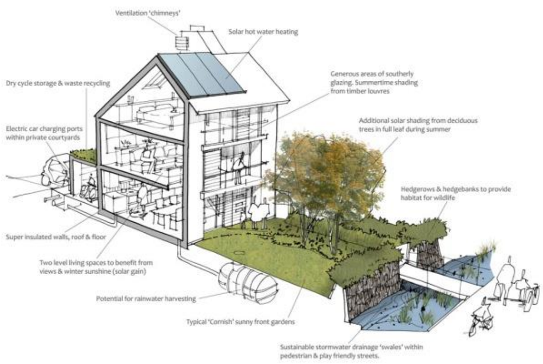
CORNWALL & ISLES OF SCILLY LOCAL ENTERPRISE PARTNERSHIP

CONSTRUCTION STRATEGY 2014 - 2020

"A SUCCESSFUL CONSTRUCTION SECTOR PROVIDES THE FOUNDATION FOR A SUCCESSFUL ECONOMY"

www.cioslep.com



Low carbon home with south facing front gardens

1. Introduction

The Cornwall and Isles of Scilly Local Enterprise Partnership (C&IoS LEP) has set out its vision and plan for economic growth over the period 2015-20 in a Strategic Economic Plan[1] (SEP). This Construction Strategy compliments the objectives set out in the SEP, the two being mutually dependent.

If Cornwall and the Isles of Scilly are to realise the full economic value of the available EU funding, infrastructure investment is vital to enable growth to be sustainable. To that end, construction skills in local industries need to be developed to enable local companies to deliver growth, or we will have to rely on 'out of county' companies to deliver the necessary improvements and the opportunity will be lost.

The simple goal of this Construction Strategy is to encourage conditions for sustainable growth and remove barriers to the industry. In doing so, we have to be realistic. Some of the challenges faced by the industry result from wider structural and economic factors, and there are some that the industry itself is best placed to address.

This strategy, which has been developed in partnership with the industry and major stakeholders, focuses on those areas where the Local Enterprise Partnership (LEP) can add value. This may be through using its networks, through providing a platform for existing organisations to coalesce, or lobbying for more local decision making and power.

As a powerful coalition between the private and public sectors, the LEP is uniquely positioned to influence those areas where policy and practice collide. We can foster mutual understanding and proactive working partnerships that can overcome the traditional polarisation of the public and private interest, and this is where we will focus our energies.

The C&IoS LEP has always been clear that it does not promote growth at any cost. We see quality and sustainability as core principles to achieve the sort of growth that is right for Cornwall and the Isles of Scilly**.** Our unique location makes the C&IoS region a place that people feel passionate about; this connection to place breeds a distinctive and creative flair that is unsurpassed. This can be seen in the quality of some of our buildings and structures. The combination of natural beauty and complimentary construction epitomises our core strategic principle working in practise: The culture, communities and environment of Cornwall and the Isle of Scilly will remain unique and special.

There are approximately 21,200[2] people employed in the Construction and Real Estate sectors in Cornwall and the Isles of Scilly; this equates to 8.6% of those in employment. Together, these sectors account for 22.4% of economic activity (as measured by Gross Value Added - GVA), making these significant sectors for the region. We recognise that many more sectors act as a direct and indirect supply chain for the wider construction sector – meaning an even greater economic impact.

[1] Cornwall and IOS Strategic Economic Plan
[2] APS 2013

Construction has long been one of the UK's most vital sectors. It fuels our economy, provides millions of jobs and stimulates other sectors too – literally building the foundations for growth. Home to over 280,000 businesses and a workforce of almost three million, construction UK stands solid and strong.

Construction is a valuable and important sector for Cornwall and the Isles of Scilly, but recent years have been tough, and the nature of our region results in additional challenges that warrant a targeted approach to supporting the industry.

The recent recession saw development and growth in the wider economy grind to a halt – downing tools across the construction industry that depends on it. Bearing in mind mutual dependency, both the construction industry and the wider economy suffer consequential impact.

Our peripheral location, whilst being our most unique and enviable characteristic, is, paradoxically, one of the main reasons why the industry struggles to sustain itself, especially in leaner times. Access to markets is an important issue.

