

Summary of the engineering services sector response to the Government's Green Paper on Industrial Strategy, from the BESA/ECA

The Building Engineering Services Association and the Electrical Contractors Association together represent the bulk of the UK's *engineering services sector*. This sector is a *major and increasingly important part* of the UK economy, and it operates across engineering, construction, and maintenance. Overall, the engineering services sector accounts for up to 40 per cent of UK construction and maintenance turnover.

Over 80% of the value of infrastructure and buildings is realised during its *operating life*, and the *engineering services sector* provides a diverse range of design and engineering services (see Appendix 1 below) for the UK's:

- commercial premises
- public sector premises;
- industrial sites;
- essential infrastructure, such as utilities, communications and transport, and
- domestic premises.

Within the overall sector, ECA and the BESA members represent some 4000 businesses, with a combined annual turnover in excess of £10bn, and the wider sector is estimated to have a turnover well in excess of £15bn

Response to the Green Paper

The ECA and the BESA recently produced a detailed joint response to consultation on the Government's 2017 Green Paper on Industrial Strategy. Our response includes the key observation that engineering services delivers not just the construction of assets (generally some 10% of the overall cost of built assets), but is then *predominant in the operational performance of that asset*, which can account for a further 80% of the whole-life cost of that asset. To *achieve best value during the operational life of the UK's built assets*, the commercial models of construction and asset operation must be integrated. This requires the active and early involvement of engineering services expertise to reduce whole-life costs and increase the functional and sustainability performance of built assets.

We are looking to work in partnership to achieve *significant and highly constructive change*. We therefore call on government, working in a *sector partnership* with the engineering services sector, to:

Make the improvement of the UK's built environment a strategic priority. This will support and enable the ongoing delivery of economic, social and environmental (sustainability) benefits, and deliver value for money, growth and productivity in both the commercial and public sectors. Engineering services should play a central role, in partnership with government and other sectors, in delivering the goals of the Industrial Strategy Green Paper. However, for success, we emphasise that the delivery structure for the built environment must change: construction needs to be fully integrated with the need to deliver whole life high performance in UK buildings and infrastructure.

Deliver reliable, and longer term, policy. When creating business-related policy, legislation or fiscal measures, there must be a clear policy vision and principles, supported by medium to long-term goals and measures. This will then allow the public and commercial sectors to invest and innovate with reasonable confidence. Put simply, businesses need certainty, stability and the end of ‘stop start’ measures.

In addition, our response also requested government, working in partnership with our sector, to:

Ensure that SMEs are paid fully, and on time. To recruit, invest, innovate and grow, SMEs and micro-businesses need to have confidence in the prevailing business environment, but they also need sufficient cash flow. To this end, the government should act promptly to end to what amounts to larger company’s borrowing from their SME suppliers, through delayed payment (trade credit).

SMEs make up 99% of the overall built environment industry: wherever they are in supply chains, and whether working in the UK public or commercial sectors, small businesses must be paid fairly and promptly, and protected from upstream insolvency.

More specifically, we strongly recommend the creation of a digital payment platform in the public sector, linked to digital procurement processes that allow data transparency, based on ethical trading records. This would enable client innovation, speed up supply chain payments, and lower risks to suppliers.

Ensure that engineering SME apprenticeships are fully funded.

Applied engineering skills are a vital contribution to the UK economy and wider sustainable development. These skills are absolutely vital to the successful future of the UK. SMEs, and notably those operating in engineering services sector, play a leading role in providing engineering training, through apprenticeships and other vocational training. However, for this to continue (and to increase) the training costs of SMEs and micro-businesses must be fully supported by government. This would be part of an investment in a sustainable and technology-based future economy, in line with the industrial strategy.

Make energy efficiency, and the storage and distribution of renewable energy, strategic priorities.

A major programme of energy efficiency – to cover both electrical and heat energy - is the most cost effective way to help achieve the UK’s energy supply and carbon reduction targets. In addition, the development and exploitation of stored energy from renewable sources, including macro-renewable energy projects such as the Swansea Tidal Lagoon, would further support the strategic goals of the Green Paper.

Improve productivity through increased employee engagement.

Finally, we advocate further action, involving government and our sector, to prevent ‘false self-employment’ and related tax avoidance schemes and importantly, to boost employer/employee collaboration. The latter has been shown to significantly improve productivity, and thus deliver improved economic and social outcomes.

Appendix 1

The UK engineering services sector

The engineering services sector helps to ensure that the UK's built assets perform as required and are safe, secure and sustainable. The wide range of value-added functions covered by engineering services includes:

- energy management and efficiency
- air quality
- heating
- lighting
- building ambience
- fire and security
- cooling and refrigeration
- energy supply and resilience
- renewable energy, and
- data communications and wireless technology.

More information

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