

CONSTRUCTION LEADERSHIP COUNCIL

Thursday 14 April 2016, 14:00 – 16:30
Conference Centre
1 Victoria Street
London SW1H 0ET

MINUTES – CLC/N03/2016/M03

Attendees:

- Andrew Wolstenholme, (Crossrail) – co-chair
- Ann Bentley (Rider Levett Bucknall)
- David Cash, (BDP)
- Mike Chaldecott, (Saint Gobain)
- Isabel Dedring, (Arup)
- Tony Meggs, (Infrastructure and Projects Authority)
- Brian Morrisroe, (AJ Morrisroe & Sons)
- Leo Quinn, (Balfour Beatty)
- Simon Rawlinson, (Arcadis)
- Madani Sow
- Stephen Stone, (Crest Nicholson)
- Robin Webb, (Department for Business, Innovation and Skills).

Present by invitation:

- Mark Farmer, (Cast)
- James Gray, (Crossrail)
- David Hancock, (Infrastructure and Projects Authority)
- Niall Mackenzie, (Department for Business, Innovation and Skills)
- John Pelton, (CH2M)
- Aidan Wilkie, (DCLG).

Apologies:

- Nick Boles MP, (Minister of State for Skills, Department for Business, Innovation and Skills) – co-chair
- Mike Putnam, (Skanska UK).

Secretariat:

- Tony Mulcahy, Nicola Walters, (Department for Business, Innovation and Skills).

1) Welcome and Introductions

1.1 Andrew Wolstenholme welcomed everyone to the meeting, in particular new members to the Construction Leadership Council: Ann Bentley, Isabel Dedring and Leo Quinn. Ann will be taking on the supply chain and business models work stream from Madani Sow. Isabel will work on smarter infrastructure through innovation in procurement. Leo will be responsible for the skills work stream, taking over from Anna Stewart.

2) Strategy

2.1 Work was ongoing to develop the overall CLC strategy, building on Construction 2025 and strategic plans of the work streams. Key was to ensure that the strategy was achievable and had buy-in. Simon Rawlinson would be taking this forward in conjunction with the communications work stream. The aim was to produce a simple publication by the June meeting, setting out what the CLC was seeking to achieve.

3) Construction Industry Labour Model Review

3.1 The CLC had been asked by Ministers to investigate the labour model in the construction industry and develop an action plan to address the skills pressures and other constraints that limit housebuilding and infrastructure development in the UK.

3.2 A progress update was provided by Mark Farmer. Work had included a consultation, one-to-one stakeholder interviews, formation of the Review Advisory Panel and an ongoing literature review. Emerging themes from the review to date encompass the shape of the industry, skills and training, industry image and new delivery and investment models. Work was ongoing to develop the report recommendations, focussing around modernisation, collaboration and innovation. There would be an emphasis on increasing the UK's housebuilding capacity.

3.3 In parallel with this work the Buildings' innovation work stream had run a roadmapping workshop looking at offsite housing. There were clear links between the two strands of work.

3.4 Discussion points included:

- Skills and capacity presented significant challenges to the industry with the pressure increasing in each market cycle, given an ageing workforce
- The report should present a clear call to action to industry
- The construction industry competes not only with other industries for new employees but also within its own sectors
- Consideration should be given to innovation, skills and business models in the sector, as well as central and local government action themes
- There should be a small number of succinct, direct report recommendations that inspire industry to action
- Council should be ready to take ownership of delivering the recommendations.

3.5 It was agreed that the draft report could be reviewed via correspondence rather than having to wait until the next CLC meeting on 24 June.

ACTION – CLC members are invited to send any further comments on the review to the Secretariat.

4) Apprenticeship Levy and CITB Levy

4.1 The CLC discussed what CITB levy arrangements there might be in the future, following the introduction of the Apprenticeship Levy. This followed a request by Nick Boles for the Council views on the interaction of the two levies.

