



# Comparing Value Across England and Wales

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## THIS PROJECT COMPARES VALUE PRIORITIES ACROSS ENGLAND AND WALES

This report has been prepared by Constructing Excellence, working with the Constructing Excellence Regional Partnership, to compare regional value priorities across the English regions and the nation of Wales. It presents a Value Profile for each area, giving a clear picture of similarities and differences. A written summary and a brief statistical portrait of the region or nation is included, completing this useful comparative resource for decision-making, policy and investment.

The Value Profiles, and this report, are the result of two series of workshops attended by key stakeholders around

England and Wales, including LEPs, local authorities, strategic regional clients, major contractors and consultants. The first workshop series, in 2021, was used to identify relevant regional and national policies and other drivers. Each of these drivers was then encapsulated in an Outcome Statement, and these were tested in a second series of workshops early in 2022.



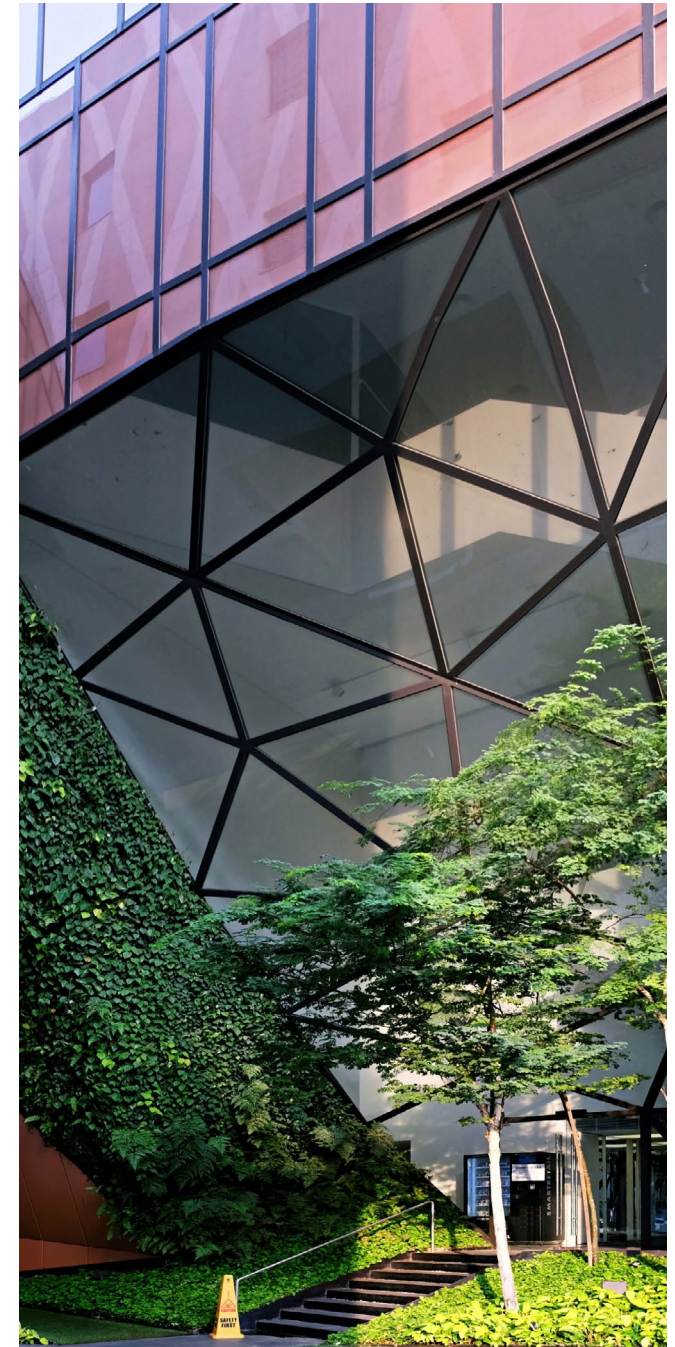




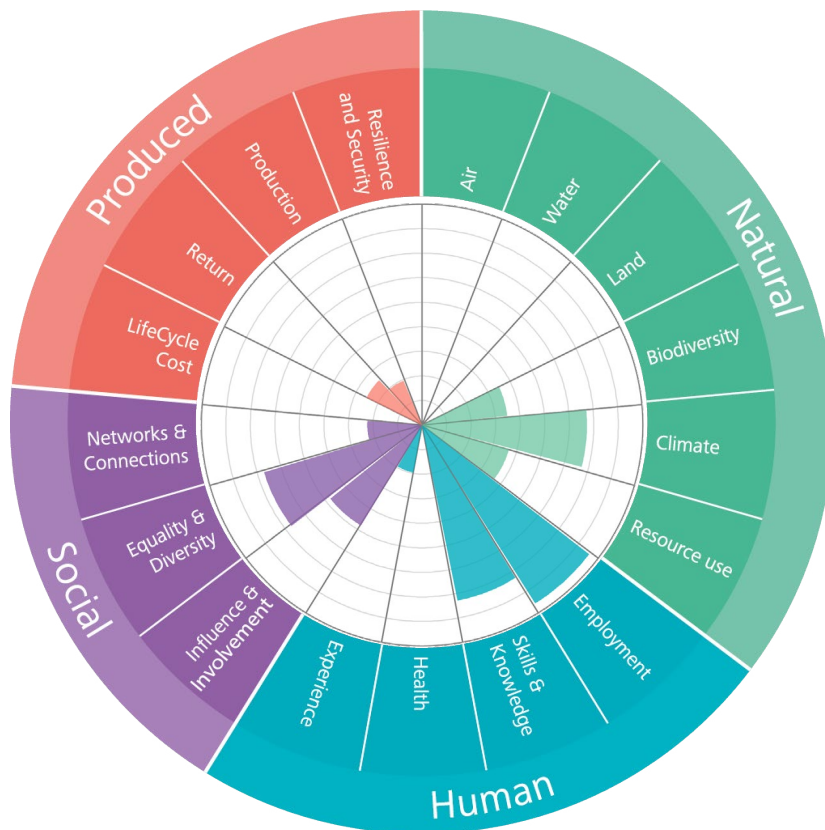
## INTRODUCING THE VALUE TOOLKIT

The Value Toolkit is a government-backed initiative intended to support changes in the way the construction industry thinks about and measures value. Developed by the Construction Innovation Hub, it is a set of processes and digital tools that enable users to plan and assess construction projects in terms of their impact on the full range of possible benefits, rather than focusing narrowly on cost and schedule.

Clients, industry and users across the UK want a better performing built environment: a more pleasant place to live, work and travel, supporting a more sustainable lifestyle and delivering a wide range of benefits for all. Achieving this is far from simple, particularly in the absence of a common language for how such wide-ranging values are to be discussed and embedded in the practical process of designing and delivering projects. The Value Toolkit has been designed to fill that gap.



## USING THE VALUE DEFINITION FRAMEWORK TO CATEGORISE RESULTS



The Value Definition Framework is a key tool of the Value Toolkit, providing a means for users to identify and rank 17 different categories of value.

These 17 categories fall under four headings relating to four types of “capital”. A capital is defined as an asset or benefit to humanity. The four capitals are:

- Human capital (relating to individuals, e.g. jobs, skills, health and well-being)
- Natural capital (the environment, including climate)
- Produced capital (made by people, e.g. manufactured goods, the economy)
- Social capital (community, networks etc).

This terminology has been developed to facilitate discussions about value by governments, corporations and other global organisations, and has been introduced to the UK construction industry via the Value Toolkit to answer a similar need.

### Regional value priorities by type of capital and category

The categories of value given the highest priority in Wales and the English regions were identified using the Value Definition Framework. The results are summarised by type of capital as follows:





### Human Capital

Participants felt that for clients (usually the local authority), employment and skills & knowledge are the highest categories of Human Capital in most regions. All English regions expressed concern about labour shortages and skills gaps in targeted areas.

Wales is different. Being a nation, it has a stronger legislative function than the English regions, and the Wellbeing of Future Generations Act puts concern for the future at the centre of its decision making. Human Capital is therefore of secondary concern to climate change in Wales. Within this Capital, however, Health and Skills & Knowledge both ranked higher than Employment.

The North West and Midlands emphasized experience as an important category. These regions are keen to make the experience of living in the area compelling so as to retain more of the many young people who move from elsewhere to attend university but tend to leave on graduating.



### Natural Capital

Climate factors, including the reduction in the reliance on fossil fuels, is a common theme across many regions. It was also recognised that clients are increasingly asking for reduction in resource use, and in this category the industry is in a strong position to deliver.

