



**CIOB**

The Chartered  
Institute of Building

## CIOB's Manifesto for the Built Environment

Opportunities for  
future proofing the  
construction industry



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## Introduction

The Chartered Institute of Building (CIOB) is the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, and we have been doing that since 1834. Our 50,000 members work worldwide in the development, conservation and improvement of the built environment.

The construction sector, and the quality of what it produces, impacts every member of society. It is a key economic driver that is intrinsically tied to economic prosperity, health, productivity, sustainability and wellbeing.

**As an industry, construction, as defined by the Office for National Statistics (ONS),\* officially accounts for 6.3% of Gross Value Added (GVA) and employs over 6.5% of people in the UK**, although the economic reach of the sector is much wider when considering its related subdivisions like product manufacturing, real estate and built environment related consultancy work. It is crucial that policymakers understand the positive impact that improvements to the operation of the built environment can have on the way that people live, work and play.

Since the 2019 General Election, the construction industry has entered a new era of safety through the enactment of the Building Safety Act 2022, which makes progress towards protecting residents of high-risk buildings from fire safety risks. The Levelling Up and Regeneration Act also received Royal Assent in 2023 which could help to ensure a long-term pipeline of construction and infrastructure projects across the UK. However, the wider outlook for construction is perhaps not as positive. The built environment still contributes a large proportion of the UK's carbon output, and the worsening skills gap is contributing towards a perfect storm where the number of construction projects is up but there are not enough skilled workers and materials to meet demand.

### Key Stats



The construction industry employs over **2.2 million workers in the UK.\*\***



In 2022 there were **374,332 Value Added Tax (VAT) and Pay As You Earn (PAYE)** registered construction firms operating in the construction industry across Great Britain.



Approximately **3 in 10 construction** firms and employees were concentrated around **London and the South East in 2022.**

\*ONS define construction according to its standard industrial classification (SIC) code section F which amounts to work done by building, civil engineering and specialist construction firms on site.

\*\* Full references available on request

## Policy Priorities

Our Royal Charter ensures that we work in the public interest. While we listen to the views of our membership, our goal is to ensure that a positive change is made to the regulation and operation of the built environment as a whole.

**Our manifesto highlights four key policy priorities for construction and the built environment we urge the next government to act on.**



### Sustainability

With 19% of UK operational carbon emissions attributable to heating and powering buildings, the energy performance and water efficiency of the UK's existing housing stock must be improved if we are to achieve our long-term emissions reductions target and protect natural resources. While progress has been made in understanding the true carbon output of construction there are still gaps in managing and therefore reducing the impact of new and existing buildings on the environment.



### Quality & Safety

Quality, or rather the failure of quality, is arguably one of the most important issues facing the construction industry today. Whilst great strides have been made on improving building safety, more can be done to enhance quality and protect consumers. Simultaneously, while we understand the focus on providing more homes across the UK, the next government must ensure that this does not come at the expense of quality.



### Future of Construction

There is a need to focus on developing and supporting new technologies to improve construction and review outdated, unsustainable functions of the sector. Furthermore, 'levelling up' presents a significant opportunity for the construction industry which cannot be overstated. It is not just a time for construction to play a crucial role in reducing the economic and social disparities between London and the rest of the UK, but also a time to reflect on current working practices within the industry.



### People & Skills

The construction sector is facing a persistent struggle to recruit and retain a sufficient number of skilled workers. This skills gap creates significant challenge in meeting demand for construction work and delivering projects to a decent standard. With the current apprenticeship system proving ineffective in increasing the number of new construction entrants, and an ongoing lack of diversity in the construction workforce, a refreshed approach to bringing a wider range of workers into the construction sector is needed.

## Policy Priorities - Sustainability

The construction industry is central to a green transition, and there is a need for meaningful action, clear government oversight and a cohesive set of measures to address carbon emissions throughout the design, construction and operation of the built environment.

With the built environment directly responsible for a quarter of UK emissions, government cannot achieve the UK's legally binding net zero target without a comprehensive set of measures to decarbonise the built environment and ensure progress towards green targets are being made consistently in all stages of construction.

Since the 2019 General Election there have been a suite of measures introduced to attempt to tackle the carbon output and impact of homes, such as the [Green Homes Grant](#), [Green Heat Network Fund](#) and [Boiler Upgrade Scheme](#). These have run alongside government strategies, such as Powering Up Britain, to set the trajectory for the UK's intentions on net zero. Whilst these measures have been a step in the right direction, they do not go far enough, in isolation, to ensure a widespread decarbonisation of the built environment.

