

The Chartered Institute of Building

submission to the

Northern Ireland Executive Office

on the consultation on

Programme for Government Framework Consultation

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Outcome: we live and work sustainably – protecting the environment

Northern Ireland's recovery from the Covid-19 pandemic provides an unprecedented opportunity to foster the skills and develop the direction of travel necessary to meet our net zero obligations under the Climate Change Act 2008. At least 70% of the buildings currently standing will be here in 2050, and with a current housing stock of around 807,8129 homes, the energy performance of the Northern Ireland's existing homes must be improved if we are to achieve our emissions reductions target.

Upgrading the energy efficiency of existing homes through repair, maintenance and improvement (RMI) is an example of a socially valuable project that will support the economy, while improving the health and wellbeing of residents. This type of work is labour intensive and grounded within local supply chains, making it an ideal project to maximise employment within the construction sector, support regional growth and provide opportunities for training and retraining in low-carbon construction skills.

Private housing RMI is a major sector for construction, accounting for more than 20% of industry activity in Northern Ireland in 2020. Private housing RMI has also been one of the major growth areas during the pandemic period, with quarterly increases of 31% between Q2 and Q3 2020. The increase in activity presents a real opportunity for a targeted approach in the programme for government in the context of sustainability, as housing also represents one of the most significant challenges to reaching net zero. In 2016 Northern Ireland's housing stock had 61,000 dwellings deemed below the Decent Homes Standard, 160,000 dwellings in fuel poverty, and 50% of dwellings were rated below the EPC target Band C.

Starting this work early will support employment when the workloads are low, and as the economy improves and workloads increase to pre-lockdown levels, more labour-intensive work can be eased, and greater progress made on less labour-intensive work. While we recognise that this is a complex task, we believe it would greatly reduce strain on labour supply. Retrofitting to improve energy efficiency will also reduce consumer utility bills, thus freeing up disposable income to be spent within local economies.

We urge the Government to implement a long-term national retrofit strategy as a key infrastructure priority and core element of the Programme for Government. The Construction Leadership Council's (CLC) National Retrofit Strategy sets out a 20-year blueprint to transform the nation's housing stock, and this can provide a template for a Northern Ireland specific strategy. This will provide a clear direction of travel for the construction industry as well as the certainty that businesses need to create stable, green jobs beyond 2021, and the confidence consumers need to invest in whole house retrofit.

In order to deliver a national retrofit programme, the CIOB proposes that the Government introduce a 'Help to Fix' loan scheme, which would involve the provision of interest free loans by Government directly to owner occupiers for a large range of measures which, while predicated on improving energy efficiency, would also extend to other measures including loft conversions, extensions, annexes and home improvements.

Funding could be secured against a charge on the home, or alternatively, an equity stake. The repayment of the funding would be at the time of sale (a fixed closure date – for example 15 or 20 years after the loan – may be advisable to reduce legacy administration). The key aim would be to remove the initial payment of a lump sum by households to carry out retrofit work – one of the primary barriers to this type of work in the past.

The provision of loans is not a new concept and was the foundation of the much-criticised Green Deal. While it is true that a 'Help to Fix' mechanism would not be universally applied, demand for RMI must be enhanced through a blend of compatible, well-coordinated measures; it cannot be carried out in isolation.

Importantly, a Help to Fix scheme would allow for wider improvements than just energy efficiency, for example loft conversions or extensions. These would enhance the value of the home and, in many cases, the space available. This more packaged approach to home improvement should encourage uptake and benefit the overall built environment in producing more residential space. The move to encourage an expansion of home sizes makes further sense in the light of increased homeworking practices as a result of Covid-19.

Financially, the scheme proposed is likely to prove net positive for the Department of Finance. The costs to the Government would be low, especially considering it has been able to borrow at negative real interest rates since 2016. The Department of Finance would likely see gain through a higher tax take resulting from higher employment. This would provide a consequent boost to local economies, further supporting tax revenues. In reducing cashflow pressures for households which are already looking to improve their homes, stronger subsequent spending elsewhere in the economy would help to support economic growth.

Simultaneously, enhanced quality of the built environment is likely to lead to improvements in societal health and wellbeing, and thus reduce the associated costs of poor health to the NHS. For example, The Building Research Establishment estimates that a £10 billion investment in improving some of England's 3.5 million worst homes would save the NHS £1.4 billion in first year treatment costs alone.