Flooding is of particular concern within areas of many regions and Wales. Despite this, mitigating flooding rarely appeared as a high priority when balanced against other outcomes. This may be an area that demonstrates the contrast between smaller and larger clients in tackling climate change.

Across all regions and Wales, as might be expected, air quality is more of an issue in cities and near major transport hubs than in smaller towns, villages and rural areas.



### Produced Capital

All regions and Wales are keen to demonstrate excellence in R&D and innovation, and to leverage innovative capacity in their supply chains. Housing stock – whether new building or retrofitting – also featured as an important focus under this Capital.

Digital connectivity and attracting inward investment were seen as key drivers of economic growth in some regions.



### Social Capital

All regions and Wales are ambitious about using planning and procurement to support local supply chains and regenerate wealth.

Networks and connections are seen as particularly important, as stakeholders are keen to foster better working practices within the organisations that make up the construction industry.

Community participation is also seen as an important driver, contributing to equality of opportunity.



## AN OVERVIEW OF COMMON THEMES

Despite the wide range of differences between the circumstances, communities, politics, geography and history of the English regions and Wales, participants in these workshops shared many concerns and priorities.

### **Attitudes to value-driven construction**

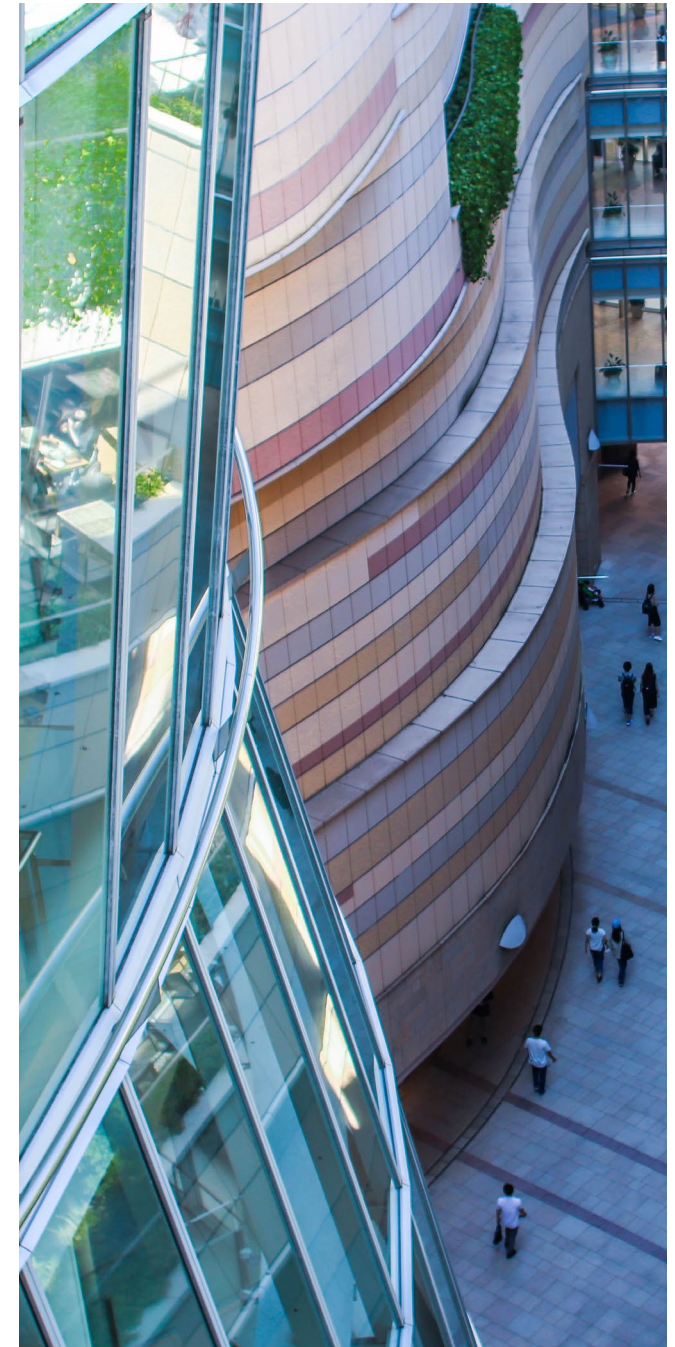
- There was a positive response to the move away from short-term thinking, and to the Value Toolkit as a mechanism to promote this by communicating value beyond cost.
- Participants recognised the key role of the built environment in enabling other functions of the economy and of society.
- Long-term planning and consistency from local authorities was seen across all regions and Wales as setting the conditions for success.
- In every region and in Wales, major strategic clients were seen as a good mechanism to drive better outcomes and practice through the construction industry.

However:

- There is concern in all regions and Wales that clients are primarily driven by the bottom line, and that client naivety about short-term financial drivers does not lead to the best outcomes.
- Many participants feel they have seen aspirations to achieve wider value at the outset of projects stripped away as projects progress.
- It is felt that while national and regional clients tend to try to meet sustainability goals, smaller clients often have different priorities.

### **A focus on local needs**

- All regions and Wales share a strong drive to use procurement and planning to support local supply chains and regenerate wealth locally through the purchase of goods and services.
- Differences in household income and levels of deprivation tend to be concentrated at a ward level, and this is equally true in cities and smaller towns.
- Despite common goals in many areas, the mechanisms to deliver those goals differ considerably due to local factors.



### **Inequality of investment and opportunity**

- There is a significant rural/urban divide in infrastructure, services and opportunity across all regions and Wales.
- The cities are perceived as receiving a disproportionate share of funding with too little assigned to less populated areas.
- However, smaller towns and rural areas are unconcerned with air quality, which is an issue in urban areas and close to major transport hubs such as airports and motorway intersections.
- Many regions and Wales expressed concern about how the removal of European Funding will impact regional and locally-focused development activities.
- Uneven infrastructure provision was seen as significantly divisive, with the lack of transport and connectivity in rural areas making it more difficult for those communities to access jobs, services and education.
- There is a perceived lack of investment in infrastructure for the North West compared with the south.
- In many regions and Wales, there is significant poverty and persistent low wages in coastal communities, excepting some areas of the South Coast where coastal properties are at a premium.
- In these more affluent coastal regions, land availability is a challenge, as is providing services and access on sites that are constrained by the sea.
- Areas of extreme wealth exist alongside areas of poverty in every region and in Wales. A common theme is of the need to level up poorer communities, which are left isolated when the more affluent population shifts elsewhere.



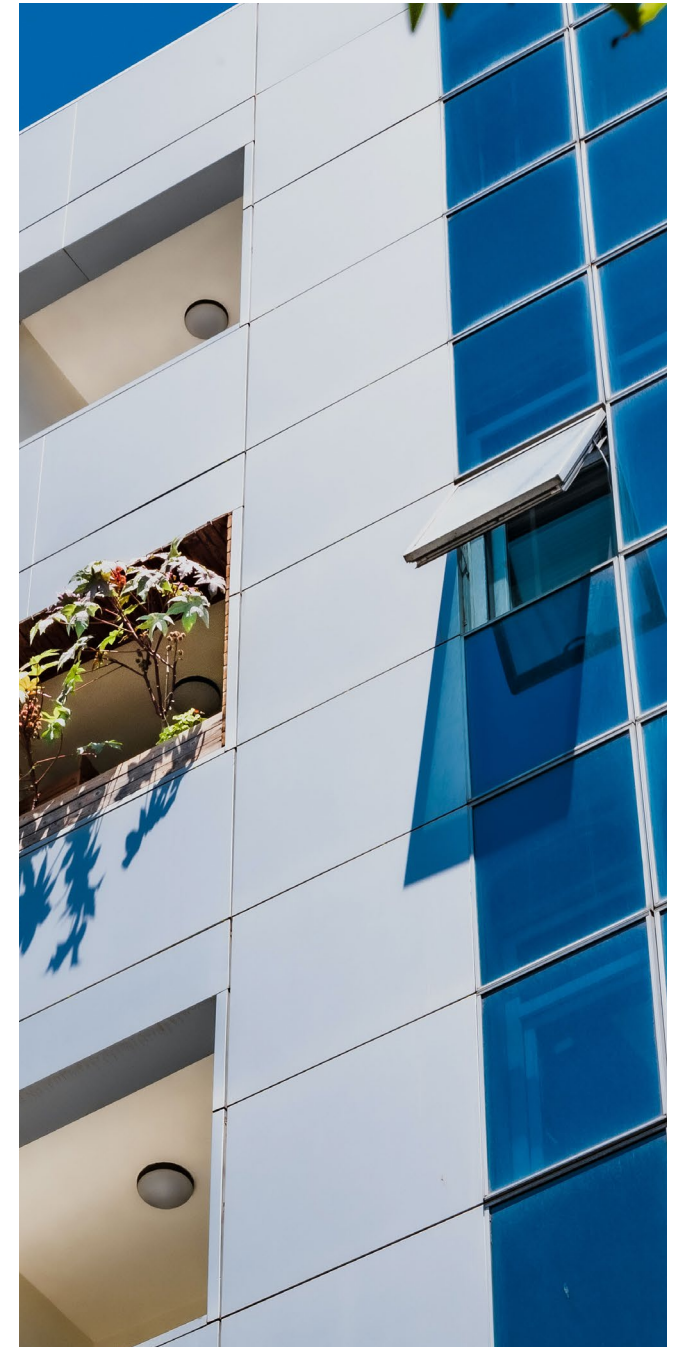


## CONCLUSION

Across the English regions, it is clearly appreciated that the construction industry is an important and valued driver of other key values: in particular, employment and stimulation of the local economy. Wales, with its different emphasis, was particularly appreciative of the skills and knowledge acquisition that the industry can provide. With its national – sometimes global – outlook, construction is well-placed to innovate, to invest in R&D and to take the lead on smart use of resources to support zero carbon working.