The Government's Construction 2025 strategy[3] predicts that the global construction sector will see 70% growth by 2025. The European Union Structural & Investment Fund and Local Growth Fund investments provide opportunities for the sector in Cornwall and the Isles of Scilly; for example through smart specialisation (a focus on Cornwall and the Isles of Scilly sector growth opportunities and potential), investment in infrastructure and innovation in construction technology.

Whilst performance of the construction sector will always be linked to the performance of local and national economies there are things that can be done locally to ensure we provide the best possible platform to take advantage of wider economic opportunities. It makes good economic sense to do this, not only is construction a significant employer for our region; it also plays an important role in generating additional economic activity. Every £1 invested in construction activity generates at least £2 'spending power': through wages and profits, spending with suppliers and so forth, this figure rises to well over £3 per £1 invested for housing activity specifically[4] and compares favourably to other traditionally high value sectors. In connection with this, the LEP recognises the importance of ensuring the 'spending power' is retained in the local economy, which can best be realised through the use of local companies, who, in addition will invest in more local jobs and training, which in turn will result in more sustainable local growth.

There are, however, barriers that prevent the industry from reaching its full potential. Low margins and productivity, poor investment, late payments, a failure to nurture talent, a failure to encourage new entrants and poor public perception represent just some of the challenges.

This strategy sets out to address these barriers and to focus on priorities to support the sector to help to enable it to meet its full potential. In this regard, there are two fundamental requirements that must be met:

---

[3] Industrial Strategy: government and industry in partnership Construction 2025

[4] Housing investment briefing, Shelter. June 2010

1) Recognition of the significance of the construction sector. Construction is the bedrock of a thriving economy and without this recognition, there cannot be the motivation and prioritisation required to deliver outcomes.

2) Effective collaboration between all interested parties. There are a number of bodies and organisations representing the sector. However these sometimes operate in isolation of each other. Successful outcomes will only be possible if we all pull together around a set of shared goals.

2. The construction industry in Cornwall and the Isles of Scilly

Construction is a broad and diverse sector which employs people in an equally wide range of occupations. Pay and conditions can vary significantly across the different occupations and sub-sectors.

Current construction jobs:

As referenced previously, the construction and real estate sectors in Cornwall and the Isles of Scilly employs 21,200 people. The number of people currently employed in the sector is around 4,000 lower than pre-recession (2007). The recession saw the loss of a number of small to medium sized contractors in Cornwall which has had a significant impact on capacity.

The median overall construction wage in Cornwall and the Isles of Scilly fell by a third between 2010 and 2011 and is only 61% of the UK average compared to 93% in 2010. However, occupational wages within the sector will be diverse

Value of the sector:

Cambridge Econometrics data (to support the evolution of the Local Enterprise Partnership strategy in 2011) suggests that 'construction' was worth around £487m to the Cornwall and Isles of Scilly economy in 2010 or 8% of total GVA. This is forecast to rise to £685.5m in 2025 but would still be around the same proportion of the economy. This would translate to a further 3000 jobs.

For the UK the comparative figures are £9045.7m in 2010 (12%) rising to £10236.8m in 2025 but falling as a proportion of the economy to 10.6%.

3. SWOT – Strengths, Weaknesses, Opportunities and Threats

There are challenges that the Cornwall and Isles of Scilly construction industry face that can be attributed to our peripheral location. The supply chain is more vulnerable to peaks and troughs in the market, onerous public sector procurement processes can exclude smaller organisations and in some circumstances delivering viable construction projects is challenging. Indeed, notwithstanding the often perceived promise that public sector bids will be judged primarily on quality, there are circumstances when it is the lowest priced bid which is successful. This leads to unsustainable 'below cost' pricing during periods of recession.

Notwithstanding the problems, there are some positive spin offs from a small market; amongst them are the value of tried and tested partnerships and the importance of reputation.

