



Consultation Response

A green and digital future – Labour Policy Forum

Response by the Royal Institution of Chartered Surveyors (RICS).



Introduction

The Royal Institution of Chartered Surveyors (RICS) are delighted to have the opportunity to respond to the Labour Policy Forum commissions on its next policy development cycle.

Established in 1868, RICS is the largest organisation of its kind for professionals in property, construction, land, and related environmental issues, setting and upholding professional standards for 125,000 qualified professionals and over 10,000 firms. RICS regulates both its individual qualified professionals and those firms that have registered for regulation by RICS.

Over 80,000 of our qualified professionals work in the UK, where our goal is to deliver a healthy and vibrant property and land sector as a key pillar of a thriving economy while addressing the need for the creation of green, safe communities.

We are not a trade body; we do not represent any sectional interest, and under the terms of our Royal Charter the advice and leadership we offer is always in the public interest.

For our response to this inquiry, we have focused on question five of the consultation where we have our greatest influence, and ability to be informed and shaped by our members who every day, work tirelessly to ensure quality, supply and safety exists in our homes.

1) How can science and technology policy support growth in all regions and nations of the UK?

Data and technology will increasingly impact the built environment from a technical, ethical, practical, and regulatory perspective. The challenge now and in the future will be utilising these developments in order to promote growth and ensure a sustainable industry, and there is evidence that there are many innovative areas that our members and the wider built environment are utilising in order to embrace these changes, including the use of Modern Methods of Construction (MMC), Passivhaus Standard, and smart buildings. Further insights can be found as part of our Tech Partner Programme blog.

Focusing on utilising science and technology in the built and natural environments, the RICS believes that data capture and utilisation is a key driver for supporting growth across all regions and nations of the UK. This has been a somewhat neglected area for many sectors, the built environment not excluded.

At the RICS we have been seeking to address this with a much more data driven approach, focusing on the measurability of data over time. For example, the RICS alongside other professional bodies and industry experts have developed a suite of sustainability programmes with the aim of tracking and limiting carbon – both embodied and emitted – in the built environment.

- [International Cost Management Standard](#) (ICMS): ICMS3 will support the transition to net zero by enabling the accurate reporting, benchmarking and comparison of carbon and cost in construction.
- [Whole Life \(Lifecycle\) Carbon Assessment](#): A mandatory professional statement, setting out how to consider embodied and operational carbon within built environment projects.
- [Built Environment Carbon Database](#): A free resource that allows users to identify where carbon reductions can be made in a building's lifecycle. It will be the main source of carbon estimating for the construction sector in Scotland.

We believe the programmes outlined above provide a consistent output of cost and carbon reporting and benchmarking that will be a crucial aspect to support clean growth. However, a range of instruments including standards, supportive toolkits, data and guidance will be needed in the future to create a positive shift across the sector. Thus, ensuring that

measurement and reporting of carbon become the general rule across the construction and infrastructure lifecycle.

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3) How can improvements to transport deliver growth across the country, including in rural areas?

Improvements and innovations to transport has the potential to revolutionise travel across the country creating a greener and more inclusive future transport system.

While any investment in improving rail networks across the Midlands and the North is welcome, further investment is needed to deliver the levelling-up agenda. RICS supports the development of high-speed rail and welcomes the commitment to deliver the HS2 scheme in England. The UK lags behind comparable countries in the provision of high-speed rail networks. Development in this area has huge potential to contribute to economic growth and the UK's net zero ambitions, while realizing the societal benefits of expanding the capacity and speed of the UK's transport network. Greater links between major economic centres will provide a boost to trade, investment and economic activity. HS2 is highly anticipated by Midland and Northern cities which will benefit from the increased connectivity and broader economic opportunities.

As ever, a focus on effective delivery and implementation is crucial. This means involving qualified and competent professionals at the earliest stage to advise on cost and value management and planning, following best industry practice and guidance. An issue facing the construction and infrastructure industry is disputes, as a public interest body we have a Dispute Resolution Service (DRS) which looks at avoiding this conflict and better managing disputes when they do arise. RICS have developed a Conflict Avoidance Process (CAP) which helps parties to keep their projects on time and in budget. More information on DRS can be found [here](#).

