

Members' Briefing



No: 16/2018

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Economic & Market Briefing

Economic & Market Outlook (p. 1-11)

- **NEW! 2018Q3 MPA Market Sales.** Following a strong catch-up in construction market demand for mineral products during the spring, seasonally adjusted material sales volumes weakened in 2018Q3 across all markets. Asphalt sales volumes saw the sharpest decline, down 4.6% in 2018Q3 compared to the previous quarter, followed by mortar (-4%), aggregates (-2%) and RMC (-1.5%). This broad-based weakening hides mixed fortunes between markets in the longer term: resilient housebuilding activity has continued to support strong growth in mortar sales in 2018 so far, whilst RMC sales volumes are declining, mainly reflecting a slowdown in commercial and other public work.
- **ECONOMIC OUTLOOK.** The UK economy looks set for its strongest quarterly growth rate in 2018Q3 since the end of 2016, estimated by NIESR at 0.7%. Unfortunately, the strong performance of the economy over the summer is just noise, and the reality is that the UK economy remains on track for annual growth of just 1.3% this year. In their latest forecast, the Office for Budget Responsibility predicts further muted growth of 1.5% pa on average over the next five years, based on the clear assumption of an 'orderly Brexit'.
- **CONSTRUCTION.** Latest ONS data for construction show that output in the sector grew by 2% in the year to August 2018, driven by 7.4% growth in new housing. Indications from Barbour ABI on new contracts awarded in the sector point to a further weakening of activity in the near term. In their latest forecast, the CPA expects construction output to remain flat this year, followed by slow growth in 2019 (0.6%) and 2020 (1.9%). Activity in 2019/20 is forecast to be driven by infrastructure and housebuilding, whilst commercial work remains weak. This outlook assumed that the Brexit negotiations progress as the year ends, with a transitional period to December 2020 agreed as part of the Withdrawal Agreement.

In Focus: Round-up of the 2018 Party Conferences (p. 12-16)

MPA has followed the political party conference season and summarises the relevant information for the industry, covering topics including Brexit, housing, the economy, infrastructure, transport and planning. This *In Focus* summarises the main messages of interest to MPA members.

For further information, please contact:

Aurelie Delannoy, Director Economic Affairs: aurelie.delannoy@mineralproducts.org
Usamah Bhatti, Economic & Market Analyst: usamah.bhatti@mineralproducts.org

MPA Products & Markets Update

Links to quoted data sources are available throughout this briefing. To access, please click on the underlined blue text (hyperlinks).

The latest MPA data cover sales volumes up to 2018Q3, seasonally and non-seasonally adjusted.

Following a strong catch-up in construction market demand for mineral products during the spring, seasonally adjusted sales volumes weakened in 2018Q3 across all markets, including aggregates, asphalt, ready-mixed concrete (RMC) and mortar. Asphalt sales volumes saw the sharpest decline, down 4.6% in 2018Q3 compared to the previous quarter, followed by mortar (-4%), aggregates (-2%) and RMC (-1.5%).

This broad-based weakening and heightened quarterly volatility since the beginning of the year hide mixed fortunes between markets in the longer term. In the first nine months of 2018, broadly flat markets for asphalt (-0.2%) and aggregates (0.7%) compared to the same period in 2017 contrasted with a 3.5% fall in RMC sales, and 15.2% increase in mortar sales. In addition, despite quarterly falls across all materials covered, the volumes of sales in 2018Q3 remained above historical averages (since 2004Q1) for asphalt, aggregates and mortar, but not for RMC.

Mixed fortunes across mineral products markets reflect the nature of work currently driving construction activity and are broadly in line with the ONS data. Evidence from MPA members suggests that about 40% of RMC sales volumes are used in the commercial, industrial and other public sectors, whilst mortar is mainly used in housing. According to ONS, [construction output](#) so far this year has been primarily driven by new housebuilding, with further, more muted, growth in non-housing related repair and maintenance work, new infrastructure and industrial buildings. By contrast, ONS recorded sharp drops in activity in public new work (e.g. hospitals and schools) and commercial buildings. Looking forward, in their latest forecast ([Autumn 2018](#), published 15th October), the Construction Products Association expects construction output to remain flat this year, followed by slow growth in 2019 (0.6%) and 2020 (1.9%). The profile of growth has been revised down compared to their previous forecasts, reflecting heightening concerns regarding the delivery of major infrastructure projects such as HS2. Activity in 2019/20 is forecast to be driven by infrastructure and housebuilding, whilst commercial work remains weak. This outlook assumed that the Brexit negotiations progress as the year ends, with a transitional period to December 2020 agreed as part of the Withdrawal Agreement.

Table 1. CPA construction output forecast (Autumn 2018)

	2017 (outturn)	2018 (e)	2019 (f)	2020(f)
All New Work	7.3%	0.0%	0.5%	2.2%
Incl. Housing	11.6%	4.5%	1.9%	0.9%
Infrastructure	5.4%	0.8%	8.7%	7.7%
Industrial	2.7%	10.1%	0.4%	5.1%
Commercial	7.5%	-5.4%	-7.1%	-0.3%
Public non-housing	-2.3%	-7.4%	1.2%	1.3%
Repair & Maintenance	6.6%	0.4%	0.8%	1.2%
All Work	7.1%	0.1%	0.6%	1.9%

Source: ONS, CPA.

The regional pattern of MPA market sales provides some useful insights. In the first nine months of the year, the volume of asphalt sales in GB declined by 0.2% compared to the same period in 2017, driven primarily by falls in the northern parts of the country. Scotland had been a particularly weak spot since the second half of 2016, as some major road projects ended last year, including work on the M8-M73-M74 Motorway Improvements Project, the A9 Kincaig to Dalraddy and the Forth Replacement Crossing. Sales in the region have now picked

up for two consecutive quarters, but levels remain 16% below their recent peak in 2016Q2. Meanwhile, asphalt sales in 2018 so far have been particularly weak in the West Midlands and Yorkshire and the Humber, offsetting growth particularly in the South East and the South West.

The RMC market has continued to weaken since early 2017, with increases in the North West and the South West more than offset by falls particularly in London. RMC sales in London fell by 5.4% (141,000 cubic metres) in the first nine months of the year compared to the same period last year, with quarterly sales volumes down 14% compared to their recent peak in 2016Q3. Assuming demand from infrastructure construction in London is currently being supported by projects such as Thames Tideway (although there might also be some phasing issues), it would suggest the decline in RMC sales in London reflects a slowdown in new housing and commercial office building. For housing, NHBC data show that private starts in Greater London fell by 32% between 2015 and 2017, although a pick-up was recorded in 2018Q1. Meanwhile, the number of residential units associated with new orders (from Barbour ABI) in London was 14% lower in the 12 months to Sep-18 compared to the previous 12-month period. The average monthly value of new orders for commercial office buildings in London in 2018 to date is 50% lower than in 2015, although there has been a pick-up in recent months. This indicates that commercial projects in the capital are not being replaced with new equivalent contracts. Meanwhile, RMC sales growth in 2018 to date has been recorded in the North West and the South West. In the South West, latest ONS data indicate growth in construction activity in the first half of 2018 was mainly driven by commercial and other public work, although RMC sales are likely to include some tonnages related to Hinkley Point C.

