Spending power

20 September 2013

Jeremy Blackburn assesses the potential political impact of the imminent RICS NRM3 system of built asset cost maintenance

---

The publication of NRM3 later this year comes at a very interesting moment for the quantity surveying and project management professions, the government and in many ways the country. Although perhaps not uppermost in the minds of the average person in the UK, many will be fully aware of how schools and hospitals need maintenance, or that their local rail and road network urgently need repair.

While the coalition government has reduced its spend on public construction as part of its overall programme of austerity measures, it is still looking at how much it can get out of that expenditure. The same is very much true of the government?s repair and maintenance budget and how that is spent, involving not only the Treasury , but also the Department of Transport and its executive agencies (such as Network Rail), the Department for Communities and Local Government and all local authorities.

So repair, maintenance and improvement have moved centre stage, sitting alongside the value for money agenda and the need to stimulate real growth across the regions. All three were plainly in evidence in the Comprehensive Spending Review (CSR) , and in fact the allocation of more money for repair and maintenance was one of the big ticket announcements.

Politicians will naturally be attracted to grand projects - such as the necessary but very long term HS2 - in contrast to the less glamorous filling of potholes on motorways, or repairing local schools

NRM3, therefore, arrives perfectly scheduled to help those who will pick up these contracts. This does not simply apply to the efficient delivery of the project, but to the much longer term whole life cost, given that austerity and restrained public spending will stretch until at least 2017-18. RICS has been highlighting the importance of this money to local economies and the construction sector for some time, and of course it will continue to do so.

HM Treasury is still (officially) anticipating the economy to expand by a mere 0.6% this year, rising to only a marginal improvement of 1.8% in 2014. Recent media speculation suggests that the forecast for this year may be a touch on the low side. But notwithstanding this probability, there may still be a case for the government to bring forward some of the projects detailed in its Investing in Britain?s future policy document to give the economy a more immediate boost.

The principal reason for this sluggish economic performance is that delivering actual growth and jobs outside London and the South East remains a serious problem. Ministers believed that the streamlining of planning and reducing red tape would unleash development, but that has not really happened. Then came, successively, the Getting Britain Building policy , the National Infrastructure Plan , quantitative easing and a raft of house building mechanisms. All good stuff naturally, but not quite enough when we are de facto facing the final 16 months of this government.

In the CSR and Investing in Britain?s future, the coalition had to outline the hard policy decisions it had been forced to take to kick start growth before the end of this Parliament. There was a strong element of road and rail repair, maintenance of the health and education estate, repairing flood defences, a release of surplus public land, energy subsidies, getting broadband rolled out to rural areas, all complemented by further investment in housing development for affordable and rented homes.

Politicians will naturally be attracted to grand projects ? such as the necessary but very long term HS2 ? in contrast to the less glamorous filling of potholes on motorways or repairing local schools. But these will be far more effective in creating the construction jobs that ministers need to deliver by 2014. It probably means that people will still complain about acres of cones on our motorways, but then it would not be Britain otherwise, let alone entertaining content for the average episode of *Top Gear*.

Jeremy Blackburn is RICS UK Director of External Affairs