BUILDING FOR SUCCESS
A PROGRAMME FOR THE 2010 PARLIAMENT
from the Federation of Master Builders
Why is the Construction Industry Important?

The construction industry is vital to the overall competitiveness of the UK economy. Nearly 300,000 companies including many small and medium sized family and local businesses are connected to the construction industry which employs three million people, representing 8% of UK employment. The construction industry is also an important driver of growth for other sectors without which there would be a loss of domestic production, capacity and skills. The industry is worth around £124 billion per annum and contributes between 8 and 10% of the UK’s Gross Domestic Product (GDP).

How can the FMB help?

The FMB can help Government deliver a competitive construction industry which is best placed to serve its economic, social and environmental goals.

- The FMB is the largest trade association in the UK building industry, representing around 11,500 building companies.
- The FMB is independent and non-profit making, representing members’ interests at both national and local levels.
- The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to save them time and money.
- The FMB offers advice to consumers through its ‘Find A Builder’ website – www.fmb.org.uk/findabuilder
The 2010 General Election is arguably the most important for many years not least because of the urgent need to tackle the current economic crisis. Decisions taken in the next Parliament will have a profound impact on all of us for many years to come as well as charting the future direction of the UK economy and defining our position in the changing global environment. Critical in determining the difficult political decisions that will need to be made should be a better understanding amongst our politicians of the built environment and the part it plays in helping to shape a modern, dynamic, competitive economy.

Despite the constraints on public spending investment in the construction sector offers the best value for money because every £1 spent on construction output generates a total of £2.84 in total economic activity. Against this background the FMB has identified three key challenges that the next government needs to focus on to help pave the way for a sustainable economic recovery. First, the urgent need to improve our skills base to enable the UK to compete in the global market; secondly, the need to develop a comprehensive programme to create a low carbon economy to ensure the UK meets its legal objective to cut carbon emissions by 80% by 2050; and thirdly the need to create a new business environment to enable enterprise and innovation to flourish. To underpin and support these three key policy areas the FMB has developed a series of recommendations that we want the next government to address which we outline in our programme.

I hope politicians from across the political spectrum will act on our recommendations and remember that the homes we live in, the buildings we work in, the schools where our children are taught, the hospitals that care for us when we are ill, and the transport infrastructure we use to travel to our destinations are all critical to the economic and social being of our country. The vital role that the construction industry plays in helping to support these functions will need to be considered by the new Parliament when making the critical decisions that will shape the future of this country to ensure its long term success. I hope the FMB’s policy programme will prove helpful to politicians when making the difficult political decisions in the testing months and years ahead.

Ron Storer
President, Federation of Master Builders
Developing skills and training

1. Reform public procurement to ensure that only those contractors who employ apprentices are on approved procurement lists for all public sector work.

2. Provide targeted incentives to encourage more employers to train apprentices.

3. Ensure apprentices who commence their training programme before their 19th birthday are funded at the 16-18 year old rate until they have completed their level 3 apprenticeship.

4. Reform health and safety and insurance policies to allow those aged 19 and under to work on construction sites.

Building a greener Britain

5. Establish mandatory refurbishment standards that are consistent with the UK’s commitment to reduce carbon emissions by 80% by 2050.

6. Introduce financial incentives such as a reduction in Council Tax and cutting VAT to help kick-start the retrofitting of our existing housing stock and bring empty homes back into use.

7. Rationalise the HMRC tax treatment of energy efficient retrofitting measures.

8. Increase the number of recycling sites available for construction waste.

9. Make local authority recycling sites available for minor quantities of commercial waste.

10. Introduce incentives to encourage the reuse of construction materials.

Creating a new business environment

11. Reform the planning system to make it faster, simpler, and more efficient.

12. Create a new tariff system to replace both Section 106 agreements and the Community Infrastructure Levy.

13. Review the barriers that currently prevent potential house builders entering the market.

14. Develop new incentives such as ‘JESSICA’ to promote small scale new housing developments that focus on existing neighbourhoods, villages and towns.

15. Develop public-private partnerships that share both the risks and benefits of housing delivery.

16. Reinstate funding for the Worker Safety Advisor project.

17. Increase funding for Health and Safety Executive (HSE) inspectors to ensure health and safety is properly enforced.

18. Reform Stamp Duty Land Tax and extend the threshold to £200,000 to kick start the housing market.


20. Reinstate business rate relief on empty commercial property to help encourage regeneration and re-letting vacant property.
Today’s builders face new challenges not least how best to survive the worst economic crisis in decades. Coupled with this is the challenge of how to adapt our buildings to enable them to withstand the effects of climate change and create the low carbon built environment that the cross party consensus now demands.