The following SWOT analysis considers the features of the construction sector in Cornwall and the Isles of Scilly that have relevance to the emergence of a LEP Construction Strategy:

Strengths	**Weaknesses**
• Unique region & lifestyle • Reputational relationships • High quality design ethos • Exemplar buildings • Local collaboration • Promotion (e.g. recently re-launched Constructing Excellence) • Entrepreneurial spirit	• Small market/peripheral location • Supply chain sourcing • Constrained labour supply • Seasonal strain on infrastructure • Viability: especially house building • Procurement costs (EU and public sector tendering can add at least 3% to costs) • Supply of skills • Promotion as a career path • Low uptake of Green Deal • Planning processes
Opportunities	**Threats**
• Promotion of career pathways for future workforce • Influence educational provision • Investment in 'upskilling' existing workforce • Grow specialist sectors e.g.: low carbon, sustainable, modular, off site, retrofit, smart homes, and lifetime homes • Market leadership in low carbon and sustainable • Regeneration/remediation of brownfield land & export of this expertise • Enhance partnerships and collaborations • European Union & Structural Investment Plan investment in Cornwall & Isles of Scilly economy, especially research, development and innovation investment opportunities (green build, modular etc.)	• Inability of supply chain to respond to increased demand • Aging workforce and lack of new entrants • Vulnerability to peaks and troughs • Continued poor perception • Insufficient infrastructure and maintenance to enable growth • Constraint in growth of sector inhibiting overall economic growth • 'Brain drain': loss of talent due to insufficient opportunities in Cornwall and the Isles of Scilly

4. Emerging LEP Construction Strategy Themes

The following themes have emerged out of initial consultation with the industry as areas where the C&IoS LEP can add value:

1. Workforce development, flexibility, skills and training
2. Procurement terms and late payment
3. Messaging and communications
4. Forward planning, planning policy and viability

5. Planning permissions and statutory consents
6. Innovation, sustainability and "Green Construction"

1. Workforce development, flexibility, skills and training

Brief description

The sector traditionally suffers from relatively low qualifications compared to other sectors.

The sector is not perceived as being particularly 'exciting' for new entrants and not promoted well in schools: "Survey data shows that the overall appeal of the construction industry as a career option for young people is low (scoring an average of 4.2 out of 10 among 14 to 19 year olds) and only slightly higher among careers advisers (5.6 out of 10)."[5]

This has resulted in an older workforce, with relatively few young people entering the industry.

The number of apprentices starting courses has remained relatively static over the last 3 years, although the number of apprentices completing has seen a decline over the past 2 years, with only 225 completions out of 304 starts on 2011–12. The national trend is declining; in 2011, overall apprenticeship achievements were about 15% less than recorded in 2007.[6]

Fundamentally, there has been a national drive away from the implementation of formal apprenticeship schemes, which has dramatically impacted on the ability to develop skills within the industry. The advantages of formal apprenticeships must not be overlooked. In addition to the obvious benefits of an organised framework of skills development, it provides confidence in those participants (notably young school leavers) that a structured sustainable career path exists.

Whilst a significant number of larger organisations, to their credit, continue to provide apprenticeship opportunities, the sector in our region is mostly composed of micro businesses and self-employed workers. Therefore, from a financial perspective alone, committing to taking on an apprentice can be virtually impossible, particularly with unstable market conditions.

A high level of self-employment presents its own set of challenges. The industry is traditionally very fragmented and high levels of sub-contracting mean that working relationships are dependent upon contract success and reputation, however, this can represent a strength as well as a challenge.

The construction industry in Cornwall and the Isles of Scilly suffered some significant losses in capacity as a result of the recession, with a number of SMEs failing to survive. This means that the sector is not well placed to meet short term increases in demands for labour, a factor that is worsened as a result of our peripheral location.

The additional challenge in a more buoyant national market is the migration of labour

[5] P.16
[6] Qualification achievements in Construction 2012 Update; Apprenticeships across the UK. CITB Research doc

out of the region as workers and businesses seek to capitalise on more valuable "out of county" contracts.

Levels of higher level skills are also critical for the industry if it is to increase productivity and take advantage of growth opportunities: "The role of higher skills and management capabilities are crucial for the construction sector in taking advantage of forthcoming opportunities and to addressing evident challenges"[7]

What would success look like?

The challenges of our unique geography mean that increased and continuous efforts around attracting, retaining and continually "up-skilling" a construction workforce (including supply chain) are necessary. For this to happen there needs to be consistent demand for that workforce, and the incentives for people to enter, and stay in, the industry.

Recognition of the fundamental role that construction plays in the economy is the pre requisite to achieving success.