Mobility hubs bring together sustainable transport options, public transport and active travel are integrated so rather than just integrating rail and bus services shared transport schemes such as pay as you go bikes, e-bikes and scooters are also integrated. These hubs are common in a number of European countries e.g., the Netherlands and Germany. This is something

which should also be explored in the UK due to their flexible, sustainable and inclusive nature as they can be urban, suburban, peri-urban or rural.

Electric vehicles could provide safer, faster, more sustainable transport in the coming years however to effectively transition to electric vehicles, all communities including rural require access to reliable public charging infrastructure. Whilst there has been a growth in charging points being installed that growth has not been distributed equally, according to the UK department of transport London has the highest number of chargers with 131 chargers per 100,000 whereas the national average is 56. We must ensure that new transport innovations are inclusive and practical for all.

To reach net zero, Britain also needs to decarbonise private transport. A key issue facing transport and infrastructure policy is the ability to measure the embodied carbon of built environment projects and the trade-off between carbon and cost implications, as well as benchmark and compare said projects with others, both locally and internationally. RICS, with cross industry support, continues to develop and implement a suite of standards that will enable the measurement, reporting and benchmarking of carbon in the built environment. We believe that these standards will enable public sector and private organisations to drive sustainable decision making across the transport network. Please refer to the standards set out in response to question 1.

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4) What policies can help deliver Labour's existing pledges on green growth, particularly the Green Prosperity Plan?

As demonstrated in our response to earlier questions, we would highlight how the adoption and embedding of RICS standards within government frameworks and legislation can support Labour's pledges on green growth and facilitate its delivery.

Understanding carbon and cost will be critical to delivering pledges on green growth and for demonstrating best value for public expenditure. Where construction projects are being considered the insight and technical expertise provided by professional bodies acting in the public interest can support government in turning pledges into reality. In coalition with other professional bodies, RICS has developed the International Cost Management Standard (ICMS) which contributes positively to efforts to decarbonise the construction sector in the most cost-

effective way. The third edition of this provides a globally consistent method for carbon life cycle reporting across construction projects, from buildings and bridges to ports and offshore structures, allowing government to understand not only the financial cost of such projects but also their carbon cost.

Furthermore, mandating Whole Life Carbon Assessments on new and major refurbishment projects can inform the design of individual projects and give visibility of carbon cost of different design choices, enabling construction clients (or governments) to manage carbon budgets, reduce lifetime emissions and help build a net-zero future for construction. The Greater London Authority already mandates Whole Life Carbon Assessments on certain categories of projects which helps inform project design and deliver buildings with lower carbon footprints. Whilst there will always be a need for new construction projects, a better appreciation of the carbon consequences of design choices will allow government to build in a more environmentally sustainable fashion.

Promoting the use of alternative dispute resolution in the built environment also supports a sustainable construction sector, helping to avoid conflict and reduces the associated costs. RICS provides the world's oldest and largest alternative dispute resolution services in the land, property and construction industries and resolves around US\$2 billion worth of disputes every year. This has already proven successful in the UK with major organisations including Transport for London and helps to protect the public and private sector through major infrastructure projects. We work with government and market stakeholders to help them identify and resolve disputes at the earliest possible stage to support project delivery and avoid unnecessary use of litigation.

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5) What policies can help contribute to the four missions outlined in Labour's industrial strategy?

The next ten years will be unprecedented for the United Kingdom. The drivers of change are bigger and more fundamental than many of us have witnessed in our lifetimes and are imposing themselves faster than the trends of recent history. We will need to work together to adapt to these changes for the benefit of all society.

We welcome the opportunity to comment on the Labour's Party Industrial Strategy through the lens of the natural and built environment, and how a collaborative, forward looking and growth focused approach can help drive the United Kingdom forwards.

Delivering clean power by 2030

A supply of reliable green energy is vital in the United Kingdom's drive towards a green economy and tackling our Net-Zero target commitments.

