

Speech to CIC Council Meeting 8 June 2006

The Rt Hon Nick Raynsford MP, Chairman of CIC.

First of all I would like to express my most sincere thanks to all of you for bestowing on me the very considerable honour and responsibility of chairing the CIC. I am very touched and hope that in my two years' chairmanship I can live up to the expectations that you have placed on me and to the very high standards that have been set by my predecessors. I am conscious that I am following a succession of eminent and distinguished post holders. The CIC has been fortunate – and farsighted – in securing the input of some of the industry's most impressive leaders and thinkers as chairmen in previous years. I hope that I won't let down the tradition – I will certainly do my utmost to give the leadership that is expected at a time of great opportunity and challenge not just for the CIC but for the construction industry as a whole.

I want to say a bit more about those opportunities and challenges but before doing so I would like to add my personal thanks and appreciation to Stuart Henderson who has chaired the CIC with great skill and conscientiousness over the past two years and given me great help in preparing for today's handover. I am only sorry that he couldn't be with us today. In his place Michael, who is not only a very distinguished former chairman of the CIC, but a personal friend of many years standing, has done me the considerable honour of proposing me and done so in a most generous spirit for which I am deeply grateful.

We are living in a time of great opportunity for the construction industry in Britain. After more than a decade of continuing economic growth the industry is benefiting from the sustained flow of orders which we all know is crucial to confidence and the whole process of industry improvement which is vital to our future success. So we start with the benefit of a benign economic context that has not always been the background to our industry's work. Don't worry; you are not going to get a party political broadcast! While I support the Government and indeed served in it for 8 years as a Minister – including four of the most enjoyable years of my life as Construction Minister, I am not here as apologist for the Government. Those who know me know that I will never flinch from criticising if I think the Government are on the wrong track and those of you who have read my articles over the past year in Building magazine will recognise a certain independence of spirit. I can assure you that will remain a characteristic during my chairmanship.

But having said that, credit should be given where it is due and a benign economic environment is fundamentally important to the construction industry. I can well remember the dire consequences of the stop/go pattern that characterised the British economy in the 60s, 70s, 80s and early 90s, when the construction industry suffered disproportionately from being used as an economic regulator and when long-term planning, training and partnering were made well-nigh impossible by a lack of confidence in the future. Even within the generally much more

favourable context in which we are now operating, confidence can easily be damaged by short-term changes of direction or reviews of investment decisions as the recent unhappy experience of major PFI procurement in the Health Service has demonstrated.

So we need a context in which the industry can plan with confidence and can develop skills, the production lines, the partnerships and the long-term relationships that are vital to a truly successful industry. This depends both on a generally favourable economic climate that facilitates and indeed encourages private investment and on consistent programmes of public sector procurement to provide the necessary infrastructure to support an expanding economy and a growing population. We all know how important the public sector is, accounting for at least 40% of the total workload of our industry and providing continuing investment at times when demand in the private market has slackened. The contribution which the unprecedentedly large procurement programmes in sectors such as health, education and the railways has made over the past few years should not be underestimated.

One of the real advances of recent years has been the close co-operation between public and private sectors both in terms of financing new development (the PFI) and in generating mixed developments (for example mixed communities with some housing for market sale and some for social needs). Partnership is indeed crucial to future success and will certainly be put to the test in some of our major projects in the coming years. The 2012 Olympics and Para-Olympics provide a good illustration both of the opportunities and the challenges. It is a marvellous prospect to be hosting the Olympics six years from now and it has generated huge excitement across a wide spectrum of society including our chief executive! As has been said so many times it is a chance to showcase all that is best in Britain, including the design construction and operation of the Olympic facilities and the infrastructure necessary to support them. We have in fact made a good start. In less than a year since we were awarded the games, the Olympic Delivery Authority and LOCOG have both begun to make a real impact and the key personnel recruited to head these organisations inspire confidence. The Strategic Forum Olympic Task Force has worked up an impressive commitment to ensure construction best practice on the Olympic sites. So far so good, particularly as we know that the real longer-term value of the Olympics is not just the excitement of a few weeks in the summer of 2012, or even the legacy or regeneration of one of the most disadvantaged areas of East London. Those are important but just as important is the opportunity to set out new standards for the construction process, standards that will be taken up far more widely in its aftermath.

But there are a number of potential problems already rearing their heads, as different interest groups jockey for position and our friends in the media are already circling what they see as a rich source of pickings for damaging and negative stories. So we have to operate in an environment where the construction projects that have faced difficulties such as Wembley or the Scottish Parliament are the focus of unrelenting media coverage, while successful projects are

either ignored or treated as slightly odd and uncharacteristic. I felt very aware of this as the Minister responsible for procuring the Mayor of London's offices at City Hall. We managed to bring the project in on time and in budget and to deliver an iconic and energy-efficient building – something which as Construction Minister I was determined to achieve. We were rewarded with scant coverage in the media, by contrast with the wall-to-wall coverage of the delays and cost overruns of the Scottish Parliament.

Having said that, we must recognise that this is simply a given in modern British society. It's not going to change in a hurry, so there is no point in simply complaining about it. We have to face the facts and respond in two ways. First by trying to ensure as few opportunities as possible to those who are on the lookout for negative stories. This is a challenge and it requires us working better together – the unseemly slanging match that has been going on in the courts between Multiplex and Cleveland Bridge has proved manna from heaven to those who want to denigrate our industry. It reinforces all the old stereotypes about a disparate, fractious and litigious industry that is more often than not going to deliver late and be beset by cost overruns.