With recognition, and a series of targeted interventions, this strategy would be successful if the following outcomes were achieved:

- **More young people entering the industry** as a result of joined up activities aimed at promoting the industry to career entrants
- More flexible options to enable employers to take on apprentices, therefore **increasing the number of apprenticeships on offer.**
- More programmes aimed at increasing management capability and workforce efficiency resulting in **increased levels of productivity** (referred to as "Lean Construction".

What can the LEP and partners do to promote success?

Promote career entry:

Positive promotion of the opportunities and career pathways available for young people in the construction sector is critical (i.e. through roadshows and advertising campaigns). Equally, or perhaps of more importance, the identification of resources, specifically funding, to provide industry specific advice and guidance for school children is necessary if new talent is to be attracted. A particular challenge is around identifying resources to work with children below the age of 15, as European funding cannot be used for this age group.

This includes promotion of technical specialism (i.e. sustainable construction, IT for construction, smart homes etc.), although recent lack of interest in programmes provided by a local college suggests current levels of interest in renewable energy qualifications are low. A better understanding of the cause of this lack of interest, and the opportunities available will be vital to develop solutions.

Encourage collaboration and the development of shared initiatives:

[7] P.12

The recent revival of Constructing Excellence South West affords a platform upon which the re-energising of interest and promotion of the industry can be developed. Local branches of other groups – The Forum of the Built Environment, The Royal Institution of British Architects (RIBA), The Royal Institution of Chartered Surveyors (RICS), Cornwall Sustainable Building Trust, The Association for Environment Conscious Building and all other construction related groups must be actively encouraged to collaborate to achieve common goals. This also has to include training providers such as Cornwall College, Truro and Penwith College and the Construction Industry Training Board.

Collaboration can help develop a deeper understanding of the demand for skills and would ensure that investments in up-skilling and career entrants are best aligned.

Support those existing organisations which are actively providing apprenticeships:

Together with some larger contracting organisations, some Housing Associations already provide apprenticeships and placements. These opportunities could be significantly expanded with support from the LEP. For example, Ocean Housing have suggested that additional support would enable the extension of their existing training and retraining programmes into the most deprived areas, to target those long term unemployed and those who are furthest removed from the employment market.

Overcome barriers to small businesses taking on apprentices:

The declining levels of apprenticeship completions needs to be better understood so that an approach to promoting and supporting employers and training providers can be effective. This can be achieved by collaborative working; however financial constraints represent significant barriers to micro businesses taking on apprentices. Brokering shared apprenticeship programmes, where employers cannot commit to an apprentice for the full period, are one such example of overcoming barriers. In addition, opportunities to fund a regime of structured apprenticeships through the next round of EU Funding will be explored.

Skills for existing workforce:

In a peninsula economy, maximising existing resources is one way to deal with short term increases in demand for skills. Programmes aimed at broadening the skill base of the existing workforce ("upskilling") could be funded through the EU Funding: the LEP will explore this potential. In addition to traditional "up-skilling" education; "Lean construction skills" and "green skills" training would provide scope to enhance efficiency.

The fragmented nature of the sector would warrant targeted promotion of the available business support initiatives. To be effective, a better understanding of the needs of the sector may be required and again, through the encouragement of collaborative thinking and working, the LEP aims that this will become clear.

Engage with CITB:

The CITB Construction Skills strategy 2012-17 has a series of objectives around improving skills and competence in the industry. Objective 6 in particular seeks to create 'better links between employers and education providers, increased engagement with learners and more placements.' The CITB business plan[8] 2011-16 states that:

On behalf of the construction industry throughout 2014-2016, CITB will:

- Lead the development of an industry wide image and recruitment strategy and co-ordinate the delivery action plan.
- Improve the image of the industry and raise awareness of construction careers.
- Improve the understanding of the different routes into the industry and the benefits of a career in construction.
- Provide opportunities for people to experience construction careers
- Utilise their career progression tool; promoted to careers advisors in schools, colleges and through adult guidance.
- Work in partnership to deliver the proposed Shared Apprentice Scheme in the south west which allows an employer to 'host' an apprentice for a much shorter period of time

There is a role for the LEP and partners in the construction skills agenda to determine the scope and success of CITB initiatives in the local context, facilitating joined up working where strategic objectives align, and lobbying for more active engagement as required.

What is already happening in this area?

