



ELECTION MANIFESTO 2005

BUILDING THE FUTURE

Federation of Master Builders



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Federation of Master Builders

Who we are

The Federation of Master Builders is the construction industry's largest trade association representing over 13,000 firms. The role of the FMB is to provide an industry focus for small and medium sized building firms, to promote excellent standards in craftsmanship and assist builders to continually improve levels of building performance and customer service. The FMB is in constant dialogue with Government to ensure that the views of small and medium sized construction firms are heard and acted upon.

The FMB was founded in 1941. Since then it has worked to strengthen the reputation of the construction industry. The FMB strives to create a business environment that will enable small and medium sized building firms to flourish and to make FMB members the first choice of discerning customers.

Foreword

by Sarah Beeny – presenter of Channel 4's Property Ladder



Construction is at the heart of the UK economy. It employs over 1.5 million people and contributes around 10% of UK GDP. More than this, construction is literally the foundation of everything else that we do in the UK. Imagine what life would be like without the products of construction. How would we live without roads, offices and most importantly homes?

It is time construction took its rightful place at the core of Government policy. The Federation of Master Builders has been working tirelessly to promote the interests of Britain's small and medium sized builders. They have shown, through their Master Builder of the Year Awards, just how excellence in construction can enrich the lives of those who live and work in top quality buildings. This Manifesto is a challenge to all the UK's politicians and political parties to give construction the attention it so clearly deserves.

I am a property developer, and every day of my life I see the building industry at work. I see the potential of great buildings to uplift people's lives and I see the misery that poor quality construction can cause. I hope that you will read this Manifesto and be encouraged to focus on construction, act on its message and Build the Future.



FMB Master Builder of the Year Awards Winner

Who do you
want working
for you...



...a cowboy builder



...or a reliable professional

Rounding up the Cowboys

The construction industry continues to get the highest number of complaints recorded against it by the Office of Fair Trading, with over 120,000 consumers complaining in 2004. Bad builders cause heartache to tens of thousands of households every year. Successive Governments have allowed this situation to continue by failing to tackle these rogue builders directly.

Cowboy builders flourish by evading VAT and offering the customer a cheap deal as a result. But all too often, these rogues disappear with deposits, perform shoddy work and can't be found where there are complaints. Without a proper written contract, the enforcement of consumers' rights becomes well nigh impossible. And getting the job put right by a reputable builder can cost thousands of pounds extra.

So how can the next Government stop this? Reducing the rate of VAT on domestic building work to 5% will significantly reduce the commercial advantage of the VAT evading trader. The financial

incentive to choose a rogue trader will diminish and a level playing field will emerge instead. In time, this will drive the rogue traders out of the market as customers focus on quality and value and not just price.

Survey evidence suggests that over 50% of consumers would employ a VAT dodging builder to cut their costs. The evasion of VAT on domestic building work is endemic and the shadow economy in construction is estimated at £4.5 billion, which suggests a **VAT loss of around of £780 million per year**. The proper enforcement of the existing VAT law is not a viable option, as it would mean a VAT Inspector in every home. Cutting the rate of VAT is the only way to ensure the eviction of rogue builders.

**The FMB urges
the new
Government to
cut the VAT rate on
domestic building
work to 5% as soon
as possible**





Nearly 10% of households in Britain have had problems with doorstep sellers of property repairs. Too many people are ripped off each year by bogus traders who charge thousands of pounds for a tiny amount of poor quality work. Worse, offering home repairs is a classic technique for distraction burglary and countless people are conned into letting burglars into their home. Doorstep criminals are increasingly likely to use violence and in at least one case, the victim has died as a result.

If the cost of bad building work was only measured in terms of money lost and aggravation caused, then this alone would be enough for action.

But the human cost of rogue builders is completely unacceptable. On average, 70 people per year are killed in construction. This is more than in manufacturing, mining and agriculture combined. Unregulated builders who ignore their health and safety responsibilities cause many of these avoidable accidents. They must be shut down for good.

More enforcement is not the only answer. Alternative initiatives aimed at changing the culture of construction are essential if a zero tolerance approach to accidents is to succeed.

The FMB therefore urges the new Government to:

- Focus health and safety enforcement on the rogue traders, who take chances and flout the law, risking the lives of their workers and their customers.
- Make health and safety regulations simpler to understand and give a long-term commitment to alternative approaches to ending the accident tolerant culture of the construction industry.

