

Adam Turk Speech for the CPA Autumn Lunch 14 November 2024

[The following was shared by CPA Chairman Adam Turk (CEO of Siderise Group) with assembled guests at the CPA Autumn Lunch in The Brewery, London on 14 Nov. 2024.]

Good afternoon, everyone. Thank you for joining us. It's great to see so many friends and colleagues around the room today.

I'm delighted to have Martin Bayfield as our guest speaker this afternoon, and I will be introducing him shortly. I'll certainly score good points with the kids when I say I had lunch with Hagrid!

I loved my 20+ years playing rugby, but it was a very different game back then. Forwards were Forwards and Backs were Backs. Forwards couldn't pass and Backs couldn't ruck. Martin, I'm sure you were the exception!

Today however, rugby is a 15 man game where everyone can pass, tackle or ruck. This concept of an inter-changing game is relevant to us here today, but I'll come back to it later.

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It's a pleasure to see the full breadth of the industry represented here today, from across the whole supply chain. I hope you're enjoying the afternoon. We've nearly reached year-end and I think it's fair to say that we've all earned a day out.

Indeed the CPA's Autumn Forecasts came out a few weeks ago and highlighted what we all know, that it's been a very challenging period. Especially for the two largest sectors, private housing new build and RM&I. But cautious optimism appears to be creeping back into the industry.

We appear to have some strength coming through in the UK economy, with real wage growth and lower interest rates, combined with a stable government (although some of us might question the definition of "stable"). All of this seems to be leading to improving investment from consumers and businesses.

Of course, there are concerns. High costs on fixed-price contracts are hammering the whole supply chain. The recent failure of ISG showed the worst of it. In fact, UK construction lost over 10,000 firms in the last two years.

And there's a serious question for both government and industry about where the skilled labour will come from, especially as around 400,000 people have left the industry since 2019.

There are also considerable delays in starting high-rise housing and some commercial buildings due to a combination of industry uncertainty with the slowdown in housing demand starting to impact high rise flats alongside challenges with capacity at the Building Safety Regulator. More on that in a minute.

So there are plenty of headwinds as I'm sure you all know from your own businesses. In this kind of market environment, we would naturally look to our largest client, the Government, for some clarity and direction.

We studied the Chancellor's Budget and found it a mixed bag to be fair. In the main, I think it's beginning to feel like we're on the cusp of a change in fortunes. There were a handful of measures for the near term that will help construction and manufacturing, but the medium term was left unclarified. And we're all familiar with the new headaches created around the Minimum Wage and National Insurance, which are likely to put pressure on headcount for many of us, as well as creating an inflationary impact as the industry seeks to pass some of these increases through.

I was personally disappointed that the new Government's plans for an Industrial Strategy doesn't include construction, but we'll be working to address that with the policy-makers. Construction products manufacturing is, after all, one of the largest manufacturing sectors, accounting for some 13% of total UK manufacturing, and the wider construction industry is absolutely essential to many of the biggest policy ambitions, so we need to be recognised.

In the meantime, we have to play the hand we've been given. And it becomes essential to raise our game, as businesses and as an industry. The delays I mentioned earlier to high-rise housing and some commercial buildings have been exacerbated by the additional processes required in the pre-construction Gateway 2 for HRBs.

This is all about providing more details to ensure that building safety is considered during each stage of design and construction. But I think it's a very insightful example where industry needs to rethink its approach to the market.

Back in the late summer the Regulator shared that of the 1,001 applications received for those projects up to that time, only 15% had been approved. Nearly a third of all applications were deemed invalid by the Regulator, and nearly 20% required further information.

To be fair, the new Regulator did acknowledge that a lack of capacity, new processes and a new team building its own competence at their end was an issue in the delays. But ultimately nearly half of the applications came undone because industry had a poor understanding of what was expected.

This shortcoming is about as clear a signal for change as I can imagine, because it means that industry itself is holding back projects. And this brings me back to the rugby analogy I started with.

The game has changed. On the field, instead of sticking strictly to their own role, in today's game those 15 players work together collaboratively and stand ready to step in as the situation requires. So you've not only got a more seamless approach to recycling the ball nowadays, but you've got a faster, more agile game.