The Local Enterprise Partnership Employment & Skills Strategy is focused on 'skills' on the cornerstone of a growing and more productive economy:

This will be achieved through effective partnership working which has an eye on the skills and sectors of tomorrow. Some of the issues highlighted in this Construction strategy are applicable to the wider skills vision.

Cornwall Apprenticeship campaign

The campaign to promote the features and benefits of training and Apprenticeships. This will start with case studies from the construction industry and the welcome use of social media, with a major event to engage thousands of young people planned for October 2014. The campaign is funded using the new Skills Support for the Workforce project (ESF Convergence supported programme), the National Apprenticeship Service and endorsed by the LEP. It will run to July 2015, but there will then be an issue about longer term sustainability. More details can be found here.

The Construction Industry Training Board (CITB) supports over 100 construction apprentices in Cornwall. More information can be found here and apprenticeships are advertised here. The link is highlighted between construction and the energy sector supply chains. There is a need to ensure that (for example) plumbers have skills around solar retro fitting and maintenance.

CITB skills research – South West intelligence

CITB Construction Skills Strategy. The Cornwall Apprenticeship Agency has a role in

8 CITB Business Plan

the bespoke recruitment of apprentices to support the ambitions of employers.

HOW2 vocational and technical training for low carbon sector. Led by the Eden Project working with Cornwall College, the project will create a training and education centre for sustainable technologies and construction methods that will have strong links to the National Solar Centre.

Careers South West
The leading provider of Information, Advice and Guidance (IAG) services in Cornwall, Devon and Somerset: a company jointly owned by Cornwall Council, Devon County Council, Plymouth City Council and Torbay Council.

Cornwall College Careers Advice

STEMNET (Science, Technology, Engineering and Maths Network)
Links employers, trainers and enthusiastic ambassadors into the promotion of sectors that will utilise these skills where Cornwall and the Isles of Scilly currently underperform.

Cornwall Construction Training Group
A not-for-profit organization run by construction employers, for construction employers, and funded by CITB. The group is focused on providing accessible training to the construction industry

National Skills Academy: Construction
The National Skills Academy for Construction is a CITB project-based training concept that is tailored to helping clients and contractors to get the right skills where they need them - on site. This is demand led training.

Stakeholders

- LEP Employment and Skills Board
- Cornwall Construction Training Group
- Construction Skills (CITB)
- The Cornwall Learning, Education Business Partnership (CLEBP)
- Raising Aspirations and Attainment Board (RAAS)
- Cornwall College
- Truro and Penwith College
- Skills funding Agency
- Green Deal Skills Alliance (GDSA)
- The Construction Industry Council?

2. Procurement terms and late payment

Brief description

Public sector procurement is far too often onerous and can be expensive (it can add 3% or more, to tender prices), and many small businesses feel locked out of opportunities. This can mean that contracts are let beyond the local area, when local companies could have bid more successfully. This can result in value leaking out of the local economy. This cannot be a sensible solution.

Late payment is a major challenge for the industry, with some firms experiencing payment terms of up to 120 days. This places those companies under severe financial strain and, in short, is unsustainable.

What would success look like?

- Establish a regime of simplified, more cost effective procurement procedures across the public sector, which also truly reflects that quality considerations are the main delivering criteria for bid success.
- Ensure that reasonable payment terms become adopted for all companies engaged in construction contracts. Encourage and implement a 'Fair Payment Charter'.
- Enabling SMEs and micros to work together to create buying advantages of scale

What can the LEP and partners do to promote success?

Business support and guidance:

Due to the fragmented and dispersed nature of the industry, the LEP intends to target, promote and signpost the existing advice and support available; which would encourage better take up of business support and procurement advice initiatives.

Public sector procurement:

The C&IoS LEP will encourage public sector clients to adopt the use of less expensive, industry friendly procurement procedures with the aim that it will achieve the promotion of better collaboration between partners and highlighting good examples.

For its part, where expenditure is solely at the discretion of the LEP, the LEP will, where it can, seek to ensure that less expensive, industry friendly procurement procedures are adopted.

Based upon the fact that 80% of our region's businesses are micro businesses, the LEP will also encourage public sector clients to adopt a more inclusive strategy to contract opportunities. The LEP will align this through its existing Better Business For All Programme.