Additionally, with the right investment construction projects have the power to alleviate some universally intractable issues such as unequal infrastructure provision between city and countryside, and reduction of flood risk in vulnerable areas.

There was a sense that different regions see themselves in competition for such benefits, which may have the positive effect of driving up regional standards and effort. However, it was clear from this exercise that the regions and Wales have as much to share as they do to compete with, and that good practice in one area is easily transferrable across regional and national boundaries. In particular, a common emphasis from clients in every region on well-planned, value-led construction would be an extremely powerful driver for positive cultural change, with considerable potential benefit for all.



## PROFILE: NORTH EAST



### Population

2.68 million



### Area

Total 8,592 km<sup>2</sup>  
(3,317 square miles)



### GDP

£61,951 in million



### GDP per capita

£23,109

### Key construction industry drivers/ strengths

- Regional Collaboration
- Project Based Collaboration
- Digital Construction
- MMC
- Housing Innovation (Sunderland)
- MOBiE

### Major projects or other specifics driving the construction industry

- Giga Factory Northumberland
- Tees Works
- Garden Villages
- Significant Highway improvements
- Housing Retrofit
- Regional Rail Network

### Stats on Construction Industry

- 9,750 registered construction businesses
- Approximately 25% of these (2,460) are in the **Tees Valley** - consistent over 4-5 years
- £5,675m regional construction spend in 2021 (from construction output data produced by ONS, non-seasonally adjusted, current price basis)
- Estimated 25% of spend (£1,420m approx) in Tees Valley, based on Glenigan and UK Business Count data files (no official breakdown of spend by area exists)

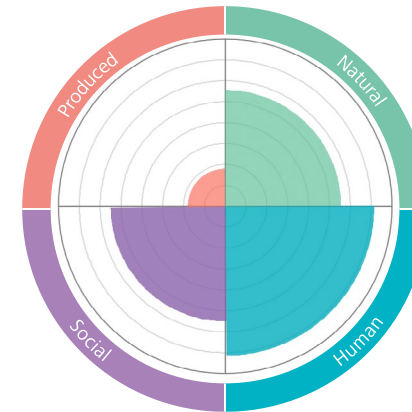


A specific strength in the North East is the excellent work that has been done around the [OneVoice](#) construction strategy (launched by Constructing Excellence for the North East in 2020). Results are apparent in strong alignment on value across the region. There is powerful regional focus on fairness, inclusion and respect, and recognition of the importance of skills to support the transition to a net zero society. Conversely, the potential for skills shortages, as well as spiralling costs, were identified as potential threats to the construction industry across the North East.

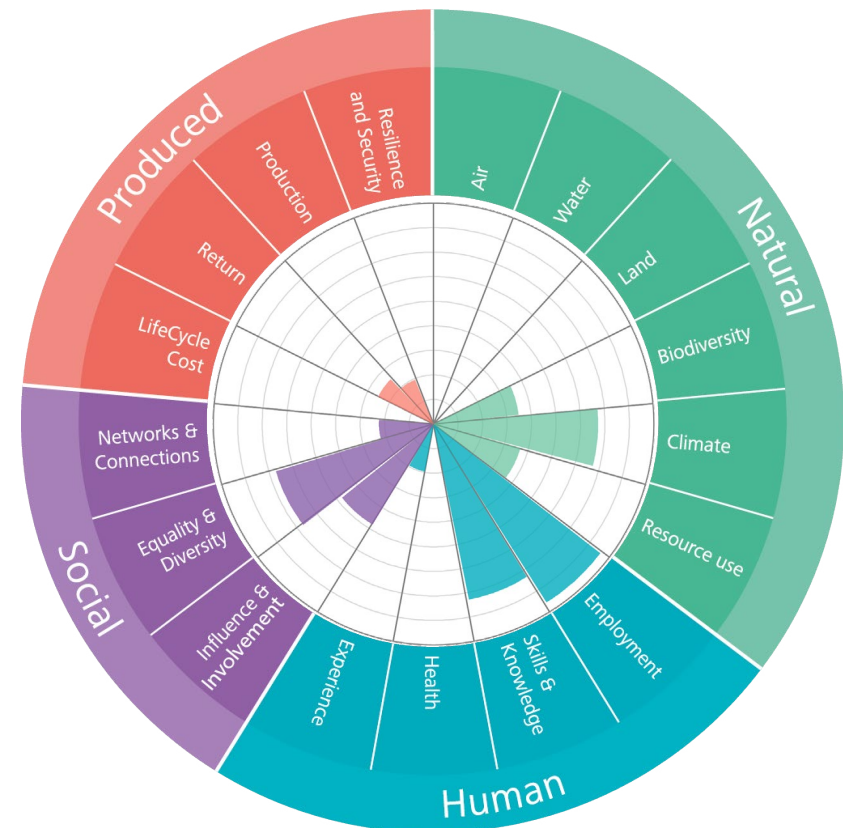
Local variances include offshore wind in the north and industrial decarbonisation in the Tees Valley, which is also home to a full 25% of the region's construction activity and spend.

Most issues, however, were consistent throughout the region. As is the case in all regions in England and in Wales,

participants were concerned to address the divide between deprived and affluent areas and between urban and rural areas in terms of access to services, transport, education and employment. In this region, the Government's Levelling up policies and the Social Housing Decarbonisation Fund were listed by participants as political drivers for change.



Comparing values across capitals - North East



Comparing values across categories - North East





### Human Capital

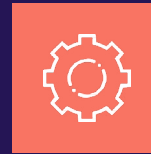
The Value Profiles for the region show that Human Capital is the area of highest value for workshop participants. Of this type of capital, employment-related outcomes are the North East's highest priority – and participants were also confident of their ability to influence these.

However, organisations in the North East were not confident of their ability to influence either targeted support for new business or innovative ways to decarbonise heat. These results are worth noting given that the area places a high priority on attracting and retaining new business.



### Natural Capital

Natural and Social capital are equally important to the region. Ambitions for efficient use of resources and working with the community to reduce emissions were matched by confidence in organisations' ability to influence these areas. However, participants felt unlikely to be able to influence investment in means of getting people to use greener modes of transport – walking, cycling and public transport.



### Produced Capital

Produced Capital was the lowest ranking capital in the North East's value profile – possibly participants feel this area is already well served by the industry. In both highest and lowest ranking outcomes, participants' priorities were aligned with their ability to bring about change: developing effective working practices ranking highest, and opportunity to access local finance for growing businesses ranking lowest.



### Social Capital

Participants were confident of their ability to influence honest, trusting and transparent working practices to foster a sustainable industry – also their highest priority for this type of capital. Better support for the delivery of the Northern Powerhouse was also a high-ranking category, but did not appear as an outcome the region felt it was most able to influence.