The industry is making meaningful progress in a drive to mitigate its contribution to climate change. However, there are a number of important steps to decarbonising the built environment that can only happen with meaningful and cohesive government support.

We have outlined some key asks from the next government to help decarbonise the built environment and play its part in a more sustainable construction sector.

### Key Stats



The built environment is directly responsible for **25% of UK climate emissions.**



**Less than half of homes in England and Wales have an energy efficiency rating of EPC C or above,** with the median energy efficiency score for both countries equivalent to EPC D.



**An additional 500,000 workers in skilled trades are needed** to bring the national housing stock up to a minimum energy efficiency standard of EPC C by 2030.

# Key asks for the next government

## FIRST 100 DAYS OF GOVERNMENT

## LONG TERM TARGETS

### SHORT TERM

#### Creation of a Green Skills Fund

A clear strategy to tackle the gap in green construction skills is needed. A fund dedicated to developing a pipeline of workers with green construction skills, such as training in retrofit co-ordination, heat pump installation and sustainable modern methods of construction (MMC), would enable a future government to ensure that a green transition can be realised. It could also cover specialist roles such as ecologists which are required for projects to fulfil recently introduced legislation on Biodiversity Net Gain (BNG).

Such a fund could be allocated to offer training for new entrants, such as through apprenticeships, as well as training to upskill those already in the industry, and make sure that training is financially accessible to prospective workers. This will represent a step forward in working with industry to develop a much-needed roadmap for policy change to accelerate net zero. A focus on green skills specifically, such as retrofitting, would allow the provision of training to be data-led and designed to meet projected demand for green construction and development of the built environment.

#### Part Z of the Building Regulations

Embodied carbon must be considered if we are to meet the UK's net zero target. Embodied carbon – carbon emissions produced during the construction of a building – currently accounts for 20% of the UK's total built environment emissions. There is the opportunity to take clear action in controlling embodied carbon emissions through regulation – a move which the industry clearly supports. Part Z is a draft amendment to the Building Regulations, designed and proposed by the built environment sector, to require businesses to carry out whole life carbon assessments and reporting.

We ask any future government to support proposals for a new Part Z of the building regulations to ensure that embodied carbon is assessed on all projects, as part of a comprehensive whole life carbon assessment.



### LONG TERM

#### Implementing a national retrofit strategy

A timely and comprehensive retrofit strategy is essential to driving down emissions from operating and using buildings, which currently accounts for 19% of the UK's carbon footprint. The benefits of retrofitting go further than environmental: widespread retrofitting would also act to reduce fuel poverty, improve the nation's energy and water security and resilience, and provide a boost to the economy.

To make retrofit happen at the scale and pace needed for net zero, a clear strategy to incentivise and drive the full spectrum of retrofit works required to improve the energy and water efficiency of the existing building stock is needed. As the primary barrier to retrofit of privately owned buildings is affordability, an effective retrofit strategy would centre on financial incentives for retrofit, such as grants, long-term interest free loans and reform of the VAT system for 0% on retrofit works, coupled with promoting consumer awareness on the benefits of routine repair and maintenance.

## Policy Priorities - Quality & Safety

In February 2017, architect and health design champion Professor John Cole CBE published a report on behalf of the Scottish Government into the defects that led to the closure of 17 schools in Edinburgh. Around the same time, diminishing consumer satisfaction with new homes identified a need to address serious quality failings in the residential sector.

Just a few months later, in June 2017, the tragic fire at Grenfell Tower in London claimed the lives of 72 people. Both incidents spawned official inquiries and their subsequent reports made for uncomfortable reading for all those in the built environment. However, their outcomes have proved influential in shaping the industry's response and subsequent legislation in the form of the [Building Safety Act 2022](#).

We will continue to support and advise any future government on driving forward a new era of building safety through improving the competency of the industry. As the Building Safety Act is now in force, it is key that the industry steps up and fulfils the new duties required of it to keep buildings safe from fire risks. However, there is also a responsibility from the next government to ensure that any future changes are communicated with the industry and professional bodies well in advance to allow for preparation and accommodation of any fundamental changes to the current ways of working.