The C&IoS LEP will (whilst recognising European procurement guidelines) also ensure that all sectors (and the public sector in particular) recognise the enhanced value to the Cornish and Isles of Scilly economy achieved through the appointment of local supply chain businesses, thereby further ensuring that generated income remains in Cornwall and the Isles of Scilly.

Reasonable payment terms for all:

The LEP will model best practice through its role as client/commissioner i.e. through encouraging (insisting where able) that fair payment terms are implemented and cascaded throughout the supply chain.

Encourage SMEs to work together:

The LEP will encourage and where possible enable the SME sector to develop their own potential by working together to bid for larger projects. This would ensure more value is retained within the local supply chain. This approach can only succeed if there is "buy- in" from the industry and a willingness to cooperate.

What is already happening in this area?

Advice re public sector procurement:
[Better Business For All]
[Cornwall Council]

Cornwall Council framework - Commissioning, Procurement and Commercial Strategy 2014 – 2019 – currently being developed

Cornwall Council's adoption of CITB's Client Based Approach through the Framework.

Stakeholders

- Constructing Excellence
- Home Builders Federation
- National Housing Federation
- Federation of master builders

3. Messaging and communications

Brief description

There is a general acknowledgement that that construction industry does not consistently promote itself to its best advantage. There are some good examples of local engagement, i.e. through the Considerate Contractors Scheme, however these are isolated and project specific. There is a sense that construction activity and construction outputs (especially house building) is not welcomed in the wider community. This can have a particular impact on the planning process, and influences political decision makers. The image of the industry does not help with the overall attractiveness of the sector for career entrants.

What would success look like?

- Better public perception of construction
- Better community perception of construction and growth
- More interest being generated amongst younger people (linked to 1)

What can the LEP and partners do to promote success?

Industry wide communications

Support Constructing Excellence, in collaboration with all other appropriate groups and bodies, to engage the sector to better promote itself and share best practice.

Promote the benefits of growth

Help to promote the benefits of construction growth, i.e. defining the wider benefits of improved infrastructure, enhanced local facilities, job creation and locally retained value could help to promote a more balanced view of construction. The sustainable construction agenda is particularly relevant here. This can only be achieved through an industry wide effort and therefore significant and unified commitment from a broad range of stakeholders is necessary if this is to become a meaningful intervention.

What is already happening in this area?

- Constructing Excellence 'Marketing Skill' event 12th September 2014 and the consultation results that will shape this strategy and develop implementation.
- Considerate Constructors Scheme (CCS): a national initiative set up by the construction industry to improve its image, with a 1000 members nationally.

Stakeholders

- Constructing Excellence Cornwall
- Considerate Constructors Scheme (CCS)
- Home Builders Federation
- National Housing Federation
- Federation of master builders

4. Forward planning, planning policy and viability

Brief description

Creating viable development and equitable land value is vital for the industry to survive and indeed for Cornwall and the Isles of Scilly's economic growth to be sustained. For the developer looking to purchase land, the ability to derive a fair return from development activity is determined by market value less the cost of the development (including land purchase costs).

For the landowner, looking to achieve a reasonable return from the land sold for development, the value is dependent upon a residual value after all development costs are considered.

The cost of development includes the costs associated with obtaining planning consents and Building Regulation approval, which also includes (as appropriate) making contributions to provide community benefits. Community benefits are delivered either in the form of local amenities or infrastructure (such as affordable homes and social accommodation, education, highways improvement schemes or provision of public open spaces) or as off-site financial contributions, to provide these benefits elsewhere, through Section 106 and Section 278 agreements.

These community benefits play an important role in mitigating new development; however the cumulative impact of costs can damage viability and therefore inhibit development. This is particularly the case in lower market value areas and where there are significant constraints to development, such as land contamination or high infrastructure costs.

Land value is a key component in the viability equation. Land value is determined by markets forces, with availability and planning status being amongst the key determinants in the demand for land. Some commentators have developed hardened opinions that land owners expectations of land values are out of kilter with the reality of the costs of development, but in reality, with market forces dictating ultimate land value, this opinion does not often stand up to scrutiny.

