John Sinfield Speech at CPA Annual Spring Lunch 2016

[19 April 2016]

Ladies and Gentlemen, good afternoon and welcome again to the Construction Products Association’s annual Spring Lunch. I’m very glad to see so many familiar faces here today; members, their distinguished guests and colleagues from government and the wider industry. Having just come from our AGM, I stand here as one of the few Association Chairmen asked to serve a third term, for which I’m quite proud and happy to oblige. And if you are inclined to give me the benefit of the doubt, I hope that – like a fine wine – things will only get better with age.

Speaking of getting better with age, you’ll have noticed, that the CPA has taken this opportunity to freshen itself up. My compliments to Diana and her team for the new look to the logo and the new website. The change is more than skin deep as there has been significant effort put in behind the scenes to rethink and refocus the CPA’s objectives and strategy. More than ever these are clearly centred on responding to the needs of you, the members, and helping your business to succeed.

My thanks to many of you here today who have helped in this exercise, and especially to those of you who have given your time and opinions to the market research survey. All of this has sharpened the Association’s view of the way forward. Our work continues, much as you recognise, but now with three key objectives always in mind:

First is the matter of increasing recognition for the industry and your business. The CPA is known as the voice of our industry. That’s a turn of phrase that sometimes gets overused, but as the umbrella trade association representing 85% by value of all the manufacturers and merchants, we have a clear mandate from our members. This support, together with our expertise and insight, means we are often the first point of contact for politicians, civil servants and the media seeking information and advice about policies that affect not only your business but the wider construction supply chain too.

A year ago, you may recall, we all faced a great deal of uncertainty owing to the General Election. Since then, the CPA has worked hard to establish close working relationships with the new government. Much of this work goes on behind the scenes and is part of a long game; still, I can tell you that we have been encouraged by numerous discussions with policy makers and civil servants and the many requests for us to contribute to their understanding of manufacturing, construction and the issues impacting us.
This has not been without its difficulties. We have occasionally had to fight hard to remind our new colleagues in government that our industry accounts for more than a third of total construction output in this country and is invested into every constituency from Land’s End to John O’Groats. And while we may not be as sexy as the makers of F1 cars or the latest fighter jet, manufacturers of construction products are just as innovative and employ more people in the UK than automotive and aerospace manufacturers combined. To the government’s credit, they have been willing to listen to us, and their support, for example, of the Construction Leadership Council bodes well for a productive working relationship with the construction supply chain.

If, however, the government is truly committed to rebalancing the economy, the manufacturing of construction products must be at the heart of their efforts, alongside a healthy construction sector. Over the past six months or so we have heard serious concerns about the viability of manufacturing steel in the UK, weakened by a glut of worldwide supply, plummeting prices and vastly uncompetitive UK energy rates. That is the here and now. To address the crisis, the government’s current call on the construction sector to “specifically consider UK steel” and their commitment to do the same is laudable. I would suggest, however, that for construction there are a number of products in addition to steel, also currently made in the UK, which are facing the same global challenges. It would be good to see the government taking a more holistic, value-driven view of the UK’s manufacturing base and seek measures to underpin all foundation industries. The CPA has been speaking with government and the BIS Select Committee to offer our support for local resilience within the supply chain and material supply, which would help deliver the major infrastructure and construction projects the UK needs to increase its productivity.

Much of our work continues to be focused on representing the interests of manufacturers and distributors with the rest of the supply chain. If you are not already aware, the leadership of the entire UK construction industry is actively working, with our support, through the recently relaunched Strategic Forum for Construction to agree and deliver real solutions to some of the most pressing problem areas, including prequalification, procurement, skills and payment.

Whether representing our industry with the supply chain, government, civil servants or the media, we have always relied on our members to get stuck in and help lead the way. I’d like to thank two gentlemen in particular who have demonstrated great leadership in raising the profile of our industry. Ray Horwood has recently handed over the reins both at the National Federation of Roofing Contractors and as an Officer of the CPA. Similarly, Peter Hindle has retired from his role as Senior Vice President for Saint-Gobain and as an Officer of our Association. While both Ray and Peter are still active in the industries they love, I would personally like to thank them on behalf of the CPA for their work supporting us.
With big shoes to fill, today we elected as Officers two very capable colleagues in John Newcomb, Chief Exec of the Builders Merchants Federation and Stephen Harrison, MD at Forterra. I welcome them both on board and look forward to working with them.

