

Policy Manifesto

2014/15



Manufacturing
the heart of a strong economy

Renewable Materials
the sustainable solution



Construction
the key to growth

Skills
closing the chronic skills gap



Woodworking in the UK

a key part of our heritage, a vital part of our future





David Pattenden, BWF President

An Introduction To The British Woodworking Federation

“The British Woodworking Federation (BWF) is the trade association for the woodworking and joinery manufacturing industry in the UK. As one of the fastest growing trade bodies in the UK in 2014, it has over 600 members drawn from manufacturers, distributors and installers of timber doors, windows, conservatories, staircases, furniture, all forms of architectural joinery including shopfitting and engineered timber components, as well as suppliers to the industry. The total turnover of the BWF’s manufacturing membership in 2013 was approximately £500 million.

In addition to core activities, BWF runs the Fire Door Scheme (BWF-CERTIFIRE), The Wood Window Alliance and the BWF Stair Scheme. These activities are focussed on raising standards through accreditation and certification and promoting the use of timber products. BWF also runs the Wood Industry Training Forum, a group focused exclusively on world class training and skills in the woodworking industry.”

“Wood is the most technologically advanced material that we can build with. The Earth grows our food. The earth can grow our homes. It’s an ethical change that we have to go through.” – Michael Green, Architect

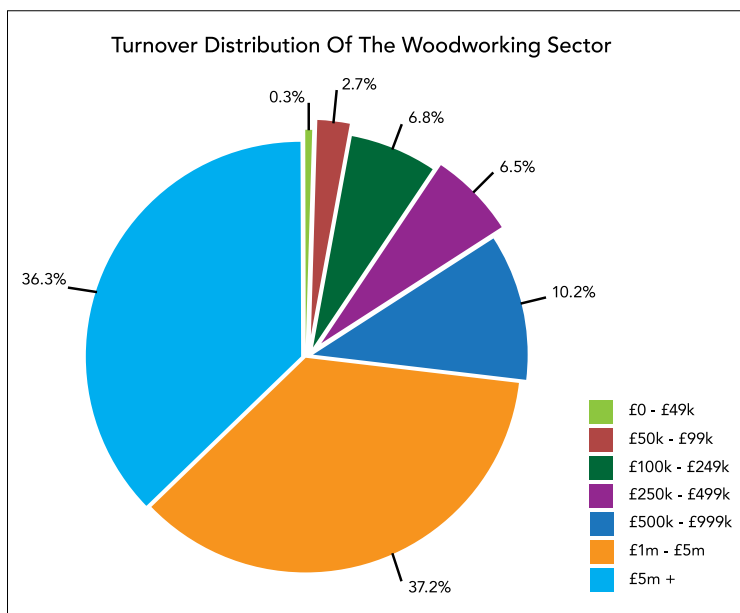
The BWF works collaboratively with other organisations to enhance the sector as a whole and benchmark our work with pan-industry standards:



Woodworking In The UK

The woodworking industry has always operated at the heart of the UK manufacturing sector. Today, the 5,070 firms turnover an estimated £3.8 billion. BWF members supply products (staircases, doors, windows, architectural joinery, heritage works, furniture etc.) into almost every major construction project, with private housing, commercial and RM&I the most significant users.

Woodworking companies operate throughout the UK and provide excellent employment opportunities, often in rural locations. Products and processes are constantly innovating to meet ever intensifying cost pressures and environmental, durability and fire safety requirements.



Woodworking Supporting the Industrial Strategy: 'Construction 2025'

People

Of the 2.9 million people employed by the construction industry in the UK, 7% are carpenters and joiners, making woodworking the third largest sector of employment in construction.

The joinery industry traditionally has the highest ratio of apprenticeships in the construction sector, new woodworking apprenticeships are developing to extend this.

Sustainable

Using more timber can make a significant contribution to decarbonizing construction. Timber has the lowest embodied energy of any mainstream construction material.

Woodworking is a very low energy process and can reduce pressure on the grid by replacing high energy alternatives.