We face a number of challenges on this journey, including a skills shortage. We must look at recruiting, retaining and retraining professionals in the built environment. Construction output is being hampered by several factors including a shortage of labour. There are 100,000 fewer people employed in the industry than pre-Covid, with a sharp rise in the number of people retiring. Active steps need to be taken to encourage more people into the sector, through the education system by tapping into the domestic talent pool and by seeking to attract more workers from overseas, as outlined in our response to the Government's Levelling-up agenda. Upskilling and expanding the construction workforce would enable swifter and more scalable activities in the drive towards green power.

The delivery of green power is vital step, but not the only one, the renovations of property assets to improve insulation and energy efficiency is also requirement. Not only would this action help to reduce the demand on the grid, but it would also help to boost regional regeneration across the entire country. We are calling for a national programme to retrofit projects to help deliver the decarbonising of real estate across the United Kingdom.

Harnessing data for public good

We strongly agree that data should be harnessed for the public good. The collection, centralisation and benchmarking against open data sets will play a vital role in how the natural and built environment tackles the environmental challenges that we face.

We are a key supporter of the Built Environment Carbon Database (BECD). The database is envisioned to become the main source of carbon estimating and benchmarking for the UK construction sector and a practical instrument to support the decarbonisation of the built environment. The database is being developed to collect and supply product data and entity level data to the industry through its own portal and by interacting with existing databases and software solutions.

We have also helped to develop the International Building Operation Standard (IBOS), a data-based approach that supports the measurement and management of buildings for strategic

decision-making. IBOS reaches beyond traditional ways of assessing building performance to add another dimension – user experience - and provides a consistent way to benchmark across a number of properties.

Building a resilient economy

We are currently witnessing the highest inflation in a generation, this presents a major concern and challenge for the built environment. Material inflation has risen due to several substantial events both international and domestic, from the war in Ukraine, the impact of rising energy costs and the influence of Brexit to on-going effects of Covid-19 and supply chain bottlenecks. Material inflation is having a direct impact on both existing and future projects with an increased risk of projects collapsing, inflicting further damage to the wider economy.

Last year saw a significant rise in material costs and tender prices. The BCIS Tender Price Index reported a 9.1% rise in prices in 2022, with the five-year predictions estimating a 20% rise in forecasted tender prices by 2027. Compounding this was an overall rise in construction material costs – with the same Index seeing a 22.3% rise in materials between Q2 2021 and Q2 2022.

The construction material costs in the UK were also significantly higher than that of our European neighbours. BNP Paribas reported Insee's Price Index for France saw material rises between 2021 and 2022 rising 7.4% for building material, and 11.2% for civil engineering.

Alongside inflation, the United Kingdom has embedded challenges. The construction industry is historically low margin and particularly prone to cyclical downturns. This mitigates against long term investment which is particularly needed as the industry seeks to embrace modern methods of construction, digital transformation and net-zero. To help tackle this situation, the Government should look to provide clear, ambitious and long-term thinking and goals for the natural and built environment.

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6) What are the specific implications of policy proposals in this area (a) women, (b) Black, Asian and minority ethnic people; (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?

Growth in the digital economy will naturally unlock jobs and create space for diversified individuals. Digitalisation of the built environment may enable diversity by opening up more jobs in this sector for those not traditionally represented in this industry. The built environment currently lacks representation from the protected characteristics and those from certain socio-economic backgrounds, therefore targeted recruitment would be useful to increase diversity as well as an investment in providing individuals with the skills they need. Opportunities to create diverse workforces should be embraced and not ignored.

RICS have called for more diversity in this sector. Key membership bodies in the built environment sector have signed a Memorandum of Understanding (MoU) to drive forward the creation of a more diverse, equitable and inclusive sector - ensuring it is more representative of the society it serves. You can find the document [here](#).

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7) What consideration would need to be given to policy proposals in this area when collaborating with devolved administrations and local governments in England, Scotland, Wales and Northern Ireland

As we have outlined in our response to question one, a collaborative, data driven approach can provide a level of consistency that can tackle the unwarranted variation that we sometimes find across the UK.

More specifically, there is also importance in considering relevant policy already in place across the UK nations. For example, in terms of future planning policy, England, Wales & Northern Ireland could consider how relevant learnings from Scotland's National Planning Framework 4 can be successfully adopted in their respective countries.

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