To tackle these bogus traders, the FMB has supported Paul Truswell MP's campaign for a ban on the door-to-door touting of home repairs. Such a ban is now the subject of consultation by the Department of Trade and Industry, in which the FMB has taken a leading role.

**The FMB
urges the new
Government to
implement a ban
on doorstep
selling of home
repairs**

Photovoltaic cells
– constructing
energy efficiency



Building for the Future

There is a shortage of skilled craftworkers in construction. CITB-ConstructionSkills, the industry's sector skills council, acknowledges that some **380,000 new recruits to the industry at all levels will be needed in the next five years.** If we do not address the skills shortage now, then as the current workforce ages, the situation will only get worse. Support needs to be given to those, predominantly small, construction firms that provide training, as they are also providing the future backbone of the industry.

The FMB therefore urges the new Government to fund an increase in apprenticeship numbers

The current Government has made major commitments to spending on public works and infrastructure projects. However, as the Construction Products Association has shown, actual spending seems to be lagging behind the targets in a number of areas. **The Government must not use a skills shortage in construction as an excuse to cut spending,** but should take the opportunity to insist on higher levels of training and qualification of the workforce used on public projects.

The FMB therefore urges the new Government to meet its public spending commitments on the built environment and to use its power as client to drive an all qualified workforce

The construction industry should pay its dues the same as any other industry, but successive botched reforms have left the industry badly taxed. The new Government should make effective reform of construction industry taxation a key priority.

The current scheme helps nobody. It creates distortions in the construction market and perverse incentives for workers to declare themselves self-employed. In the medium term, **construction firms should be taxed like any other businesses.**

The FMB therefore urges the new Government to introduce a reformed CIS only when it is ready and to develop a medium term plan to phase CIS out altogether

Putting buildings back into beneficial use, both in town centres and rural areas, is an essential part of improving the quality of life. There is a huge financial disincentive to refurbish empty homes as opposed to new-build, especially on greenfield sites. This is caused by refurbishment work being 17.5% VAT rated, while new-build pays 0% VAT. **Hyde Housing Association recently paid £120,000 in VAT on a project involving 21 homes. With the reduced rate of 5% VAT, they would have saved enough to refurbish another three homes.** The financial disincentive to undertake repair and maintenance work caused by the high rates of VAT is often the root cause that allows homes to fall into disrepair in the first place.

The FMB urges the new Government to cut the VAT rate on the refurbishment of all empty homes to 5% as soon as possible





There have been **too many changes to the Building Regulations in recent years**. Since 2001, the Government has reviewed or amended all existing Regulations, and consulted with industry on a number of new ones. Change has become chaos. While each individual change may be justified, nobody has considered the cumulative effect of the changes on small firms, or on enforcement. The Building Regulations cannot stand still, but they must change in a more planned and controlled manner than during the last Government.

The FMB therefore urges the new Government to introduce changes to the Building Regulations only every 2 years, with a period of stability in between

Demolition waste makes a 17% contribution to the UK's volumes of waste, most of which goes straight to landfill. The reduction of that waste must be an environmental priority. Repair and re-use of

buildings – recycling our heritage – is sustainable and makes sound economic sense.

The Government should **crack down on fly-tippers** to prevent the environment being spoiled and law-abiding builders from being undercut. Fly-tipping must remain a criminal offence. Recycling and re-use initiatives need Government support to permit the development of a viable market in alternative disposal routes. Finally, the criteria for new landfill sites should be transparent and fairly administered to help facilitate the availability of the required landfill sites without unnecessary delay.

The FMB urges the new Government to ensure that construction waste can be sustainably managed



This election, the FMB is working together with 6 other leading construction organisations to press all parties to commit to a pro-construction agenda

The construction industry is at the heart of the UK economy, providing the fabric of our homes, schools, hospitals, factories, offices, roads and railways. As such, it plays a key role in increasing the quality of life for the UK's citizens and improving the infrastructure necessary to maintain the UK's global competitiveness.

Working together, the construction industry, represented by the organisations listed, has put together a political agenda to which it wants all parties to commit:

Work together in Whitehall

The construction industry needs a strong voice in Government championing the business needs of the industry with the full range of construction-related sponsorship issues within a more effective and supportive industry department, facilitated by a dedicated construction minister. It is essential that there is close inter-departmental coordination on a range of cross-cutting issues such as planning, transport, housing and skills.

Invest in our country's future

UK plc needs sustained investment and planned delivery of new and improved public services. It also needs infrastructure with a public procurement strategy that focuses on delivering long term value and supports best procurement practice.

