# The Scottish Construction Industry Strategy 2019 - 2022

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Introduction

In 2012, the construction industry in Scotland came together to launch Building for the Future – the Industry Strategy for Construction 2013 - 2016. The Strategy was developed by the industry for the industry, and it involved an extensive consultation with over 500 representatives from the industry across businesses, partner industry federations and associations, and the client base.

The Strategy was led by Construction Scotland, the industry leadership organisation for the sector, which works as a unique partnership between construction businesses, trade bodies, customers and the public sector.

Construction Scotland is recognised by the Scottish Government as the voice of the industry in Scotland – allowing Construction Scotland to communicate and engage with the Scottish Government Ministers, Departments and public sector bodies in responding to and articulating the priorities and needs of the industry as a whole; and enabling the growth of a sustainable, profitable and innovative industry at the heart of Scotland’s economy.

Building for the Future set out an ambitious vision for the growth of the industry in Scotland, around the four central themes of:

- A Competitive and Forward Looking Construction Industry
- Delivering a Low Carbon Environment
- A cohesive voice and recognition for the sector
- A high performing and innovative industry

Construction Scotland has used the last year to assess the industry’s progress and what has been achieved to date; to reflect on how it can better and more fully engage and collaborate across the industry; and to consult with its partner organisations, federations and businesses as to the priorities and challenges currently facing the industry. This has then informed a refreshed long-term vision for the industry and the strategic priorities set out below to take the industry forward to 2022.

Construction Scotland’s long-term Vision for the industry

> Our vision for the industry is that, by improving the way we do business together, we become better equipped to respond to future demands efficiently and effectively. To achieve this transformation will, we believe, require a major shift in procurement approaches, towards long term and collaborative relationships at all levels of the supply chain and ending the drive to lowest tender price.

Such a change will enable all industry participants to have the resources (of information, time, skilled people, cashflow, tools and supply chain) to consistently deliver urgently required infrastructure to the required quality, on programme and within budget, whilst paying all its suppliers on time and its people appropriately. It will better enable the industry to make a reasonable return, appropriate to the risk of the work undertaken, and thus allow it to remain resilient and to invest in innovation and new technology, (including the digitisation of construction processes, modern methods of construction and offsite fabrication), whilst still being able to look after and maintain the fabric of our predominantly traditional building and infrastructure assets.
The Role of Construction Scotland

The Construction Scotland Industry Leadership Group is drawn from all sectors of the industry, including trade associations, manufacturers, industry bodies, professional consultancies and tier 1 and SME contracting organisations. Construction Scotland’s aims are to represent the industry on the big issues affecting the industry, to engage and coordinate action against the key priorities and issues which will lead to the successful growth and sustainability of the sector, and maximise its contribution to the wider Scottish economy.

The focus over the last five years has been:

- To seek to provide leadership and effective engagement and cooperation across the industry – through industry wide collaboration wherever possible, and to represent the views of industry to Government.
- Delivery through a series of Industry Working Groups contributing time and expertise to produce valuable outputs – for example, facilitating industry input to the Scottish Government Procurement and Building Standards Review & the Edinburgh Schools Inquiry.

Whilst Construction Scotland has made a positive difference, it recognises there is still much work to do in engaging more effectively, and working more proactively, collaboratively and transparently, across the existing industry organisations and federations. This will be central to the work of Construction Scotland over the next three years in seeking to address the industry priorities, and in fulfilling its strategic leadership role for the industry.