Whilst it is fair to say that improvements have been made to the way in which consumers can hold their housebuilders to account for failings in quality through the [New Homes Ombudsman](#) and [New Homes Quality Board](#), we are keen to ensure that these organisations are regularly reviewed to ensure they have ample powers to address failings in quality in sale, post-sale and in occupation experiences of new-build homes.

Key to guaranteeing that the built environment is of the highest quality is ensuring that companies of all types and sizes are able to compete in a heavily constrained market. To date, little has been done to protect the dwindling role of SMEs who have previously played a vital role in housing supply in the UK.

There is much that can be done in the short-, medium- and long-term to secure the safety and quality of new and existing buildings across the UK.

### Key Stats



In total there are approximately **12,500 buildings that are defined as 'high-risk' in England** (11 metres or 7 storeys).



The role of SMEs in housebuilding has been slowly dwindling over time. **In 1988 SMEs built around 39% of all ones in the UK. They now only build around 10%.**



**-8.7%** Data released by Savills shows that UK **greenfield land values are down by -8.7%** from their peak in 2022.

# Key asks for the next government

## FIRST 100 DAYS OF GOVERNMENT

### SHORT TERM

#### Establishing quality as a key principle for the built environment

Historically, failures in enforcement have enabled the industry to adopt bad habits. Whilst overall customer satisfaction with new-build homes has increased in recent years, the worryingly high number of customers still identifying issues with their homes hints at risks that consumers face when purchasing a new-build home. CIOB believes that more can be done to enshrine quality as a guiding principle in housebuilding and increase the level of protection that consumers have when making such a significant financial commitment.

CIOB supported the creation of both the New Homes Quality Board and New Homes Ombudsman to drive up construction quality. However, membership to both organisations remains voluntary, and we suggest the next government undertakes a review to understand whether membership should be mandatory. These powers already exist within the Building Safety Act 2022 and the call for a mandatory ombudsman aligns with the Competition and Markets Authority's recent housebuilding market study.

#### Protect SMEs in the Planning Process

We welcomed the proposed reforms to the planning system to streamline the delivery of much needed new homes. However, what has been proposed to date could have a detrimental impact on the role of SME housebuilders. A renewed emphasis on local plan creation will help increase the overall quality of housing. However, the need for an allocation in a local plan will increase the competitiveness from large-scale developers who have previously relied on unallocated sites for their annual housing output. This may further squeeze SMEs as they will struggle to compete with developers who are able to pour resources into influencing the local plan process.

To address this, we recommend that quotas are implemented per local plan for land allocations for local SMEs as well as utilising Homes England to provide more support to SME housebuilders as a route into the market through increased financing and a more proactive, hands-on approach to development finance.



## LONG TERM TARGETS

### LONG TERM

#### Land Value Reform

The housing development market has been dominated by a small number of large volume housebuilders whose resources and financial strength have allowed them to price out SME developers on materials and land values. The inflated land market means costs must be driven down in the latter stages of the housebuilding process to fund the initial land purchase. This results in poorly designed housing. If land was available at a more reasonable rate – for example, existing use value plus a 25% premium – developers would be incentivised to compete on the design and quality of the final product, rather than their ability to fund the initial land purchase. To this end we recommend that the land value calculation system is reviewed to understand the viability of alternative systems.



## Policy Priorities - Future of Construction

The construction industry is innovative by its very nature. Consistent steps are being made to ensure that buildings are built in a more sustainable way, that new technology is harnessed to improve the quality of buildings, and to adopt new working practices to streamline and update construction methods.

This is not to say that the industry is perfect, there are many areas of the sector in need of development with encouragement from the next government. One of the most consistent barriers to innovation for the industry has been its cyclical boom and bust nature, meaning that workloads, staffing requirements and budgets are heavily dictated by the general condition of the economy. During downturns, investment in formal Research & Development (R&D) is one of the first areas that tends to be cut as companies tried to maintain a positive cashflow.

To ensure that construction can push forwards as an industry, government can intervene and help to ensure a steady pipeline of work for the industry. To a degree this is being achieved through the levelling up agenda which, since its inception, has awarded a total of £4.9bn across three rounds of funding. Many of these projects will rely on the construction industry to be realised.