Timber is renewable and products store carbon. Roughly 0.9 tonnes of carbon is stored for every 1 m³ of timber, making our building stock one of the most effective carbon stores.

Smart

BWF is working closely with the BIM Taskgroup and BIM4Manufacturing to ensure our manufacturers are BIM Ready for 2016. This is a natural extension for many of our members who are already adopting fully integrated design and factory production control systems.

BWF Members are leading in the development of off-site and modular construction technologies by focusing on factory finished solutions.

Growth

Wood may be one of the world's oldest building materials, but new innovations combined with inherent strengths ensure it is also one of the most advanced and has a huge contribution to make to offsite and modular construction, and climate change.

Leadership

BWF is currently one of the fastest growing trade associations in the UK. Through membership of the Construction Products Association, National Specialist Contractors Council, Timber Industry Accord and the Fire Sector Federation our members work with groups up and down the supply chain to promote high industry standards.

1. Manufacturing

the heart of a strong economy

UK Manufacturing has traditionally provided 90% of construction products used domestically, but in the past 5 years we have seen many longstanding UK firms going out of business and significant growth in imports. Emphasis on export is important but import penetration remains a greater risk to the trade gap reduction set out in the Industrial Strategy. We need long-term policy support for UK manufacturers of timber products or risk losing the full reward of construction growth to the wider economy.

Between 2007 and 2012, the market share for timber windows rose by about 5% (to around 25% of the total window market). In the same period imports rose by 34% to £113 million, eroding the benefit of this growth to UK Manufacturing.

What Can Government Do?

Help Keep Costs Competitive

Turnover growth does not always equate to profit, particularly for construction products, where global demand is driving up material prices. Overheads (business rates, rent, haulage, gas and electricity) remain high in the UK - for example, we typically pay 20% higher prices for diesel than European competitors and fuel duty must not be allowed to increase.

Business Rates have been rising and can act as a disincentive to investment. Retail Issues have hit the headlines, but there has been little emphasis on manufacturing premises. A wholesale review of business rates involving all sectors needs to be a priority for the next Government.

Encourage Investment

Investment in people, design and equipment is vital to support growth and this should continue to be recognised through extended R&D Tax Credits.

Access to finance is fundamental; the Business Finance Guide is a good document and innovative approaches like the new British Business Bank, Funding Circles and Crowd Funding are good, but traditional banks remain critical. The banking sector is too remote and whilst recommendations from the National Audit Office and subsequently the Public



Accounts Committee are welcomed, they are slow to deliver results - accountability built around clear targets with appropriate enforcement is critical.

Government efforts continue to be undermined by inappropriate bonuses in the banking sector - to provide context, the £576m bonus pot recently announced by RBS could fund the wages of around 80,000 first year construction apprentices.

2. Renewable Materials

the sustainable solution

The Industrial Strategy aspires to a 50% reduction in greenhouse gas emissions in the built environment by 2025.

Embodied Carbon now makes up between 30-50% of the carbon emissions of a new building through its lifetime. The final report on low carbon construction for HM Government by the Innovation and Growth Team (IGT) concluded that Embodied Carbon is a critical factor that needs to be brought into the systems used for appraisal of projects and hence into the design decisions made in developing projects. This conclusion has been backed by little activity. We are in danger of falling behind other European nations as this vital aspect is overlooked by UK Government, and risk a future situation where market need will be fulfilled by imports as domestic supply falls away.

Most people think of transportation as the main cause of emissions. In fact construction and buildings are the true top offender accounting for nearly 50% of CO₂ emissions.

According to research by CEI-Bois, a 10% increase in the percentage of wooden houses in Europe would produce sufficient CO₂ savings to meet nearly 25% of the total reductions prescribed by the Kyoto Protocol.



What Can Government Do?

