

Sustained interest

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With government rhetoric on the environment at odds with its emphasis on the economy, Construction Journal spoke to two key construction industry figures to get their views on some of the most significant questions

Q: Heathrow Airport has embedded sustainability in supplier contracts for construction of the third runway, including key performance indicators and evaluation criteria. What is the best way for construction companies to target and track the sustainability of the supply chain?

Ann Bentley: The client's desired outcomes in terms of overall sustainability need to be defined at the earliest stage of the project, well before the brief has been fully developed, which means that project targets can be set rather than targets for individual companies. This is equally true for main contractors setting targets for their supply chain. Setting project targets this way encourages collaboration and joined-up thinking, rather than the normal, siloed approach to projects and suppliers. Long-term project outcome targets should be set for, say, carbon emissions once the asset is in use, and the whole supply chain should then be tied into a pain/gain mechanism based on its actual performance.

Dr Shamir Ghumra: We need to define sustainability objectives for the project, determine the scope of influence that can be managed directly and what legacy a project such as this wants to leave. Traditional environmental impacts are going to be more straightforward to measure and manage, but there are supply chain risks such as modern slavery that need to be considered, along with other community impacts such as social value. The challenge with implementing such measures in complex projects is that the supply chains are often fragmented and multi-tiered. Effective supply chain collaboration is key for any aspect of project success.

Q: On the same day parliament endorsed the third runway at Heathrow, the government rejected plans to build the Swansea Bay tidal lagoon on the grounds of cost. What do you believe this says about the government's commitment to sustainability?

AB: The two things are not directly comparable. My view is that Heathrow's third runway will help to ensure economic sustainability, and it should be possible to build it without increasing environmental damage. I think that a better comparison for Swansea would be the Hinkley Point C nuclear plant, where the government has guaranteed the price it will pay in the future for electricity. It is disappointing that a similar pricing and funding model could not have been worked out for Swansea, where, once completed, the electricity would have been provided at a very low price indeed. This decision is full of the same short-term capital cost-driven thinking that dogs many construction projects of all sizes in the UK.

SG: We often get mixed messages from government about the wider green agenda; yet increasingly I see these aspects being integrated into more projects to improve the sustainability of UK plc. While on one hand we see less political appetite for regulation, this

light-touch approach clearly needs to be reviewed as suboptimal practices take place on projects all over the country. Organisations themselves are addressing issues such as climate change, despite the political situation. We are now seeing science-based targets coming through for many companies and a stronger commitment to take steps now to avoid catastrophic climate change.

Q: In the July 2013 report *Construction 2025*, the UK construction industry and government alike committed to a 50 per cent reduction in greenhouse gas emissions in the built environment by 2025. Are you optimistic about this target being met?

AB: This was a tough target that was set to provoke a significant change in the industry. I believe that there is the technical capability in place to meet the target, but I am not sure that there is the political will to design and construct for long-term benefits as opposed to short-term cost savings. My feeling is that in the current political landscape, with Brexit imminent, this target has moved down the priority list and I think we will struggle to meet it.

SG: I am optimistic, yes; many organisations are setting more carbon reduction targets, and the recent push towards net zero carbon does provide additional grounds for hope. The challenge is the pace of change needed. As more of the environmental impacts come closer to the internal workings of business and society, we have a real window of opportunity for action. The issue of carbon, particularly in the built environment, seems to have gone through a cycle. Initially we had a focus on the fabric and the embodied impact, which then shifted to attention on the in-use phase, and has moved on tremendously; as such, the focus starts to return to embodied impacts.

Q: Bearing in mind *Construction 2025* and the rejection of the Swansea Bay plans, what's your advice to organisations that wish to act sustainably yet believe they are receiving conflicting messages?

AB: Stick to your principles. Sustainability is a long-term goal that will become more and more pressing over time. I don't buy the argument that sustainable means more expensive, so just because the government is not pushing it as much as it was doesn't mean that individual companies should give up. There is very strong evidence that sustainability is of enormous importance to young people, and companies that are developing sustainable, value-driven practices will be the ones that thrive in the long term.

SG: Waiting for government policy to turn into action is not a viable option for business leaders. It is about sustainability and the organisational resilience of your business. It is easy to reflect on why the next link in the value chain does not set a mandate relating to particular impacts, such as lower-carbon products. Organisations that adapt and evolve to the new norm may not necessarily have an immediate significant edge over their competition, but they will still be in the market and competing. Corporate reporting will only become more detailed and information more publicly available, so the court of public opinion will play an increasing part in a business's reputation and brand value.

Q: If we don't succeed in making our industry more sustainable ? socially, environmentally and economically ? what dangers does it face?

AB: The sector risks being taken over by foreign-owned companies that can succeed. We will also find it almost impossible to recruit into what will be regarded as a dinosaur industry.

SG: The construction industry is often cited as being inefficient and slow to adapt to change

compared to other sectors. The low margins that main contractors make are also well documented. The perception of fragmented supply chains and long payment timescales are further issues we face on a regular basis. Early considerations about asset design, construction and use can help make projects more efficient, supply chains more collaborative and the entire process more economically viable. If we don't make the necessary changes ourselves we will find new entrants to the market bringing innovations from other sectors, which could be disruptive to the traditional way of doing things. As Mark Farmer stated, we must modernise or die.

Ann Bentley is global board director at [Rider Levett Bucknall](#) , and leads on supply chain and business models at the [Construction Leadership Council](#)

Dr Shamir Ghumra is [BREEAM](#) director at BRE and co-founder of the [Supply Chain Sustainability School](#)

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