The built environment that FMB builders have helped to create and maintain has a key role to play in addressing these challenges by helping to create greener, more energy efficient buildings which will play their part in reducing the UK’s carbon emission levels.

We are fortunate in this country to have a rich abundance of buildings and homes ranging from medieval churches, Georgian town houses, and Victorian terraces to the creation of today’s eco-friendly homes and offices.

The link between the creation and maintenance of all our buildings is the local builder who wants the opportunity to work to help create the places where future generations will want to live and work.

Against this background the FMB presents its policy programme for the new Parliament which is focused on three key themes which we believe will help the UK weather the current economic storm and create the conditions for long term success.

First, is the need to improve and develop the skills base in the construction sector; secondly, the need for a series of measures to promote a greener more sustainable built environment; and thirdly, the need to create an environment in which small building firms can thrive and prosper and play their part in rebuilding the economic success of the UK.

Our paper explores each of these three themes and outlines a series of policy recommendations to translate our vision into reality. All that is needed is the political will to ensure we build for success and deliver the built environment that future generations will look on with pride.
If the UK is to maintain its competitiveness within the global economy in the face of new competition from emerging markets, we must have a world-class training infrastructure delivering a world-class skills base. The construction industry has a long tradition of training apprentices and the FMB has played an integral part in the development of a sustainable and dynamic skills base. Currently 22% of FMB member firms train apprentices and although we continue to try to raise this further it represents twice the figure trained by our counterparts in other sectors of the UK construction industry.

Promote Apprenticeships

Over the last 18 months the economic environment has changed beyond recognition, which has had a commensurate impact on the outlook for skills in the construction industry. In 2007 the ConstructionSkills Network estimated the industry required 87,000 new entrants annually to meet the demands of the market; however, this figure was reduced in 2008 to 42,500 and again in 2009 to 37,000. In 2010 the figure was revised again by a further 12%. In 2009 new apprenticeship starts for every managing agency in the UK stood at 7,112; much reduced from the 8,830 that ConstructionSkills managing agency alone processed in 2007.

However, despite the debilitating impact of the economic crisis, the critical issue is that the industry faced a skills shortage before the recession, which will be exacerbated by 2010-13 when forecasts show that the industry will emerge from recession. More compelling still is that recently published data shows that of the 319,000 job losses experienced by the end of 2009 only 125,000 new jobs will be created between 2010 and 2014. The outcome is a major, systemic skills crisis in construction.

The UK is failing on two fronts: first, it is failing to meet demand and secondly, it is failing to train enough people with the right skills at the right levels. The favoured and traditional training model used in construction is employer-led and, year on year, the difficulty with reaching apprenticeship targets has been the unwillingness of employers to take on an apprentice rather than the availability of candidates. In an industry of approximately 192,000 companies only 4% employ an apprentice. One of the main reasons for this failure is the burden of cost on the employer: Compared with apprenticeships in other sectors, where training costs can be recouped in one year, a construction apprentice takes at best three years to repay the cost of their training.

On average the first year of an apprentice’s three year apprenticeship costs the employer £14,000, set against a maximum available grant of £2,250 from ConstructionSkills. Given that as a result of the recession, which saw 3,111 apprentices lose their employers, there are still over 1,000 displaced apprentices seeking new employers; with another 1,000 that have either left the construction...
industry or have entered the informal economy. Action to reverse this position has to be taken now. Other barriers such as health and safety regulations and insurance concerns for young people on-site aged 19 and under must be overcome. A 19 year old apprentice progressing to level 3 qualifications should be funded at the 16-18 year old rate.

What is particularly concerning is the fact that the problems surrounding funding for training in the construction industry go further than employer reticence. The gravity of the crisis is obvious given the challenges facing funding mechanisms, namely the Grant Scheme. The ConstructionSkills Grant Scheme, which provides training grants including a subsidy to employers for apprenticeship training from an industry levy, is facing a situation where its income cannot meet its obligations and so cash reserves are to be used as working capital. Its levy income is projected to fall over the coming years as a by-product of the recession: for 2009 income was £187million; for 2010 £174million; and for 2011 £164million. Therefore, in order to meet future skills requirements more funding has to be made available from non-industry sources.