Mortar sales increased by 15.2% in the first nine months of the year, despite a decline in 2018Q3 from exceptionally high Q2 volumes. Even if sales volumes in the last quarter of the year dropped to levels seen in 2018Q1 when construction work had been impacted by the snow, this would still mean annual growth of 11.5% for the year, an acceleration compared to 2017.

The trend in aggregate sales in the first nine months of the year remains mixed. Total aggregates sales were broadly flat (0.7%) in the first nine months of the year compared to the same period last year, with growth in crushed rock sales (1.5%) offset by falls in sand & gravel (-1%). The divergence is mainly explained by the performance in manufactured mineral products, with weaker RMC markets affecting particularly sand & gravel sales, which represent the dominant end-use for sand & gravel. Declines in sand & gravel were most significant in the Midlands and the South West, whilst there has been some growth in the North West, Yorkshire and the Humber and the South East. By contrast, crushed rock sales volumes have remained resilient this year so far, with growth observed across most regions except for the East Midlands and Scotland. The trend in crushed rock sales is more positive than broadly flat asphalt sales, and hence growth is more likely to be explained by unbound end-uses.

Table 2. Regional performance:

Percentage change, year to 2018Q3 compared to the same period last year.

Regions	Asphalt	RMC ⁽¹⁾	CR	SG
NE	-6.4%	-10.3%	10.0%	⁽²⁾
NW	-3.0%	2.1%	13.4%	12.1%
YH	-6.0%	0.0%	4.6%	12.4%
EM	0.5%	0.9%	-1.5%	-5.3%
WM	-6.7%	-4.5%	3.4%	-2.9%
EE	0.6%	-1.4%	⁽²⁾	2.3%
LN	-2.3%	-5.4%	⁽²⁾	⁽²⁾
SE	8.7%	-1.0%	⁽²⁾	5.4%
SW	12.7%	4.3%	2.7%	-11.7%
WA	4.5%	-13.1%	3.7%	-12.2%
SC	-4.1%	-9.0%	-7.1%	-6.1%
GB total	-0.2%	-2.9%	1.5%	-1.0%

Notes:

⁽¹⁾ Fixed plants only. Regional information for site plants is excluded for confidentiality reasons.

⁽²⁾ Data cannot be disclosed for confidentiality reasons.

MPA sales volumes: Data tables

Important notice for readers: Following the addition of a new respondent to the survey sample in 2018Q2, revisions were applied to the RMC sales volumes back to 2004 to ensure the historical consistency of the dataset. Additional, small, corrections were also applied to asphalt and crushed rock sales in 2018Q1 following the restatement of volumes by a company.

MPA sales volumes in GB, summary table

2018Q3	Asphalt	RMC ⁽²⁾	Crushed rock	Sand & Gravel	Mortar
Q on same Q prev. Year	2.5%	1.2%	4.0%	5.3%	17.4%
Year to date	-0.2%	-3.5%	1.5%	-1.0%	15.2%
Annual rolling average	-1.6%	-3.9%	1.0%	-1.6%	14.7%
Q on prev. Q (seasonally adjusted)	-4.6%	-1.5%	-4.6%	3.9%	-4.0%

MPA sales volumes, '000 tonnes or cubic metres (non-seasonally adjusted)

	Asphalt	RMC ⁽²⁾	Crushed Rock	Sand & Gravel	Mortar	Construction output (£m)
2016	⁽¹⁾ 22,671	17,831	87,128	43,807	2,069	151,772
2017	22,727	17,372	87,566	43,012	2,289	162,703
2017Q4	5,557	4,052	20,604	10,032	560	41,558
2018Q1	5,037	3,687	20,542	9,271	562	38,220
2018Q2	5,950	4,546	24,253	11,401	726	40,953
2018Q3	6,146	4,616	23,179	11,963	703	na

% Change on the same period of the previous year (non-seasonally adjusted)

	Asphalt	RMC ⁽²⁾	Crushed Rock	Sand & Gravel	Mortar	Construction Output
2016	⁽¹⁾ 3.5%	4.0%	5.3%	2.0%	4.6%	4.1%
2017	0.2%	-2.6%	0.5%	-1.8%	10.6%	7.2%
2017Q4	-5.5%	-4.9%	-0.7%	-3.4%	13.1%	5.3%
2018Q1	-8.2%	-13.4%	-7.5%	-9.6%	3.2%	-1.2%
2018Q2	4.6%	1.0%	7.9%	0.3%	24.0%	1.0%
2018Q3	2.5%	1.2%	4.0%	5.3%	17.4%	na

% Change on previous period (seasonally adjusted)

	Asphalt	RMC ⁽²⁾	Crushed Rock	Sand & Gravel	Mortar	Construction Output
2016	⁽¹⁾ 3.5%	4.0%	5.3%	1.9%	4.6%	4.1%
2017	0.2%	-2.6%	0.5%	-1.8%	10.6%	7.2%
2017Q4	1.2%	1.4%	1.0%	5.8%	5.8%	0.6%
2018Q1	-4.1%	-7.2%	-3.2%	-6.3%	-3.2%	-1.6%
2018Q2	10.9%	9.3%	11.8%	2.8%	20.3%	0.8%
2018Q3	-4.6%	-1.5%	-4.6%	3.9%	-4.0%	na

Notes:

(1) Asphalt sales include a new MPA member to the sample survey starting from 2016Q1. Both 2016 and 2017 volumes have been restated to account for this new addition. This means that the annual change in asphalt sales between 2015 and 2016 (+3.5%) may be overstated. This does not affect comparisons between 2016 and 2017.

(2) RMC is the sum of sales from both fixed & site plants.

Source: ONS, MPA.

Macroeconomic & Key Markets Update

The UK economy looks set for its strongest quarterly growth rate in 2018Q3 since the end of 2016, estimated by [NIESR](#) at 0.7%. Unfortunately, the strong performance of the economy over the summer is just noise, adding to the “weapon of mass distraction” that Brexit has become. The crude reality is that, despite the strong summer, the UK economy remains on track for annual growth of 1.3% this year (in line with current [forecasts](#)), which, excluding the two recession years in 2008-09, would be the weakest rate of growth since 1992. In their latest forecast, the Office for Budget Responsibility predicts further muted growth of 1.5% pa on average over the next five years, based on the clear assumption of an ‘orderly Brexit’.

The reasons behind the recent softening of the UK economy are two-fold: weak growth in the domestic economy and a boost from international trade that is slowly waning.

Domestically, business surveys such as the Purchasing Manager Indices (PMI) show that activity remains generally positive but slowing. The [service sector](#) was still expanding at a healthy rate in Sep-18, but respondents reported that political uncertainty is weighing down business confidence, and is a contributing factor to tighter budgets among clients. PMI surveys for [manufacturing](#) and [construction](#) indicated that overall business conditions remain lacklustre despite renewed growth in new orders and employment in both sectors. More generally, all three sectors of the economy reported inflationary pressures, quoting higher wages, fuels and raw material prices as sources of rising costs.

For households, news on the labour market is positive. Alongside strong employment and unemployment at its lowest since 1975, [average weekly earnings](#) (excluding bonuses) crossed a milestone, up 3.1% in the 3 months to Aug-18 compared with the same period in 2017. This pickup, coupled with consumer price [inflation](#) slowing to 2.4% in Sep-18, implies that real earnings increased by 0.7%. This should somewhat help consumer spending, although the impact may be limited by higher interest rates, Government welfare reforms and low saving ratios. Retail sales fell back in Sep-18 compared to the spending spree seen over the summer. On an annual basis, retail sales increased by 2.2% in Sep-18, compared to 4% on average per annum over 2014-16.