Secondly we need to be more proactive in shouting our success stories from the rooftops. No one else is going to do it for us. I have been very conscious of this in the context of the debate about new house building requirements. No amount of statistical analyses showing the need for increased housebuilding – and we have had lots of reports culminating in Kate Barker's doing just that – will convince people whose perception of new housebuilding is conditioned by their experience of unimaginative, poorly designed estates sprawling in a profligate way across formerly beautiful countryside. Yet we do have some hugely impressive examples of successful new housing developments, creating vibrant and attractive mixed communities in areas desperately needing regeneration. I am very conscious of this as I have a number of very successful schemes of this nature in my Greenwich and Woolwich constituency. We need to be more on the front foot celebrating our success stories and reinforcing the message that development is not something to be feared – it is, if handled well, not just a source of economic benefit, but also of social and environmental benefit as well.

That takes me straight to the heart of one of the key debates of our time which I know the members of CIC are passionately engaged with. How do we ensure real sustainability in our construction and development activities? Sustainability is of course a slightly slippery concept which can be interpreted in a number of different ways. Environmental sustainability is the element which is more frequently discussed, but the very concept of sustainability has wider implications. A wonderfully energy-efficient development that is not affordable to more than a tiny proportion of the population is not sustainable – the economic and the social dimensions have to be taken into account in any meaningful definition of sustainability. That is why the focus on building sustainable communities where people with very different economic circumstances can live side by side is so very important. Indeed transposing the argument into

the wider international context, we have to find the means to provide for the needs of the world's poor without imposing impossible demands on the environment. These are hugely challenging issues and will be central to debates about our industry's role in the years ahead.

Good design is undoubtedly crucial to many of the issues I have raised. And just as sustainability has to be considered in its wider context, so too our focus on design goes far further than just the aesthetics or appearance of a structure. Good design must embrace functionality and cost effectiveness as well as how the building looks. Indeed one of the key messages about better integration of the diverse functions within the construction process is to ensure that all those who can and should contribute to achieving design excellence should be facilitated to work together from the earliest stages possible. By sharing expertise across the traditional institutional divides we can not only ensure effective joint working but also continue to raise expectations and standards. The CIC has a hugely important role to play in this process, not just by promoting and fostering design excellence through products such as Design Quality Indicators, but also through facilitating the collegiate approach across traditional business. I use the word collegiate deliberately because it avoids some of the connotations of the term fraternal that has been part of the ethos of CIC from the outset. And against the background of a continued need to press for greater diversity in our industry, I do not want to use language that might be misinterpreted.

Several people asked me when I took on the Deputy Chairmanship of the CIC a year ago, how I felt the industry had changed in the four years since I had previously been involved as Construction Minister. My answer was, I am slightly ashamed to say, a politician's response. Certainly there was evidence of real progress on a number of fronts, but some of the most intractable issues with which I had wrestled as Minister remained far from resolved:

- poor levels of representation of women and ethnic minorities in the industry;
- too many deaths and serious injuries on site, despite continuing improvement of Health and Safety;
- too many contracts still let on a lowest cost rather than best value basis
- too little focus on lifetime costs;
- too little emphasis on sustainability issues;
- insufficient progress in driving up the skills base and training the next generation;
- not enough progress in integrating the teams along the lines spelt out in the Latham and Egan reports.

Faced with this evidence, I sat on the fence, and to an extent I am still impaled. For, while we are all very conscious of what more needs to be done to remedy some of the most intractable and difficult problems and challenges facing the industry, we cannot ignore the very real progress that has been made in recent years.

Reading David Adamson's excellent book on the history of the reform movement in the industry over the past 10 – 15 years is a useful antidote to anyone's more pessimistic instincts. Compared with where we were in the early 1990s, today's construction industry has come a very long way and is demonstrably better placed to serve society and our clients. There are certainly no grounds for complacency, and we must not let up in the relentless pursuit of industry improvement over the coming years. But we do have a great deal to celebrate and as I have already said we should be more confident and determined to shout about our successes at every opportunity.

What the experience of recent years has demonstrated is that change is possible, that it can bring real benefits, but it is not a simple process. So our conclusion should surely be to welcome the achievements that have been made to date, to reinforce the message that our direction of travel is the right one and to acknowledge these we have a lot further to go down the road if we are to realise the goals which we all wish to see scored – and that I promise you is the only football reference you will hear from me!

To ensure that we do make that further progress requires a number of skills and attributes with which the CIC is well endowed. It requires a vision that is about more than just short-term benefits. Our CIC mission statement emphasises our commitment to society as well as to the industry and our members and we must never forget this wider commitment. It requires imagination to explore and develop new and better ways of doing things and of combining our skills across disciplines to achieve optimum outcomes. It requires determination to continue to hack away even at the apparently most intractable difficulties and obstacles. It requires the confidence to press for changes which we know are right even if there is little apparent appetite for them, but also the diplomatic skills to win allies and so create an unstoppable momentum for change. No one should underestimate the difficulties. There are all sorts of perils and distractions along the way. On the one hand there is the risk of losing direction, on the other the risk of losing influence by pursuing a route that few others will follow.

I hope that over the next two years I can help us to make further progress along the route that was mapped out by Ted Happold and his colleagues when they established the CIC. I feel a very heavy responsibility in assuming the chairmanship of this organisation. But I also feel very reassured by knowing that I will be working with a team of hugely talented people with an amazing wealth of experience and skills. Together I am sure that we will be able to make a real impact in moving forward the agenda for society, for the industry and for our members.