However, both the Government and the construction industry have a role to play in encouraging employers to think about new skills that will be required to meet changing client demands and the growing challenge of the zero-carbon agenda. In addition to the urgent need for more skilled people in the traditional trades, such as carpentry and bricklaying, there is a need for more training in the growing niche trades linked to advances in building design for example, specialist glazing and cladding, and zero carbon homes. The FMB has been a leading voice on the Cross-Industry Construction Apprenticeship Task Force since its launch in December 2007 but more needs to be done as without a sustainable skills base the UK’s economic recovery will be threatened, prices will become inflated, and the delivery of key prestige projects will be brought into question.

In previous years the construction industry has been able to rely on the skilled migrant labour from the expanded European Union (EU) but given the growing success of their home economies this short term solution is unlikely to be able to fill the skills gap when the recovery begins. The FMB therefore calls on the new Parliament to address the following recommendations to help ensure Britain’s economic future:

- Continue to reform public procurement to ensure that only those contractors who employ apprentices are on approved procurement lists for all public sector work.
- Provide targeted incentives to encourage more employers to train apprentices.
- Ensure apprentices who commence their training programme before their 19th birthday are funded at the 16-18 year old rate until they have completed their level 3 apprenticeship.
- Reform health and safety and insurance policies to allow those aged 19 and under to work on construction sites.

The FMB Manifesto
Building a greener Britain

The UK has a legal commitment to reduce its carbon emissions by 80% by 2050. All the main political parties accept the need to move the UK towards being a low carbon economy. However, the challenge to transform the way we live and work is immense. If we are to meet our legal target then the homes we currently live in will need to be transformed to make them greener and more energy efficient over the coming years. The challenge is immense but it also affords excellent opportunities to rethink how we construct and maintain our buildings to help ensure they have a long term future. Coupled with this is the development of new skills which if addressed correctly have the potential to make the UK a world leader in creating low carbon economies.

Tackle the existing housing stock

Urgent action is needed now to make our existing homes greener and more energy efficient. Given that our homes contribute 27% of the UK’s total carbon emissions and that 85% of our homes will be still in use in 2050 it is imperative, if the Government is to meet its legal requirement to cut carbon emissions, that a more concerted effort is made to transform our existing housing stock. There has been increasing realisation that new house building, even in a good year, only equates to around 0.75% of the total housing stock and by that reckoning, even if all new building was a straight replacement for the existing stock, it would take over 130 years to completely replace it with new carbon-zero homes. Realistically, the work would probably take nearer 250 years and thus its contribution to carbon emission reduction by 2050 can only be limited. As such government must focus its attention on retrofitting the existing stock. A large scale programme of retrofitting is required to transform our 26 million homes. Such a programme could have a significant role in helping to reduce fuel poverty and creating new jobs in the construction sector.

However, a number of barriers will need to be overcome if the intention for large scale retrofitting is to be turned into a reality. First, is the need to identify the range of techniques and technologies that will achieve the desired goals. These methods will then need to be rolled out on a massive scale which will require the development of new skills in the workforce. However, the biggest barrier to overcome is the development of a viable funding mechanism for the programme. To save at least 80% of the energy used to heat and run our existing homes and communities it would cost approximately £20,000 per home to upgrade to Level 2 of the Code for Sustainable Homes. This is much cheaper than building new homes which require an infrastructure subsidy of around £35-£45,000 per home plus an additional £40,000 plus to bring them up to Level 6 of the Code for Sustainable Homes.

A new market

The FMB’s recent report, ‘Building A Greener Britain - Transforming the UK’s Existing Housing Stock’, written by Oxford University calculates that there is a new market worth between £3.5 and £6.5 billion per annum to refurbish our existing homes. Government needs to kick start this market which will not only help the building industry but help meet the UK’s target to cut carbon emissions and reduce fuel poverty. To create this new market to upgrade Britain’s housing stock a stronger policy signal than that outlined in the Government’s recent Heat and Energy Saving Strategy consultation paper is needed to start a process of innovation, skills development, and capacity building in the construction industry. Over £28 billion per annum is spent on domestic repair, maintenance and improvement (RM&I) works to existing housing, and much of this is a missed opportunity in terms of low-carbon refurbishment.