UK trade is also being impacted by a softening in global manufacturing growth and general Brexit uncertainty. Net trade contributed to about a third of overall economic growth last year, but exports have slowed down since the beginning of 2018. Growth in [UK exports](#) of goods slowed from 7.2% annually in Jan-18 to 3.1% in Aug-18, in line with softening in global manufacturing activity and a general context of slowing emerging markets and global trade tensions.

The latest ONS data for construction show that [output](#) in the sector grew by 0.4% in the year to Aug-18 compared to the same period in 2017, with growth in new housing, infrastructure, industrial new work and non-housing repair and maintenance (R&M) offset primarily by declines in commercial and public new work. On a 12-month rolling basis, construction output increased by 2%, driven by 7.4% growth in new housing.

Indications from Barbour ABI on new contracts awarded in the construction sector point to a further weakening in activity in the near term. The total value of contracts awarded across all sectors in Sep-18 was 19% (£1.3bn) lower than in Sep-17, and 6.6% lower annually. The number of residential units associated with these new contracts declined for the second consecutive month in Sep-18, although it follows very high levels awarded in the first half of the year. By contrast, momentum has re-emerged for industrial buildings (e.g. warehouses, factories), with the value of contracts up 9% (£48m) in Sep-18 compared to Sep-17, and 19% up in the first 9 months of 2018 compared to the same period last year. Contract values also picked up in the commercial sector over the summer, driven by an acceleration in contracts related to office building in London.

MPA ECONOMIC OUTLOOK - DATA ROUND-UP



- Notes:**
- Greener shadings indicate stronger or improving performance relative to the recent past.
 - Red shadings indicate weaker or worsening performance relative to the recent past.
 - Inflation: a green shade indicates that the rate is at or around the official Bank of England's 2% target.
 - Due to third-party data restrictions, some estimates have been removed, but we maintain the shading indicator.

			Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
			17Q3			17Q4			18Q1			18Q2			18Q3
MACROECONOMY															
GDP (ONS)	12M to [...] vs. prev. 12M		1.8%			1.7%			1.6%			1.4%			
	Q ending [...] vs. prev Q		0.4%			0.4%			0.1%			0.4%			
NIESR GDP Tracker	Q ending [...] vs. prev Q		0.5%	0.6%	0.6%	0.4%	0.3%	0.0%	0.2%	0.0%	0.2%	0.4%	0.7%	0.7%	0.7%
UK PMI: Business Activity	Monthly index													54.2	54.1
UK PMI: New Business	Monthly index													53.7	53.7
Unemployment (≥16y)	Rate, 3M to [...]		4.3%	4.3%	4.3%	4.4%	4.3%	4.2%	4.2%	4.2%	4.2%	4.0%	4.0%	4.0%	
Inflation (CPI)	12M to [...]		3.0%	3.0%	3.1%	3.0%	3.0%	2.7%	2.5%	2.4%	2.4%	2.4%	2.5%	2.7%	2.4%
CONSTRUCTION															
Volume of Output	12M to [...] vs. prev. 12M		7.6%	7.6%	7.4%	7.2%	6.5%	5.8%	4.7%	4.0%	3.5%	2.9%	2.6%	2.0%	
	Q ending [...] vs. prev Q		0.5%	0.6%	0.0%	0.6%	1.0%	0.6%	-1.6%	-2.7%	-1.9%	0.8%	3.1%	2.9%	
PMI: Activity	Monthly index													52.9	52.1
PMI: New Orders	Monthly index													53.4	54.9
Volume of New Orders	Q ending [...] vs. prev Q		36.5%			-24.6%			-3.8%			-6.5%			
Number of Jobs (Construction)	Q ending [...] vs. prev Q		0.6%			-0.4%			-0.2%			0.7%			
HOUSING															
Volume of output	12M to [...] vs. prev. 12M		12.7%	12.2%	11.8%	11.7%	10.7%	10.7%	9.8%	9.3%	8.7%	7.9%	8.0%	7.4%	
	Q ending [...] vs. prev Q		1.9%	2.4%	2.3%	5.1%	4.1%	2.8%	-2.6%	-2.9%	-3.9%	-0.5%	2.8%	5.6%	
Volume of New Orders	Q ending [...] vs. prev Q		8.0%			-5.2%			17.2%			-17.6%			
Mortgage Approvals	12M to [...] vs. prev. 12M		-1.1%	-1.1%	-1.2%	-1.6%	-1.4%	-1.5%	-1.7%	-2.1%	-2.0%	-2.0%	-3.3%	-4.0%	
	Q ending [...] vs. prev Q		1.4%	-2.1%	-3.6%	-5.6%	-1.9%	-1.0%	2.3%	-1.4%	-0.8%	-0.6%	2.7%	3.3%	
Housing Starts (ENG)	All Dwellings, 12M to [...]		164,470			164,500			160,210			160,020			
	12M to [...] vs. prev. 12M		7.7%			10.2%			5.6%			1.7%			
House Prices (UK)	12M to [...]		4.8%	4.6%	4.5%	4.4%	4.3%	4.2%	4.1%	3.9%	3.8%	3.6%	3.4%	3.2%	
INFRASTRUCTURE															
Volume of output	12M to [...] vs. prev. 12M		4.6%	5.5%	5.0%	6.1%	5.6%	6.0%	5.8%	5.0%	4.6%	4.5%	4.4%	4.1%	
	Q ending [...] vs. prev Q		0.9%	1.1%	0.0%	0.2%	3.2%	5.5%	1.9%	-3.8%	-5.1%	0.5%	4.3%	4.7%	
Volume of New Orders	Q ending [...] vs. prev Q		164.6%			-49.1%			-42.3%			28.3%			
MANUFACTURING															
Index of production	12M to [...] vs. prev. 12M		2.3%	2.8%	2.9%	2.6%	2.6%	2.6%	2.5%	2.6%	2.5%	2.4%	2.3%	2.2%	
	Q ending [...] vs. prev Q		0.9%	1.1%	1.5%	1.3%	0.9%	0.4%	-0.1%	-0.8%	-1.1%	-0.7%	0.2%	0.8%	
PMI - Activity	Monthly index													53.0	53.8

24 October 2018

Contact: usamah.bhatti@mineralproducts.org

Source: ONS, NIESR, Markit, Bank of England, DCLG.

