

**The Rt Hon Stephen Timms MP –  
Construction Minister  
Speech to CIC Council on Wednesday,  
17 October 2007**

Introduction

I am delighted to have this opportunity today to speak to you as Construction Minister.

Before I start I should just like to say that I am particularly pleased to be here in the company of your president Nick Raynsford. Wherever I go, from sites like Heathrow Terminal 5 to events like this, people from the industry tell me that the best construction minister they have ever had was Nick Raynsford. I do hope that I am able get very close to the high benchmark he set.

Role of BERR

It is probably helpful if I open with a few words about the new Department for Business, Enterprise and Regulatory Reform (BERR),

There was a lot of talk, of media chatter, before Gordon Brown became Prime Minister, that the DTI would fold and that there would not be a Department for Business. Well, I think the creation of BERR sends a very clear signal that this Government wants to see business at the heart of its affairs. BERR has a very clear remit from the Prime Minister, to be a strong voice for business at the heart of Government, to act as the Voice for Business right across Whitehall. And beyond.

The role of the new Department will be to lead work to create the conditions for business success through competitive and flexible markets that create value for

businesses, consumers and employees; as well as driving regulatory reform.

We have a clear focus to promote productivity, enterprise, competition and better regulation. Our key objectives are to:

- Promote the creation and growth of business and a strong enterprise economy
- Ensure all government departments and agencies deliver better regulation
- Deliver free and fair markets with greater competition and opportunity for business, consumers and employees.

We are refreshing and revitalising the way we engage with business, through the Business Council for Britain for instance – but in other ways too. BERR's top priority will be to create a more dynamic, flexible and competitive economy. Construction has a significant role to play. Be assured that I am prepared to champion construction where your case is good.

### Importance of Construction

My previous Ministerial roles have included three separate stints at the Treasury – two as Financial Secretary and most recently as Chief Secretary – which I think is probably some kind of record. That work has given me a clear sense of the importance of construction for the wealth of the nation and the health of the economy.

The “professional” sector, your sector of the construction industry, is key to maintaining that health and wealth. You are very important in your own right - Construction Skills figures released earlier today put the value of professional services in construction at £13.9 bn in 2006, with just

under £3bn of that coming from work done overseas. That is significant.

But your significance extends beyond that. This Government is especially interested in construction because of the contribution it can make to delivering our broader policy objectives – it wasn't by accident that the 2005 NAO report was called "Improving public services through better construction".

The schools, homes and transport infrastructure we are building and improving are central to what we do in terms of public services. And, as Alastair Darling made clear in the latest comprehensive spending review - with its increased investment in road and rail and housing and schools - we remain strongly committed to improving the quality of life for everyone in the UK.

## Value

It is essential that we get excellent value from this unprecedented investment in public services – this unprecedented investment in construction.

Much value can flow from design and procurement decisions. There are a number of ratios and formulas in existence which seek to quantify the significance of the design and construction phase in achieving whole life value. One of the first was the Royal Academy of Engineering report "the Long Term Cost of owning and using buildings". Whatever the right ratios are, the clear message is that design and construction costs are considerably less significant than building or business operating costs. Spending a bit more on construction can deliver significant dividends in terms of building running costs and business operating costs over time.

Value in design and construction is difficult to quantify. I think that rather reflects the importance of the concept. I know we have some way to go but tools like the CIC's design quality indicator are extremely helpful in encouraging people to think round the angles – to consider the wider picture.

## Sustainability

The question of what constitutes value really goes to the heart of any discussion on sustainability.

Government, through BERR but with close assistance from DEFRA and CLG, has been working with industry to develop a Strategy for Sustainable Construction. The consultation was launched in July. But this is not a passive consultation. We are not sitting back and waiting for contributions to come in. We are engaging further with industry on the proposed targets, with a view to launching the strategy, with significant buy-in from industry and Government, in the first quarter of 2008.

BERR can only succeed in being the “voice for business” with your help. So I am delighted that we are working very closely with Graham and his colleagues in CIC to identify industry resource which will be dedicated to the delivery of the strategy. It is important that we do this with you – not to you!

## Egan

Which brings me to my closing remarks.

The Construction Industry Council plays a very full role in representing the interests of the sector to Government and within the industry. I have benefited first hand from the

contributions of Graham Watts and Nick Raynsford to the regular quarterly meetings I hold with them together with the other umbrella bodies. They show real leadership.

I am particularly grateful for the CIC's contribution to the work of the Strategic Forum and to delivering the Egan agenda. The success of the Forum is in large part down to CIC's efforts. You keep taking forward the challenging pieces of work – on integration for instance. And it would be wrong of me not to say something about all the work on the 2012 Construction Commitments. This is clearly a very influential piece of work which is having an influence across the industry and in key client communities such as social housing. It is a terrific example of how the industry can work with clients to develop a clear and shared agenda of expectations and implement it.

Thank you.