Cornwall Councils' Local Plan is a critical document that influences the direction and scale of growth. Private and public sector investment decisions and industry appetite will be heavily influenced by the targets and allocations in the document. The ability of the sector to plan into the future and to maintain a consistent programme of activity will be directly related to growth plans; this has a knock on effect on investment in workforce and business expansion. More certainty over the future direction and scale of growth would provide conditions for the sector to grow, although the challenges associated with providing this certainty are complex.

The LEP has a key role to play in ensuring that the needs of the business community are delivered as outputs through the Local Plan, and success of the Strategic Economic Plan is partly dependent upon physical infrastructure. For example, ensuring high quality grow-on and incubation workspace is essential to the future delivery of the strategy.

With regard to infrastructure generally, a much wider problem needs to be addressed. It is clear that the region's infrastructure cannot effectively cope with the current demands placed upon it. A number of major developments have recently been approved which will add yet further pressure. The LEP is, rightly, committed to increasing business opportunities and as a consequence improve the expectations and livelihoods of citizens. However, consequences arising from achieving these ideals will be unsustainable without substantial infrastructure improvements.

What would success look like?

- Better, more suitable land availability
- Community benefits are achieved without compromising development viability.
- Better understanding between the industry, regulators and communities regarding planning obligations
- More transparency and partnership working
- Improved sector engagement in the development of forward planning
- A clear forward direction regarding infrastructure improvements, in order to achieve Strategic Economic Plan objectives and enable the sector to plan workforce and investment

What can the LEP and partners do to promote success?

Generally

The LEP will encourage all parties to engage in the creation of a schedule of strategic development sites, which, crucially, identify their 'deliverability' and also highlights the need for any helpful/financial intervention to overcome otherwise too onerous infrastructure/transport issues. This could unlock frozen development opportunities.

In conjunction with the above, the implementation of a rigorous assessment of the housing and planning support measures that are available to establish how they may be enhanced, is also essential.

Viability

The LEP will make representations on behalf of the industry to Cornwall Council regarding the emerging Local Plan, Section 106 and Section 278 obligations and the Community Infrastructure Levy (CIL). These help support community infrastructure needed because of an increase in population. A key role is bridging the traditional and often over exaggerated polarisation between communities and growth. Fostering mutual understanding and a closer dialogue between industry and policy makers will help to bridge this divide.

Promoting the positive outcomes of growth (3) is part of the solution. The Local Plan will be further consulted on in Autumn 2014 and this provides an opportunity to explore, with policy makers, the impact of CIL and s106 on the construction sector.

A phrase often used – "less is more" - can be relevant in this context. Unsustainable demands for increased community benefits often simply result in land not being made available. This is all too often the fundamental reason why the market fails to reach target deliveries for new homes. At the same time, it is vital that sufficient affordable homes are delivered and that community payments are generated to ensure authorities receive adequate funding to deliver community needs.

Consideration and detailed examination of a "less is more" approach needs to be considered.

Existing protocol has to date dictated an ever increasing demand to provide more affordable homes as a percentage of overall density and more by way of contributions towards community benefits. As a result, despite the hardened opinions from some quarters, a significant amount of otherwise viable developments, become unviable: from both a developer's reasonable profit expectation and a landowner's reasonable land value expectation.

It is no longer acceptable to allow the "Status Quo" position to continue, as a more radical solution to the problem is required.

Debate will be encouraged, to assess the viability of a proposal to reduce the number of affordable homes required to be built as a percentage of the overall development and to set lower, more manageable contributions towards community benefits.

The proposal needs detailed analysis and testing, and whilst appearing to be controversial, may allow more reasonable land values to be achieved and thus encourage more landowners to make more land available. This in turn could assist the industry to deliver more units and consequently would result in more affordable units being built, together with higher levels of community benefits being realised. Hence less could mean more.

Given the year on year failure of the industry to meet housing number targets, it is time to consider more fundamental alternatives.

Physical infrastructure required to cope with current commitments and meet growth objectives (SEP)

The LEP, in association with all other stakeholders, must and will ensure appropriate and sufficient allocation of funds is available, to improve the region's infrastructure in order for it to cope.

This will include ensuring the need for adequate grow on space is considered and provided for workspace to enable supply chain evolution and a reduction in logistic costs, as well as providing a route for businesses that have the capacity and desire to grow.

What is already happening in this area?