Financial incentives to create demand

To open up the potential lucrative retrofitting market additional incentives and support for new financing arrangements will be essential if the Government is serious about developing a green economy and meeting its carbon reduction targets for 2020 and 2050. Without
such measures, neither target will be readily achieved. In addition it needs to be augmented by a large-scale training programme in energy efficient building skills as current capacity within the industry is not sufficient to cope with the challenge ahead. At a time when unemployment figures are at their highest for well over a decade, this would provide much needed stimulus for the labour market. To achieve its aims the Government needs to set out a range of practical financial incentives and without these it is difficult to see how much progress can be made in the short term. Fiscal measures we would like the Government to consider as part of a wider ‘policy package’ include tax incentives such as stamp duty or council tax rebates; a cut in VAT to 5% on the labour element of property refurbishment; and low interest rate loans and grants to stimulate significant additional spending on domestic energy efficiency in the UK’s housing stock.

Cutting VAT

On 10th March 2009 the European Council of Finance Ministers (ECOFIN) announced that it would allow EU Member States, by amending the recast 6th VAT Directive 2006/112/EC, to permanently reduce VAT to 5% on the RM&I of private dwellings, excluding materials. If the UK Government were to take advantage of this change in the rules, aside from the £1.4 billion stimulus effect and up to 55,200 jobs that could be created in 2010 alone, there are also considerable environmental and social benefits to be had.

The public sector contains approximately 4.8 million social housing units which required a total expenditure of £9.6 billion in current prices in 2008: a reduction in the rate of VAT to 5% could potentially release in the region of an extra £450 million a year for the improvement of the UK’s social housing stock. This would be enough to renovate or bring back into use approximately 19,000 homes per year; by 2019 this could see up to 190,000 extra social homes brought back up to the Government’s Decent Homes standards.

The VAT treatment of energy efficiency and micro generation measures is inconsistent, with £4.5 billion of energy efficiency works attracting the full rate of VAT despite some less efficient measures attracting a reduced rate of 5%. A flat rate of 5% on all energy efficiency measures would produce a more coherent and more readily implementable treatment of energy efficient retrofitting. Reducing the VAT rate on the £1.3 billion per year labour element of double glazing and boiler only replacements would only cost £195 million. However, the potential share that energy efficiency measures could take of a 5% rise in overall demand for housing RM&I could lead to an extra 174,000 homes being retrofitted with loft and wall insulation, double glazing and energy efficient boilers over the next decade, leading to a saving of up to 337,000 tonnes of carbon.

- Establish mandatory refurbishment standards that are consistent with the UK’s commitment to reduce carbon emissions by 80% by 2050.

- Introduce incentives such as a reduction in Council Tax and cutting VAT to help kick-start the retrofitting of our existing housing stock.

- Rationalise the HMRC tax treatment of energy efficient retrofitting measures.
Construction generates three tonnes of waste for every person in the United Kingdom, but even more alarming is the fact that 13 million tonnes are unused building products. The UK construction industry is responsible for producing over 36 million tonnes of landfill waste every year. This is approximately 35% of total waste generated, with domestic waste accounting for an additional 10%. With UK landfill sites expected to be filled in as little as six years the need to reduce and manage waste is fast becoming a key issue.

Both public and industry opinion in the UK has emphasised the difficulties of minimising construction waste but there are examples in other countries which have had some success. For example, Germany recycles over 80% of its construction waste and Denmark over 90% which demonstrates that there are alternatives to the current British scenario. AMEC Design and Project Services have estimated that the true cost of filling one skip with mixed construction waste is more than £1,300 and of this figure, over £1,000 is material costs. It is clear that introducing more efficient waste minimisation and management methods can offer significant opportunities for cost savings. At the same time clients are increasingly stipulating that sustainable construction practices are followed on their sites. Proposed targets such as halving the amount of construction waste sent to landfill by 2012, whilst not mandatory, are also requiring contractors to give more careful consideration to waste management.

To encourage the recovery of materials for re-use, there are a number of measures that the new government will need to adopt. First, is the need to increase the number of recycling sites available for construction waste. The Construction Industry Research and Information Association (CIRIA) database of construction related recycling sites in Great Britain, lists 279 such sites, and not all of them take all of the main types of construction waste. Depending on the distribution of the sites in the area, the waste they cater for and the waste being produced, many firms experience problems with disposal, and may have to drive some considerable distance to get to the site or sites that will take their waste. The problem is particularly acute in South Wales where FMB members report having to travel to England to dispose of hazardous waste, and where increasing instances of fly tipping are being directly attributed to the lack of disposal sites for this and other types of construction waste. An increase in the number of recycling facilities would address this problem and will encourage more firms to engage in recycling activities. One way in which access to facilities could be quickly enhanced would be to allow waste from small works to be disposed of at local authority sites.