This opportunity for the industry cannot be understated and we would urge any future government to continue with the concept of 'levelling up'. To further support this, we would like to see more work on creating geographically clustered areas designated as hubs for innovation, technology or for growth in specific industries, like construction. Levelling up both presents an opportunity to drive forwards innovate construction techniques such as off-site construction, but also will encourage the industry to reflect on its current ways of working to address long-standing issues.

### Key Stats



Research & Development spending in the construction sector has increased year on year since records began. In 2022, construction **R&D expenditure rose significantly to £530m from £350m in 2022.**



Signing up to the Prompt Payment Code has been proven to decrease the time taken for contractors to pay invoices.

In 2018, tier one contractors signed up to the code paid an average of 63% of invoices on time. This has since increased to **80% of invoices being paid on time in 2023.**



It is predicted that the percentage of homes built using **Modern Methods of Construction** will rise from the 6-10% in 2020 to **close to 20% by 2030.**

# Key asks for the next government

## FIRST 100 DAYS OF GOVERNMENT

### SHORT TERM

#### Take steps to tackle late payment culture

The UK government is construction's largest client and in the decade from 2010 to 2020 was responsible for over 30% of all new construction contracts. Government's role within the industry presents an important opportunity to lead the way in encouraging the sector to work better. One of the key challenges faced by contracting companies, many of which are SMEs, is the late payment culture. Attempts have been made through the [Prompt Payment Code](#) to hold procurers to account when they miss payment deadlines. The Code, in its current form, is only aimed at public contracts. It is also optional and honour-based. With more than half of all invoices sent to construction firms paid late in 2022 and data suggesting that many major contractors are paying 20% of invoices late, we urge any future government to revisit the Code to understand its applicability to the private sector and what measures can be put in place to enable greater accountability to the system.



#### Produce a comprehensive strategy for modern methods of construction

Embracing technological change could lead to the industry becoming more attractive to work in, as well as adapting our reliance on traditional build techniques. There are numerous potential benefits of a shift to offsite and modular construction, including greater speed of on-site operations, reduced labour requirements, safer working conditions, reduced waste and potential for safer, higher quality builds. Despite the benefits, the cost of investment to adopt modular housing development models is significant, including the current lack of demand for modular homes and the challenges of high inflation leading to lenders and insurers becoming more risk averse. To help stimulate a market that could deliver around 20,000 new homes by 2025 a more comprehensive government strategy for investment, including potential grants or subsidies to provide incentives for companies to invest in the area, is needed.

## LONG TERM TARGETS

### LONG TERM

#### Utilise geographical clustering to level up the UK

Within the [Levelling Up & Regeneration Act 2023](#), the Conservative Government made it clear that it will utilise infrastructure and construction to deliver the complex and transformational change required to tackle geographical disparities in a meaningful and sustainable way.

The regions of the North of England, along with the Midlands, are a perfect test bed for levelling-up and provide an ideal platform on which to build strong foundations for a construction industry that is rapidly moving towards greater integration. The need for integration and the benefits of 'clustering' related firms suggests that policies promoting increased engagement and encouragement could benefit both the wider construction sector, the economies of these regions and the nation.

We recommend that the next government seeks to prioritise geographical clustering of industry whilst utilising incentives such as the reduced business rates, business mentoring that supports the development of the sector as well as understanding ways for employers to retain staff during regional transitions. Stimulating R&D through clustering and other creative policy mechanisms can help to contribute to the aims of the levelling-up agenda.

## Policy Priorities - People & Skills

The construction industry is a major sector for employment, officially responsible for 6.5% of workers' jobs in the UK. Construction not only provides a stable, skilled and interesting career path for those in the industry, but it also offers competitive pay, with construction workers in the UK earning £36,000 on average compared to £33,000 across all other sectors.

However, the industry has consistently struggled to attract enough new entrants, often due to a poor perception of construction work that prevents many people from even considering working in the industry. The construction skills gap is persistent and only likely to grow without meaningful intervention, with an estimated 251,500 additional workers needed by 2028 to meet demand for construction work in the UK.

The importance of this issue cannot be understated. If the skills gap is not addressed, then the construction sector will not be able to deliver on routine work, much needed regeneration and development under the levelling up agenda, or sustainable construction work needed to meet the UK's legally binding net zero target. If left unsolved, the construction skills gap will provide a major hindrance to economic growth.

