



Building For Growth

more homes and less carbon



Jobs and Growth

"When we say we're going to build a new economic dynamism, we mean it ... forensic, relentless focus on growth is what you will get from this Government"

David Cameron MP, 25 October 2010

The construction industry is capable of creating a large number of genuine jobs, relatively quickly, in every constituency, for the good of communities and the country.

Disappointingly, construction is forecast to decline over the next two years, with no significant sign of recovery until 2014. We anticipate a 0.5% fall in output this year (compared to last) and a further 2.8% in 2012¹. The outlook is very uncertain as we face the full impact of public expenditure cuts. In the short term, 'Get Britain Building' cannot see private enterprise being strong enough to replace public spending without further action to free businesses to create jobs and growth.

In order to bring about much-needed jobs and growth, ministers should:

- incorporate construction's ability to create growth in deciding policies and priorities
- ensure the new local authority 'duty to co-operate' extends to Local Economic Partnerships so businesses are fully involved in determining planning objectives
- invest in selective, demand-side assistance to improve output and employment prospects.



Every £1 invested in construction:

- generates £2.84p in GDP
- provides a 56p return to the Exchequer
- retains 92p within the wider economy²

Each new home built creates 1½ full-time jobs³

More Homes

"Our generation of politicians must act or people will be waiting till their 40s before buying their first home"

Ed Miliband MP, 25 May 2011

Government figures show we need to build at least 263,000 homes every year until 2033 to keep up with new households being formed⁴. We are building fewer than half the number needed to meet population, demographic and lifestyle changes. Just 138,000 public and private homes were completed last year⁵, leaving a gap of 125,000.

Our industry expects a shortfall of 609,000 homes between 2011-2015¹. When added to an existing shortage of approx one million units, 'Get Britain Building' calculates the country will face an accumulated shortage of 1½ million homes at the next General Election.

In order to narrow the housing supply gap, ministers should:

- ensure the National Planning Policy Framework adheres to the presumption in favour of sustainable development so suitable applications are not delayed unnecessarily
- ensure planning authorities identify housing requirements within the NPPF, and maintain a viable 5-year land supply to satisfy them
- retain a commitment to release surplus and under-used publicly-owned land for new homes
- fulfill commitments to reduce regulation on builders to make more sites developable
- extend Stamp Duty relief for first-time buyers up to £250,000 beyond March 2012.

Less Carbon

"We want to be the greenest Government ever"

Nick Clegg MP, 8 March 2011

Economic modelling done by the Energy Saving Trust estimates Britain stands to gain £6.6 billion from a green economy. Insulating all remaining lofts and cavity walls and replacing all G-rated gas boilers can support 140,000 jobs⁶. Yet the number of professional loft and cavity wall insulation installations in 2010 actually fell by 30%⁷.

Government ambition to refurbish 14 million homes by 2020 via the Green Deal must be realised by involving thousands of small businesses. The Green Deal is an unmissable opportunity to help people bring property up to standard. 'Get Britain Building' will continue to work with Government to help make it a success.

'Get Britain Building' supports the widely-held view that a lower rate of VAT is the right incentive to improve the energy performance of existing buildings. A 5% rate already exists for some energy-saving measures, but the logic on what is eligible is questionable:

- installing insulation = 5% rate, but double-glazing or low-emissivity glass = 20% rate
- central heating and hot water system controls = 5% yet fitting energy-efficient boilers = 20%.

'Get Britain Building' believes it is perverse to apply a 5% rate on energy consumption but the full 20% standard rate for energy conservation. The 5% rate ought to apply to both.

Research last year revealed that lowering VAT to 5% on building repair, maintenance and improvement work would lead to a total economic stimulus of £1.4 billion in the first year - rising to £17bn by 2019 - with an extra 81,500 jobs created within this decade.

In order to reduce emissions from homes, ministers should:

- simplify VAT rules and rates: they are complex, confusing and do not favour green improvements
- extend the 5% rate to cover the installation of all micro-generation and energy-saving measures eligible under the Green Deal to encourage people to commission such work
- promote the purpose and benefits of the Green Deal to consumers to stimulate demand.

Footnotes

1. 2011-2015 Industry Forecasts, Construction Products Association, July 2011
2. LEK research for the UK Contractors Group, October 2009
3. Labour Needs of Extra Housing Input report, HBF and CITB, March 2005
4. Table 401, Household Projections, United Kingdom, 1961-2033, DCLG, November 2010
5. Table 2c, House Building Tables, June Quarter 2011, DCLG, August 2011
6. Home Economics report, Energy Saving Trust, March 2011
7. Third Progress Report to Parliament, The Committee on Climate Change, June 2011
8. Experian research for the Cut The VAT Coalition, February 2010.



Access To Finance

"The Government will not tolerate banks piling the pressure on SME businesses... they have an economic obligation to lend"

George Osborne MP, 1 August 2010

Improved availability of finance for businesses, and mortgages for individuals, is essential for construction-based economic recovery, led by private enterprise. Without adequate finance, output will be constrained - and aspiring first-time homebuyers will continue to be frustrated.

In order to support businesses, ministers should:

- ensure lenders increase the flow and total sum of money lent to creditworthy borrowers
- encourage banks part-owned by taxpayers to lend to housing and green improvement projects
- use the Green Investment Bank to catalyse finance for green construction of any size.

The Recommendations

“What is happening in the construction industry is disappointing. We need to get Britain building again”

David Cameron MP, 27 April 2011

‘Get Britain Building’ recommends these solutions so Government and industry together can increase the housing supply and reduce carbon emissions to rebuild a strong economy.

Output and Employment

- incorporate construction’s ability to create growth in deciding policies and priorities
- ensure the new local authority ‘duty to co-operate’ extends to Local Economic Partnerships so businesses are fully involved in determining planning objectives
- invest in selective, demand-side assistance to improve output and employment prospects.

Housing Demand and Supply

- ensure the National Planning Policy Framework adheres to the presumption in favour of sustainable development so suitable applications are not delayed unnecessarily
- ensure planning authorities identify housing requirements within the NPPF, and maintain a viable 5-year land supply to satisfy them

- retain a commitment to release surplus and under-used publicly-owned land for new homes
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Carbon Emissions

- simplify VAT rules and rates: they are complex, confusing and do not favour green improvements
- extend the 5% rate to cover the installation of all micro-generation and energy-saving measures eligible under the Green Deal to encourage people to commission such work
- promote the purpose and benefits of the Green Deal to consumers to stimulate demand.

Availability of Finance

- ensure lenders increase the flow and total sum of money lent to creditworthy borrowers
- encourage banks part-owned by taxpayers to lend to housing and green improvement projects
- use the Green Investment Bank to catalyse finance for green construction of any size.

Our supporters build new homes, refurbish existing ones and improve their energy performance. We are ready to help Government face the country’s housing, carbon and economic challenges. Let’s work together to ‘Get Britain Building’.



The Builders Merchants’ Federation | 15 Soho Square, London W1D 3HL



The British Precast Concrete Federation | 60 Charles St, Leicester LE1 1FB



The Construction Products Association | The Building Centre, 26 Store Street, London WC1E 7BT



The Federation of Master Builders | Gordon Fisher House, 14-15 Gt. James Street, London WC1N 3DP



The Home Builders’ Federation | 1st Floor, Byron House, 7-9 St. James’s Street, London SW1A 1EE



The Modern Masonry Alliance | 60 Charles Street, Leicester LE1 1FB