Recognise The Critical Importance Of Reducing Embodied Carbon In Construction

Following the proposals set out in the recent Housing Standards Review and Allowable Solutions Consultation, we are deeply concerned that the demise of the Code for Sustainable Homes signals Government overlooking the benefits of renewable building materials and materials with low embodied carbon (like timber). This could drive developers and architects to make less sustainable choices due to a regulatory bias towards renewable energy technologies. This is a hugely retrograde step in an otherwise sensible legislative approach to simplify building standards and reduce the regulatory burden on house builders.

We support RICS in calling for a taskforce to be set up to look at Embodied Carbon within the Allowable Solutions framework. This should extend to all commercial buildings with Government taking a lead by setting minimum performance standards for public projects.

Case Study - Windows:

Research by Heriot Watt University for the Wood Window Alliance in 2013 quantified the significant carbon savings from the use of a timber frame instead of PVC-U (roughly 1.5 tonnes CO₂e per home) - the equivalent of driving over 5,000 miles in a small family car.



3. Construction

the key to growth



Every £1 invested in construction is set to generate £2.84 for the economy. But as the Industrial Strategy 'Construction 2025' recognises, fundamental issues within the building supply chain limits potential. Cost pressures mean site substitution of products, and downgrading of specifications is all too common. As projects are broken down through the supply chain, inferior and inadequate products are being used, undermining performance and safety.

What Can Government Do?

A Focus On Fair Payment

The UK continues to turn a blind eye to poor payment practices. This issue has never been more significant with our members fighting hard to capitalise growth and much needed investment.

"Our financial situation recently has been the most difficult it has ever been with payment terms being stretched beyond due dates, contractors withholding payments, clients being unable to pay months past the end of the job, and contractors asking for discounts which have been given to win the work. Our company has had to make drastic changes to its attitude, i.e. increase prices, decrease workforce, be more selective on which contracts we take on, and even down to not wasting the costs of pricing jobs that won't be profitable or we are not likely to win from contractors that use us as a 'pricing machine'."

– Anon, BWF Member

We are supporters of the National Specialist Contractors Council (NSCC) Fair Payment Campaign and encourage Government to work closely with NSCC on this issue. We welcome the introduction of the Supply Chain Payment Charter through the Industrial Strategy, but it needs to be enforced effectively. Failure to participate should be met with real consequences - any contractor that does not apply the principles of fair payment should not be eligible for any public sector contracts.

Meet The Housing Shortfall

We help to build Homes for Britain. The recent in-depth review by the European Commission highlighted major risk from the "continuing structural undersupply of housing; intrinsic supply constraints, particularly in London, and the relatively slow response of supply to increases in demand". Help-to-Buy has been effective in get house building moving, but a targeted long-term plan is needed to satisfy demand for new homes. This must address public sector investment via Housing Bonds and facilitating Local Authority investment by removing borrowing caps. Land supply and tangible incentives for the self and custom build markets need to be addressed – the UK still has one of the lowest proportions of self-built homes in Europe.

In the UK, for every £100 we spend on housing, just £5 is invested in building works and £95 goes on housing benefit. This is a complete reversal from 30 years ago when £80 of every £100 was invested in housing assets.

Cut The Vat

There is a strong fiscal case for cutting VAT to 5% on domestic RM&I work. In addition to driving growth, reducing VAT would help to underpin the Industrial Strategy's aim to improve supply chain efficiency. Construction is undermined by a "how much for cash" culture that moves work outside of legal contracts where appropriate taxes are paid – this holds back legitimate businesses. Reducing VAT would limit fraudulent activity and support the evolution of a modern and dynamic building industry.

A VAT reduction on housing renovation and repair could boost the UK economy by more than £15 billion from 2015 to 2020.

This reduction could also create more than 95,000 jobs and save 240,000 tonnes of CO₂e from thousands of homes.

'An estimate of the effects of a reduction in the rate of VAT' Experian 2014

The Green Deal is failing to deliver – less than 1,000 projects had been completed in the first year, despite rising energy costs squeezing homeowners. It is not making a meaningful contribution to the 50% emissions cut set out in the Industrial Strategy. VAT changes will boost Green Deal type projects by speeding up much needed improvement in domestic energy and water efficiency, help extricate the UK from European judicial review on VAT on Energy Saving Measures and protect our heritage by supporting investment in the UK's historic building stock.

