

# News story: Government and industry cement deal to give UK construction the edge

- Business Secretary announces flagship deal that could add billions of pounds in value to the UK economy through delivering better homes and infrastructure
- government will invest £170 million in the Transforming Construction programme with industry committed to match-funding with a £250 million investment
- the transformative [Sector Deal](#) will help modernise the industry and recruit and train the next generation of high-skilled construction workers
- deal will look to deliver a substantial boost to the skills of current workers and help retrain workers, alongside a new National Retraining Scheme

A transformative deal between government and the construction industry which could add billions of pounds to the economy has been announced by Business and Energy Secretary Greg Clark today (29 November 2017).

Government and industry have worked extensively since the launch of the Industrial Strategy green paper to agree the Sector Deal, developing a joint strategic direction for the sector that reflects shared ambition to modernise the industry and to respond to the challenges of demographic change and Brexit.

The deal, announced in the [Industrial Strategy white paper](#) on Monday (27 November), will prepare the UK construction sector for the future, helping companies build better performing buildings and infrastructure at a greater speed and reduced cost, while supporting the government's ambitious programmes in both infrastructure and housing.

By transforming the sector through better adoption of digital and manufacturing technologies the Construction Sector Deal aims to deliver quality infrastructure and housing more quickly, and at reduced cost to the taxpayer, while boosting the skills of construction workers and training the next generation of workers.

Supported by £170 million of government investment over three years through the Industrial Strategy Challenge Fund, and £250 million of match funding from industry, the deal will bring together the construction, manufacturing, energy and digital sectors in a new hub to commercialise technologies capable of building assets which are both cost effective and energy efficient.

Business Secretary Greg Clark said:

Our construction industry makes a vital contribution to the UK economy and is one of our most important sectors, with businesses that add £138 billion a year to the economy, contribute 8% of our GDP, and employ over 3.1 million workers.

The Sector Deal we have announced today will see government and industry working together to support, invest and transform the construction sector, creating high-skilled and well-paying jobs, while delivering more housing for people across the country.

The agreement embodies our vision for a modern Industrial Strategy, with government and industry working together in a strategic partnership towards the common goal of higher productivity, and a more skilled construction workforce with more earning power.

Andrew Wolstenholme, Chair of the [Construction Leadership Council](#), said:

I am delighted that construction has been included in the first wave of sector deals. It presents a huge opportunity for one of the UK's largest industries and the broader economy.

With a projected £600 billion pipeline of infrastructure projects to be delivered over the coming decades, it is vital that the industry and government work together to realise the full potential of the deal.

We have a golden opportunity to reap economic gains from improved productivity and the more efficient construction of assets, creating high-skilled, well-paid jobs in all parts of the UK and driving up exports to the global infrastructure market.

Tony Meggs, Chief Executive of the Infrastructure and Projects Authority (IPA) said:

This government has ambitious plans for infrastructure over the next decade. It is vital that the construction sector is modern and efficient in the way it delivers these plans. Only then will we see future investment continue to flow and make progress in closing the UK's productivity gap.

The IPA very much supports this Construction Sector Deal; we will support and align with industry as it implements the programme.

## **Approach to skills**

The announcement follows the launch of the Industrial Strategy white paper yesterday by the Business Secretary, setting out a long-term plan for how Britain can build on its economic strengths, address its productivity

challenge, positively embrace technological change, and support businesses and its workers.

With a clear emphasis on building skills for the future, the deal commits the sector to adopting a new strategic approach to skills development, ensuring that standards and qualifications for the skills needed, now and in the future, are developed, and industry is able to use all sources of funding effectively. This will deliver:

- a reformed [Construction Industry Training Board](#), with greater industry leadership and engagement, focused on delivering future skills needs – particularly amongst SMEs
- a co-ordinated approach to maximising the benefits of the [Apprenticeship Levy](#) – creating new apprenticeship trailblazers, and increasing the number of construction apprentices
- a unified and more effective industry approach to promoting construction careers, and removing barriers to employment in the industry; this help the sector to recruit, train and retain a more diverse workforce, with higher levels of professional and technical levels, and management skills

Through the Sector Deal the industry will also be working with government to produce a Construction Skills Strategy aimed at retaining and retraining a workforce that is fit for the future and able to deliver on the government's infrastructure and housing ambitions.

To help upskill construction workers and retrain them in new valuable skills, the government announced in its Industrial Strategy white paper that it would be launching a new National Retraining Scheme that will help make sure workers have the right skills to match employer's needs, beginning with a £64 million investment for digital and construction training.

Government has also set out its ambition to make the UK's technical education system as prestigious as its higher education. In the recently published T level action plan, government announced that construction will be one of the first of 4 T levels to be taught from 2020.

## **Sector Deal objectives**

With the sector focused on delivering on these 3 key themes, the deal has 4 clear objectives that it is committed to achieving by 2025:

- 33% reduction in the cost of construction and the whole life cost of assets
- 50% reduction in the time taken from beginning-to-end of new build and refurbished assets
- 50% reduction in greenhouse gas emissions in the built environment
- 50% reduction in the trade gap between total exports and total imports of construction products and materials

## **Centre for Digital Built Britain Programme**

Government has also today announced the launch of the Centre for Digital Built Britain at the University of Cambridge. The new centre, which forms part of the 'Transforming Construction' Industrial Strategy Challenge Fund investment, will develop Building Information Modelling (BIM), sensors, data analytics and smart systems technologies that can be embedded in new building projects.

The Centre for Digital Built Britain Programme, first announced in the 2016 budget, will deliver reductions in whole-life costs and carbon emissions of buildings, whilst improving construction productivity and capacity by using intelligent building information models, sensing technology and secure data and information infrastructure.

## **Building for 2050**

Government is also investing £1.4 million in a research project called 'Building for 2050'. Led by AECOM, this project is gathering evidence from 3 housing developments located in Swansea, Bristol and Manchester with the aim of uncovering the barriers to developing low cost, low carbon housing.

The project will test innovative methods of construction and will involve working closely with households throughout the project to track their views, and to report on progress as we seek to reduce the environmental impact of UK homes by 2050.

Full details of the Sector Deal agreement between industry and government will be published on GOV.UK in the coming weeks.