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When we undertook the market research and asked our members their thoughts on the CPA’s ambition to help grow the market for construction products, it sometimes met with scepticism. Could a trade association actually achieve such a thing? Can the CPA really help grow a member company’s business? Our answer is yes, if we can provide information or help address those areas which are key to your success.

Probably the most obvious examples of this are the economic forecasts and surveys, for which the CPA is so highly regarded. Our members tell us that this information is indispensable to business development and strategies, offering highly accurate insight into market data, growth opportunities and risks. Certainly in my role as MD at Knauf, I can attest to the value of this information and how it can help my business grow. Later this summer the economics team will also publish a regional, ‘hot-spot’ analysis, which many of you have said would be very useful.

While the economics reports are extremely relevant to our bottom lines, the CPA uses the same information to help the government recognise the value of the sector and support policies around key growth opportunities, such as housing supply, repair and maintenance and, my favourite, energy efficiency.

And with so many announcements from government related to infrastructure spending in particular, our team helps to provide clarity on the actual delivery of government’s construction activity, which is, after all, one third of total construction. We do this by tracking the National Infrastructure Delivery Plan to confirm that government plans are indeed financed and ready to go; and also engaging with the newly formed Infrastructure Projects Authority to ensure that delivery is measured in spades on the ground and not driven by the politics of the moment. By doing so we can confidently build these projects into our forecasts and you can trust our figures when making your own plans.

Another important factor determining whether our members grow or not is the skills shortage. We have put the CPA at the heart of efforts to study this problem and find effective, practical solutions.

At the CPA’s Autumn Lunch last November, we released a report which showed how manufacturers and distributors of construction products had invested in thousands of training programmes for the builders and tradespeople who install our products. We have
now started a pilot project with the help of CITB and a small number of our members to pursue the recommendations from that report, particularly to see if we can put that ‘product-user training’ on a more formal footing with nationally recognised qualifications. By doing so, we will not only ensure our products are being installed correctly by qualified individuals, but the builders and tradespeople would be better trained, with more flexible and professional credentials; all of which should in turn improve productivity and ultimately grow our market.

As we take this work forward, we have also been lobbying government to ensure that you will be able to use your Apprenticeship Levy vouchers to provide training to your supply chain as well as your own people. This will ensure the sector is able to deliver quality not just quantity when encouraging new entrants to the sector. These discussions are a work in progress but we believe this will be an important measure for the industry to make best use of the new levy.

Digitalisation is another key area which will determine growth opportunities. Not only because of the April BIM deadline just passed. Here too, the CPA has been leading on behalf of manufacturers and distributors to prepare for this, and we are now working to develop the next steps to BIM Level 3. We lobbied hard for government’s continued support to Level 3, and so were very pleased to see the recent Budget commitment; while the 15 million pound investment may seem slight in quantity the signal it sends to industry is in fact strong and appreciated.

But more broadly, digitalisation, with its demand for collaboration and innovation, plays to our strengths as an industry. As the year progresses, you will hear more about some potentially game-changing developments which the CPA is driving, including Project Data Templates and Digital Object Identifiers, which I hope you will be involved with via our Technical Committee.

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Aside from our focus on raising the profile of the construction products industry and helping support growth opportunities for your markets, our third major objective is to reduce the regulatory risk to your business.

Not long ago the CPA published a report which studied the factors underpinning investment in our industry. Our research identified 132 current and pending UK and EU policies and regulations impacting our business, not even counting health and safety, human resources, finance or transportation. Some of these are very well known, such as Part L of the Building Regulations, the EU Emissions Trading System, the National Infrastructure Plan and Help to Buy. Some of these I wish we had never known at all, such as the Green Deal.
The point here is that the sheer number and complexity of these policies and regulations is a risk in itself to your business. Added to this are the growing complications arising from the need to harmonise regulations both with the EU and the increasingly influential devolved regions in the UK.

