

Levack at Large
Project Scotland – April 2011

By the time this article goes to print, I suspect we will all be suffering from chronic election fatigue. Indeed, as you read this, you may already know the final outcome of this year's Scottish elections.

However, as I write, there is all to play for and the outcome looks far from a foregone conclusion.

On all sides of the debate, there have been some substantial commitments made in areas that are important to the construction industry. A number of the parties have pledged additional money for home insulation as well as making bold commitments on the creation of thousands of additional apprenticeships.

More worrying has been the willingness of parties of virtually all political persuasions to set out a long shopping list of costly pledges without any clear idea of how they will be paid for.

Of course, this is often a case of politicians telling voters what they want to hear. I note a recent poll by the BBC which listed many of the most costly manifesto pledges as being amongst the most popular policies in the opinion of the public at large.

Interestingly, the same poll recorded the construction of a new Forth Crossing as the second least popular policy amongst voters.

Nonetheless, from a construction industry point of view, I have struggled to reconcile the expensive policy commitments made during the election campaign so far with the stark reality that Scotland's capital budget faces a projected cut of 40% between 2009/10 and 2014/15. No-one can be in any doubt about the impact this will have on Scotland's building industry.

Indeed, the Scottish Building Federation previously published figures demonstrating that, if the value of private sector construction activity remained unchanged over that period, the Scottish construction sector risked losing 47,000 jobs as a consequence.

But even more important than the direct impact on the industry, politicians need to acknowledge the huge impact a cut in capital spending of this scale will have on the wider economy. I sometimes get tired of saying it but the truth remains that capital investment is a vital ingredient for delivering sustainable economic growth.

The significant added value of this category of public investment has been demonstrated by independent research which shows that every £1 of public money invested in capital projects can generate anything up to £5 in wider economic benefits.

Sadly, as we have witnessed many times before, capital investment is a relatively easy area of spending to sacrifice. My fear now is that, in order to fund the many other costly policy commitments our politicians have made, Scotland's capital budget will have to be cut to the bone. That would be deeply regrettable – not only for the building industry but for Scotland's economic prospects more generally.

What is more, a healthy construction industry is a prerequisite for the delivery of a number of our politicians' flagship policies. An industry on its knees will be in no position to deliver the many more insulated homes or the thousands of new job opportunities for apprentices they are promising.

On behalf of the industry, rest assured that the SBF will continue to make this argument as vocally as it possibly can – in the run-up to the 5th May and beyond. Hopefully, we can inject a touch of badly needed realism into the election campaign as it draws to whatever conclusion the voters decide.