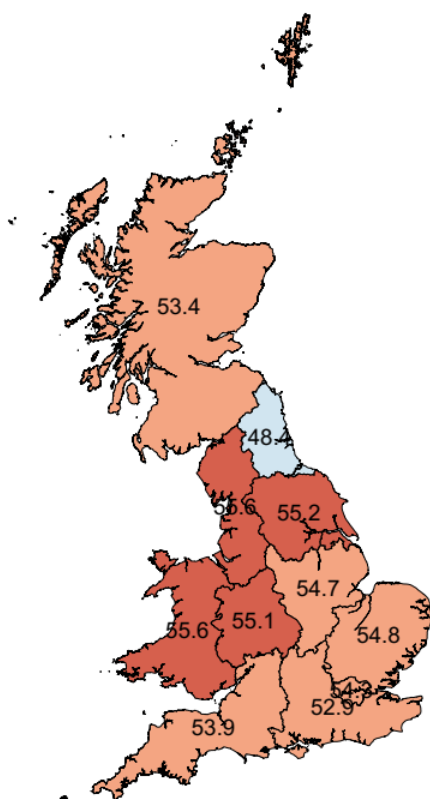
Download the table from: http://members.mineralproducts.org/user/web/res_stat01.php

Summary of recent construction indicators, by sector and region

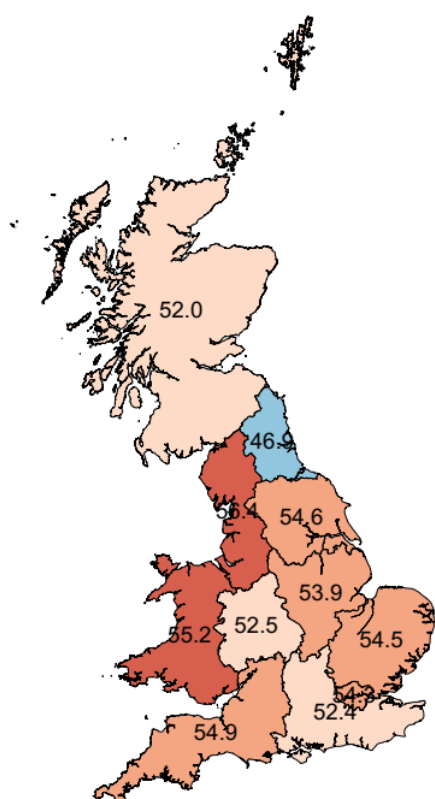
1. Purchasing Manager Index (PMI), Sep-18. Source: Markit.

Note: An index <50 indicates contraction, 50 indicates no change, >50 indicates growth.

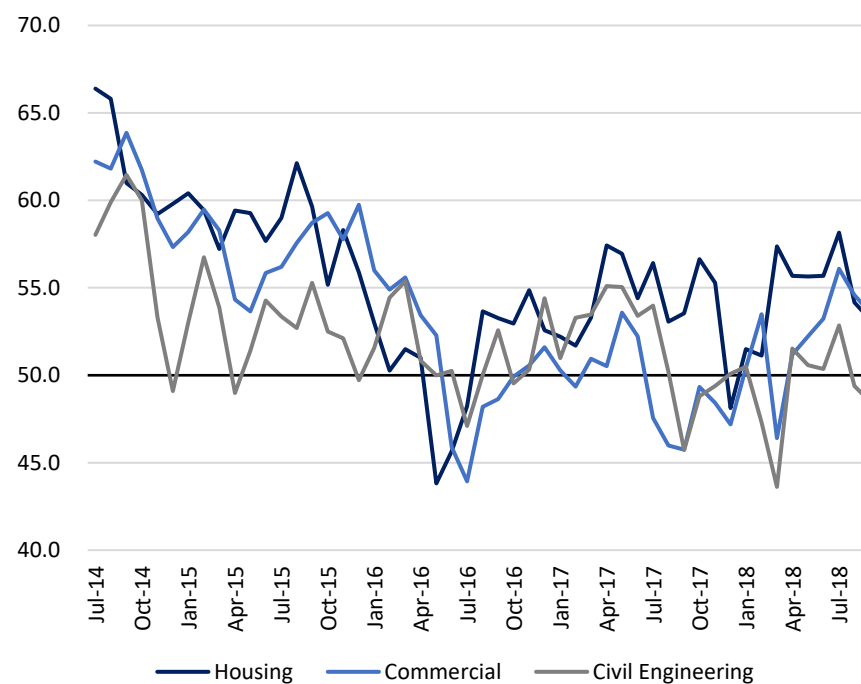
All sectors: Business Activity
UK: 54.1 (↓)



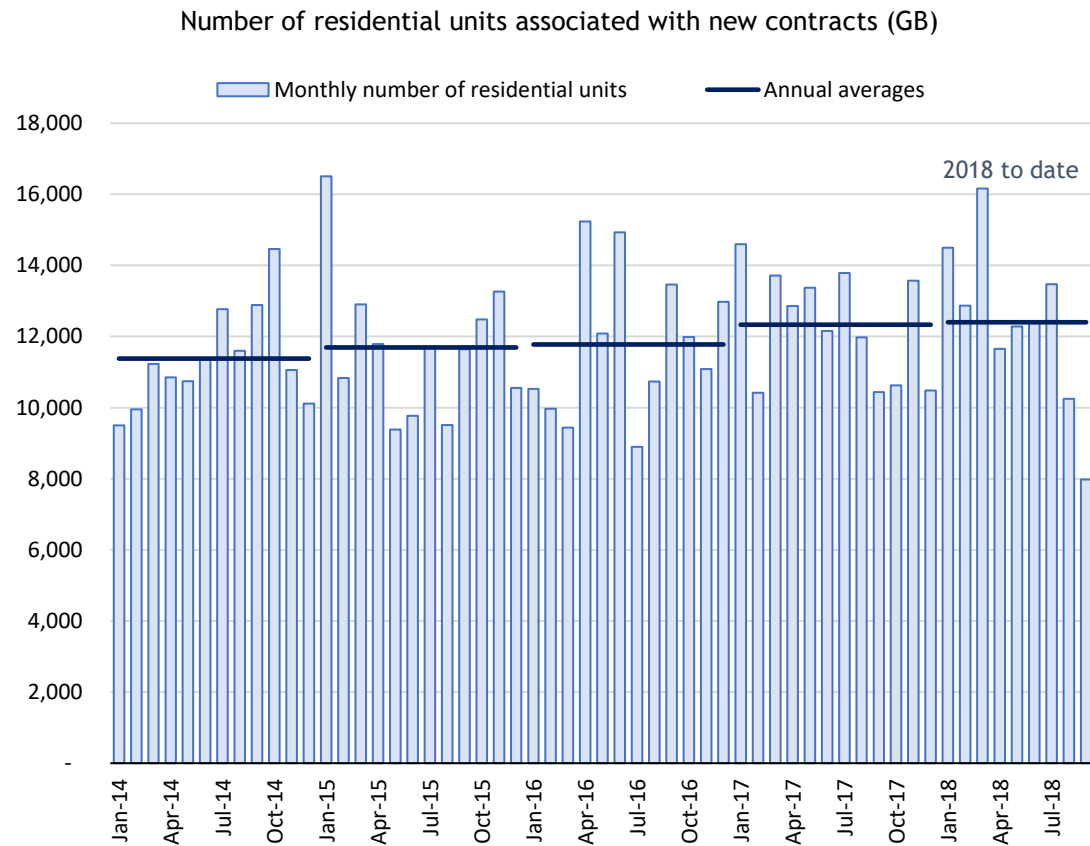
All sectors: New Business
UK: 53.7 (↔)



