
Welsh Construction Strategy
Building Prosperity
2018

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Introduction

Building Prosperity is the Welsh construction industry's strategy for 2018-2021. The strategy sets out the ambition and priorities for the industry over the next three years – reflecting the Welsh Government's direction outlined in its two documents, Prosperity for All and Taking Wales Forward, that map the Government's economic direction from 2016 to 2021.

Owned by the industry, Constructing Excellence in Wales (CEW) will lead its implementation. The strategy's success will depend on buy-in from businesses throughout Wales, but also on strong political and financial support from the Welsh Government and its agencies. Welsh Government is not just the industry's major client, it is also where legislation and policy are made and delivered – hence the focus of the strategy leans heavily towards the public sector. The strategy supports the need for cultural change, in line with the recommendations made by Mark Farmer in his report Modernise or Die. It will position the industry for its vital

role in underpinning the goals within the Well-being of Future Generations (Wales) Act. Building Prosperity was developed through extensive consultation involving representatives from the industry (during a series of consultation events) including businesses, key industry associations and federations, the public sector and clients.

An action plan responding to this strategy will be developed. It will define what actions and tasks will be undertaken in the short, medium and longer term – and by whom. The action plan will be reviewed, refreshed, and published annually.



An aerial photograph showing a multi-lane asphalt road that curves through a dense, vibrant green forest. The road is filled with various vehicles, including cars and a large white truck. The surrounding landscape is a mix of thick woodland and open green spaces, with some buildings visible in the distance. The overall scene is bright and clear, suggesting a sunny day.

In an increasingly globalised industry, we need to maintain and build our reputation for delivering high-quality products and services and achieving excellent levels of customer satisfaction.

Foreword

Our vision for Welsh construction is for it to be a confident, dynamic and collaborative industry which builds on its design and engineering heritage to develop areas of competitive advantage. We want to see construction acknowledged by Government as a critical economic sector linked to delivering its policies (currently it is not mentioned in Welsh Government policy documents). We aim for the industry to be fully recognised for its key role in supporting the Welsh economy and creating the environment in which people live and work.

Welsh construction holds the key to creating a built environment that is fit for future generations. While most of the emphasis is on the public sector, we must also engage with the private sector. We aim to achieve increasing levels of collaboration between the public and private sectors to overcome issues that restrict the growth of the industry. To achieve a growing, profitable and commercially sustainable industry, we need to see greater levels of competitiveness, efficiency and productivity from our businesses. We want to see a culture where businesses are more opportunity focused, innovative and collaborative.

We want to develop a culture in construction that is focused on value, not price, and looks to the future, while allowing the supply chain to work commercially, secure reasonable profits and deliver benefits to its stakeholders. Construction needs to attract new talent – from all areas of Welsh society. So, building on investment in apprentices and graduates, we need to continue to

inspire and develop our future leaders and ensure the industry is considered a career of choice with a range of attractive opportunities for people from all backgrounds, ages, ethnicity and gender.

In an increasingly globalised industry, we need to maintain and build our reputation for delivering high-quality products and services and achieving excellent levels of customer satisfaction, ensuring that greater value is placed on quality, particularly by the public sector. Our aim is to build an industry which recognises and exploits its areas of competitive advantage and is a recognised leader in retrofit solutions, low carbon products and services, and sustainable infrastructure.

Why does Welsh construction need a strategy?

The construction industry touches every part of the Welsh economy, our communities and society. It shapes the quality of our environment; our schools, hospitals, homes, roads and railways, the places in which we live and work. The industry makes a huge contribution to Wales. In 2016 gross value added data from the Office for National Statistics indicates construction was worth £3.5 billion, and the Barbour Index records £2.19 billion worth of orders in 2017. While a precise figure defining the value of construction to Wales is hard to come by (some industry pundits argue it is worth £4 billion), it generates around 10% of the country's GDP (source: Welsh Government). Construction investment also helps to drive the wider economy through its impact on other sectors. The industry is a true enabler, creating the infrastructure for renewable energy, preserving the historic environment that attracts tourists, and building the roads that transport our exports and channel new investment into the country.