Emphasise Quality Through Clearer Regulation And Enforcement

Poor quality products, site practice and inappropriate substitutions continue to reduce efficiency in the building works and lead to inadequate, unsustainable and, at times, dangerous buildings.

Guidance in the Building Regulations related to products such as Fire Doors leaves too much subjectivity. The provisions of Approved Document B fall short of requiring third party certification and allow products to be installed without adequate proof of performance. It is crucial to limit the opportunity for substitution through tighter regulation, better guidance and effective control of regulation.

Better Enforcement Will Drive Better Practice.

The Construction Products Regulation should be supporting Building Control. Trading Standards have been tasked, but not resourced, to police a situation which enables manufacturers of non-compliant products to undercut their competitors. This must be addressed.

Building Information Modeling (BIM) could be the driver for improvement, but the sector needs Government support to retain the Open Source aspects of BIM and ensure that it does not become another tier of disproportionate cost for manufacturers.



Case Study - Fire Doors:

A recent project in Stoke hit the headlines following an installation by one of the UK's leading building contractors working for the County Council. The fire doors, installed in 11 blocks of council flats, did not meet the required fire resistance standard of 30 minutes. Thankfully this was picked up by diligent and persistent residents and eventually the local MP who insisted on a thorough investigation, which resulted in a significant proportion of doors being condemned – if a fire had happened, this could have been catastrophic.



4. Skills

closing the chronic skills gap



Woodworking offers an exciting range of career opportunities from employment through to business ownership. Many young people today have an entrepreneurial drive; sectors such as woodworking provide fantastic opportunities to explore this and develop businesses built on practical skills. BWF membership represents the most concentrated population of apprenticeships in the UK construction workforce, with over half of our members currently employing an apprentice. This investment in future talent has enabled BWF members to benefit from a consistently high return on their CITB levy.

Last year BWF launched an award winning social media campaign, **'Wow I Made That'** to highlight the career opportunities in woodworking. We are also working with our EU colleagues as well as the wider construction sector through CITB and the NSCC to look at best practice in encouraging new entrants into the construction industry.



Chris Lake at World Skills

What Can Government Do?

Ensure Apprentice Models Do Not Overlook The Needs Of SMEs

We have deep concerns related to diverting funding for apprenticeships away from training providers. Employers need certainty and stability if they are to make significant investment in apprenticeships and the proposed new system will penalise SMEs with upfront costs and stifle demand for specialist and resource intensive courses like woodworking. This exacerbates an already large skills gap in construction, so we welcome the formation of a Construction Apprenticeship Commission to address how to tackle our industry's skill shortage. We want training providers to continue to draw down funding for apprentices for companies so that they are not subject to additional red tape to train. As an industry endorsed body, we want the CITB to remain the main apprenticeship management agency for the construction sector and for them to remain the main custodian of apprenticeship funding.

There are 2.9 million people employed by the construction industry in the UK - 7% are carpenters and joiners- over double the number of bricklayers and 1.5 times the number of plumbers.

The Wood Trades will need a net increase in labour of 4,260 every year for the next four (a rise from 244,700 in 2014 to 260,860 in 2018) according to CITB.

Protect The Status Of Vocational Training

It is vital in a modern economy that trade skills have parity of esteem with academic education. Schools should be compelled to give balanced and comprehensive advice on vocational options for when they reach 16 and above. Working through organisations such as CITB and ProSkills is essential at the pivotal point when those turning 16 will be forced to remain in education until 18. Funding to help build links between schools and employers will show young people where the opportunities are and help them to understand the scope of career options available.

To support career shifting, we would also urge the Government to widen the eligibility of fully-funded apprenticeships to all age groups, and to maintain it for 16-18 year olds.



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