Key Priority Areas missing under this outcome

Settlement patterns. The dispersed, peripheral development around our towns and cities in Northern Ireland is creating additional societal burdens. Regionally balanced growth is a good thing, but new housing developments on the edges of towns to serve an urbanised city-based workforce is not. These developments bake in car-dependency and congestion, make public transport, schools, and doctors' surgeries unviable, hollow out nearby towns and – from a mental- and physical-health perspective – encourage isolation and sedentary lifestyles. In short, instead of meeting housing need where it exists, peripheral development creates extra societal and environmental burdens. This needs to be addressed if we are going to live and work sustainably.

The COVID-19 crisis affords an opportunity to reassess our use of space, particularly in cities, where a new spatial hierarchy has emerged in light of the pandemic. The logic of continuing to devote large swathes of valuable urban space to offices filled with employees who can seemingly work remotely, has, almost overnight, been called into question. It also now seems unsustainable to continue to disproportionately accommodate space-hungry road traffic, while public spaces that facilitate social distancing become more and more important from a public health perspective.

The lockdown has led to tangible environmental gains in terms of reduced carbon emissions and cleaner air in cities. The ways that we plan and envisage the built environment can preserve these benefits by encouraging a move away from car-dependent development, while facilitating sustainable transport infrastructure. Local authorities have led the way by reclaiming space for pedestrians and cyclists, as streets have been pedestrianised and pop up bike lanes have been created to accommodate the record numbers of new bikes on the road as the 2020 'cycling boom' continues.

Now that people have been given a glimpse of what it is like to live in towns and cities that prioritise sustainable transport infrastructure and public spaces, many will be reluctant to give up this lifestyle and to revert to less efficient uses of space and lower air quality when lockdown restrictions are lifted completely. The negative quality of life implications, for city dwellers in particular, of continuing to devote space to private cars and on-street parking have been evident for years. Now the issue has national, and even global implications, as if we continue to squeeze pedestrians and cyclists into small spaces by disproportionately devoting space to private cars, we are putting public health at immediate risk through COVID-19 transmission by undermining social distancing.

Outcome: everyone can reach their potential

The Global Financial Crisis had a devastating impact on the construction industry workforce, with some 400,000 people losing their jobs across the sector in the UK, and many never returning. The industry has taken over a decade to rebuild its capacity and the experience serves as a harsh reminder of the threat of recessions pose to the sector.

The Northern Ireland labour market will continue to change as a result of the Covid-19 pandemic and its economic impacts. An estimated 70% of workers were furloughed by construction companies between the period from March to end of June 2020. We welcome the Government's support for the sector during this time, as well as mechanisms to retain staff through the Talent Retention Scheme, however, we anticipate that employers will opt for redundancies unless workloads return to pre-Covid levels.

Skills shortages affect both the professional and trade sides of the built environment sector. Prior to the pandemic, the Construction Industry Training Board's Skills and Training in the Construction Industry 2018 report found that one in six (17%) construction employers did not have enough skilled workers. Nearly half (47%) of employers experienced difficulty in recruiting skilled direct or self-employed staff.

Recruitment and training across the built environment is a complex challenge, compounded by the ageing profile of workers in the sector, low numbers of new entrants and the proposed changes to immigration laws affecting the ability to recruit.

The CIOB previously responded to the Migration Advisory Committee's (MAC) Shortage Occupation List 2018, producing a cross-industry research report that surveyed 276 companies which collectively employed more than 160,000 workers across the construction industry to identify shortages of available staff pre- and post-Brexit. The survey found several roles that were frequently seen as shortage occupations, including construction project manager (SOC Code: 2436) and production managers and directors in construction (SOC Code: 1122).

We also submitted a joint response with several trade and professional groups on the impact of the coronavirus pandemic for construction and migration and the need for the Shortage Occupation List to be reflective of the industry's skills needs as we exit the European Union and recover from the pandemic, to prevent any shortages or gaps. We encourage the MAC to further consult with industry on an ongoing basis to develop a SOL that is flexible and responsive to emerging evidence and insight on the construction industry's future skills needs as they develop.