Our industry is broad and diverse, encompassing a wide range of sub-sectors – from high-value professions such as architecture and civil engineering to familiar names in private and social house building and commercial development. This is backed by contractors building new projects and maintaining our existing infrastructure and buildings, drawing on an extensive supply chain of over 13,000 companies (source: Welsh Government) that source, manufacture and supply raw materials and component products. The industry is dominated by small to medium sized businesses employing in the region of 112,000 people, with self-employment playing a significant part in what is a flexible workforce. That workforce is also diverse – from architects and civil engineers to painters and decorators, joiners and electricians.

Recent years have been very challenging, as the economic downturn continues to bite. But prospects right now are positive, and to achieve the aims of Welsh Government – as set out in Prosperity for All and Taking Wales Forward – construction needs to fulfil its potential. The construction industry is not referred to directly in the Welsh Government’s national strategy. However, within the four cross-cutting strategies outlined in its Taking Wales Forward document, there are clear indications that construction will be playing a key role in delivering the proposed policies and ideas between now and 2021.

One reason for creating a strategy and publishing Building Prosperity is to change Government perception – to influence policy and decision-makers so that they engage with industry. A second key reason is to bring the industry together so that it speaks as one voice and is easier for the Government to understand and engage.

Construction needs the support of Welsh Government. The only way to deliver the built environment the country requires is for Cabinet Ministers and Assembly Members, as well as developers and the supply chain, to support best practice in the form of collaborative procurement and an integrated team approach. This is the only way to deliver the built environment the country requires.

The Welsh construction strategy will create a three-year platform for a collaborative but commercially viable and sustainable approach to delivering Welsh Government targets for the economy and Welsh people. That platform will form a foundation from which the industry can focus on delivering a built environment for future generations.

A short-term approach to building and improving schools, homes, hospitals and Welsh infrastructure will not deliver the Welsh Government aspirations. Only a focus upon long-term value, whole life costs, low carbon, effective waste management and recycling, and community benefits will provide a Welsh built environment aligned with Government goals.

Holywell Learning Campus

When Flintshire County Council commissioned a new learning centre on the site of a demolished high school, value was at the top of the agenda. The project, led by Galliford Try, stands out for its palpable passion and commitment to improving local people’s wellbeing. It was calculated that every pound spent represented £3 of wellbeing value to society. This was achieved through the creation of employment and work opportunities, a diverse programme of engagement, and significant investment in the local and regional economy. A ‘one team’ approach encouraged each team member to identify ways in which they could contribute to the value agenda. At the end of the day, the community gained a first-class, BREEAM Excellent building which stands as testament to the efforts of everyone involved to deliver a lasting legacy.

What Wales needs from construction

In Taking Wales Forward (2016-2021), Welsh Government states: “We will build infrastructure to keep Wales moving and connect people with jobs, housing and leisure.” The document goes on to say that better schools and education will provide the skills for life required to break the cycle of disadvantage and inequality over the longer term.



It is just one example of the role Wales requires of its construction industry, but Taking Wales Forward picks out several areas where construction will play a role as an enabler (albeit the document does not refer to the industry directly). These areas broadly fit within policy targets for regional development and infrastructure; housing and homes; the environment; healthcare; and education. Across every single one, there is an opportunity for the construction industry to design, plan, build, manage and maintain facilities and schemes that will create prosperity for Wales.

By adhering to a strategy that creates a better functioning industry – one with changed behaviours, refreshed focus on long-term values, consistent and prompt payment processes, and a commitment to collaborative project delivery with integrated teamworking – Wales will not just have the built environment it requires. Wales will have a built environment that adds value to its communities through creating employment, bringing local people together, minimising waste, maximising recycling, and reducing carbon emissions.

If it is to succeed as a commercially viable and sustainable economic sector, Welsh construction needs the support of Government. It must therefore engage with the policy-making process and seek to influence decision-makers at all levels of local and central Welsh Government, as well as the private sector.