## PROFILE: MIDLANDS



### Population

12.24 million



### Area

Total 28,627 km<sup>2</sup>  
(11,053 square miles)



### GDP

East Midlands - £126,289 million  
West Midlands - £156,685 million



### GDP per capita

East Midlands - £25,956  
West Midlands - £26,281

### Key construction industry drivers/ strengths

- Location – central to the UK
- National plans and policies, such as Carbon Net Zero 2050, Building Safety Act 2022, Digitisation and Modern Methods of Construction

### Stats on Construction Industry

- 46,232 est. number of registered construction businesses (based on 13.5% of national figure)
- £13,453m construction spend (based on same % of 2020 figure)

### Major projects or other specifics driving the construction industry

- HS2

### Challenges/ considerations

- Housing Associations are already indicating that clients have less to spend due to inflation, and this is likely to continue across the sector
- Skills, labour and materials shortages
- Climate change (esp. flooding in the short term)



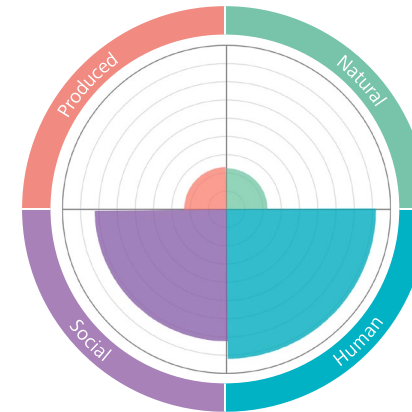
As a region, the Midlands appreciates its strength as the geographical heart of England and Wales. Among its assets are the number of well-regarded universities that attract young people to the region, and a strong industrial heritage on which to build its profile as a place where businesses and people thrive.

The Midlands shares with other regions and Wales a divide between the priorities of and provision for rural and city areas. This is reflected politically in majority-Labour cities and largely Conservative rural wards. Despite the divisions, there is a strong sense of the region's willingness and desire to work collaboratively. This is buoyed by the perception that the West Midlands combined authority has delivered success in the area.

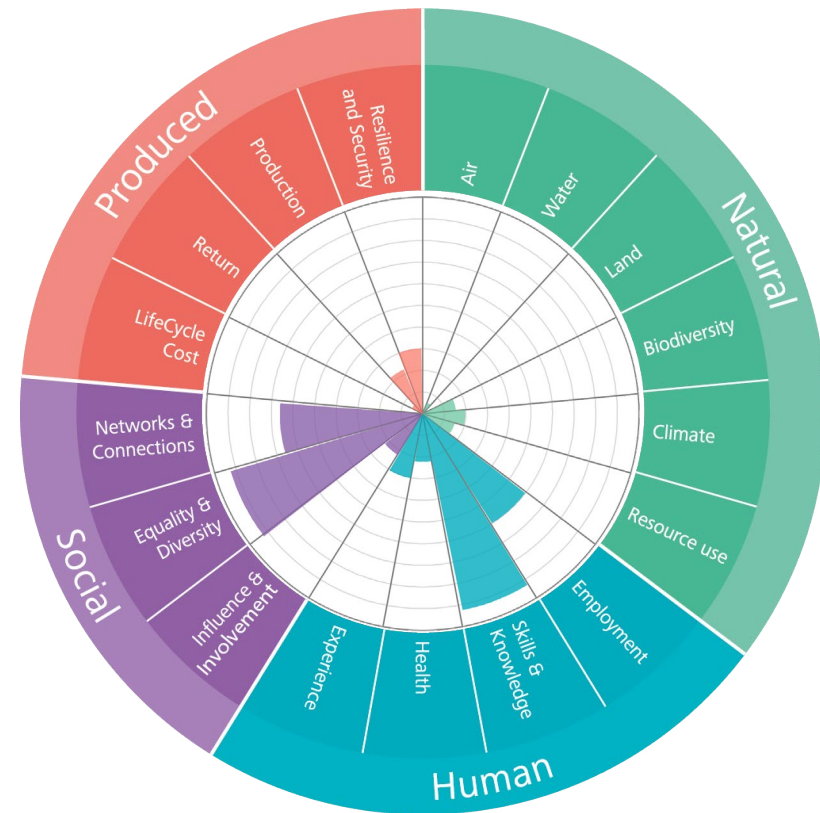
Human and Social Capital were overwhelmingly the region's priorities, particularly in the categories of Skills & Knowledge and Equality & Diversity. Servicing the needs of a younger population in order to retain talent underpins regional awareness of where investment should be targeted, particularly in urban planning, infrastructure and attracting national businesses to the area.

In the case of Produced Capital, it may be that the desired outcomes are already being planned for in the Midlands, making these less urgent for consideration. There appears to be confidence that Levelling Up will provide a source of investment, although concern remains about whether the benefits will be spread evenly or reach the most deprived wards.

Natural Capital ranked lowest of the four Capitals, despite the serious impact of flooding in Shropshire, with future implications for Herefordshire and Worcestershire. It was felt that while regional and national organisations may have the confidence to prioritise climate change, smaller organisations in the Midlands are more likely to tackle issues they perceive as local and immediate.



Comparing values across capitals - Midlands



Comparing values across categories - Midlands





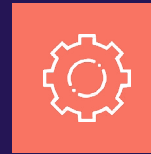
### Human Capital

In common with many of the English regions, the Midlands rates Human Capital most highly, specifically in the category of Skills & Knowledge, followed by Employment. However, the best-aligned outcome statement of all was to do more generally with building the profile of the region: “Promote the Midlands as a great place to live, visit, learn and work.” Participants felt confident of regional ability to influence equality of opportunity, including employment, for the region’s diverse communities; however, confidence was low about the possibility of creating jobs where there aren’t enough – presumably in more rural areas.



### Natural Capital

Sustainable cities are the Midlands’ most strategically-aligned outcome, and one that the construction industry feels confident to influence. However, this did not cover the implementation of low-energy transport networks (footpaths, cycleways etc), which was the outcome over which participants felt they had least influence – an apparent contradiction that might be worth investigating. Reduction in waste was another area over which participants felt their organisations could have little influence.



### Produced Capital

Responses with regard to digitisation and technological improvements appeared contradictory. Increasing connectivity and the innovative use of AI appeared as the second-most strategically aligned outcome for the region and the outcome that participants felt they could most influence, yet was also seen as the least important. Ambitions for more general economic growth, to be achieved partly through investing in the region’s own supply chains, came across as a more straightforward and achievable outcome.



### Social Capital

Social Capital ranks almost as highly as Human Capital among the Midlands’ priorities, and this is reflected in participants’ view of the best-aligned outcome: stimulating the regional economy through local procurement, and thereby reaping the human, social and environmental rewards of a thriving regional market. Using consultation to involve the communities themselves in local changes was almost as important, and, positively, also ranked as the outcome that participants felt most be able to influence.

## PROFILE: LONDON & SOUTH EAST



### Population

London 9 million  
South East 9.2 million



### Area

London 1,572 km<sup>2</sup>  
South East 19,095 km<sup>2</sup>



### GDP

London - £503,904 million  
South East - £318,142 million



### GDP per capita

London - £55,974  
South East - £34,516

### Key construction industry drivers/strengths

- Massive residential demand
- Strong demand for education
- Considerable design and consultancy capabilities
- Disproportionately high number of head offices in the region

### Constraints

- Land shortages and general shortage of housing supply
- Labour shortages, exacerbated by Brexit/ Covid
- Materials supplies and rapidly rising costs
- Weak manufacturing base, especially in comparison with design and consultancy capability

### Stats on Construction Industry

- 58,296 registered construction businesses in London (2020, source ONS)
- Construction spend est. £18bn p.a. in London
- 58,204 registered construction businesses in South east (2020, source ONS)
- Construction spend est. £15bn p.a. in South East

### Major projects or other specifics driving the construction industry

- Euston / HS2
- Cambridge-Oxford Arc – 1 million new homes by 2050
- London-Southampton [fuel] pipeline project - £130m

- Mixed-use redevelopment in Southampton - £90m over 3 years
- Regeneration of London Rd, Camberley - £200m
- London Gatwick Northern Runway - £5bn
- The Stag Brewery Regeneration, London – 1,000 homes
- London Cancer Research Centre, Sutton - £350m
- Elephant & Castle Town Centre-Phase 2 - +£400m
- Basingstoke Hospital - £200m
- Havant Thicket Reservoir - £140m
- Crossrail – construction mostly finished

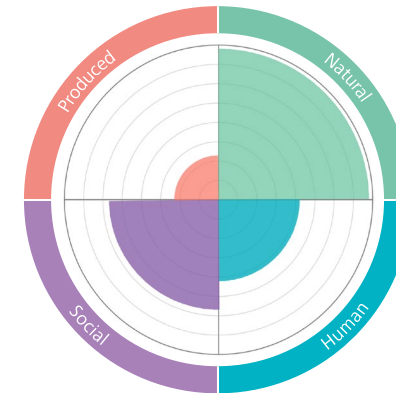


In London and the South East, the marked differences between the capital and the surrounding counties reflect the divisions that exist in other regions between major cities, smaller towns and rural areas. As well as London's population density, investment in infrastructure, mayoral power and international identity, the city is majority Labour even when its mayor is Conservative (as is not the case now). The South East is largely Conservative and has few major cities – the biggest, Southampton, is only the 19th largest in the UK.