Construction Scotland 2013 - 2017: Making a Positive Difference for the Sector

Achievements of Construction Scotland over the last strategy period include:

- Leading and coordinating the industry input to the Scottish Government Procurement Review and workshops
- Coordinating industry input to the Planning & Building Standards work around Energy and Low Carbon
- Leading and facilitating the industry response to the Cole Report on Edinburgh Schools, highlighting key areas of action in design, quality, procurement and inspection for the future
- Representing the industry on the joint Housing Policy and Delivery group
- Representing the industry on the recently established Scottish Government Fire Safety, and Compliance and Enforcement Forums
- Engaging in the industry development of modern apprenticeships with the CITB and Scottish Colleges
- Leading the successful bid to the Scottish Funding Council to establish the Construction Scotland Innovation Centre for the industry, securing £7.8 million of support funding, with the intention to establish strong links and representation at Board level between CS and the CSIC
- Developing with the CSIC the BIM in Practice Programme, and promoting BIM Level 2 implementation across the industry
- Working with SDI and the industry federations to identify international opportunities for the sector in Scotland

The above highlights just some of the work of Construction Scotland with its industry partners to ensure the construction sector in Scotland has a strong voice and representation in the areas that matter most and directly affect and impact on the industry, and to ensure the industry leads by example in increasing competitiveness, quality and delivery as an industry.
The Scottish Construction Sector in 2018

The Scottish construction sector continues to make a huge contribution to the Scottish economy and the Scottish Government’s growth agenda. The sector underpins Scotland’s economy, providing housing for Scotland’s growing population; developing the transport infrastructure and making a significant contribution to the sustainability of the built environment, creating the buildings and infrastructure to provide for future health services, increased educational attainment, and community activities across Scotland.

In its own right, the construction sector and its supply chain:
- Employs over 170,000 people – c.10% of the Scottish workforce, with up to a further 60,000 self-employed workers
- Consists of 45,500 businesses
- Contributes £21.5bn to Scotland’s GDP, and makes up 10% of Scotland’s GVA
- For every £1 spent on construction output, a further £2.94 is generated in the economy
- The average GVA per employee in the construction sector and supply chain is £61,000 compared to £53,000 for all sectors

Improvements to the sector’s productivity and hence profitability, and supply chain collaboration, remain key, both to continue to address Scotland’s construction needs and to allow the sector to invest in its people, innovation, skills and the new technology required to take advantage of the emerging opportunities in areas such as energy efficiency retrofit, offsite construction and in the major infrastructure opportunities emerging within the wider UK and internationally.

Growth in the sector over recent years has been supported by major infrastructure projects such as the Queensferry Crossing, the Aberdeen Western Peripheral Route, and major upgrade work on the major motorways of central Scotland. As these major works have come to an end, there is more uncertainty across the industry as to a future pipeline of work in terms of both public and private sector projects.

Brexit has brought further uncertainty to the industry in terms of consumer confidence and the supply of materials and labour whilst providing an opportunity to build Scotland’s own capacity in these areas – but much is still required to improve the image of the Scottish construction sector as a career choice for individuals and to address the diversity, gender and age imbalance of the industry.

Similarly, the industry has been slow to adopt new ways of working and embrace automation and the new skills needed across the future workforce in the industry, and customers with repetitious work have also been slow to adopt the standardisation of designs and volume aggregation that would enable the expansion of offsite construction to other sectors of the industry in addition to housing and accommodation developments.

Opportunities for the sector remain to improve communication and outreach to schools and promote the many positive success stories across the industry to encourage new entrants and skills into the industry, to create a more diverse and inclusive workforce, and to continue to promote more collaborative and improved procurement processes across both the public and private sectors, focusing on quality and whole life value and performance.
The Industry Strategy 2019 - 2022

Through the consultation process with the industry over 2017 and 2018, and a review of the progress of the industry against the vision for construction set out in 2012, Construction Scotland has set out the industry ambition to 2022:

To support the development and growth of a more sustainable, productive, innovative and profitable construction industry; and to enhance the sector’s relevance and contribution to the growth of the Scottish economy.

The Strategy will build on the good progress that has been made to date, but will also be dynamic and renew efforts to address the current issues and the barriers and opportunities to growth for the sector which still remain. Construction Scotland itself will seek to build a deeper engagement across the industry; represent, facilitate and support the industry and the existing federations and organisations within the sector to present their views and engage with customers, including those in the private sector, the Scottish Government and its departments and public sector bodies more effectively; and ensure Construction Scotland represents across the industry from the SME contractor to the Tier 1 major construction companies.