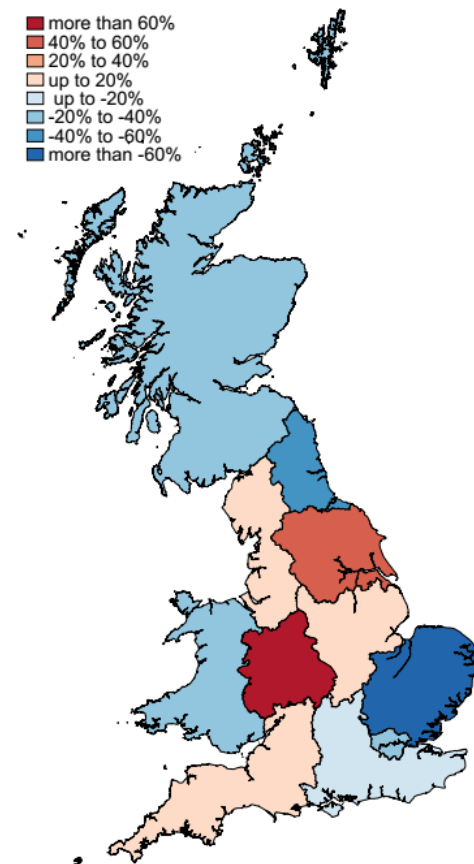
UK Construction only: All activity: 52.1 (↓)



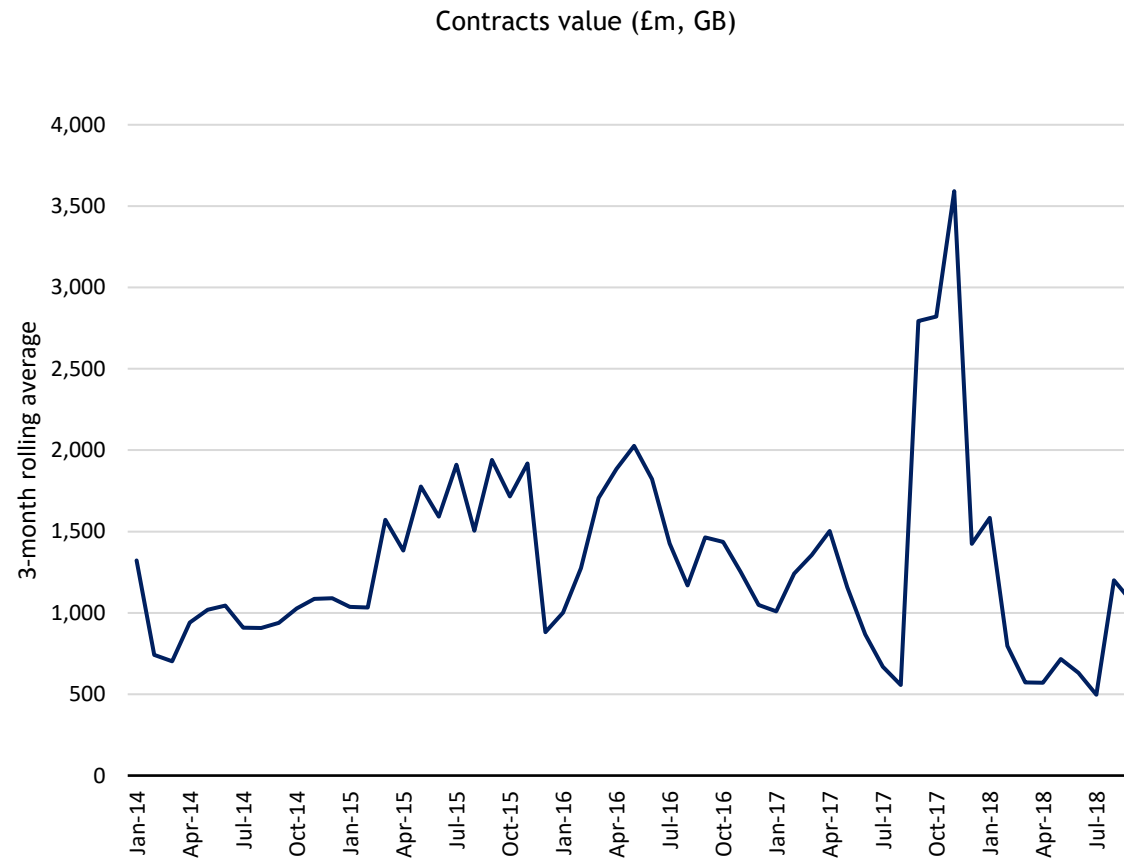
2. New orders for construction: Residential Units. *Source: Barbour ABI.*



Regional % chg in units, GB: -12%
(3m ave to Sep-18 vs. prev year)