4.2 There was broad agreement in the Council on a number of issues which included:

- Firms should not 'pay twice'
- The CITB should be more effective and responsive to a more demanding industry customer
- Adoption of interim arrangements for 2017/18
- Increased freedom to spend levy pounds elsewhere than CITB
- Focus on apprenticeships is a blunt instrument as much training in the sector does not fit that model, especially in the increasing use of shorter-term upskilling interventions to cope with shortages in labour supply
- Many current recipients of CITB support are not levy payers and training them makes an important contribution to overall skills capacity in the sector
- Concern that the construction sector would not be able to spend all its Apprenticeship Levy funds: it was very important to be able to spend the Apprenticeship Levy in the supply chain, to expand the training activity that falls

within the Apprenticeship Levy definition of apprenticeship, and to have tariffs set high for apprenticeships in construction skills.

4.3 Going forward the CLC would like to make a fuller contribution to discussion on the levies and look forward to more information on how the Apprenticeship Levy will work in practice.

5) Government Construction Strategy

5.1 An outline was provided of the recently published Government Construction Strategy.

5.2 It was noted positively that there was very close alignment between the CLC agenda and Construction 2025 with many of the themes of the Strategy. Skills, prompt payment, sustainability and innovative forms of procurement and different ways of doing business were strong common themes. The CLC considered the publication of the Strategy a very positive step.

5.3 Key to the success of the Strategy was an effective and positive industry response. The Infrastructure and Projects Authority (IPA) was keen to work with the CLC, and other relevant bodies, on this.

6) Business Models

6.1 The underlying premise of the work so far undertaken under the business model work stream was that clients would like to buy from an industry which:

- Delivers commitments reliably
- Is integrated across design, construction and maintenance and where someone owns the whole process
- Is committed to quality improvements and the required inputs from construction businesses, for example in investment in skills and innovation
- Is collaborative in culture, drawing from within the supply chain at the appropriate point
- Recognises and acts on wider societal 'goods'.

6.2 Clients can help to achieve this by showing leadership and behaving in different ways. However, this does need to be a dialogue, and there is therefore a requirement for the construction industry to present a similar leadership position, setting out how it would intend to respond to such an approach from intelligent clients – and more widely.

6.3 To date, activities and deliverables have broadly divided into three areas; matters of 'hygiene', commercial terms and business models. Work has included:

- Research into the costs and benefits of retentions and their alternatives
- Updating the construction supply chain payment charter and working with Build UK to promote uptake
- Work with Build UK on prequalification and with BSI to update PAS 91 (the construction prequalification standard)
- Mapping existing initiatives around commercial and business models.

6.4 Going forward it would be important to develop an industry response to the questions which were being set by intelligent clients – through initiatives like the Government Construction Strategy and the Infrastructure Clients Group.

6.5 Andrew Wolstenholme expressed his thanks to Madani Sow for his contribution to the CLC and his development of the business models work stream over the last few months. Ann Bentley will be taking forward the work stream, with the ongoing support of Brian Morrisroe.

7) Communications

7.1. Next steps in the development of the overall CLC strategy were outlined, including creating a clear leadership position on industry transformation and a credible delivery plan.

7.2 Once agreed the Strategy will be communicated through three main mechanisms: website, high profile brochure and a small number of key events, including a high impact conference in the Autumn, to set out the CLC story for transformation.

7.3 Work had already progressed on a number of key elements of the communications strategy including brand and visual identity package, web design and outline communications plan. To support this, work Council members asked to form a small fund and contribute to a rolling programme for website content.

ACTION: Note to be sent to Council members on communications requirements.

8) Any Other Business

8.1 A number of forthcoming events were noted, including the Green Construction Board Infrastructure Carbon Review Conference on 4 May 2016.

ACTION – Secretariat to circulate event information to council members.

8.2 The next CLC meeting date:

- Thursday 30 June 2016 14:00 – 16:30.