Construction Scotland and the industry strategy will focus and prioritise the big issues and game-changers affecting the sector, work cooperatively with its partners and customers in the industry and the public and private sectors to bring about positive change in these areas, and facilitate and support the development of a more innovative, competitive and collaborative Scottish construction industry.
In order to achieve the above, Construction Scotland has set out six strategic priorities and outcomes for the sector, reflecting the areas which are most important to industry performance and growth, and those where Construction Scotland is able to add real value.

To achieve these priorities, the industry (including its customers) must unite and come together collaboratively as never before – Construction Scotland recognises that there are many areas and issues which affect distinct parts of the industry more directly, and Construction Scotland will support the existing federations and industry representative bodies in these areas, and help facilitate and support the issues to be raised and addressed by both the industry itself, the Scottish Government and public and private sector partners.

Across the industry as a whole, Construction Scotland will facilitate strong industry engagement to address the priority issues and opportunities the wider industry has raised and which impact across the industry, and work cooperatively to address the fundamental infrastructure and operation of the industry to improve its performance and contribution to the Scottish economy, and achieve the ambition set out for the sector in Scotland.

Each of the industry strategic priorities set out below will be addressed by an Action Plan for the industry, coordinated and facilitated by Construction Scotland with key milestones for delivery towards the Outcome set against each strategic priority, and ensuring industry action and views are fed back up to the Scottish Government and the relevant public and private sector bodies.

The Strategic Priorities and Outcomes set out are:
PROCUREMENT: To achieve a fundamental change to how capital procurement works in Scotland, and stop procurement against lowest price.

Despite significant industry time and input into the Scottish Government Procurement Review, much work remains to be done to put in place an effective procurement system which delivers the optimum results in terms of Scotland’s future built environment. Priorities for the industry remain:

- A fundamental change to how the capital procurement process in Scotland works, with the aim of enhancing the industry’s contribution to the inclusive growth of the Scottish economy and reducing economic leakage.
- An emphasis on the whole life value of construction works whether that be buildings or public infrastructure
- An emphasis on quality and value at each stage of the construction process
- To promote 30 day payment terms and work to ensure that payments are made in accordance with agreed terms. To work with industry customers towards the ending of retentions and to ensure that any retention sums, if secured, are fair and reasonable and protected
- More effective programming of public works and aggregation of demand to ensure a sustainable pipeline of work, and the delivery of the maximum positive outcomes for each project commissioned.

Construction Scotland will continue to lead the industry response and input into the development of sustainable and best practice procurement, working with public and private sector partners to identify and develop new approaches, including the potential development of “Scotland-wide procurement frameworks” to address local project sizes and provide opportunities for Scottish SMEs.

SKILLS: To increase the skills and diversity of the construction workforce in Scotland.

Skills continues to rank within the top three priorities for the industry in every survey and industry consultation. The next three years will continue to see rising labour costs, a demand for new and more technical and project management skills alongside traditional industry skills, and the priority to encourage more people into the industry, improve the perception of construction as a positive career choice and the diversity of people entering and working in the sector, and address the age and gender imbalance across the industry. The priorities for Construction Scotland will be to:

- To work with the Professional Institutions, Skills Development Scotland, CITB, BSE Skills and the Scottish Colleges and Higher Education Institutes to ensure that modern apprenticeship frameworks are aligned and developed to address industry needs
- To engage and work with the CITB to ensure greater accountability and input from industry to ensure the delivery of the correct standards and qualifications for the industry, and to ensure the training and development needs of the industry are met, including the CPD offering across the industry
- To seek to promote the industry as a positive career choice for individuals, working collaboratively with industry bodies and key partners such as Skills Development Scotland, the Fair Work Commission and the schools and education network, to present positive case studies, role models and examples of good practice across the industry, and in particular to work to coordinate the current industry approach to schools engagement through promotion of the Inspiring Construction Schools Outreach Programme as a unifying tool.
QUALITY & STANDARDS: To ensure improved customer satisfaction and safety, and to work to eliminate industry defects.

