and agree future trading arrangements with the European Union.
- To read the letter, click [here](#).

### 8. Brexit uncertainty sees UK construction slump into contraction

- After 10 months of expansion, construction firms in the UK reported falling activity levels for February with Brexit uncertainty forcing the industry to be more cautious over new projects.
- A drop in commercial building and civil engineering activity were the main factors for the poor month's recording according to the latest survey from IHS Markit and the Chartered Institute of Procurement and Supply. Results show that growth fell from a score of 50.6 in January to 49.5 in February, meaning it is the first time construction activity fell below the 50 no-change marker since the 'Beast from the East' gripped the nation and brought ice cold temperatures and storms to the UK. A reading above 50 on the survey indicates growth.

### 9. CECA: Shock Drop in Contractors' Workloads Raises Fears for UK Economy

- Members of the Civil Engineering Contractors Association (CECA) reported that after two consecutive quarters of growth, workloads fell in 2018 Q4, according to 3 per cent of British firms, on balance.
- CECA's Workload Trends Survey has been published continually since 2005. The most recent survey found that 7 out of 10 sectors in the industry reported falling workloads, order books decreased for 8 per cent of firms, on balance, and only 4 per cent of firms expect increased workloads during the next year – the lowest balance in six years.
- To read CECA's release on this, click [here](#). The full CECA Workload Trends Report is available in the members' area of the CECA website.

### 10. CPA forecasts 2019 construction growth to sink to 0.3%

- Just six months ago, the Construction Products Association forecast 2019 construction output would rise by 2.3%. This was revised to 0.6% three months ago and now been cut in half again to just 0.3%.
- The latest CPA forecast follows Experian, which also predicted a weak 0.4% rise in activity this year, after downgrading its outlook for construction.

### 11. RICS: commercial and industrial activity stagnates

- Growth in workloads within the commercial and industrial segments has come to a standstill for the first time in six years.
- The latest RICS Construction and Infrastructure Market Survey points to a broad-based slowdown in the pace of output growth as political uncertainty takes its toll.
- Results from the final quarter survey last year indicate workloads moderated across all sectors and geographic regions.

### 12. International Women in Engineering Day (#INWED19), 23 June 2019

- The global awareness campaign, coordinated by the Women's Engineering Society (WES), aims to increase the profile of women in engineering worldwide and focus attention on the career opportunities available to girls in engineering and related industries. In 2019, WES's own centenary year, INWED will aim to inspire even greater participation across the globe, both online and through physical activities, by individuals, schools, colleges, groups and organisations. The theme will be supported by the hashtags [#INWED19](#) and [#TransformTheFuture](#). For more information click [here](#).

### 13. £1.6 billion Stronger Towns Fund launched

- The Stronger Towns Fund will be targeted at places that have not shared in the proceeds of growth in the same way as more prosperous parts of the country. It will be used to create new jobs, help train local people and boost economic activity – with communities having a say on how the money is spent. For more information click [here](#).

### 14. £70bn plan to transform transport links across the north of England

- Transport chiefs claim the 30-year road and rail upgrade scheme will boost the economy by £100bn and "leave a legacy for future generations" creating 850,000 jobs.

- Transport for the North (TfN) announced the proposals, which they say will result in 1.3 million people living within an hour's train journey from Manchester airport and at least four major northern cities.
- The report has identified seven "corridors" where investment should be focused including the creation of a new rail network, called Northern Powerhouse Rail.
- Proposed developments to train services include:
  - A new line between Liverpool and the HS2 Manchester spur via Warrington.
  - A new line between Manchester and Leeds via Bradford.
  - Upgrading the line between Leeds and Hull.
  - Upgrading the Sheffield to Hull line.
  - Upgrading the Hope Valley line between Sheffield and Manchester.
- For more information, click [here](#).