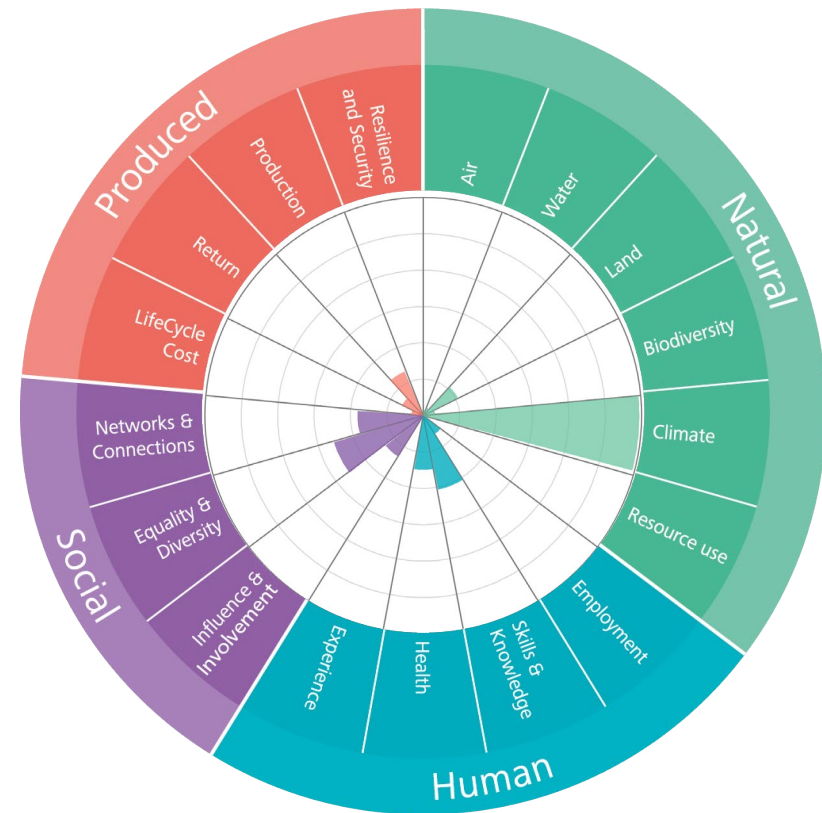
Beyond these differences, however, the entire region including London shares comparative affluence compared with all other English regions and Wales, although this exists alongside both relative and extreme deprivation. Shortage of land and housing is perennially acute, and as elsewhere, labour shortages are an increasing issue following Brexit/pandemic. In terms of Levelling Up, the counties of the region perceive that the North will be prioritised for receipt of funds, even where stark need exists in the South East.

The region is striking for its prioritisation of Natural Capital, specifically Climate.

Social Capital also ranked highly, and the safety of inhabitants appears to be more of a strategic priority than was voiced in other regions. In the coastal areas there was generally less deprivation than in equivalent coastal communities in England and Wales, but this was replaced by the challenge of land shortage and restrictions on construction even for essential amenities such as road access and sewerage.



Comparing values across capitals - London & South East



Comparing values across categories - London & South East





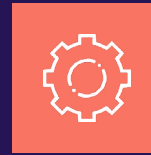
### Human Capital

London and the South East are unusual in ranking Human Capital as low as third of the four Capitals, surely reflecting that the market for skills, knowledge and jobs is comparatively healthy in this region. Where categories of Human Capital were given priority, this had more to do with fairness and equality than job creation: participants discussed the severe impact of the pandemic on equality, and highlighted the importance of the nine protected characteristics of employment and the need to support people with disabilities. Crime prevention and the provision of aspirational careers for young people was also an important item in the discussion and is reflected in the outcome ranked as best aligned: “We must focus on the next generation, particularly the young people who will enter the labour market over the next decade.” Participants felt that this is also an area in which their organisations have influence.



### Natural Capital

Natural Capital, particularly Climate, is seen as very much the main priority in London and the South East. While Air Quality is an issue in London and close to major transport hubs, the strongest emphasis in the region overall centred on housing stock: retrofitting, sustainable use of land etc. This is reflected in the area’s top two most strategically aligned outcomes. Participants reported good practice among social housing providers, where clients see themselves as long-term stewards of the asset – a stance that is not yet apparent in the attitudes of commercial developers.



### Produced Capital

Perhaps unsurprisingly, although Produced Capital was a low-ranking priority in this exercise, such discussion as there was focused almost exclusively on housing and associated infrastructure, with emphasis on the need to provide the right mix of accommodation to create a less unequal society. Some participants were concerned that it might be naïve to imagine other values will ever be given sufficient priority when up against increased financial gain.



### Social Capital

All categories of Social Capital mattered to participants, with strongest emphasis on Equality & Diversity. The most strategically aligned outcomes in this category relate to equality and inclusion, and show diversity clearly appreciated as a strength: “Good growth is inclusive growth” ranked as best-aligned outcome. Participants felt that the industry is in a position to effect good working practices in this area, growing inclusive networks and benefiting from diverse outlooks.

## PROFILE: NORTH WEST



### Population

5.53 million



### Area

14,165 km<sup>2</sup>  
(5,469 square miles)



### GDP

£208,183 million



### GDP per capita

£28,257

#### Key construction industry drivers/ strengths

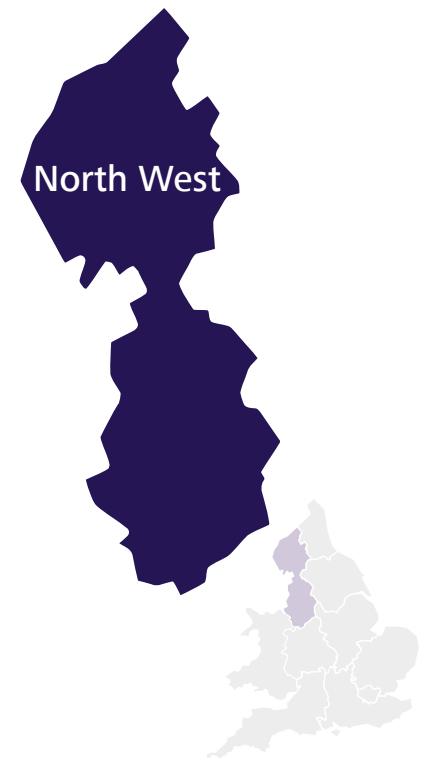
- The North West's potential as a driving force in UK construction (boom in private residential in Manchester and Liverpool, tight housing market in London) appears more uncertain following Covid and related changes in living/ working arrangements
- Levelling up funding available to public sector clients – appreciable source of investment in the region but onerous to achieve.

#### Stats on Construction Industry

- 31,623 registered construction businesses - less than 1% employ more than 100 people (2020, source ONS)

#### Major projects or other specifics driving the construction industry

- Mayfield urban renewal development £1.4bn.
- Liverpool Waters - ongoing (30 year) £5bn redevelopment of Liverpool's docks by Peel L&P, including (additionally) Everton FC's new £505m stadium, Bramley-Moore Dock.
- Alston Spade Mill – United Utilities project to connect four Lancashire reservoirs into major pipe network serving the rest of the region; includes new 9.7km aqueduct.
- BAE Systems Site Redevelopment Programme at Barrow £300+million.
- Paddington Village, Liverpool, - £1bn flagship expansion site, Phase I underway.
- Sellafield - £1bn construction and refurbishment framework (18 years)
- Highways England – £163million-£335million range of projects throughout the NW
- £1bn transformation of A66 TransPennine.
- NHS "40 new hospitals" – 3 are planned/ underway in the North West (following delays caused by Carillion collapse)
- Completed: Manchester Engineering Campus Development (MECD) - one of the largest construction projects undertaken by any UK higher education institution.



The construction sector in the North West feels itself in a period of uncertainty, awaiting the fall out of potentially profound changes in work and living arrangements resulting from the Covid pandemic. Previously seen as strong with great potential for growth, the resilience of the mainly small and medium-sized construction businesses in the region may now be tested if demand shifts or declines.

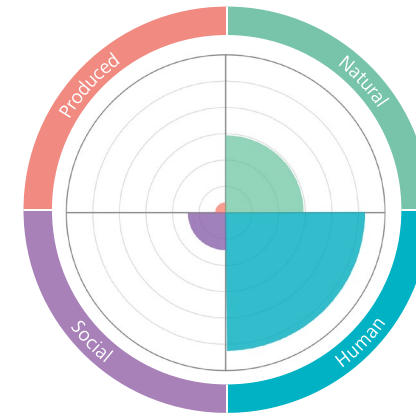
Despite the size and political importance of its cities, only four FTSE 100 companies are headquartered in North West. The region is, however, home to major clients in other sectors, notably universities, civic institutions and renewable energy (wind), and there was good support and awareness of these clients' role in promoting and improving the built environment.

