



# 2010 General Election Manifesto

More homes and less carbon



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### THE CONTEXT

There is only one housing market and electors need homes - whether new or secondhand - though not everyone can afford one. There are 4½ million people on waiting lists - 1 family in every 12. <sup>1</sup> This is forecast to be 5m after the General Election.<sup>2</sup>

Increasing housing supply and improving existing homes are fundamental national requirements. They are as central to UK competitiveness, prosperity and wellbeing as health or education.

6 years ago, the Government asked economist Kate Barker to look into future housing needs. She concluded that low levels of housebuilding causes increasing homelessness; declining affordability; and increasing costs of doing business in the UK. Her recommendations concentrated on the supply & flexibility of housing, planning reform, and identifying & releasing land for development.

England alone requires over 3 million new homes by 2020 (private market & social housing). This means that (as soon as possible) we need to build at least 280,000 annually for the next 10 years or more to meet rising demand. Pent-up demand for homes - coupled with constrained supply - is the primary reason voters cannot now afford a place to live.

With 27% of all carbon emissions coming from residential dwellings, the prize in the next Parliament has to be helping voters save energy. New building already plays its part. Nearly 70% of housing in use in 2050 will have been built before year 2000. Politicians must do more to make it easier for landlords & homeowners to improve their properties.

The United Kingdom needs more homes and less carbon during the next Parliament. Homebuilders, contractors and the building materials' supply chain are up for the challenge. The question is: how will the new Government get us all there?

### THE SOLUTIONS

At this General Election, we propose the following solutions to the political parties for the housing challenges we collectively face as a country today.

### Housing Supply and Demand

Not enough homes are being built. Current forecasts are that only 92,000 will be built in 2010. Only 80,000 were completed in 2009 (down 56% on 2007). This is clearly insufficient to meet demand.

#### We want to see measures and incentives adopted to:

- complete existing housing projects and build more homes of all tenures
- promote public-private partnerships that share the risks & benefits of housing delivery
- identify and release a sufficient supply of permissioned developable land to meet local needs.

We are not calling for 'big government. We want a government commitment to create conditions in which the needs & aspirations of electors to live in warm, safe and decent homes are at the forefront of policy-making.

### Access to Finance

The availability of finance for businesses to operate, and individuals to take out mortgages, are both essential if the UK is to recover to build more homes and improve existing ones.

#### We want to see measures and incentives adopted to:

- ease liquidity and foster a return to responsible lending to creditworthy borrowers
- encourage banks in receipt of taxpayers' money to lend to projects to improve the nation's housing.

### Housing Quality and Condition

The importance of investing to improve the condition and reduce emissions cannot be overstated. If the UK is to succeed in reducing carbon, policy-makers must pursue more determined and far-reaching actions. Worthy but low-level, soft options like subsidised loft insulation simply will not achieve the desired outcome.

#### We want to see measures and incentives adopted to:

- encourage the refurbishment of existing homes to save more energy
- bring empty homes back into habitation to cut waiting lists

<sup>1</sup> National Housing Federation, February 2010. <sup>2</sup> Local Government Association, 2009. <sup>3</sup> Office of National Statistics, Autumn 2009. <sup>4</sup> Oxford University research for the Federation of Master Builders, July 2008. <sup>5</sup> Audit Commission, "Building Better Lives" Report, September 2009. <sup>6</sup> LEK research for the UK Contractors Group, October 2009. <sup>7</sup> Cross-Industry Construction Apprenticeship Task Force, June 2009. <sup>8</sup> Construction Products Association forecast, January 2010.

- build on the successful lessons learned from the Decent Homes & Warm Front initiatives.

We believe the single most important policy commitment for the new Government is to concentrate on 'consequential improvements' to de-carbonise existing housing. The easiest route to accomplish this would be to selectively reduce VAT on home improvements where specific actions to take carbon out of the building envelope are completed.

A 5% VAT rate already exists for fuel and some energy-saving measures. Extending this to home improvement will encourage both private & public homeowners to invest in ways to (a) use less energy (b) use energy more efficiently or (c) obtain energy from renewable sources - at the same time as altering, extending or renovating homes.

This is good policy because spending is targeted effectively, where intended, offering maximum encouragement to voters to invest to bring properties up to modern standards. Such investment will continue to pay dividends for generations to come, over the lifetime of the building.

