BACK TO THE FUTURE

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Released a dozen years ago, the Construction 2025 strategy's vision has yet to materialise. Was it naive? Or should the sector still be aiming for the same goals today?
Ian Weinfass reports

"Construction in 2025 is no longer characterised, as it once was, by late delivery, cost overruns, commercial friction, late payment, accidents, unfavourable workplaces, a workforce unrepresentative of society or as an industry slow to embrace change. In short, by 2025 construction has been radically transformed."

Published in July 2013, the 78-page *Construction 2025 Industrial Strategy* was nothing if not bold. It included four main "ambitions": reducing costs, speeding up delivery, lowering carbon and slashing the construction export trade deficit – giving each a target to measure progress (see box, page 48). A further 43-point action plan addressed another set of issues across areas including technology, skills and the industry's image.

In a foreword, the then business secretary Vince Cable, construction minister Michael Fallon and Network Rail chief executive Sir David Higgins declared: "The industry has set itself stretching ambitions between now and 2025. Achieving these will need passion, commitment and expertise".

But in the real 2025, there has been no prominent industry or government discussion about these ambitions. For example, there has been no handwringing about the fact that the aim for a 50 per cent reduction in the gap between exports and imports failed – instead it has increased by 140 per cent. When asked by *Construction News* in May, the Department for Business and Trade (DBT) declined to answer whether any assessment had ever been made of whether the goals were hit.

So why did "radical transformation" of the industry fall off the agenda between 2013 and 2025? In the wake of the release of the current government's infrastructure and industrial strategies, *CN* looks at *Construction 2025*'s legacy.

▲ Vince Cable: the industrial strategy's main proponent

'Hubris'

"It was never going to work, it was completely unrealistic. It was a kind of hubris of the worst order," says Stuart Green, professor in the School of Construction Management and Engineering at the University of Reading. Three years into the Conservative-Lib Dem coalition government's austerity programme, he says, the industry was still feeling the effects of the economic downturn and reduced public spending, and there had been calls for government action.

"The coalition, with Vince Cable in particular, were hanging on to the idea of [an] industrial strategy. The Treasury was quite happy to let him run around talking about industrial strategy, as long as it didn't cost anything. And as long as the Treasury didn't have to do anything." The report itself was "an absolute low point in the history of government-sponsored reports", Green adds.

"It was full of stirring photography and snappy soundbites, but very short on coherence and data to back it up," he says.

Some 23 organisations, mostly trade bodies, are credited in the report as having "been closely involved" in developing the strategy. A further 22 industry figures and academics are also thanked for their guidance and support. "All the major bodies pulled together to do it, and people were then given different responsibilities. We all got enthused about it and we divvied up the work," recalls barrister Rudi Klein, who was chief executive of the former Specialist Engineering Contractors' Group in 2013. "There was a great deal of enthusiasm at the time because it was felt that this was something that would be delivered," he says.

But the result was not what he expected. "It was just essentially a government document," Klein says. "There was quite a bit of a disappointment that we'd been engaged on a kind of non-exercise to lend respectability to the documents. For example, I put a lot in on improving the payment process. What emerged from there was something I'd never suggested – a supply chain payment charter. I thought a charter was useless. Nobody takes any notice of charters."

Another legacy of the strategy was the creation of the Construction Leadership Council (CLC). The body was initially co-chaired by Cable, Fallon and Higgins, and tasked with implementing the ambitions of *Construction 2025*.

Within two years, the coalition government came to an end, with the Conservatives winning a majority at the 2015 general election. Green believes the departure of Cable, the industrial strategy's main proponent, meant it was sidelined at this point, with only junior ministers subsequently co-chairing the CLC – the incumbent since July last year is construction minister Sarah Jones. "It's not the kind of government partnership that was envisaged in the *Construction 2025* document," Klein says. Questions arose as to whether it would continue, with the government cutting its membership from 30 to 12. Klein believes that at this point, the body was no longer fully representative of industry but had been shaped in the government's image. "Within two years, work on implementation dried up," he claims.

Some work did continue, though. One of the 43 action points was to identify one skills card scheme to be promoted through public procurement. A process of reforming the Construction Skills Certification Scheme followed from 2015 – and has continued until 2025, with tightening access to labourer cards the latest in a long line of changes to ensure all workers can demonstrate competency on site.

Impossible

After 2015, the CLC came to be seen as a wider industry representative forum, still co-chaired by a junior minister, rather than as a vehicle to implement the industrial strategy. Klein believes its closeness to Whitehall means it can never act as independently as sector representatives should.

Mark Farmer's 2016 *Modernise or Die* report, which was commissioned by the CLC at the request of the government, warned that the aims of *Construction 2025* already looked "impossible to achieve". To cut costs and carbon and increase efficiency, he recommended a shift towards using offsite building as much as possible, with the government helping to facilitate that work.

The same four numerical goals were nevertheless included in the 2018 *Industrial Strategy: Sector Deal*, published under Theresa May's premiership, which followed an economy-spanning *Industrial Strategy* white paper in 2017.