This is another area where, I believe, the CPA really delivers for its members, though it is not always obvious. Again, a tremendous amount of work is done behind the scenes, day in, day out, by a very talented team working with your own technical and sustainability colleagues, and again always with the long game in mind. Protecting our members’ interests. Minimising barriers to doing business and seeking opportunities in the way new regulations are set out.

Most importantly though, we try to ensure policies are effective, clearly defined, consistent and have a long-term future. We are not always successful, as we have seen with the demise of the zero carbon target for homes; however, we were pleased to hear that following a series of discussions with Treasury over quite some time, major housing projects have now been included into the National Infrastructure Delivery Plan launched earlier this year.

Sometimes we can talk about the work early on. A perfect example is the ‘Every Home Matters’ Review, a major study of the framework of standards which offer consumers the information and protection they need when choosing home energy efficiency and renewable energy measures. It was commissioned late last year by DCLG and DECC and is led by BRE’s Chief Executive Dr Peter Bonfield (a guest of ours today). Peter specifically tasked the CPA – and I credit our Deputy Chief Executive Peter Caplehorn in particular – to lead a critical work stream focused on fabric, involving not only of our own members but the entire sector.

The Review is due to report later this month and we look forward to taking its proposals through to implementation. Until then, this role is a testament to our reputation, our expertise, an objective ability to develop consensus in difficult areas, and a track record of delivering. It is also another example of how the CPA is at the centre of major regulatory, technical and sustainability issues and risks impacting your business.

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By now, I hope you will agree that the CPA’s objectives and the work it is undertaking are not only relevant to you and your bottom-line, but worth supporting. This is a trade association that is punching above its weight but ultimately it is only as strong as the members behind it. For that, I would suggest that you don’t hesitate to get stuck in: take advantage of the members-only information on the website, share the publications with your team, contribute to a consultation, sit-in on a committee, or join us again at another event such as a meeting with major clients or a reception at Parliament. It helps make the CPA what it is: the leading voice for our industry.
Before I introduce our guest speaker there are no doubt some of you in the audience today who are marvelling at my ability to have gone this far without mentioning the 800-pound gorilla in the room, one of the biggest issues facing our industry and indeed the nation itself, and by that I mean the EU Referendum. Certainly the CPA recognises the importance of the coming vote, but there’s a good reason for my reserve, as we are now in the regulated period ahead of the Referendum and what I can say is very tightly regulated!

Following the Prime Minister’s announcement of the referendum on the 23rd of June, the CPA conducted a snap poll of our membership to gain an understanding of the views of our sector. We’ve shared the results in our Weekly Notes, but in case you missed it: the survey results show that of the respondents, 65% stated that remaining a member of the EU would be in the best interest of their organisation. Sixteen percent said that leaving would be in their best interest and 19% indicated that they did not know at that time.

Most importantly, however, and the reason for my reserve, is that given the low level of response from our membership – 126 out of 21,000 companies – we are not taking these results as a mandate for a CPA view. I can only add what I’ve said previously: there is no doubt that the uncertainty caused by this issue is weighing on decision-making. Industry doesn’t like uncertainty. The sooner we settle the matter the better, so that we can get on with business.

And on the subject of getting on with business I am pleased to say that the CPA forecast published yesterday still shows growth for construction at 3% for 2016 and 3.6% in 2017. The growth is led by infrastructure, closely followed by private housing and commercial. All of these sectors, however, and indeed the rest of the forecast are overshadowed by both the political uncertainty in the UK and the economical and structural uncertainties in the world economy.

It is these uncertainties in particular which we had in mind when looking for today’s guest speaker. We were keen to find someone with a reputation for integrity and authority who could help our members understand the lay of the land ahead.

So it gives me great pleasure to introduce our guest speaker, David Smith. David has been the Economics Editor of The Sunday Times since 1989 and also writes columns for the CBI’s Business Voice, Tax Journal and other publications. He is a visiting professor at both Cardiff and Nottingham University. David has written a number of books on economics and business, and is a frequent speaker on drivers of change, innovation, strategy and risk, so I can think of nobody better to talk to us about his views on the future of the UK economy and how that will play out on an ever more unpredictable global stage.
Ladies and gentlemen, Mr David Smith…