To improve business competitiveness and the quality of people's lives, significant improvements to the transport infrastructure are needed, based on integrated transport facilities. Incentives such as a reduced rate of VAT on domestic repair, maintenance and improvement need to be introduced to stimulate investment in the existing housing stock.

Reduce red tape

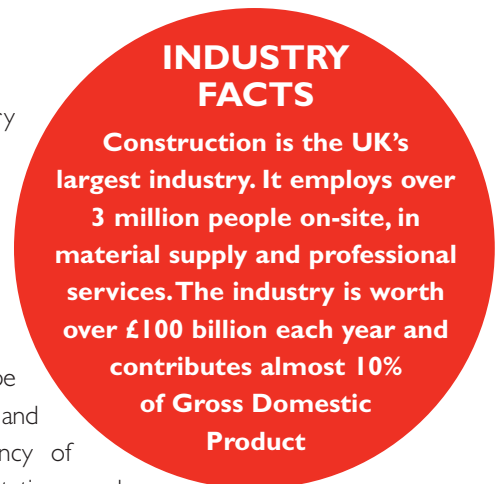
Independent regulatory impact assessments must be undertaken on all new domestic and European legislation and regulation with demonstrable enforcement of the findings. Existing regulations must be reviewed and simplified and there must be consistency of implementation, interpretation and enforcement across the UK and Europe.

Encourage sustainable development

Environmental policies should be developed which allow industry to use resources more efficiently. Incentives such as a reduction in stamp duty, for domestic householders and businesses, should be provided to encourage them to improve the energy efficiency of their properties.

Improve the planning system

Speedier decisions are needed which are sympathetic to the needs of business. A coherent and transparent planning policy should be developed which links central and local Government and is consistently implemented across the UK.

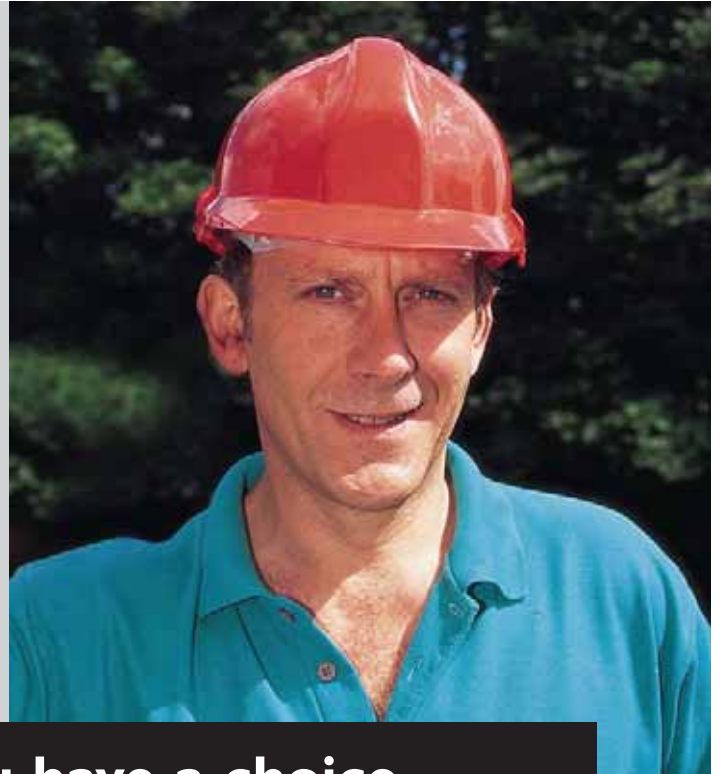


INDUSTRY FACTS
Construction is the UK's largest industry. It employs over 3 million people on-site, in material supply and professional services. The industry is worth over £100 billion each year and contributes almost 10% of Gross Domestic Product



Federation of Master Builders

The Voice of the Small Builder



On May 5th you have a choice

On May 5th you have the opportunity to cut the cowboys down to size.

Ask your local political candidate if they will cut the VAT rate on home repairs to 5%. Challenge them on their party's policies. Make them work for your vote.

Rogue traders thrive because they can afford to undercut honest builders by evading the 17.5% VAT rate on home repairs.

Construction is the UK's biggest industry. It's time its voice was heard.



Federation of Master Builders

Tel: 020 7242 7583

central@fmb.org.uk

www.fmb.org.uk

www.findabuilder.co.uk