A lack of skilled workers also creates issues for delivering a high standard of work, resulting in lower productivity and poor-quality buildings. If the next government is to deliver on its agenda for a much higher level of quality and safety for the built environment, then it needs to ensure that the industry is equipped with sufficient people and skills to deliver safe, high-quality buildings.

The industry currently has a limited pool of people to recruit from due to its workforce being predominately male. There is a need to encourage a wider and more diverse range of new entrants into construction work to successfully close the skills gap. The next government is a central actor in addressing this issue, through ensuring that the skills and education policy framework is robust in delivering the construction workforce needed by industry, but also by taking steps to improve the poor public perception of construction.

### Case study



Both CIOB and industry professionals are looking at proactive ways to widen the recruitment pool for the construction industry, through increasing awareness and accessibility of careers in the sector. For example, CIOB offers the [Craft Your Future](#) teaching material - a construction game based in Minecraft that is aimed at 12-14 years that can be accessed by teachers for free. The game provides an introduction to the skills required of a construction manager and creates awareness of careers in the built

environment in a way that is memorable and engaging for children.

An example of an industry-led initiative to improve the diversity and inclusivity of construction is the [Black People in Construction Network \(BPIC\)](#), set up in 2019 by construction professionals aiming to improve ethnic minority representation and retention in the industry. The BPIC Network offers a networking platform and events for built environment sector workers and takes steps to promote awareness

of the wide range of construction careers to young people from minority backgrounds. Since its inception, BPIC Network has stood out as a champion for improving diversity and inclusion in construction and has garnered the attention of many companies aiming to work with the Network, which is now offering consultancy services to help companies assess and improve the diversity and inclusion of their workforce.

# Key asks for the next government

## FIRST 100 DAYS OF GOVERNMENT

### SHORT TERM

#### Support greater diversity and inclusion in the sector

The UK construction industry has an ongoing lack of diversity, with women making up 15% of the workforce (with approximately 2% working on-site) and around 6% from minority ethnic backgrounds. Promoting Equality, Diversity and Inclusion (EDI) is not just important for widening the potential talent pool for construction, but also in ensuring that the construction sector is widely a safe and inclusive place for workers. A future government can utilise its influence on the sector through public contracts and procurement criteria to encourage businesses to go further in fostering EDI. This could be achieved through government endorsing and encouraging businesses to sign up to the [CIOB Diversity and Inclusion Charter](#), which provides an industry-led approach to EDI and asks businesses to sign up to five commitments to foster a more diverse and inclusive workspace.



#### Review the current apprenticeship system and funding mechanisms

The current apprenticeship system is not working as intended, with much of the Apprenticeship Levy fund unspent since its introduction and the number of new apprenticeships failing to reach government targets. The construction industry has faced specific challenges with the apprenticeship levy system, as the overlap between the Apprenticeship Levy and the CITB Levy presents a significant cost burden for many businesses. Concurrently there has been a decrease in the number of construction apprenticeship starts in the years following the introduction of the levy. To add to the issue, many construction businesses feel disincentivised to offer apprenticeships due to an ongoing struggle to retain staff, with many leaving to work elsewhere once qualified.

A wholesale review of the apprenticeship system and its funding mechanisms is needed, to make sure that training is affordable and incentivised for construction businesses to deliver the number of qualified professionals needed by the construction industry and wider economy. We would encourage apprenticeship levy funding to be opened to other forms of training and upskilling in construction to give businesses greater flexibility in meeting their skills requirements.

## LONG TERM TARGETS

### LONG TERM

#### Implement a built environment GCSE

To encourage a larger and wider range of people to choose careers in construction, there is a need to take proactive steps to change the perception of industry amongst young people and their families. To this end, a Built Environment GCSE has been successfully introduced in both Wales and Northern Ireland, to provide a positive introduction to construction work to those choosing their career path. These GCSEs teach methods in planning, designing, constructing and managing the built environment, equipping students with a set of interdisciplinary skills and knowledge that can be applied to a range of careers. However, a Built Environment GCSE is not available to students in England, leaving a great opportunity to increase the number of students considering construction as a viable, interesting, and rewarding career path.

## Contact us

### For prospective parliamentary candidates

[Click here](#) to arrange a meeting with the CIOB policy and public affairs team to discuss our manifesto or learn more about how we help to shape the future of the built environment.

Show your support and speak to your constituents about our key asks to highlight how you can support the construction sector in your area.

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