There are many ways Welsh construction can contribute to Government aspirations. It could:

- Deliver major road transport infrastructure improvements
- Deliver 20,000 affordable homes
- Plan, design and build more renewable energy projects, including tidal lagoons and community energy schemes
- Work towards 80% reduction in greenhouse gas emissions by 2050
- Continue its leading role in recycling and minimising landfill
- Underpin Welsh healthcare through the efficient building, improvement, refurbishment and management of Trust property portfolios
- Ensure the £2 billion planned as investment in new and refurbished schools, community schools and college buildings by 2024 is used efficiently and effectively.

These are headline actions – but each is dependent on a cohesive, united construction industry working with Government.

The strategy aims to create a better functioning industry – one with changed behaviours, refreshed focus on long-term values, consistent and prompt payment processes, and a commitment to collaborative project delivery with integrated teamworking.

How will we achieve the vision?

Our ambitions are challenging given the current climate of continuing economic uncertainty and the absence of any specific reference to our industry in Government policy. However, we believe that by working together, significant progress can be made towards realising our goals.

We will prioritise our programme using these eight themes, identified by industry feedback:

1. Improvement of the whole decision-making process affecting construction delivery
2. Creation of a consistent procurement model that works for all
3. Visibility – a clear pipeline of work plus clear, reliable data about the whole sector
4. Removal of inconsistencies within policies and legislation impeding construction delivery
5. Clarifying and streamlining the funding process
6. Focus on integrated teamworking and collaboration up and down the supply chain
7. Encouraging and educating the industry about digital technology
8. Addressing the skills shortage – making construction a career of choice

By 2021, the three-year strategy platform aims to achieve:

- A standardised procurement process
- Implementation of a fully collaborative procurement strategy focused on outcomes and value
- Prompt payment via a standardised process
- A review of the culture, capability, capacity and structure of construction procurement teams
- A robust and secure local supply chain

continued over

Each of these themes will run throughout our work, complementing clear targets and milestones. Dealing with each – with the support of Government – will help the industry to meet the nation's ambitions as outlined in Prosperity for All and Taking Wales Forward. Constructing Excellence in Wales will take the lead role in coordinating the delivery of the action plan, establishing working groups and measurement processes to monitor progress against our themes and targets.

Our Space, Public Health Wales

In 2016 Public Health Wales (PHW) moved from nine satellite offices to occupy four floors of a new, open-plan office in a regeneration area of Cardiff. PHW used the fit-out as a direct challenge to the throwaway society. It formed a consortium, bringing together a design company, office furniture manufacturer and flooring specialist to source furniture and equipment that was either secondhand or could be reused through cleaning, repairing or reupholstering. This not only opened up new employment opportunities, it prevented the items from going to landfill. In the course of the refit, 1,143 individual items were reused, ranging from chairs, flooring, office pedestals, storage cabinets and sofas to whiteboards and coat stands. The project was described by Dr Andy Rees, the Welsh Government's head of waste and resource efficiency, as a "fantastic example of circular economy contribution."

How will we achieve the vision?

continued

Construction in Wales must, as Mark Farmer argues for the whole of the UK's construction sector, modernise or die. This requires Government commitment – backed by legislation and policy – and changes of behaviour within the industry.

In Taking Wales Forward, Welsh Government states its intention to “continue to improve our procurement policy to bring economic, social and community benefits to Wales”. In 2010, and then in a follow-up report, CEW outlined changes necessary to improve the construction project delivery process. There has been some progress since No Turning Back 2 was published in 2015 – but not enough. The arguments and recommendations outlined then still apply and will form the core of the action plan to follow this strategy paper.

The entire construction industry – by which we mean the client side (public and private) and the supply chain (from developers and contractors to material suppliers) – must recognise the need for a wholesale improvement in process. The Government's programme calls for low carbon, energy-efficient buildings and a built environment that delivers benefits for local communities. The industry will struggle to meet these goals if it clings to the practices of the past. But with Government support and encouragement, and by embracing the principles of best practice and the circular economy, Welsh construction can hit the targets set out here.