Many issues facing construction in the North West reflect those of much of England and Wales, with concerns about availability of local skills and labour where these are needed most, cost and availability of materials, fall-out from Brexit, the pandemic and the war in Ukraine, and – strongly – the very different challenges facing rural and urban areas. As elsewhere, the cities (including two with

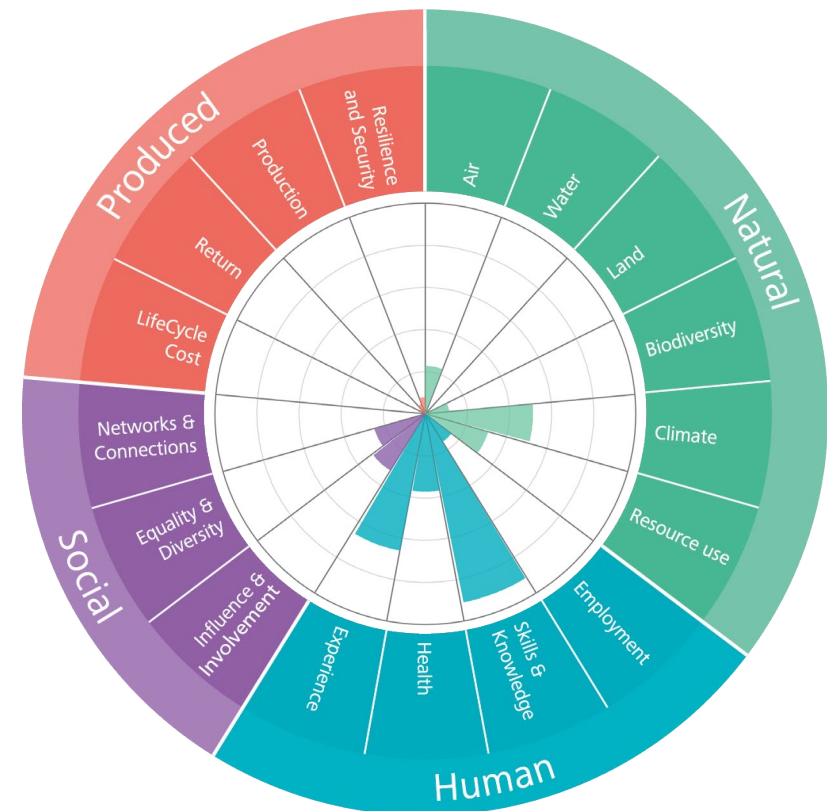
Metropolitan Mayors) tend to be politically Labour with many of the rural areas and some smaller towns now Conservative. Much planning and opportunity rests on the Levelling Up agenda and associated funding, and there is greater optimism about these than in some other English regions – less so concerning the Northern Powerhouse.

Perceived inequality in development across England is not a straightforward North/ South divide, and there is good awareness in the North West that in many ways it is distinct from other Northern regions and they from it. This observation has been borne out by the results of this Value Toolkit exercise, showing how priorities vary. However, it was indeed felt that the region has suffered from a lack of investment compared to the South, particularly in terms of infrastructure and opportunity in its rural areas. Desire for long-term strategy is high, and the introduction of values into project planning and delivery is welcomed.

The North West presented perhaps the most radically skewed Value Profile of all English regions and Wales, with Human Capital prioritised above all others by some degree.



Comparing values across capitals - North West



Comparing values across categories - North West





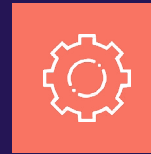
### Human Capital

Human Capital – specifically, Skills & Knowledge – was by far the most significant Capital for the North West. The fact that within this Capital, Skills & Knowledge were seen as a far higher priority than Employment perhaps reflects concern from the industry that although the jobs are there (as the list of major construction projects will attest), it can be difficult to recruit for them in the region. The experience of living in the region, together with a sense of community and pride, were considered the most important outcomes, the most strategically aligned and outcomes over which participants felt they could have most influence.



### Natural Capital

Natural Capital came a distant second behind Human Capital as a priority in the North West, and within this Capital area, Climate was ranked highest. Both renewable energy generation and the circular economy are active and growing areas of interest here. Unsurprisingly, then, reducing emissions was felt to be a high priority outcome – yet participants did not feel that increasing active travel and sustainable transport was a highly-ranked strategic outcome in the area.



### Produced Capital

Produced Capital ranked of low importance in the North West compared to other priorities – perhaps because the construction industry is already strong in comparison to some other English regions. However, where Produced Capital outcomes were prioritised, investment in infrastructure consistently ranked as important, as did adaptation for climate change.



### Social Capital

Of the Social Capital categories, Influence & Consultation ranked most highly. This is reflected in the outcome statement that aligned best with regional strategy: “Make a positive contribution to local communities on issues that matter to them.” It is unclear, then, why participants did not feel that this outcome was important to the region, or that they were in a position to influence the outcome. Equally, they expressed confidence in their ability to attract a diverse and talented modern workforce, but then ranked this as of second lowest importance to the region.

## PROFILE: SOUTH WEST



### Population

5.66 million



### Area

61,641 km<sup>2</sup>  
(23,800 square miles)



### GDP

£158,524 million (Q2 2021)



### GDP per capita

£28,012

#### Key construction industry drivers/ strengths

- Location – the Covid pandemic has inspired an influx of population
- National plans and policies, such as Carbon Net Zero 2050, Building Safety Act 2022, Digitisation and Modern Methods of Construction

#### Stats on Construction Industry

- 29,451 registered construction businesss (based on 8.6% of national figure)
- £8,570m regional construction spend (est. based on 2020)

#### Challenges/ considerations

- Regional imbalances: Bristol and M4 corridor have greater economic opportunity than other areas; mega-projects such as Hinkley Point C dominate regional resources temporarily, creating legacy issues for local firms
- Skills, labour and materials shortages

#### Major projects or other specifics driving the construction industry

- Hinkley Point C



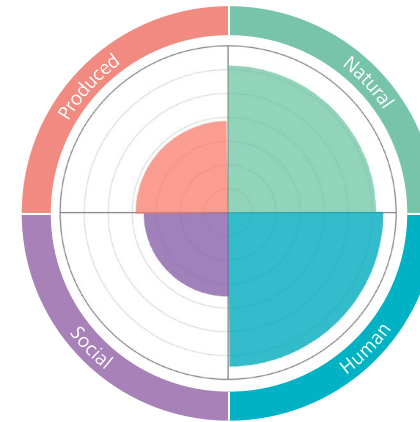
The South West is a geographically extensive and mainly rural region. It thus experiences on a larger scale many of the issues that were reported as affecting rural areas all over England and Wales: irregular provision of transport and other infrastructure, patchy digital connectivity, and shortages of skills and employment opportunities. These all create challenges to the retention of younger people in many of the South West's rural communities.

However, the region is also extremely rich in natural and cultural heritage, including world heritage sites such as Stonehenge. Where the necessary infrastructure exists, the South West is increasingly popular with commuters and people leaving cities in the wake of Covid.

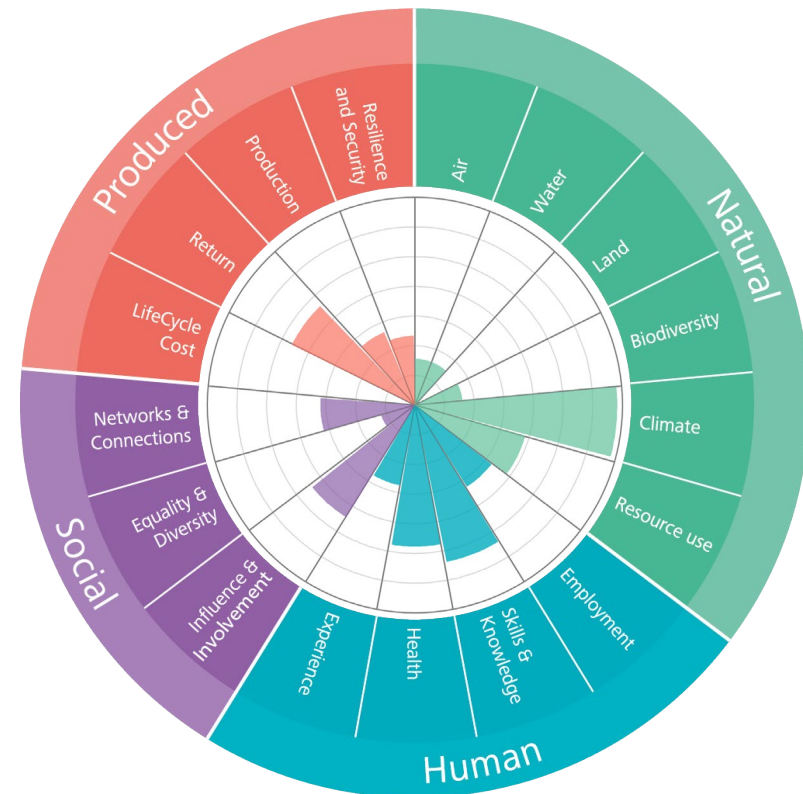
As these characteristics might suggest, Human and Natural Capital rated as most important to the region. Although Human Capital was the highest ranked Capital, Climate – a Natural Capital category – was the highest ranking single category. Climate change matters enormously in

this region, not least because of its many miles of coastline, which includes the South West Coastal Path and the Jurassic Coast.