- Cornwall Local Plan evolution
- Public sector partnership with the LEP
- Construction experience contributing to the LEP
- £48m National Government investment as part of a £200m package in infrastructure development 2015 – 17 – C&IoS LEP Growth Deal

Stakeholders

- Local Authorities

- Communities
- Infrastructure providers

5. Planning permissions and statutory consents

Brief description

This industry has told us that the complexity and time taken to obtain planning permission is a barrier, and planning decisions are often perceived as inconsistent. Statutory agencies (the Utilities and the Environment Agency) can be hard to engage and add significant time to the pre planning process. This adds unnecessary cost, and risk into the process.

What would success look like?

- A shared commitment to proactively enhance the speed and efficacy of planning decisions, and to deliver exemplary planning services.
- Engagement with statutory agencies and commitment to speed up the application process

What can the LEP and partners do to promote success?

- Foster greater mutual understanding of the role of planning and work with the Planning authorities to explore opportunities to promote a more open planning system.
- Engage with the Planning Authority and investigate opportunities to speed up the planning process
- Broker dialogue with the industry and infrastructure/utility providers to explore the challenges
- Generate a better understanding of how other statutory services operate during the planning process and foster discussions with the industry to improve the system.

What is already happening in this area?

Better business for all

Examples of other LEPS:

West of England LEP Planning toolkit for large/complex development

Marches LEP planning statement

Stakeholders
- Cornwall Council and the Council of the Isles of Scilly Planning
- Infrastructure providers
- Construction sector
- CC Developers Forum

6. Innovation, sustainability and “Green Construction”

Brief description

Sustainable growth is a core LEP principle and provides a key opportunity for growth, diversification and export.

The global green and sustainable building industry is forecast to grow at an annual rate of 22.8% between now and 2017 as a result of increasing low carbon regulatory requirements and greater societal demand for greener products.[9] The forthcoming EU Programmes provide opportunities to increase levels of R&D investment (e.g. in smart homes, retrofit, green construction) but the sector needs to be prepared to respond to these opportunities including off-site construction and technological development which offer scope to increase productivity and enhance sustainability of construction.

Investing in research and developing new technologies is crucial if these opportunities are to come to fruition. Maximising existing resources (people, time and materials) is the key to sustainability but also provides a way to meet short term lack of capacity in the sector, a major concern given the reduction in the workforce that came about during the recession. This is more critical for a peninsula region where the ability to draw in additional capacity is significantly limited by geography. Sustainable construction also has a role to play in the public perception issue.

Key issues for the industry include:

- Environmental issues, carbon emissions, energy consumption and material source sustainability will become increasingly important factors for building contractors
- Energy prices remaining high will continue to impact on material and transportation costs.
- The cost of industry responsibility for the recycling of materials but the opportunity to develop a skill set in this area of activity.
- Utilising the latest and emerging technologies to drive design for manufacture and assembly to remove waste from construction processes.

What would success look like?

- Cornwall and Isles of Scilly businesses build a reputation as specialists in sustainable construction, resulting in growth (including export)
- Sustainable construction is promoted in schools as an attractive career choice which results in more career entrants (based on evidence of demand for these specific skills)
- Increased opportunities for existing workforce and businesses to diversify into sustainable construction specialism
- EU investment in sustainable construction and the creation of an ‘expertise hub’
- Increased productivity

What can the LEP and partners do to promote success?

Research, Development and Innovation

The European programme provides an excellent opportunity to invest in Research, Development and Innovation in sustainable construction. By identifying specific investment funds, the LEP could stimulate activity in this area. An ‘expertise hub’

[9] P.7

would provide a focal point for the incubation of skills and new ideas.

Promotion of Sustainable construction

With partners, the LEP has a role to play in promoting the role of the construction industry in the transformation to a low carbon economy.

Information for the industry

Making sure our construction industry knows about the many government initiatives that can help them.

What is already happening in this area?

BRE (Building Research Establishment) research on demand for skills and supply chains in the low carbon construction sector in Cornwall and the Isles of Scilly.

Environmental Centre of Excellence (ECoE)

Penwithick retrofit - part of the eco-communities developments and aimed to trial a range of Green Deal solutions in an off-grid village

Stakeholders

- Cornwall Sustainable Building Trust (CSBT)
- Buildings Research Establishment (BRE)