As it stands today, the game has changed for UK construction too. There's now much more of a need and responsibility to work together.

With these Gateway Two applications, the Regulator is saying to industry: “you’re not providing the right information for these applications”.

The Contractors are responding with: “We don’t understand what you want, or don’t have what you want, or aren’t sure where to turn for the answer.”

And the manufacturers, with their knowledge and information about the products and materials that could be fed into these discussions with the regulators, should be saying: “Nobody is asking us for the right information, but we stand ready to help.”

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When I last spoke at the Spring Lunch, I said that it is time for us as an industry to stop walking by, to stop the “same old, same old”, and instead to make it our business to do something about it.

Nobody should be hoping that these new regulations and new expectations will all simply go away. Nobody should be making a mistake in thinking that, ‘I’m not in the high-rise resi market, so this doesn’t apply to me’.

The old way of playing the game is being rejected. By Inquiry judges, by regulators, by Government, by clients, and by homeowners and communities up and down the country.

And I think we should be amongst the first to respond. There’s not only a moral imperative but it makes good business sense especially when we can see the work slowing down.

Also, quite frankly, as the Prime Minister prepares his Government’s response to the Grenfell tragedy, we need all the help we can get to improve our image and reputation, to put a positive rhetoric back into our sector and to demonstrate that we’ve learned and changed. It’s not about words but about actions. It seems to me that we can respond in a number of ways.

- First, take a hard look at the culture within our own organisations and ensure the message is coming down strongly from the top about doing things properly, and not just the bare minimum;
- Second, about Competence – making sure we have in place good training for both our own employees and for those that design, procure and install our products;
- And finally, and the one closest to my heart – good product information best served via the Code for Construction Product Information.

And about the Code in particular, we are seeing change but it’s still too slow for my liking. I’m very encouraged by the drive from key supporters including many of the housebuilders, Tier 1 contractors and merchants in the room this afternoon, to ensure they’re only procuring Code-verified products.

To the manufacturers in the room, I'll only say that if you haven't already met with the team at the Code, don't wait or underestimate the work required, or you'll risk being left behind as customers start to have a choice about choosing Code-verified products.

We're already aware that some products that are not yet Code-verified are being called into question by procurement teams. That will happen more and more. The Code also plays into that collaborative model I spoke about earlier, where the manufacturers can be relied upon to share information that is clear, accurate, up-to-date, accessible and unambiguous.

Get these things right around the three pillars of Culture, Competence and the Code, and we start playing in a new way.

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Before handing over to Martin, I wanted to commend the work of Peter and the CPA team. Our job in the CPA is to ensure that Government appreciates the importance of our manufacturers and the wider UK construction sector as an enabler for growth, productivity, employment and so many of its policy ambitions.

We know it's difficult for the new Government, especially as they're still in the early days of returning to power. They're on a steep learning curve. But we need to give them confidence in our industry and our ability to help them deliver.

So it's good to see that Noble, our Economics Director, has already met three times with Treasury to provide his insight about the Government's housing plans and again more recently about the implications of the Budget.

That Jane Thornback, the CPA's Sustainability Policy Advisor, has been asked by Government to help find solutions to Extended Producer Responsibility around packaging and waste.

And that Mark Wilkinson and Duncan King, our Senior Technical Managers, have been in discussions with civil servants around issues such as CA Marking, manufacturers' liabilities under the new Building Safety Act, the industry response to the Morrell / Day report and development of the Future Homes Standards.

Indeed, we all have a part to play and so I trust that many of you here or your organisations can join us at the House of Lords on December 4th for our Parliamentary Reception which is being organised by Rob Lee, who has made a real difference in our engagement with politicians since joining the organisation earlier this year. Meeting face-to-face with politicians is vital at this stage of a new Government to get our messages across

All of this is supported by the excellent work done by our Chief Executive Peter Caplehorn who is highly respected as a tireless champion, standing tall for the CPA membership and the manufacturers' perspective in front of industry colleagues and government officials.

My thanks to Peter and the entire team.

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