Nonetheless, the South West currently appears to rely on national rather than regional policy to promote collaboration and drive change on these issues. It is politically Conservative with Liberal Democrats as the strongest second party. Major private sector clients were also mentioned as having appreciable local influence and thus as potential collaborators in effecting change.



Comparing values across capitals - South West



Comparing values across categories - South West



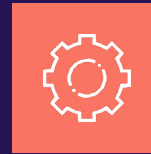
### Human Capital

Within Human Capital – the South West’s highest ranking Capital – Skills & Knowledge and Health were the highest-scoring categories. This is reflected in the Outcome Statements best aligned with the region’s priorities: “making sure no community is left behind” in mental and physical health, and nurturing a competitive workforce. However, although participants felt that the region could influence the creation of a competitive workforce, its health-related ambitions did not appear among its highest-ranking outcomes in terms of regional ability to influence or deliver.



### Natural Capital

Climate change is high on the South West’s agenda – indeed, it is the highest ranking category in the entire Value Profile for the region. Of climate-related outcomes, reduction of emissions/ carbon-neutrality and the delivery of carbon neutral, energy-efficient buildings were the best aligned with local priorities. Biodiversity, electric transport and flooding ranked lowest, and participants also felt a lack of local ability to achieve progress in these areas, whereas the potential for positive impact on emissions was felt to be greater.



### Produced Capital

This region placed a greater emphasis on Produced Capital than many others, particularly with regard to the provision of affordable homes. Participants were confident that local clients can influence this factor, whereas increasing the productivity of regional industries such as tourism, or investing in regeneration, were not felt to be strategically urgent. Neither were these outcomes felt to be as open to influence from the construction sector.



### Social Capital

Social Capital ranked lowest in the Value Profile for the South West, with Equality & Diversity seen as the least pressing of all categories. Where Social Capital categories were a consideration, emphasis was on people outcomes rather than provision of facilities: digital skills and vulnerable communities are a higher priority than wider roll out of technology and infrastructure.



## PROFILE: WALES



### Population

3.064 million



### Area

20,761 km<sup>2</sup>  
(8,016 square miles)



### GDP

£75,695 million



### GDP per capita

£ 21,225

#### Key construction industry drivers/ strengths

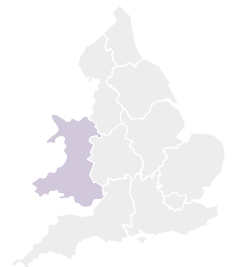
- Wellbeing of Future Generations Act (2015)
- Optimised Retro Fit and Innovative Housing Programmes – towards reducing carbon footprint of housing
- Development of hydrogen energy hubs/ grid capability (dependent on UK government)
- Net Zero Wales (following “Prosperity for All: A Low Carbon Wales”)
- The Welsh Ministerial Construction Forum; CEWales is secretariat and driver of the Procurement Steering Group.

#### Major projects or other specifics driving the construction industry

- Celtic Sea Energy Floating Offshore Wind (FLOW) projects in West Wales
- Wylfa Newydd and Trawsfynydd nuclear power projects – UK government energy security/ net zero strategy
- The Wrexham Gateway regeneration project
- 2022 Building Safety Act for England and Wales

#### Stats on Construction Industry

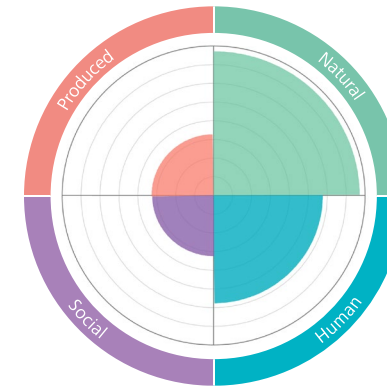
- 4,425 registered construction businesses
- 111,293 people employed in construction (8.2%)



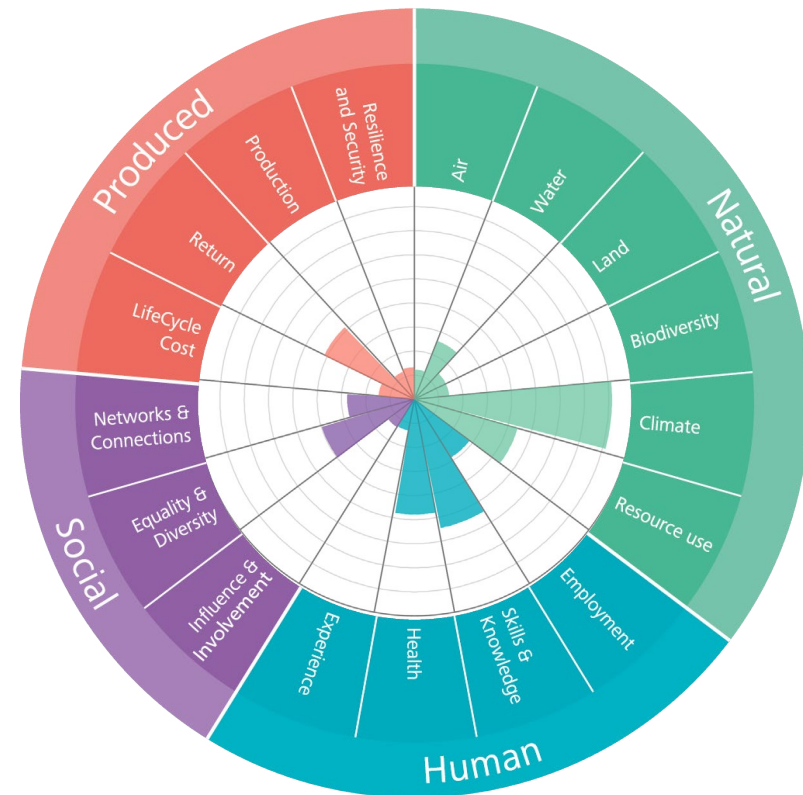
As a home nation, Wales benefits from a devolved administration through the Welsh Assembly Government, which gives it a legislative capacity distinct from the English regions. Of particular note is the Wellbeing of Future Generations Act (2015). This legislation makes proper consideration of the future implications of today's decisions a legal obligation in all projects planned by government, including local authorities. As such, this supports long term thinking and may be a reason why, in Wales, Natural capital – specifically, climate – was given a higher priority than the other three capitals.

The Construction Playbook has not been officially adopted in Wales. Other National differences include the focus on renewables (marine and wind energy) and nuclear, and the Welsh Government's decision to promote walking and cycling, and to cease roadbuilding in favour of maintenance and repair. These priorities are consistent with the concern for climate identified in the Value Profile.

With many strong Welsh voices lobbying for strategies and programmes aimed at the construction industry – including the Welsh Government's tender for a Procurement Centre of Excellence and CE Wales's lobby for a separate or specialist Construction Procurement Centre of Excellence – loss of focus is a risk to the impact of the Value Toolkit. This could be partially mitigated by close working with the Welsh Government to ensure that the value outcomes for Wales remain highly relevant to its context as a nation with an independent identity and legislature.



Comparing values across capitals - Wales



Comparing values across categories - Wales



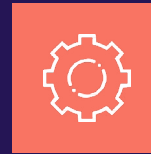
### Human Capital

Wales scored Skills & Knowledge as its highest priority of Human Capital, with Health coming second. The Wellbeing of Future Generations Act was noted as an important strategic driver. Its highest ranking outcome statement is also the one the nation feels best equipped to deliver: supporting businesses in delivering innovation and creating employment. Participants felt confident about internal influence on ethical procurement policy; less so their ability to influence health, even though this is such a high priority for the nation.



