How to avert a capacity crisis: Putting infrastructure at the centre of the UK’s new industrial strategy

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Never waste a good crisis, so the saying goes. Make the most of the opportunity to bring about positive change. The UK’s infrastructure sector is at just such a critical juncture: the industry must take decisive action to ensure it can deliver all that is asked of it.

While successive UK governments have increasingly appeared convinced of the merits of investing in infrastructure for stimulating economic growth, uncertainty has lingered over a number of major projects. However, now phase one of the High Speed 2 (HS2) railway is nearing, a positive decision has been made in favour of Heathrow Airport getting a third runway, and construction has started on the Hinkley Point C nuclear power station, the UK’s first new nuclear site in a generation. Not to mention Highways England’s ambitious plans to upgrade the strategic road network.

These mega-projects will give a very healthy boost to the construction industry as a whole. Prospects for order books have never looked so good.

To compound this, just as these mega-projects begin to come on stream, the importance of long-term investment in infrastructure has been restated by policy changes in light of Brexit. Many of the government’s recent announcements – its proposals for Heathrow, a green paper on a Modern Industrial Strategy, plus a white paper on tackling housing shortages – have been key government initiatives to show the world that the UK is ‘open for business’.

The opportunity is to combine the government’s key proposals within the industrial strategy to look at how the industry embraces technology and innovation. If we get this right we could not only help to solve the capacity issue by reducing the resource demand side of the equation, but also transform the industry’s image at the same time.

Construction’s image problem

The skills shortage in construction and engineering disciplines is well documented. According to Engineering UK’s 2016 State of Engineering Report, the construction industry is currently one of the most severely hit by a lack of new recruits coming through with suitable STEM (science, technology, engineering and mathematics) qualifications.

Engineering UK’s analysis shows a current annual shortfall of 69,000 qualified to Level 3 (advanced apprenticeship) and above. In transportation alone, the shortfall of newly qualified recruits is expected to reach 55,000 by 2020, according to the government’s 2016 Transportation Infrastructure Skills Strategy.

Clearly, too few young people are entering into infrastructure and construction careers. The industry has an image problem; too often regarded by families and careers advisors as a dirty, dangerous and demanding career option. In contrast, it actually offers a fantastic and

wide range of high-tech opportunities – for a diverse range of people.

The UK government has a pledge to create 30,000 new rail and road apprenticeships by 2020, and organisations like Crossrail have publicly supported the skills agenda, setting their own apprentice target.

Terry Morgan, Chairman at Crossrail, said: “At Crossrail we committed ourselves to having 400 apprentices by 2018, and right now we have 602. We count every single one. What’s even more impressive is that 40 percent of our apprentices are from Not in Education, Employment or Training (NEET) backgrounds. So it’s not only about a world-class rail service. It’s also about transforming lives and creating opportunities.”

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Select and rally round strong leadership

What is needed here is not an Einstein moment of brilliant new ideas but strong, effective leadership and greater collaboration to ensure the industry speaks – and leads – with one voice.

The construction industry does not lack respected professional organisations. Many good initiatives are being well coordinated by the industry’s various groups and organisations; tackling important subjects such as improving project delivery models, contract procurement, collaborative behaviours and carbon reduction.

For the crucial issues of skills and improving the industry’s image, however, currently there is currently too much fragmentation. Too many different organisations are trying to do similar things, without the critical mass of a whole sector working as one.

Take for example the Apprenticeship Levy due to come into force in April this year. This initiative is welcome as it will encourage all sectors of industry to increase funding for apprenticeship opportunities, bringing greater diversity to the industry and allowing us to really define our compelling offer in that space.

The Levy will raise substantial sums of money for retraining people through part-time, day-release courses, but have universities, colleges and other local learning institutions increased their vocational training capacity accordingly? There is still a lot of work to do on the Apprenticeship Levy. Strong leadership is needed to ensure a single drive for change is coordinated on behalf of the whole industry.

A single submission to the UK government’s Modern Industrial Strategy

The Modern Industrial Strategy green paper reads clearly that government wants to support individual sectors that can put forward proposals through strong leadership³.

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The strategy lists ten ‘key pillars’ for improving living standards and economic growth. Upgrading infrastructure is given as one of the ten in its own right. However other pillars – skills, investing in research and innovation, improving procurement, driving growth across the whole country and creating the right institutions – are all directly addressable through the construction industry and its ability to deliver.

So if government is already convinced of the importance of infrastructure (and housebuilding), the industry now has to pull all of these strands together.

It must build a comprehensive submission in response to the Industrial Strategy and appeal for coordinated government support to help improve the construction sector’s image – to promote the many varied and exciting careers on offer.

This leads us to the ongoing role of the Infrastructure Projects Authority (IPA) and the National Infrastructure Commission (NIC). There are few organisations with a truly pan-industry remit. This is their time to embrace the government’s motivations and connect them wholeheartedly to our industry, solving many challenges in the process.

**Truly collaborative opportunity**

To adapt to this new reality, government support is vital to show the public that infrastructure and construction employers offer exciting and rewarding careers to everyone. Over the coming months, the industry must show strong leadership and work in a truly collaborative fashion. In a changing world, it will succeed by rationalising initiatives and executing a clear plan everyone is signed up to.

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**Improving living standards and economic growth: the ten key pillars of the UK Modern Industrial Strategy**

1. Investing in science, research and innovation
2. Developing skills
3. Upgrading infrastructure
4. Supporting businesses to start and grow
5. Improving procurement
6. Encouraging trade and inward investment
7. Delivering affordable energy and clean growth
8. Cultivating world-leading sectors
9. Driving growth across the whole country
10. Creating the right institutions to bring together sectors and places
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