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SINCE 1852



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Property and Construction, HCC August 2020

We are the people who can make a change, so let's make the changes now.

Hello, my name is Richard Davidson and it is my belief that our COVID changed world is the disruptor we needed to make the changes we have been looking at for some time now in the Property and Construction sector. It is not a time to look backwards or to wait for a new grand plan.

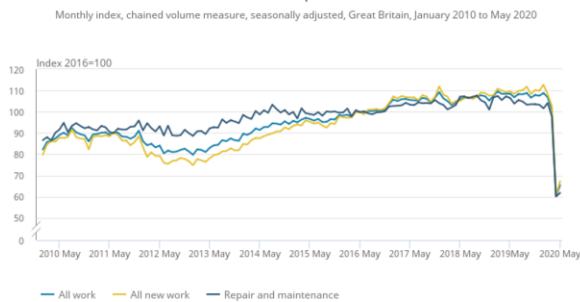


We changed our procedures, our working places, our homes and our travel overnight. We got used to some new ways of doing things and in many circumstances accelerated

the changes we knew we needed to make. Of course, I don't mean to be disrespectful or to downplay the seriousness of the situation, lives lost, families changed, and jobs lost.



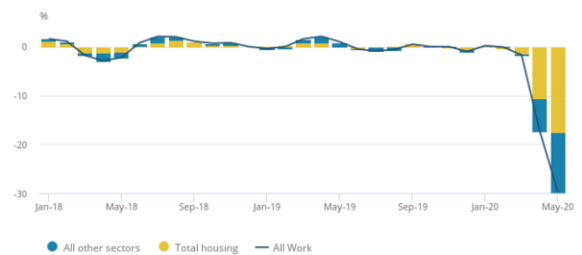
Figure 2: New work drove the partial rebound in May 2020, though output remains substantially lower compared with periods prior to the coronavirus pandemic



Source: Office for National Statistics - Construction Output and Employment

Figure 6: Total housing drove much of the fall in all work in the three months to May 2020

Contributions to three-month on three-month growth, chained volume measure, seasonally adjusted, Great Britain, January 2018 to May 2020



Source: Office for National Statistics - Construction Output and Employment

The economy has crashed, the rapid shutdown of course, yet there are also signs of an upturn. Operationally the construction sector has seen the fastest recovery with outputs in some places the same as pre-Covid. We can see from these ONS graphs the impact of the housing sector and therefore the need to get us back to building, to regain these losses and get the economy where possible up and running again. Clearly this data needs an update.



The very recent news has been dominated by the need to get children back into school and the need to ensure a generation is not lost. It is this context which reminds us that

we do this all work because society needs it; the need for good quality places to learn still remains. Maybe more so.

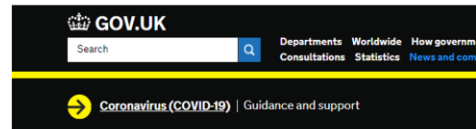
The same is true for high quality and affordable homes, pre-Covid we were still not hitting the home building targets.

We can repeat this call for leisure, warehousing and especially and even more importantly now, Healthcare.



- 1.5Bn for NHS buildings
- £100m for roads
- 1Bn for school building programme (10yr plan)
- £560m for repairs to schools
- £200m for repairs to FE colleges
- £142M for digital upgrades to Court Services
- £900m for shovel ready other schemes
- £96m for town centre growth
- £12Bn for homes programme (8 years)
- Further boost of £450m for Home Building Fund
- Project Speed
- Reform to planning system

Property and Construction, HCC August 2020



[Home](#) > [Government](#)

Press release

PM: A New Deal for Britain

Prime Minister Boris Johnson has set out the first steps in the strategy to rebuild Britain and fuel economic recovery across the UK.

Published 30 June 2020

From: [Prime Minister's Office, 10 Downing Street](#) and [The Rt Hon Boris Johnson MP](#)



This week the Prime Minister has set out the first steps in the strategy to rebuild Britain and fuel economic recovery across the UK.

Recognising the impact of our sector and the direct nature funding can play in the recovery, the government announced a series of interventions to stimulate a recovery. Now some of this is recycled spending and when you peel back the layers you know this is not going to happen overnight. I shall however take this as a sign of intent.

I also am aware through my work with the SELEP of further new funding released through the Getting Building Fund of works to be undertaken within the next 20months. So, we have support, we have money and we have the conditions to pick up and run with this.



Funding and Demand

Mortgage Approvals & Property Transactions

Source: ONS, OBR

- - - - March Forecast
 — Actual
 — Best Scenario
 — Central Scenario
 — Worst Scenario



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Housing will drive our recovery, with the underlying demand still not satiated and a speedy recovery in mortgage approvals aided by the current stamp duty holiday it is clear the sector can recover. With proposed changes to the planning system (and maybe more on this later) an indication the government is trying to make it simpler to get building then surely, we once again have to see this as a positive market shift.