### Natural Capital

Natural Capital is Wales' highest ranking value, driven by the Welsh Government's plan, Net Zero Wales. The nation places high priority on supporting this legislation and is confident in its ability to do so, particularly in the area of renewable energy and reductions in fossil fuel usage. There are many areas, however, to which local priorities do not yet extend, including protection of the coastline and marine environment, alternative forms of transport and transport networks, tree planting programmes and protection of water sources from agricultural pollution.



### Produced Capital

Produced Capital was Wales' lowest priority of the four capitals. Within Produced Capital, highest priority was given to developing a wider market for locally-produced renewable energy, and participants felt that this was within Wales' power to influence. Outcomes involving financial assistance – to farmers, to specific regions (mid-Wales) and to make homes more energy efficient – attracted no votes from the Welsh workshop participants.



### Social Capital

Wales ranked fair and transparent procurement as an important outcome over which it has strong influence and, flowing from this, equality of opportunity for all of its population. However, neither reorganising local government funding nor promoting digital networks were seen as outcomes that aligned well with existing national priorities.

## PROFILE: YORKSHIRE & THE HUMBER



### Population

5.5 million



### Area

15,420 km<sup>2</sup>  
(5,950 square miles)



### GDP

£146,746 million



### GDP per capita

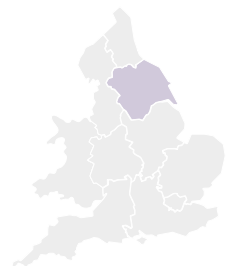
£ 26,680

#### Stats on construction industry in Yorkshire & the Humber

- 52,965 registered construction businesses (10.5% of all companies in the region), employing approximately 220K staff
- £11billion regional construction spend p.a.

#### Key construction industry drivers/strengths

- Modular construction capital of the UK, with more than 15 specialist companies distributed throughout the region

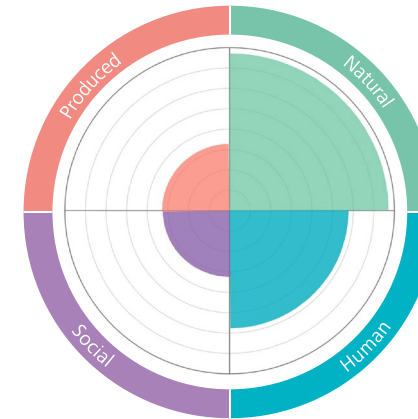




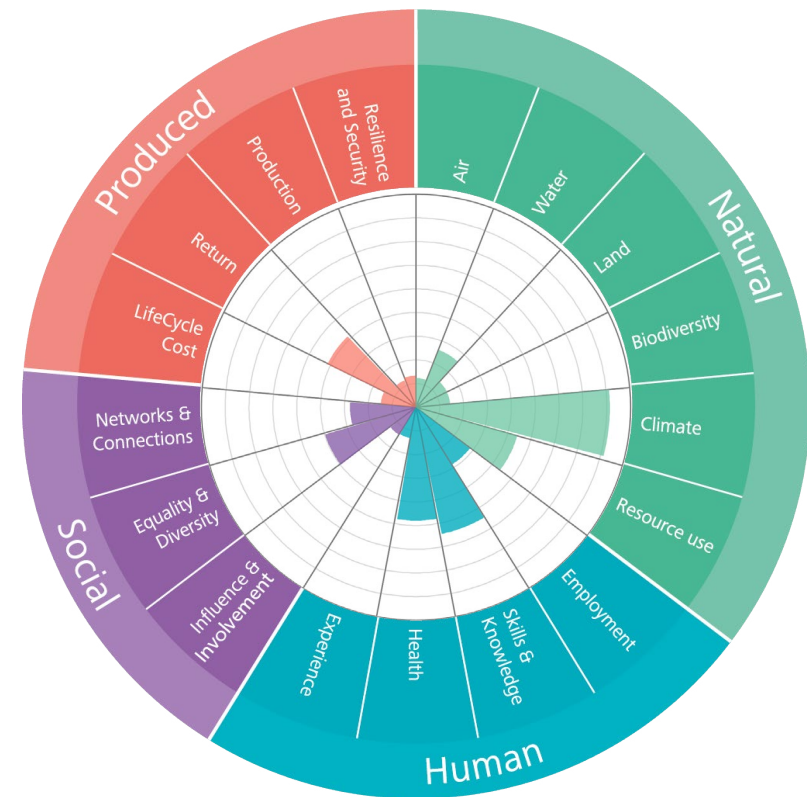
Yorkshire & the Humber combines strong internal identities and indeed, rivalries (notably Leeds and Sheffield in comparison with smaller towns and rural communities) with a desire to tackle issues collectively, and relatively unified perceptions of where the most important local values lie. Human and Social Capitals ranked more highly than Natural or Produced Capitals, and participants raised the issue of possible tensions between different values, e.g. Natural Capital vs development, if not sensitively handled.

The region shares with much of England and Wales concern about shortages of skills and materials, as well as rising costs and economic challenges – import duties and poor sterling rates were specifically mentioned. Perceived inequality between cities and rural communities is also a feature. Perceptions of the effectiveness of policies and works with national profile were broadly negative: Levelling up has so far been without substance, the Northern Powerhouse has had no appreciable impact and the Eastern Leg of HS2 has been cancelled.

Yorkshire & the Humber values political stability, which in one part of the region has enabled long term planning and investment perceived to have generated prosperity. It was felt that the successful private sector should have confidence in leading change, if and where public clients have suffered the negative impacts of austerity. Vice versa, where market failure is evident in some rural/coastal communities with challenging economic conditions, public sector can stimulate commercial confidence.



Comparing values across capitals - Yorkshire & the Humber



Comparing values across categories - Yorkshire & the Humber



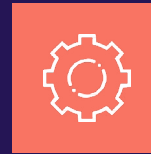
### Human Capital

Human Capital was Yorkshire & the Humber's highest priority: specifically, Skills & Knowledge and Employment. Participants agreed strongly that linking education and training with the skills needed by the job market is the region's highest priority outcome under Human Capital, and one it is well-placed to deliver.



### Natural Capital

Flooding is a major concern across Yorkshire & the Humber but nonetheless did not directly feature in participants' ranking of value outcomes. Reduction of emissions did, however, and was felt to be achievable – in fact, becoming a centre of excellence in this area was ranked by participants as the second most important value outcome under Natural Capital. Promotion of the region's heritage and green spaces was also highly aligned with local strategy and thought to come within the industry's sphere of influence.



### Produced Capital

Produced Capital ranked only marginally less highly than Natural Capital for Yorkshire & the Humber. The need for housing and growth were outcomes seen as very high priorities, balanced with adaptation and green infrastructure to reduce impact on climate change. Participants did not feel, however, that investment in core services and the promotion of financial stability were within the industry's remit. Indeed, fears about withdrawal of European capital investment in infrastructure projects had earlier been mentioned as a regional concern.



### Social Capital

The region ranked Social Capital highly, and the highest ranking category of all, Networks & Connections, falls under this Capital. Participants were very aware of the importance of digital connectivity to economic success, and confident that this is an area where the industry can be effective. However, although tackling child and fuel poverty was the most strategically-aligned value outcome, this did not rank as an area in which participants felt they had a high level of influence.

## ABOUT CONSTRUCTING EXCELLENCE



Constructing Excellence is a movement that brings together all parts of the construction supply chain to drive industry improvement through sharing, learning, working together and driving innovation to deliver a demonstrably better built environment. Constructing Excellence is a platform to stimulate, debate and drive much-needed change in the Construction sector, operating at a national, regional, and local club level. Through Generation4Change it is empowering a new generation of industry leaders. Constructing Excellence focusses on Words into Action and equips its members with the inspiration, insight, and connections to implement innovation and best practice.

[www.constructingexcellence.org.uk](http://www.constructingexcellence.org.uk)

## ABOUT CONSTRUCTING INNOVATION HUB



Born out of the Construction Sector Deal and the Industrial Strategy Challenge Fund in 2018, the Construction Innovation Hub (the Hub) brings together world-class expertise from BRE, the Centre for Digital Built Britain (CDBB) at the University of Cambridge and the Manufacturing Technology Centre (MTC). The Hub is working with over 300 public and private sector organisations across the four core themes of Value, Manufacturing, Assurance and Digital, to co-develop solutions which enable better decision[1]making, drive digital transformation, improve delivery and accelerate sector recovery. The Hub and its partners are committed to fundamentally transforming UK construction so that it delivers better social, environmental, and economic outcomes for current and future generations.

[www.constructioninnovationhub.org.uk](http://www.constructioninnovationhub.org.uk)

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## **Editor**

Leonie Gombrich

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## **Appendix - Outcome Statements for Value Toolkit**