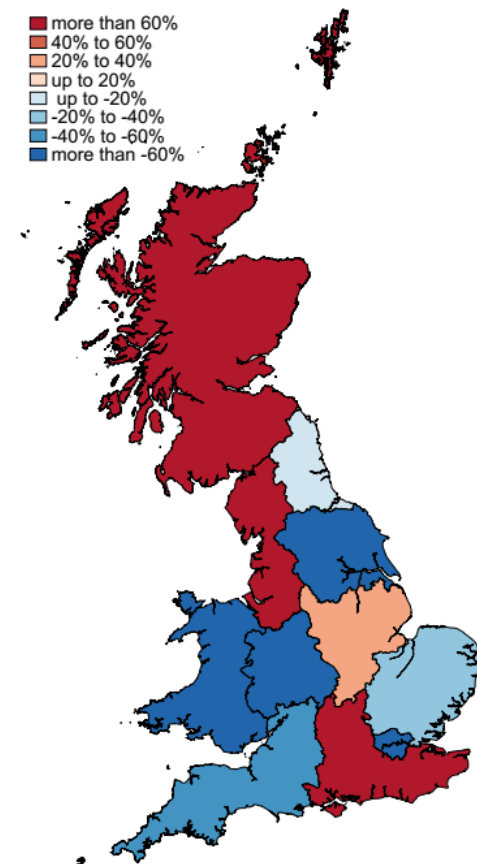


3. Value of new orders for construction: Infrastructure*. *Source: Barbour ABI.*

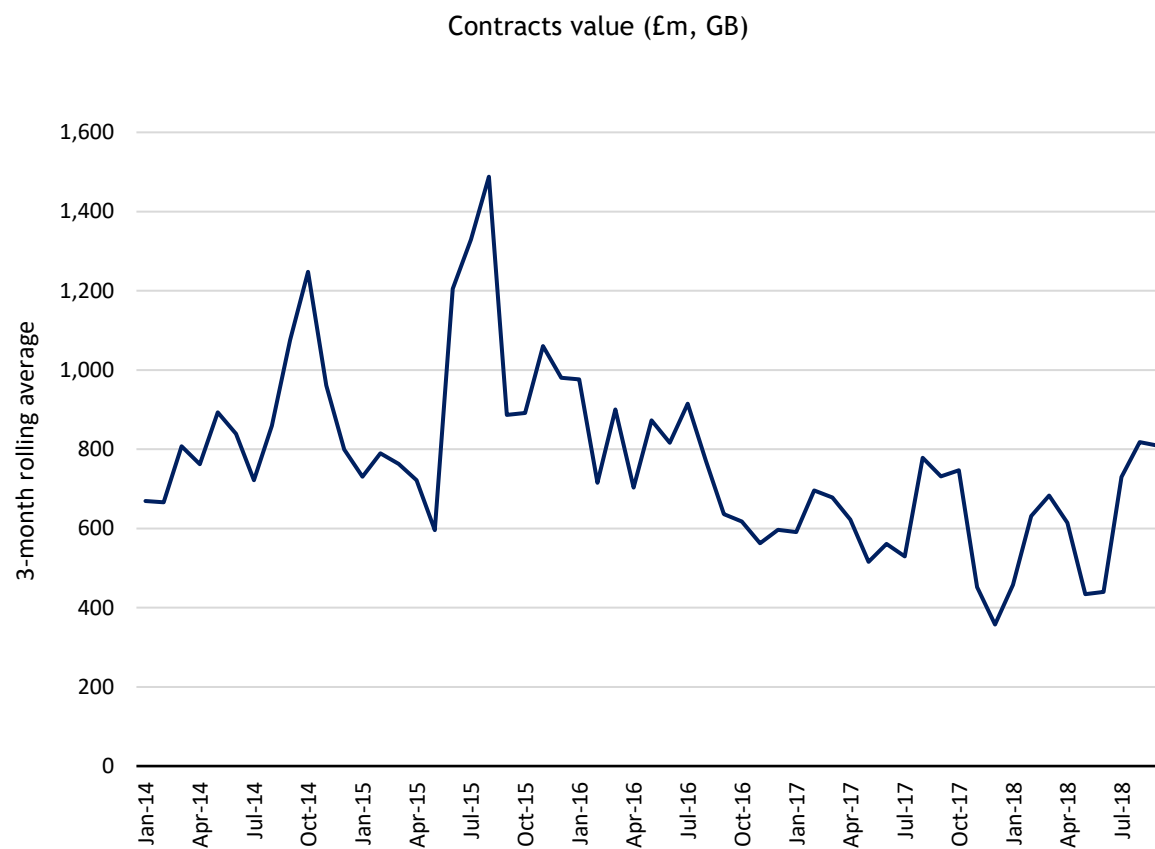


*Sum of utilities, transport and other miscellaneous infrastructure.

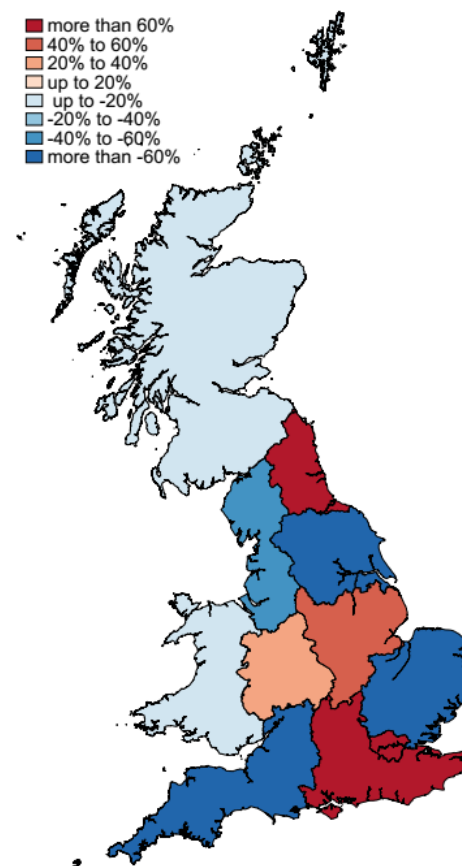
Regional % chg in value, GB: -62%
(3m ave to Sep-18 vs. prev year)



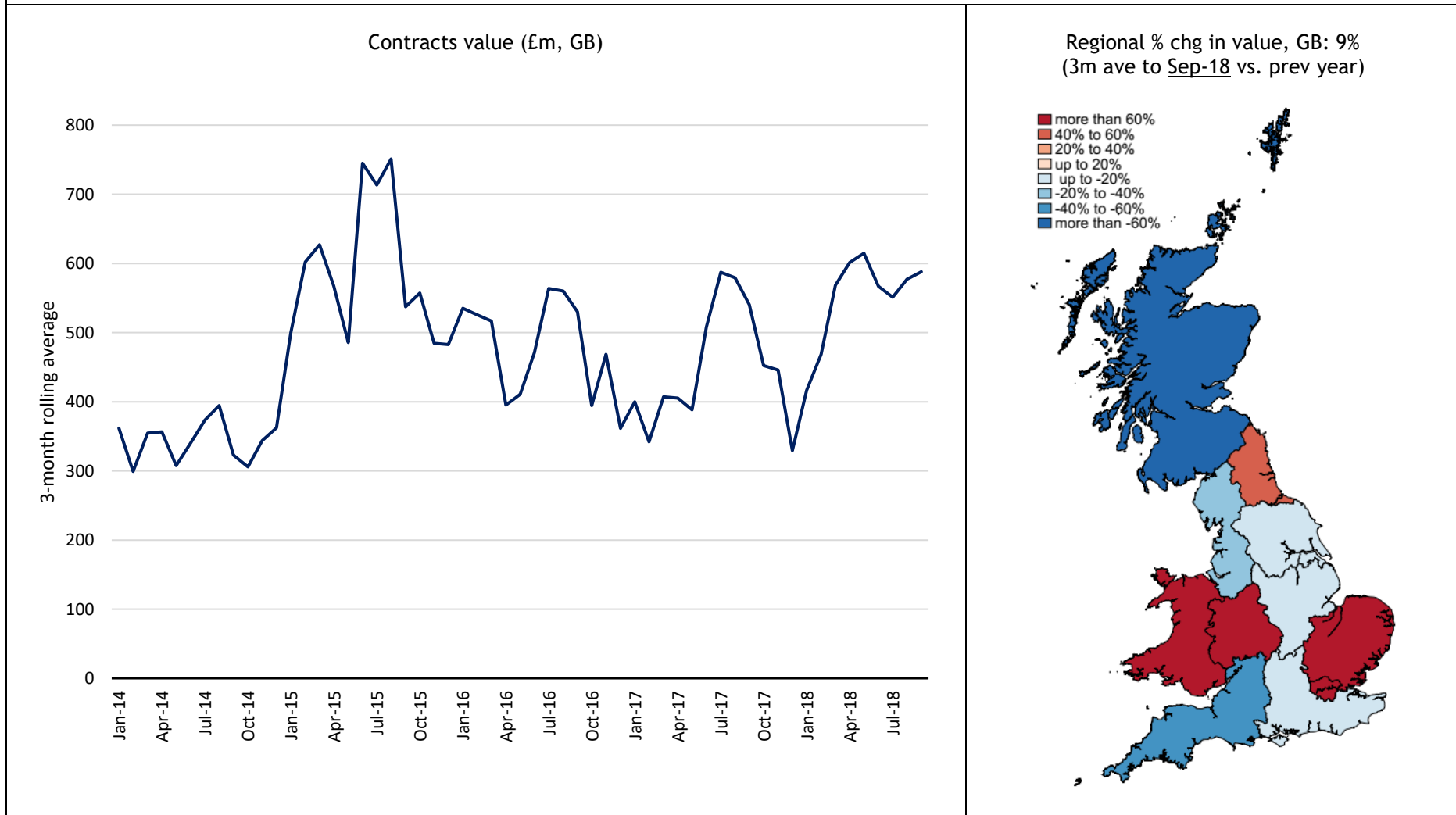
4. Value of new orders for construction: Commercial offices & retail. *Source: Barbour ABI.*



Regional % chg in value, GB: 11%
(3m ave to Sep-18 vs. prev year)



5. Value of new orders for construction: Industrial. *Source: Barbour ABI.*



Key Assumptions

Economic growth forecast:

UK (annual percentage change)		2018	2019	2020	Next update?
IMF	World Economic Outlook Update, Oct-18	1.4	1.5	1.5	Apr-19
OECD	Economic Outlook No. 103, May-18	1.4	1.3	-	Nov-18
OBR	Economic & Fiscal Outlook, Mar-18	1.3	1.6	1.4	Mar-18
NIESR	National Inst. Economic Review, Aug-18	1.4	1.7	1.7	Nov-18
HMT	Average independent forecasts, Oct-18	1.3	1.5	-	Nov-18

Interest rates:

- The Bank of England raised interest rates from 0.50% to 0.75% in Aug-2018. Explaining the decision, the Monetary Policy Committee (MPC) said that although modest by historical standards, projected GDP growth for the UK economy over the forecast period remains higher than the rate of productivity growth, eroding the economy's potential to grow without stoking inflation. With unemployment very low, the MPC continues to judge that the UK economy has a very limited degree of slack.