Politicians, ministers and senior civil servants must meet the industry halfway. To achieve core aims such as spending £2 billion on new and refurbished schools, community schools and college buildings by 2024, Government must engage and work with a united construction industry.

Wales has made a commitment to the future through the Well-being of Future Generations Act. The construction industry has a key role to play in delivering the Government's vision. Right now, these twin goals are not connected. The strategy, Building Prosperity, acts as a bridge to remove the disconnect and encourage the Government to embrace the industry, recognising that it needs managing just as any supplier requires of its most important client.

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Ysgol Bae Baglan, Bouygues UK (BYUK)

This landmark building for Neath Port Talbot County Borough Council (NPTC) was formed by the amalgamation of four schools into

one modern campus. The new building is appealing and adaptable and has become the heart of the community. It has been praised for its innovation and technical excellence, but what really stands out is the way Team Bae Baglan went 'above and beyond' to solve the many challenges of the site and produce the best possible outcome. Risks were addressed collaboratively, aided by the early involvement of the supply chain.

For example, when it was found the ground contained potential hydrocarbons, the team proposed an alternative dynamic ground compaction method to mitigate the risks. The successful outcome could not have been achieved without great teamwork, passion and commitment from all concerned.

Conclusion

Building Prosperity has clear objectives – almost all connected to the improvement of the project delivery process:

- A standardised procurement process
- Implementation of a fully collaborative procurement strategy focused on outcomes and value
- Prompt payment via a standardised process
- A review of the culture, capability, capacity and structure of construction procurement teams
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Each of these objectives is measurable and will be defined by working groups. Reporting on progress towards achieving these goals is critical. The industry's stakeholders, end users and the public need to be educated and informed about the value the industry provides; holding it to account using agreed benchmarks is vital to underpin that education.

Achieving these aims will require total commitment from the whole industry supply chain. The industry must come together and speak as one voice to allow better understanding and collaboration with Government – the sector's biggest customer. By taking a united approach, construction can position itself as a central element of all Government policy.

This cannot happen without a shift in behaviours and attitudes. The industry must assess its drivers for change and improvement.

The emphasis throughout the strategy is on adding value in the longer term rather than simply cutting costs. It demands a set of changed behaviours: a refreshed focus on long-term values, a consistent and prompt payment

process, commitment to collaborative procurement and integrated teamworking, acceptance of the values of the circular economy, and an emphasis on inclusivity and diversity. These drivers and behaviours will combine to create a better functioning industry – one that has a sustainable commercial future and will deliver a Wales fit for future generations. Construction has a vital role to play in adding value to Welsh communities through creating employment, bringing local people together, minimising waste, maximising recycling and reducing carbon emissions. The creation of a platform to enable this begins now.

Jistcourt (South Wales) Ltd

Jistcourt South Wales, established in 1980, is a building contractor with around 85 employees. The company works collaboratively with housing associations and local authorities across South Wales, and has doubled its turnover in three years. The company is driving growth by investing in its people, which it does in many ways. Highlights include the 'pathways' that help employees to upskill and progress their career. For example, labourers can gain the relevant experience to become a foreman, moving them on to the site manager pathway. People are integral to innovation and continuous improvement; the in-house suggestion scheme, for example, produced the idea for a tablet-based site inspection system which has boosted productivity. All employees as well as the supply chain are encouraged to volunteer their time and skills to community projects outside of work. The company's multi-pronged approach to training and development is a model for an industry increasingly seeking to close the skills gap.

Welsh construction generates 10% of the country's GDP, drawing on an extensive supply chain of over 13,000 businesses employing in the region of 112,000 people

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ARBENIGRWYDD**
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**CONSTRUCTING
EXCELLENCE**
IN WALES

Constructing Excellence in Wales is the united voice of Welsh construction, representing every part of the supply chain. We are an independent, self-funding body campaigning to highlight the industry's role in underpinning key Welsh Government strategies and creating a built environment fit for the future.

CEW will lead the drive to improve the construction process in Wales – advocating a change in behaviours and an emphasis on long-term value – and will be the agency that delivers the targets mapped out in Building Prosperity.

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