## Training and Skills

Builders and the supply chain fully understand that retaining existing skills and investing to equip the workforce with new skills necessary for the UK to be competitive in the 21st century are essential.

### We want to see measures and incentives adopted to:

- encourage more schoolchildren to consider a career in our trades & industries
- invest in training (together with our industry) to create tomorrow's 'green collar' jobs
- manage properly the future public funding available for vocational training (having consulted industry users & training providers).

Our industry takes its commitment to training & developing its employees very seriously. We want to see the same commitment from government. Public funds for vocational training are at a premium - so it is vital we plan together to ensure scarce funds are spent wisely. We must avoid repeating the 'stop/start' approach that has hurt industry training providers, and created uncertainty for learners.

## KEY FACTS: HOUSEBUILDING & HOME IMPROVEMENT

### Value

New house building accounts for 14% of all construction activity and is worth £40bn <sup>3</sup>

The market potential to renovate & insulate existing homes is worth between £3½ and £6½ billion <sup>4</sup>

Every £1 spent on providing housing support for vulnerable people can save nearly £2 in reduced costs of health services, tenancy failure, crime & residential care <sup>5</sup>

Spending between £2,000 and £20,000 on adaptations that enable an elderly voter to remain in their own home can save £6,000 per year in social care costs <sup>5</sup>

If only 5% of empty homes could be brought back into use, local councils could cut their annual homelessness costs by £½ billion <sup>5</sup>

Building homes is not only about immediate economic production & consumption - it is an investment that generates long-term benefits

Construction contributed 10% of total UK Gross Value Added growth between 1994 and 2007 <sup>6</sup>

Construction generates a £223 million trade surplus to the UK <sup>6</sup>

### Construction – Britain's biggest employer

Construction consists of 300,000 firms (many are small- or medium-sized local businesses) <sup>6</sup>

Construction employs 3 million people (directly) and 7 million (indirectly) in a multitude of roles representing between 8% and 24% of the UK workforce - for example:

- professional services - i.e. planning, architecture & design; civil & structural engineering; quantity surveying; conveyancing & estate agency; and site & project management
- construction - i.e. demolition & site clearance; new residential & other buildings; plant & equipment; major infrastructure projects; waste management; and landscaping
- crafts & trades - i.e. bricklayer; boilermaker; builder; carpenter; carpet layer; electrician; estimator; fencer; floorer; glazier; mason; plasterer; plumber; roofer; scaffolder; steel fixer; tiler; welder; and woodworker
- building repair, maintenance & improvement; and alterations, extensions & renovations

- installation & services - i.e. gas, electrical, plumbing, heating, cooling & ventilation; sound & heat insulation; painting & decorating; doors & windows; bathrooms, bedrooms & kitchens; staircases & fire escapes; lifts & escalators; and lighting
- basic & value-added materials - i.e. aggregates & cement; bricks, blocks & paving; timber
- and unskilled labour; general management; sales & marketing; finance & accounting; legal; transport; storage & logistics; and clerical, secretarial & administrative staff

Construction provides 28½ jobs per £1 million invested (40% more than manufacturing)

Construction employs many un- or low-skilled workers who are most vulnerable at times of recession

Construction offers both short-term job opportunities and life-long career choices

Construction is labour intensive - additional spending on construction output can generate more job opportunities than other sectors (esp. those that have recently received taxpayers' support)

Construction has the greatest increase in redundancy rate in the recession (28 in every 1,000 people)

Since the start of this recession, over 3,600 construction apprentices have been made redundant

### Productivity

Construction accounts for 8.5% of UK GDP (10% when the entire value chain is considered)

Every £1 spent in construction output leads to an increase in UK GDP of £2.84p

92 pence of every £1 spent on construction is kept within the UK

Every £1 invested in public construction gives a 56p return to the Exchequer (tax income & benefit savings)

Construction relies little on imports (only 8% of inputs) - economic benefits are captured in the UK

Construction drives growth elsewhere due to heavy reliance on extended & varied supply chain

Comparing regional employment data highlights the significance of construction to local economies - 60% of workers are in local authority areas where unemployment is higher than average (or would be without construction)

Construction output will fall by 3% in 2010 before returning to marginal growth between 2011 and 2013 - on current trends, construction will only return to 2007 levels in year 2021

## WE ARE



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