Government policy:

- Housing:** Improvements were initially supported by initiatives such as the BoE's Funding for Lending Scheme and, since April 2013, by the Help-to-Buy scheme. The Help-to-Buy equity loan scheme has now been extended to 2021 and Government has also created a London-specific scheme. In its 2017 Budget Statement, Government committed to further new funding in order to increase the supply of new homes to 300,000 pa by the mid-2020s. This included a flagship announcement on the elimination of stamp duty for first-time buyers of properties up to £300k. The funding is complemented by further changes to the planning system.
- Transport:** Highways England (HE) plans indicate spending on road construction in England will more than double between 2015 and the end of the decade. Based on policy statements to date, we can expect substantial increases in road spending from 2019/20.
- National Productivity Investment Fund (NPIF):** The 2017 Budget Statement announced that the NPIF, initially set up in 2016, would be extended to 2022/23 and funding would be increased from £23bn to £31bn. This includes £1.7bn to be used to support intra-city transport. There was no update on roads-specific funding above and beyond the 2016 plans, which included £1.1bn for local roads and public transport networks, £220m to relieve pinch points on strategic roads, and the allocation of the revenues from the Vehicle Excise Duty to a National Roads Fund used for strategic road network investment and major local roads.

Construction forecasts:

GB (annual percentage changes)		2018	2019	2020
CPA (Autumn 2018)	New work	0.0	0.5	2.2
	Repair & maintenance	0.4	0.8	1.2
	All work	0.1	0.6	1.9
Experian (Autumn 2018)	New work	-1.1	1.4	3.1
	Repair & maintenance	0.1	2.0	2.4
	All work	-0.7	1.6	2.9



In Focus: Round-up of the 2018 Party Conferences

For further information please contact Robina Longworth, Communications and Public Affairs Executive: robina.longworth@mineralproducts.org

Introduction.

For three weeks each September and October, the House of Commons breaks for recess and political conferences start. This year party conferences were held as follows:

- Conservatives: 30th September - 3rd October - Birmingham
- Labour: 23rd - 26th September - Liverpool
- Liberal Democrats: 15th -18th September 2018 - Brighton
- UKIP: 21st - 22nd September 2018 - Birmingham
- Green Party: 5th - 7th October 2018 - Bristol

This year MPA attended the Conservative Party conference, meeting delegates, listening to panel debates and interviews covering topics including Brexit, infrastructure, transport, housing, energy, industrial strategy and the Northern Powerhouse.

Labour Party Conference.

On Brexit, many party activists were pushing for a people's vote on Brexit, although 1/3 of Labour voted for leave in the referendum. Jeremy Corbyn pledged to support holding another referendum on Brexit if [Labour members voted for it](#) at the party's conference. The Rt Hon Sir Keir Starmer MP reiterated this, saying: *"If [a general election] is not possible, we must have other options. And, conference, that must include campaigning for a public vote. Conference, it's right that parliament has the first say. But if we need to break the impasse, our options must include campaigning for a public vote and nobody is ruling out Remain as an option."*

In his [speech](#), the Shadow Secretary for Housing, the Rt Hon John Healey MP stated that *"the next Labour Government will be the most radical Government on housing since that great post-war Labour Government, and we will do whatever it takes to end this Tory housing crisis"* announcing:

- Labour will set up a fully-fledged housing department to lead the drive to fix the housing crisis;
- Labour will end rough sleeping within a parliament;
- Labour will control rents, end no-fault evictions and put a stop to the tyranny of rogue landlords;
- Labour will give first-time buyers on ordinary incomes the opportunities only the rich get under the Tories;
- Labour will get councils building council housing again and build a million new truly affordable council and housing association homes.

The Shadow Chancellor, Rt Hon John McDonnell MP said:

"We are extending economic democracy even further by bringing water, energy, Royal Mail and rail into public ownership. Some press said the voters would be horrified. They couldn't have been more wrong."

“We will legislate for large companies to transfer shares into an “Inclusive Ownership Fund.” The shares will be held and managed collectively by the workers. The shareholding will give workers the same rights as other shareholders to have a say over the direction of their company. And dividend payments will be made directly to the workers from the fund. Payments could be up to £500 a year. That’s 11 million workers each with a greater say, and a greater stake, in the rewards of their labour. But we all know it’s not just the employees of a company that create the profits it generates. It’s the collective investment in infrastructure, education and research and development that we as a society make that enables entrepreneurs to build and grow their businesses.”

In the Rail interview, Shadow Transport Minister Andy McDonald MP talked about European examples, most notably Germany, and said his focus was on passenger transport at the present time. Rail freight operators would likely be viewed at a later point, as it was not the immediate priority for Labour. However, he emphasised its importance and said he would need to make sure it was sustainable - but noted that the freight industry faced different challenges to the passenger system. He also said that the [Build it in Britain](#) campaign would not set a quota on how much would-be built-in Britain from national contracts like Network Rail but said that on a case-by-case basis domestic capacity would need to be examined.

The Labour leader, the Rt Hon Jeremy Corbyn MP’s full speech can be viewed [here](#). In it, he used the word ‘build’ 19 times, in line with the [Build it in Britain](#) campaign he launched in July:

- *“Let every constituency, every community know Labour is ready. Confident in our ideas, clear in our plans, committed to rebuild Britain.”*
- *“A Labour Party that’s ready to take charge and start the work of rebuilding our divided country.
rebuild and transform our country and its relationship with the rest of the world are having to be made against the backdrop of huge uncertainty about Brexit.”*
- *“Conference, to rebuild our public services and our communities we are going to have to rebuild and transform our economy for the 21st century.”*

Conservative Party Conference.

The Conservative Party Conference felt as though there were two conferences happening at the same time: the main hall was quite flat, whereas the fringe events were lively by comparison, this is where people were putting forward new ideas. Against a backdrop of eight weeks until Brexit, many journalists were highlighting the lack of a domestic agenda. Brexit dominated everything.

Policy announcements included:

- The Chancellor announcing [reforms](#) to introduce greater flexibility for businesses and expand apprenticeship courses in science and other STEM subjects.
- Fuel duty will be frozen for the ninth year in a row - this policy announcement will be repeated in the Autumn Budget and announced in the Prime Minister’s speech on 29th October.
- The Home Secretary proposed a series of [reforms to British citizenship](#). The reforms include tougher English language requirements for people applying for British citizenship and proposals to reform the Life in the UK test to give greater prominence to the British values and principles expected of those wishing to call the UK their permanent home.