Skills and Attainment

Improving the quality of – and access to – education and training is crucial to ensuring a sufficient pipeline of qualified, professional workers who are passionate about careers in the built environment. However, the poor image of construction has continued to have a detrimental impact on businesses' ability to recruit and retain people with the right skills.

We endorse the Construction Industry Training Board's GoConstruct portal, which informs children and parents about the array of careers and opportunities in construction and the wider built environment, from trade-based opportunities through to professional careers in construction management, architecture and surveying. Additionally, the CIOB's Craft Your Future initiative is a construction game aimed at 12-14-year olds that takes place in Minecraft, and presents students with a variety of problems focussing on the challenges faced by city-based communities. It is designed to help young learners explore the methods and skills required to become a construction manager, including those central to the new technologies that will define the future construction industry.

We are disappointed with the UK Government's recent decision to delay the publication of BTEC results, due to the potentially significant detrimental effect it will have on students' career paths and the message it sends; that their technical qualifications are less valuable than academic equivalents. At a time when the findings of the Hackitt Review are driving the reform of safety and quality standards within the built environment, technical education in keystone competencies is more important than ever. Yet in the public eye, the undervaluing of BTECs gives the impression that it is a pathway of last resort. BTECs are the gold-standard of routes into construction careers, and it is crucial that those students who choose this pathway are given parity of education with those that undertake A-levels.

Ultimately, a sustainable recovery and long-term pipeline of talent must be supported by a shift in the content of built environment courses to reflect the skills needs of the future. Employers have often cited outdated curricula and skills as a barrier to the employment of Further Education (FE) students, and a challenge at FE level is ensuring that the best people are teaching the right skills. Incentivising experts to enter teaching and ensuring that they are not forced to leave the industry to take up less lucrative teaching roles will be vital to skilling and upskilling a workforce that is equipped with modern, low carbon skills.

Outcomes: our economy is globally competitive, regionally balanced and carbon-neutral

Upgrading the energy efficiency of existing homes through repair, maintenance and improvement (RMI) is an example of a socially valuable project that will support regionally balanced economic growth, while providing an unprecedented opportunity to address the health and wellbeing of residents and make progress towards the net zero target.

Previously, a lack of confidence in long-term policy direction has impeded the sector's ability to acquire new entrants and train them in the low carbon skills of the future. Instability and piecemeal policy have weakened the resilience of the construction supply chain and reinforced a lowest-cost procurement model which has eroded quality and hindered innovation.

It is vital that the immediate economic impacts of Covid-19 do not lead to future skills gaps in the competencies and technologies that will be vital to reaching net zero. The industry has long suffered from challenges posed by skills shortages and gaps and the cyclical boom-bust nature of construction means workloads and staffing requirements are heavily dictated by the general condition of the

economy. This is exacerbated by an ageing workforce and difficulty attracting new entrants to the sector.

To address these issues, we are also calling for the Government to seek a longer-term commitment to decarbonising our homes, by introducing a national retrofit strategy as a key infrastructure priority and core element of the Program for Government. This will provide a clear direction of travel for the construction industry as well as the certainty that businesses need to create stable, green jobs beyond 2021, and the confidence consumers need to invest in whole-house retrofit.

In order to deliver a long-term national retrofit strategy, the CIOB is proposing a 'Help to Fix' loan scheme, which would involve the provision of interest free loans by Government directly to owner occupiers for a large range of measures which, while predicated on improving energy efficiency, would also extend to other measures including loft conversions, extensions, annexes and home improvements.

The scheme would seek to promote five policy outcomes:

1. encouraging construction activity where SME builders and local jobs are under threat;
2. supporting local economic activity;
3. expanding usable residential floor space;
4. increasing the uptake of energy efficiency measures by private homeowners; and
5. supporting the revitalisation of rundown high streets.

In brief, funding could be secured against a charge on the home, or alternatively, an equity stake. The repayment of the funding would be at the time of sale (a fixed closure date may be advisable to reduce legacy administration). The aim would be to remove the initial payment of a lump sum by households to carry out retrofit work – one of the primary barriers to this type of work in the past.

The provision of loans is not a new concept and was the foundation of the much-criticised Green Deal. While it is true that a Help to Fix mechanism would not be universally applied, demand for RMI must be enhanced through a blend of compatible, well-coordinated measures; it cannot be carried out in isolation.