### 15. TfN Strategic Transport Plan launched in Cumbria

- Transport for the North Chief Executive, Barry White, joined local civic and business leaders for a local launch of the Strategic Transport Plan. Following a pan-Northern launch in early February, the event at Carlisle Airport provided an opportunity to engage with local leaders and outline how the plans will deliver transformed connectivity for Cumbria.
- Potential interventions in Cumbria include improvements to the A69, A689 and A595 including the Whitehaven Relief Road, the upgrade of the A590 together with the dualling of A66 between A1(M) and M6 and a new link to the north of Kendal. Also included are upgrades to the Furness, Lakes, Cumbrian Coast and Tyne Valley Lines.
- The plan also seeks to ensure that Cumbria achieves the most out of HS2 with station improvements and increased capacity proposed along the West Coast Mainline and at Carlisle, Penrith and Oxenholme.
- Also included is the Carlisle Southern Link Road, which is to receive £102m funding from Central Government, announced just a few days after the Investment Programme was formally endorsed by the Transport for the North Board.
- To read TfN's Strategic Transport Plan, click [here](#).

### 16. Transport for Greater Manchester's Transport Strategy 2040 (delivery 2020-2025)

- Key priorities are: tackling climate change, creating a thriving economy, and supporting 'world-class connectivity that keeps Greater Manchester moving'. The Greater Manchester Strategy is supported by this 2040 Transport Strategy Delivery Plan (2002-2025) which contains a strong commitment to providing a transport system which: supports sustainable economic growth and tackles congestion; improves the quality of life for all by being integrated, affordable and reliable; protects our environment and improves air quality, and capitalises on new technology and innovation. For more information, click [here](#).

### 17. New infrastructure bank post-Brexit?

- The Government is coming under more pressure to replace funding the country will lose from the European Investment Bank (EIB) after Brexit on March 29 with peers claiming that Britain will not receive any share of the profits that the EIB has accumulated, nor any interest or dividends.
- Under the Prime Minister's Withdrawal Agreement, the UK will receive the 3.5bn euros (£3bn) of capital it has paid into the EIB but is set to miss out on profits amounting to 7.6bn euros (£6.6bn).
- The report published by the Lords EU Financial Affairs Sub-Committee identifies the impact Brexit has already had on the benefits the UK receives from the EIB. In 2016, it lent a total of 7bn euros for 54 projects – this has dramatically dropped to 1.8bn euros for 12 projects in 2017 and just 932m euros for 10 projects last year.
- The committee has used its report to argue that Britain should give "swift and serious consideration" to creating a state-backed infrastructure bank to replace funding the country will lose.

### 18. Government misses own prompt payment target

- The Cabinet Office has slowed its payment of invoices since June 2017 and has not hit its own prompt payment target for over a year.
- In 2015, the government pledged to pay 80 per cent of its invoices in five days and the remaining 20 per cent within 30 days.
- New data shows the Cabinet Office has not come close to meeting this target since June 2017 and the proportion being paid on time has been on a downward trend since then.

### 19. Rail Sector deal announced

- Rail Sector Deal between the government and the rail industry has also been announced and is focussed on an increased use of technology in order to innovate and reduce the costs of infrastructure.
- It is hoped that rail reform will begin to be delivered from 2020 and over the next five years £48 billion of investment will go to the railway industry. The deal includes commitments such as establishing a common data-sharing platform; establishing a 'shared apprenticeship' programme; and a plan to significantly reduce digital signalling costs by 2025.
- To read the Rail Sector Deal, click [here](#).

### 20. Workers' rights overhaul revealed

- The Government has announced a raft of laws aimed at transforming UK workers' rights.
- New measures includes a day one statement of rights to workers, detailing their eligibility for sick leave and pay and details of other types of paid leave, such as maternity and paternity leave. The proposals feature plans to introduce a single labour market enforcement body to ensure workers' rights are properly enforced. Maximum employment tribunal fines are to be quadrupled for employers who are found to have shown malice, spite or gross oversight from £5,000 to £20,000. The holiday pay reference period will be extended from 12 to 52 weeks in a bid to ensure seasonal workers are paid time off they are entitled to.