The subsequent March 2021 *Build Back Better* strategy of Boris Johnson's government, which set the post-pandemic plan for the industry, did not mention the previous ambitions. It was less definitive about the outcomes it sought, though it did commit to speeding up infrastructure delivery and reducing costs, and achieving net-zero carbon.

CN asked current CLC co-chair and Mace executive chair Mark Reynolds whether frequent changes in ministers are responsible for the myriad industrial strategies since 2013, some with apparently little connection to the previous version. "It's not as disjointed as you think," he says, arguing that the 2017 strategy was an evolution of the 2013 one, and that *Construction 2025* itself built on 1998's *Rethinking Construction* (the Egan Report) and 1994's *Constructing the Team* (the Latham Report).

"I wouldn't say that a new minister comes along and does something different, quite the contrary actually: one was the start of the journey and things moved on," he says. "If you go back to the 2013 plan, the principles are all being carried forward by the CLC." He highlights people, carbon and productivity as at the top of the body's agenda, with only the trade deficit being dropped. Reynolds says he did this because the issue is also being worked on by a dedicated Infrastructure Exports: UK organisation. This is a partnership between industry and the DBT.

On *Construction 2025*'s progress on its objectives, he says: "I'd give it four out of ten at best against those aspirations. In its entirety we've got a long way to go," he says. Despite this, he says that the industry has made a lot of progress towards the report's general goals. He points to the efficiency of recent schools and prisons build programmes. He also says that carbon emissions are now recorded and feature in tender documents, when they were barely considered in 2013.

When *CN* puts it to him that the specific

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TIM BROYD, UNIVERSITY COLLEGE LONDON

ambitions with numerical targets appear to have been discarded, he says: "That's absolutely rubbish", and insists they have been on the CLC's agenda since he first became involved with the body in 2017. Nevertheless, he says: "The challenge was: how do you measure? We never had the industry working together to measure them." Reynolds says he wanted to focus limited time and effort on delivery rather than working out measurements.

"Since that report in 2013, there have been a number of things that have just got in the way generally," says Tim Broyd, professor of Built Environment Foresight at University College London, who led a working group that carried out forecasting trends for *Construction 2025*. He says the Grenfell Tower fire in 2017, the Building Safety Act, Brexit, Covid, and the war in Ukraine have hugely shaken up the construction industry.

But Reynolds says the crises of Grenfell and Covid actually made the industry stronger, thanks to the CLC-facilitated collaboration that followed. "The CLC has been able to bring people together. And it's about building on successes rather than worrying about what we have or what we haven't done [to meet previous targets].

"It's about saying what do we need to do to deliver the 1.5 million homes, five million retrofits, 10-year infrastructure plan, schools, hospitals, prison programmes. What capability do we need?"

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> **STUART GREEN, UNIVERSITY OF READING**

These questions have led to the creation of initiatives such as the Construction Skills Mission Board, backed by £600m of government money, to train workers of the future, he says. Grenfell too, has brought the industry closer to government than it was previously, Reynolds says, citing the regularity with which he speaks to ministers on building safety issues.

He also points to Whitehall relaxing biodiversity net gain rules on small housebuilders in May, as something that happened after the CLC amplified the Federation of Master Builders' call for the measure. "That's a fundamental shift and this is something for all of us to push on – we need to speak with one voice as an industry as best we can.

"The power of convening and collaborating with government and industry to improve the sector is the success of the CLC. That's what we need to keep pushing." **CN**

Meeting the big ambitions?

Construction 2025 contained four main ambitions with targets attached:

- **A 33 per cent reduction in both the initial cost of construction and the whole-life cost of assets.**
- **A 50 per cent reduction in the overall time from inception to completion for new-build and refurbished assets.**
- **A 50 per cent reduction in greenhouse gas emissions in the built environment based on 1990 levels.**
- **A 50 per cent reduction in the trade gap between exports and imports for construction products and materials**

In February 2013, the UK had a trade deficit of £6bn for construction products, according to the Office for National Statistics. This rose to £14.4bn by 2024.

No metrics were ever set for the other objectives. "What's a lifetime cost? No one ever defined it," says Tim Broyd, professor of Built Environment Foresight at University College London. He adds that no one ever said whether reduction in time "from inception to completion" included time spent in the planning system.

"The industry doesn't think in [terms of] lifetime," he adds. "If you look at the RIBA plan of works, it peters out in the operations area, as do nearly all the international plans of work. There's nothing that goes really into decommissioning or repurposing."

Stuart Green, professor in the School of Construction Management and Engineering at the University of Reading, says a constant emphasis on cost has "unintended consequences, not least in the implementation of so-called value engineering". He adds: "After Grenfell there was much agonising about the 'race to the bottom' and its detrimental impact on safety and quality.

"The authors of *Construction 2025* must carry some of the responsibility in aspiring to a 33 per cent reduction in the initial cost of construction."