Roadmap to Recovery

An Industry Recovery Plan for the UK Construction Sector

Procure for Better Value
Skills
Building Safety

Net Zero Carbon
Innovation
Fair Practices

But the recovery needs a plan – and this is the crux of the matter. Something happened in the sector, so many organisations worked with the CLC to develop and agree a singular set of site operating procedures to allow us to build safety. We got on with things and kept the wheels moving and started to recover.

In the same vein, the CLC then went further and produced the Roadmap to Recovery. What is interesting here for me is that the content is not new or revolutionary to us, it is built on the ideas and objectives we have agreed will make our sector better. The 6 key strands of work we must pursue with even more vigour if we want to continue our momentum. I'm not going to debate the list; in my opinion it stands up well to scrutiny.

What do I ask? Every time you consider a project, pursue an idea, check whether it hits these 6 markers and if it doesn't, then is what you are about to do really going to make things better? Is it on the roadmap to a sustained recovery? We need to strive to do better than just make up lost ground, we need to take this as a step to an improved set of outcomes.



We need to invest in what makes the change; education and infrastructure – these are the backbone to our growth.



Now I briefly skipped over the proposed changes to the planning system earlier as I felt it was more fitting when we talk about green growth. We are all aware of the immediate impact of climate change; wetter winters, hotter summers and more frequent and extreme weather events to name but a few of the changes to our own climate.

If we have one responsibility to discharge as we plot our way out of this recession, is to make sure we make a positive difference to the built environment. We have the technology, the experience and the knowledge to decarbonise our infrastructure. We have public and political support. We have no excuses; we must not continue to do 'just enough'. To reach the 2050 net zero carbon legal benchmark then we have to change things now.



- Do better than Building Regulations
- Refuse to install Gas boilers
- Use more pre-assembled products
- Keep reducing waste
- Develop an Integrated Supply chain
- Life Cycle Analysis as normal
- Local Renewable Energy networks
- Water Efficiency, Storage and Resilience
- Adopt cleaner transport methods
- Invest in Apprenticeships
- Preserve and Enhance biodiversity

It is a whole series of changes, not one big thing.

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There is no one singular silver bullet, it requires a host of changes, each on their own almost seemingly insignificant. We have to play the long game here.

I have listed out just a few things we should be doing, but if there is one area to focus on is that we must always do better than building regulations. I know Vincent and Gorbings will consider this in their presentation so I shall tread carefully here.

We should demand these are changed faster and harder than ever before. Not only does this bring us better buildings, but investment in technology, investment in skills and training and makes us world beaters. When this happens, we have products and service others want to buy from us, it is commerce plain and simple, the shoring up of GDP and balancing exports and imports.

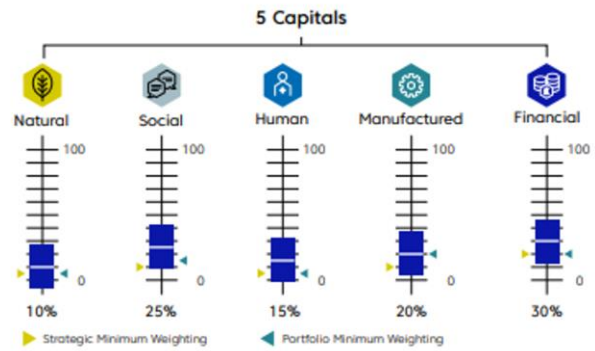


One area we need to work harder on is providing value. We must make our decisions as I have requested on the 6 areas of focus in the CLC roadmap, one of which is Value for Money. I don't mean lowest cost. We must consider all objectives necessary to make a building fit for purpose, to deliver a building which lasts and does less harm.

A development which provides genuine opportunity for apprentices and training, somewhere that enhances the setting and is part of the community. Buildings that can be adapted and are easier to maintain. Homes you can work from and stay healthy.

Natural		Air Quality, Land Quality, Water Quality, Biodiversity
Social		Community - Citizens, Community Enterprise, Equality, Sourcing
Human		Safety & Security, Employment, Skills & Training, Mental & Physical Wellbeing
Manufactured		Carbon & GHG, Resource Use, Production, Productivity
Financial		Capital Cost, Operational Cost, Revenue, Economic Benefits

The 5 Capitals Model and Value Categories



Assigning 5-Capitals Weightings

The Construction Innovation Hub, which is a cross sector initiative with support from CLC, BRE, academia and with govt funding is creating a model which helps us to judge the true value of any project. Focusing on 5 areas of value we can start to measure against.



I want to leave something to show my children, something they can be proud of. This phrase probably rings true with all of us, it is why we work in construction – we can see the fruits of our labours and have something tangible there in front of us. We love a challenge.

Well now is the time to really step it up, take the challenge to change what you do and build a future to be proud of.