Importantly, Help to Fix would allow for wider improvements than just energy efficiency, for example loft conversions or extensions. These would enhance the value of the home and, in many cases, the space available. This packaged approach to home improvement should encourage uptake and benefit the overall built environment in producing more residential space, a judicious move in light of the growing trend towards homeworking.

Financially, the scheme proposed is likely to prove net positive. The costs would be low, and the Government would likely see gain through a higher tax take resulting from higher employment. This would provide a consequent boost to local economies, further supporting tax revenues. In reducing cashflow pressures for households which are already looking to improve their homes, stronger subsequent spending elsewhere in the economy would help to support economic growth.

Economic Growth

The CIOB's 'Real Face of Construction' report emphasises the role that government can play in subduing volatility in the construction sector by providing a clear pipeline of infrastructure projects. Ireland's Minister for Finance and Public Expenditure and Reform has introduced measures to mitigate the risks for Exchequer-funded capital projects during the COVID-19 crisis period. Any actions that

provide clarity and relieve uncertainty at this challenging time are welcome, and we commend the measures announced aimed at safeguarding Project Ireland 2040.

Similarly, the Programme for Government in Northern Ireland gives the Department of Finance, Department of the Economy and the Department for Communities of to bring forward departmental capital programmes.

There are green shoots for construction, as the shutdown provides an opportunity to carry out much needed repair and maintenance of existing infrastructure, particularly in cities that are now more or less car-free. Many local authorities are reimagining areas to be more pedestrian and cycle friendly in preparation for the new social-distancing reality we will face when we emerge from the lockdown. The way we interact with towns and cities is going to change, and the construction sector is well placed to facilitate this through the repurposing of spaces, paths and roads to allow for social distancing, which will be with us long after the various restriction regimes are lifted.

Further Comments

While the lockdown has had an immediate, negative impact on the growth of the construction sector, it has also given pause for thought and provided the sector with a chance to modernise. This involves addressing long term, sector specific challenges such as productivity, but has also led to consideration of the sector's role in addressing wider societal goals such as quality of life, and climate change.

There is already repurposing work happening in towns and cities to make them more pedestrian, cycle, and social distancing friendly, and construction – specifically repair, maintenance and improvement (RMI) work - has a key role to play in this. In the immediate term there is a clear case for a construction and infrastructure pipeline to repurpose towns and cities, providing sustainable transport infrastructure, and social distancing friendly spaces. These socially valuable, labour intensive RMI projects have the added benefit of providing a stable pipeline of work and creating a built environment fit for the future.

Previous recessions have shown a tendency for Government's to respond by focussing on large-scale infrastructure projects that garner public attention but do not always support a stable and regional pipeline of work for the industry. In a world where the emphasis in the short-term is on staying local and socially distancing, there does need to be more consideration given to smaller scale interventions, and the viability of certain large infrastructure projects given rapidly changing user preferences. In planning for future construction, we suggest that the Government works hand in hand with both the construction and infrastructure sectors to prioritise local needs and employment and then ensure that large scale infrastructure projects align as we begin to gauge how the behaviour of users in the built environment changes.

Adaptable buildings

The CIOB has flagged concerns about the conversion of office space to deliver housing supply. Permitted Development (PD) rights have led to numerous adverse outcomes from a quality perspective and we would recommend in depth research looking at where PD rights failed before embarking on a similar agenda.

A longer term, more sustainable solution would look at interventions earlier in the building process, rather than retrofitting office blocks that are simply not suitable as housing. 'Seed Planning' is a building technique which gives minimum specification of how form relates to function, thereby

allowing a building to fulfil multiple uses over the course of its life without sacrificing quality as it changes. Given the level of flux we are witnessing in terms of how users relate to the built environment, particularly the contingency of office space and the ongoing need for centrally located, affordable housing, seed planning is the type of intervention we could implement now, that will give new buildings the ability to continually adapt to the changing world.

Modern methods of construction (MMC), particularly modular, off-site solutions are well placed to facilitate the adaption involved in a seed planning approach. Modular off-site buildings can be built so that they can be re-configured through their lifetime, adapting to different needs as they evolve. Modular construction provides a repeatable system of building that is easily adapted according to different requirements for height and floor area ratio and is thus deployable across a range of contexts. This is particularly pertinent in the context of large swathes of office space potentially becoming obsolete overnight.