The industry understands that it need to rebuild trust in its products, following a number of high profile failures. Construction Scotland will facilitate and support industry action in these areas to improve the consistency and transparency of the delivery of critical elements of the construction process, and quality assurance practice. The priorities for Construction Scotland will be to:

• Improve the consistency of the delivery of construction products and projects to the required quality
• Set out the industry commitment to, and examples of good practice in, the area of health and safety in terms of health and safety and quality assurance management practice, particularly the use of digital technology to provide auditable evidence of inspection and compliance
• Identify and promote areas where the industry can further develop its approach and practices to ensure a safer built environment in Scotland in terms of training, quality management practices, and the sharing of best practice.

PLANNING & BUILDING REGULATIONS: To ensure the appropriate regulation and planning is in place to support the delivery of sustainable construction investment and development across Scotland, and to maximise the positive outcomes.

This will remain a priority area for Construction Scotland, and it is again a consistent top 3 issue for the industry. This is only likely to increase in importance with the implications from both Grenfell and the Edinburgh Schools Enquiry. The immediate priorities for Construction Scotland will be to:

• Improve the consistency of the planning system processes and implementation across Scotland’s Local Authorities, and facilitate a proactive industry response and engagement to the progress of the Planning (Scotland) Bill 2017
• Respond to the current Scottish Government consultations on Fire Safety and Compliance and Enforcement in terms of future Building Standards
• Seek to facilitate the creation of an Industry-Government Regulatory Advisory Forum on Building Regulations, which would provide a sounding board and cohesive review of future proposed policies and changes
• Work to create industry “policy positions” on any future proposed changes or amendments to Building Standards and Regulations, consulting and engaging with the different industry representative bodies to put forward a comprehensive industry position on each issue.
GROWTH OPPORTUNITIES: To facilitate and support the generation of growth opportunities for the industry.

At the heart of the Construction Industry Strategy is the development of a more productive, profitable and sustainable construction industry in Scotland. To help enable and drive this, Construction Scotland will prioritise:

- Engagement with the UK Construction Leadership Council on behalf of the industry in Scotland to ensure that the Scottish industry is aligned and able to benefit from the CLC’s workstreams and planned construction and research developments to be delivered as part of the UK Construction Sector Deal – particularly in the areas of digital technology, offsite manufacturing technologies, and future skills development – while recognising the devolved nature of the Scottish construction sector.

- Together with other industry bodies, to gather evidence and promote the economic benefits of investment in infrastructure assets, whether new homes, work places or hospitals, or the roads and utilities required to service them.

Aligned to this, Construction Scotland will engage with the CLC, Scottish and UK public agencies and private sector organisations to maximise opportunities for Scottish construction companies in terms of the wider UK construction market. The immediate focus for CS will be to promote the opportunity for Scottish companies to bid for work for some of the major UK planned infrastructure projects such as HS2, Hinkley Point and the planned Heathrow expansion.

Construction Scotland will also work with partners to map out the construction supply chain in Scotland to identify where there is construction and manufacturing capacity to grow and increase the value from Scottish firms to take advantage of future opportunities, and also identify where there are gaps in the supply chain of the industry which can be addressed, and which will add to the competitive position of the industry in Scotland.

Work with SDI to identify and promote international opportunities for the sector in terms of the export of construction related goods and services to markets such as the Middle East and neighbouring markets including the rest of the UK. Construction Scotland will also seek to facilitate the learning and adoption of best practice in construction from international markets.
PRODUCTIVITY & INNOVATION: To support a more productive, innovative and profitable industry.

In order to take full advantage of growth opportunities for the sector both in Scotland and further afield the industry needs to continue to develop its productivity and embrace innovation and new ways of working. This can only ultimately be achieved by the industry itself, but Construction Scotland will work to facilitate and promote this by prioritising:

- The promotion of the value of BIM, the uptake of digital technologies and automation by the industry, and the development of offsite manufacturing processes across the industry, demonstrating the positive impact on both the productivity and profitability of companies within the industry who are prepared to embrace change and new ways of working which will improve their competitiveness and profitability. This will include the promotion to customers of standardised design solutions and volume aggregation, where appropriate, to make offsite construction economic.
- Working collaboratively with the industry, the public sector and financial institutions to identify new and innovative procurement and business models, including ways of financing for, future construction projects and ways in which growth companies in the industry can access development finance.
- Working closely with the CSIC to promote and encourage industry engagement with the CSIC and demonstrate the central role innovation will play in providing opportunities for growth and collaboration for businesses in the sector.