Secondly, the new Government should introduce financial incentives to recycle. If the new Government wants the UK to recycle more, it will need to make it both convenient, and financially viable to do so. Financial incentives will be needed to encourage recycling and recovery of waste, such as allowing firms to offset the costs of recycling against tax. Similar allowances should be made available to builders’ merchants who set up recycling points for the return and collection of excess materials. They could act as a central collection point for the excess materials from a multitude of small and medium sized works in their catchment area, and thus accumulate the commercially viable quantities required to incentivise recycling.

- Increase the number of recycling sites available for construction waste.
- Make local authority recycling sites available for minor quantities of commercial waste.
- Introduce incentives to encourage the reuse of construction materials.
Creating a new business environment

For small building firms to thrive and prosper they need an environment in which they can operate without excessive control, regulation and taxation. Once the whole construction value chain is taken into account, the industry consists of around 300,000 firms, employs about three million people and contributes something in the region of 10% of the UK’s GDP. Even excluding construction products and building services such as architecture and surveying, the industry is still worth £124 billion per annum. Construction companies provide employment for every skill level from labourers to architects, as well as providing the opportunity to work for every size of firm from family run businesses to major contractors. Its efficient operation and competitiveness is essential to improve public services and infrastructure. The delivery of new schools, hospitals and affordable housing all depend on the success of the construction sector to deliver.

Build More Homes

Figures published by the Government in February 2010 have proven that house building in 2009 plummeted to its lowest level since 1946. Just 118,000 homes were built in England – 17% less than the year before – and this dismal picture is set to get worse with house building forecast to fall even further in 2009-10 to the lowest levels since 1923. Given that the Government’s own housing adviser, the National Housing and Planning Advice Unit (NHPAU), stated in August 2009 that at least 237,800 new homes are needed every year until 2031, the case for a massive increase in house building is undeniable.

Creating new homes within existing neighbourhoods, villages and towns can help address the housing crisis as there are currently 800,000 empty homes in the UK alone, 288,000 of which have been empty for more than six months which could be brought back into use. However, if we are to begin to get back to more normal levels of house building then there are a number of critical issues that need to be addressed. These include the availability of finance, site viability, and land availability, and unless each of these is addressed there will be no real hope of significantly increasing housing output for years to come.

The Availability of Finance

The economic downturn precipitated by the collapse in the United States sub-prime mortgage market has had a detrimental impact on confidence in property, and has seriously restricted the availability of finance for development and mortgages. As a result housing production for private sales has collapsed and taken a significant proportion of new social housing delivery with it due to the over reliance by local authorities on private developers’ contributions through section 106 agreements. The lack of finance available to private sector developers and aspiring home owners therefore also impacts on the most vulnerable in society by reducing social housing delivery at the time when the country needs it most.

Site viability

Site viability is an ever increasing problem as the weight of government regulation, taxation and policy delivery expectations pushes build costs beyond that which can be funded either by private buyers or land values. The cost of this, combined with the drop in house prices, has severely damaged the availability of land for development. The property boom fuelled by the relaxed lending conditions that preceded the recession allowed national and local government to demand more and more from housebuilders. However, the fall in house prices, and government policy requirements from section 106 agreements to zero carbon targets are threatening to make many residential development sites unviable. The affordable housing requirement is expected to cost around £30,000 per property, the zero carbon requirement up to a further £40,000 per property, and other regulation anywhere between £5,000 and £20,000 per property. The cost of the new Community Infrastructure Levy (CIL) is currently unknown but could be in the region of an additional £18,000 per property.

The fragmented way in which construction is regulated by government leads to excessive burdens on the industry. This will affect the viability of future housing...
development and needs to be challenged. In the short term local authorities will need to be realistic about what they can expect developers to be able to contribute. Previous assumptions about the feasible scale of planning contributions need to be reconsidered in a world of reduced land values and property prices. The combined burden of unreformed section 106 agreements and the CIL will act as a barrier to the provision of much needed private and affordable housing. A complete rethink about developer contributions is therefore needed with a view to abolishing both Section 106 agreements and CIL and replacing them with a new tariff system. This would have the advantage of both simplifying the negotiation process and providing greater certainty for developers.