- Reform to the [Housing Sector](#), including building safety. The announcement states: *“Following the Grenfell Tower tragedy the government established a comprehensive building safety programme that included an [independent review on fire safety and building regulations](#). In the summer the government published its response to this review and said it would ban the use of combustible materials on external walls of high-rise buildings subject to consultation. Following this consultation, the government has today (1 October 2018) confirmed that it will take forward this ban on all high-rise buildings that contains flats, as well as hospitals, residential care premises and student accommodation above 18 metres. This ban will be delivered through changes to building regulations and will limit materials available to products achieving a European classification of Class A1 or A2.”*

[The Prime Minister’s speech](#) was perceived as positive. The bar was low after last’s years speech. She has a good sense of humour - using Dancing Queen enabled her to dominate the headlines rather than Boris, who had given [his speech](#) to a packed hall of 1000 delegates the day before. The Prime Minister was also quick to reference the mishaps from the previous year first.

With regards to Brexit, the Prime Minister didn’t mention Chequers by name, but referred to “my plan”. Her line *“Closed markets and command economies were not overthrown by powerful elites, but by ordinary people. By the shipyard workers of Gdańsk, who led the resistance in Poland. By people of all backgrounds who took part in the Velvet Revolution in Czechoslovakia. By the people of East Berlin, who tore down that wall. These were the many, not the few”* was a nod to Donald Tusk, who was born in was born in [Gdańsk](#), and to try and smooth over Hunt’s earlier remarks comparing the EU to the Soviet Union. However, Tusk’s later public statement was in response to Hunt not May.

For further insight, James Cleverly MP interviewed Rt Hon Theresa May MP for the week’s [House Magazine](#).

Jacob Rees Mogg MP was interviewed by Christopher Hope of The Telegraph for the [Choppers Brexit Podcast](#). Mogg has been a Brexiteer since Maastricht because of his perception that Europe was heading towards a single state. He thinks that people are excited about Brexit.

The Secretary of State for Exiting the European Union, the Rt Hon Dominic Rabb MP started his conference speech by appealing for tolerance, then went on to say:

“Do I think the deal we are pursuing is perfect? Of course not. Is it everything I wanted? No it isn’t. This is a negotiation. There have been compromises. We’re not decoupling as quickly or as completely as some would like. And we have been prepared to accept certain EU requirements, in order to secure our own interests. I’ve been back and forth to Brussels, negotiating the details of our Withdrawal Agreement and the framework for our Future Relationship. The vast majority of the Withdrawal Agreement has been settled, although we still have some tricky issues outstanding, and we’re making good progress on the Future Relationship. We have been reasonable. Some say too reasonable. But our proposals would deliver a historic agreement that provides a roadmap out of the EU and a final deal that will be good for the whole country. A deal that delivers on the referendum, because that is our democratic duty. A deal that manages the risks of Brexit, because that is our responsibility. A deal that grasps the opportunities of Brexit, because we’re at our best when we’re optimistic about the future. And a deal that protects our precious Union, because we are the Conservative and Unionist Party.”

There were a number of fringe events of note:

The think tank Policy Exchange ran a number of events looking at Energy policy and housing. Films of these events are [here](#). The Rt Hon Claire Perry MP, Minister for Energy and Clean Growth; Andy Koss from Drax, Charlotte Morgan, former Chair of the Cost Challenge, Phil Macdonald from Sandbag and Josh Burke from the Policy Exchange spoke on What is the role of carbon capture, usage and storage (CCUS) in delivering clean growth?

“CCUS is seen as a pivotal climate solution, essential to the success of the Paris Agreement and the UK’s commitment to clean growth. 90% of the IPCC’s 2% scenario is predicated of a high level of CCUS. The cost side has been looked at CCUS can be deployed in a number of sectors. Regional opportunities for the north and Scotland. Discussion around what regulatory framework is needed. There are many interlinkages between the generation and industrial decarbonisation challenges. We know that CCUS is essential but we can’t find a cost-effective way of doing it. We are not alone in that - there are 21 at scale CCS plants globally. 16 of them rely from the revenue stream of enhanced or recovery, suggesting that 5 or 6 rely on heavy taxpayer subsidy. We think there is a better way of doing it. A couple of setting points - it is the view of BEIS that CCUS is not optional for decarbonisation. The biggest pools of emissions in the UK are transport and industrial emissions. There are electric solutions for things like steel, cement, aluminium and chemicals. There aren’t enough of them. We know we are going to need CCUS to drive down those particular sectors. The argument is that it is cheaper to act now than later. The ICC have done some numbers suggesting that doing decarbonisation for 2% without CCUS would cost an extra \$3.5 trillion and be 40% more expensive.”

In a seminar hosted by Prospect Magazine: ‘How can investment in national infrastructure rebalance the UK economy’ Transport Minister Jesse Norman MP, alongside Steve Double MP and Jack Bereton MP, both of whom sit on the Transport Committee, and Professor Sadie Morgan, Design Chair for HS2, covered many topics including the importance of rail freight, the importance of rural economies and road investment. They also highlighted the need to support industries across the UK, including the manufacturing sector. The need for proper planning, proper briefs and proper leadership with coordinated approach to ensure the delivery of infrastructure projects was also stressed.

An event hosted by the British Property Federation and the Royal Town Planning Institute (RTPI) highlighted that planning is regarded by the Government as a solution not a problem now. The stripping away of strategic planning under the Coalition Government was a mistake. The RTPI is encouraging strategic city deals across the regions.

The Parliamentary Advisory Council for Transport Safety launched a report entitled [Developing safe system road safety indicators for the UK - a report by PACTS in association with Ageas.](#)

PACTS, in association with Ageas, has called on the government to adopt a new approach to managing road safety. The report recommends that the UK monitors a set of eight key indicators to show changes in the underlying safety of the road system. These would support a casualty reduction target:

1. Percentage of traffic complying with speed limits on national roads.
2. Percentage of traffic complying with speed limits on local roads.
3. Percentage of drivers who do not drive after consuming alcohol or drugs.
4. Percentage of car occupants using a seat belt / child seat.
5. Proportion of drivers not using an in-car phone (hand held or hands free).
6. Percentage of new passenger cars with highest Euro NCAP safety rating.

7. Percentage of roads with appropriate iRAP safety rating.
8. Percentage of emergency medical services arriving at accident scene within 18 minutes.

Party Policy round-ups.

Summaries of the relevant policy announcements from parties are here:

- [Business, Employment and Financial Services](#)
- [Environment, Food and Rural Affairs](#)
- [Energy and Utilities](#)
- [Health](#)
- [Housing](#)
- [Transport and Infrastructure](#)

Further Conferences.

Nicola Sturgeon said Scottish National Party (SNP) MPs would [vote for a second referendum](#) on Brexit if the issue came before the House of Commons.

Other political parties have also held their conferences across the UK. Resources and access to their speeches are available online, via the following links:

- **Liberal Democrats** - [Autumn Conference website](#)
- **UKIP** - [main website](#) and [Conference speeches](#)
- **Green Party** - [Autumn Conference website](#)