The above six strategic priorities, and the delivery of the outcome against each, will drive the work of Construction Scotland over the next three years towards achieving the ambition set out for the industry, and engaging and representing the industry across each of these priorities. They set out the role that Construction Scotland will play in adding value, coordinating industry engagement and delivery, and sharing best practice across the sector in Scotland.
How Construction Scotland Will Deliver for the Industry

Construction Scotland is committed to working in cooperation with and across the industry organisations and federations, the construction business community, and the industry stakeholders, customers and public sector partners to fully represent the industry, and its priorities, and lead the delivery of the Scottish Construction Industry Strategy 2019 - 2022.

It will seek to ensure the leadership of Construction Scotland adequately reflects across the key sectors and diversity of the industry; it engages not just at the national level but across the regions of Scotland; and facilitates positive and demonstrable change within the industry.

For the Strategy and Action Plans to succeed, Construction Scotland will seek to deepen its engagement and collaboration with the bodies representing the different areas of the industry, and agree where Construction Scotland will lead and where the lead is best taken by individual federations or representative bodies with the support and input of Construction Scotland.

It will put in place the mechanisms – whether theme working groups, task teams or strategic forums – which truly bring the industry to the table to address the priorities and challenges facing it in a constructive manner on an issue by issue basis, and to facilitate the changes necessary for the industry to grow sustainably and profitably.

It will establish a Customer Forum which will bring the industry's customers and client base to the table to engage with the industry, provide customer input and feedback to the industry changes and developments proposed, and work collaboratively with the industry to maximise its contribution to the Scottish economy.

It will also establish an Industry Representative Bodies Forum to bring the industry professional, trade and representative bodies together to gather views, debate conflicts, identify common positions on issues of topical interest, inform the ongoing development of the industry Strategy and Action Plans, test emerging policy positions and support the ongoing communication with industry.

It will communicate and promote the key industry messages across the industry, and play an important role in promoting a positive perception of construction as a responsible, efficient and competent provider of essential infrastructure out to the wider community; encouraging the sharing of best practice across the industry; promoting diversity and allowing the industry to be proactive and positive in its communications and the positive difference the industry brings to the Scottish economy and society, and its contribution to the inclusive growth agenda for Scotland set out by the Scottish Government.

Most importantly, Construction Scotland will genuinely be the collective voice of industry, able to represent the industry to its customers, Government and public sector agencies, and to present a collective industry view on the big issues for the sector. It will also build the evidence base to support these views, and measure and report progress against the six strategic priority areas set out in this strategy.

The Construction Scotland Industry Leadership Group (ILG) will set out the strategic ambition for the industry, facilitate and boost industry wide collaboration and integration, and be the champion of the industry strategy. It will comprise a maximum of 15 industry members, appointed as individuals for a term of office of 3 years, and be chaired by a Non-Executive Chairman, also elected for a three year period. While the appointments to the ILG will be on an individual basis and reflect the diversity of the sector, it is intended to engage and seek appropriate representation across the constituent parts of the industry including the key Trade Bodies, Federations and Professional Institutes.

The ILG will be supported by a small team of Executive Staff but it is intended the principal work of Construction Scotland will be enabled and delivered through the work of the different theme working groups established by Construction Scotland and aligned to the strategic priorities for the industry set out above. Each working group will engage the appropriate representation from across the industry, and it’s federations and associations, on an issue by issue basis.
Conclusion

Construction Scotland will be truly industry led and committed to fully engaging and collaborating across the industry to support the development and growth of a safer, more sustainable, productive, innovative and profitable construction industry; and ultimately to enhance the sector’s relevance and contribution to the Scottish economy.