**The Planning System**

There is a growing concern that the current process is not fit for the purpose of supplying enough land, brownfield or otherwise, to deliver three million new homes over the coming years. What is needed is a freeing up of more resources in the planning system to deal with more significant planning applications and improving the pre-application process. The lack of available land with planning permission is a significant barrier to housing delivery. Given the acute housing shortage it is vital the new Government speeds up the implementation of the Killian Pretty Review recommendations.

- **Reform the planning system to make it faster, simpler, and more efficient.**
- **Create a new tariff system to replace both Section 106 agreements and the Community Infrastructure Levy.**

**Innovation and Funding**

Fresh thinking is needed to enable the housebuilding industry to deliver the homes that are needed in the future. Key to this is the need for government to look at changing its stance on taxation to create a market that could attract much needed investment into the whole of the housing sector. At present, a large proportion of new housing construction is carried out by a small number of providers that are heavily dependent on one business model. Increasing the range of housing producers should increase overall supply and help to reduce volatility in its delivery. To achieve this goal, a number of smaller-scale delivery models could be actively encouraged. These could include delivery by smaller housing associations, cooperatives, community land trusts and other mutual providers.

The private rented sector may be able to access new sources of funding, such as institutional investment, to increase development. However, what is needed most is a review of the barriers that prevent new producers entering the market and a means to encourage more innovation in housing delivery. Some new ideas already exist but require further support during their development and evaluation. For example, there is the JESSICA model of funding that recycles a capital development grant by using it to provide loans, equity or guarantees. The JESSICA model and other mechanisms to support foster and deliver innovative approaches within the UK housing sector need to be identified.

Government, Registered Social Landlords (RSLs), local authorities, and housebuilders should be looking at ways to develop public-private partnerships that share both the risks and benefits of housing delivery. Although it has been reported that local authorities may start building again the reality may be some time coming not least because they do not have the skills capacity that would enable them to run direct labour organisations and it would take them a significant time to develop them even if they had the desire. If local authorities are to develop the mixed communities that are required they will need to work with the private sector; RSLs and of course they would face the same issues as them in terms of a lack of mortgage availability and the impact of regulation on site viability. However, local authorities still have a huge role to play and by working in partnership could make great progress as central and local government have land; RSLs have management expertise; and builders can provide the skills to build the new communities that we need.
There is also a need to boost productive capacity by encouraging more housebuilders into the market. There is a need to provide some level of certainty to people assessing the potential benefits and risks of establishing a new business and also removing the barriers that current regulatory costs and complexities present to market entry. There is a huge amount of uncertainty in terms of how the wider economic climate is impacting on housebuilding, on the future regulatory environment, on whether the technology being developed to achieve zero carbon housing is going to be viable and on targets. With the current planning system, this generates considerable uncertainty for developers and is very restrictive compared to most other devolved countries. All of these factors lead to uncertainty, cost or risk and need to be addressed if our housebuilding market is to be an attractive option for new players.

- Review the barriers that currently prevent potential housebuilders entering the market.
- Develop new incentives such as JESSICA to promote small scale new housing developments that focus on existing neighbourhoods, villages and towns.
- Develop public-private partnerships that share both the risks and benefits of housing delivery.

**Improve health and safety**

The construction industry is one of the most exciting work environments in the UK but also one of the most dangerous. From a health and safety perspective it has a potentially lethal combination of heavy machinery, powerful tools, dangerous chemicals, temporary structures, deep excavations, and work at height; all in a fast moving environment where momentary loss of concentration can cost life or limb. Although the construction industry in the UK has one of the best health and safety records in Europe, there were still 53 fatalities in 2008-09. The industry is unanimous that this is simply not acceptable. Construction workers also suffer high numbers of serious injuries at work, and a wide range of more subtle, but no less serious, occupational health challenges. As such there is still much work to be done to make the construction industry a safer place to work.

Around 93% of the construction industry’s 202,000 contractors employ fewer than 14 people and one of the biggest challenges that they face is getting to grips with the quantity and complexity of the health and safety legislation which provides the framework for onsite safety. The FMB believes that the single most important thing that can be done to improve health and safety is to assist these small to medium-sized enterprises (SMEs) with understanding the dangers and how to deal with them, so that they can take practical steps to protect everyone on site.

The Health and Safety Executive (HSE) funded a pilot project to test the Worker Safety Advisor concept,
which saw roving safety advisors delivering bespoke health and safety advice directly to construction SMEs. It was widely accepted that the scheme was a success. Improvement in construction health and safety standards also requires consistent enforcement of legislation, and particularly so against those informal economy operators who put lives at risk for profit, and tarnish the reputation of the industry in the process.

- **Reinstate funding for the Worker Safety Advisor project.**
- **Increase funding for HSE inspectors to ensure health and safety is properly enforced.**

**Reform Stamp Duty Land Tax**

Tighter lending conditions have meant that first-time buyers are struggling to afford their first property. Stamp duty land tax is another impediment to those looking to either get onto, or move up the property ladder. Radical reform of stamp duty is needed to help kick-start the housing market and help first time buyers get on the property ladder. Stamp duty should be suspended for first time buyers, and the stamp duty threshold for existing owners should be increased to, and pegged at, the national average cost of a house, currently around £200,000.

Further more, stamp duty needs to be reformed so that it becomes a graduated tax based on a series of thresholds similar to income tax. In practice this would mean that stamp duty would only be levied on the portion of the sale value of the house which is above the threshold. For example, for a house sold at £250,000 this would mean that the 1% would be calculated only on the £50,000 above the threshold and not the full value of £250,000. We also propose that there should be incremental increases of 1% per £150,000 thereafter up to the £2 million and above mark which would be charged at 4.5%.

- **Reform Stamp Duty Land Tax and extend the threshold to £200,000 to kick start the housing market.**

**Reform the Procurement Process**

With some construction firms having to join as many as 30 different pre-qualification schemes, and spending thousands each year on these registrations, there is a very real need to rationalise the procurement process. Constructionline was meant to resolve this problem but has been seriously undermined by the refusal of clients, and the public sector in particular; to adopt it as was intended. Initiatives such as PAS 91 and Safety Schemes in Procurement which look to deal with some of the problems created by the failure to take this opportunity could be undermined in the same way if the public sector as the procurer of 40% of all construction work, is not prepared to fully commit to these initiatives in practice. The failure of the public sector to adopt a single process significantly increases costs and bureaucracy for both firms and clients alike. This serves to exclude ever increasing numbers of SMEs from public sector contacts thereby undermining the Government’s own target of awarding 30% of all public sector contacts to such firms. In addition, there is a need to improve the quality of tendering information, introduce a minimum tender time period, standardise tender documentation, end the perverse incentives to submit bids designed to lose, and review the use of frame work agreements which exclude SMEs while delivering often questionable value for money for the tax payer.

- **Review and reform public sector tendering practices.**

**Reintroduce Empty Property Rate Relief**

The removal of business rate relief on empty commercial property from 1st April 2008 is having a negative impact. Rather than acting as an incentive to reuse, redevelop and re-let vacant property it has had exactly the opposite effect. Recent examples of the negative impact on property development and regeneration include the demolition of 450,000 square feet of buildings by Segro, the biggest industrial property company in Britain;
the demolition of The Lightning public house in Ealing, West London and the destruction of sizable sections of the Alexandra Business Park in Sunderland. Such action is unacceptable at a time when there is a need to regenerate rather than destroy our building stock. This unnecessary destruction of property is an indefensible waste of time, money and resources that is distorting the market by removing rentable properties from it. Furthermore, it is discouraging the creation of new capacity in the future. The new Government needs to reverse this policy which is serving no one and is actively damaging the economy at a time when it needs all the support it can get.

- **Reinstate business rate relief on empty commercial property to help encourage regeneration and re-letting vacant property.**
The Federation of Master Builders - Voice of Construction SMEs

The Federation of Master Builders (FMB) is the largest trade association in the UK building industry, representing around 11,500 building companies. Established in 1941 to protect the interests of small and medium sized building firms, the FMB is independent and non-profit making, lobbying for members’ interests at both national and local levels. The FMB is a source of knowledge, professional advice and support for its members, providing a range of modern and relevant business building services to save them time and money. The FMB also offers advice to consumers through its ‘Find A Builder’ website.

For more information visit: www.fmb.org.uk

UK National Offices

The FMB has national offices in Wales, Scotland, and Northern Ireland as well regional offices across England. The FMB works with governments, assemblies and parliaments in each region of the UK.

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