

# CI PROFILE

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## DID YOU KNOW?

A skills shortage in the construction industry continues to drive up wages and impede important infrastructure work—including building more homes. Construction wages rose by 6 per cent in 2015, according to the Royal Institute of Chartered Surveyors—more than double the United Kingdom’s average wage growth of 2 per cent in 2015. Experts claim that there are simply not enough workers, and this shortage is slowing growth in a vital industry.



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The destruction wrought by Storm Desmond in December is expected to produce an abundance of available work for construction firms.

## Why Evidence Matters on Construction Sites

Recent research reveals that 70 per cent of construction firms will be investing money in order to exceed legislative health and safety standards in 2016. And, for a good reason—on a daily basis, the construction industry’s almost 3 million employees confront dangerous and sometimes life-threatening risks, which contributed to 69,000 cases of work-related illnesses and 65,000 workplace injuries in 2014-2015. These newly diagnosed illnesses and injuries account for an estimated 1.7 million lost working days and £500 million in treatment and care annually.

While this industry-wide investment in health and safety has been partially responsible for a 40 per cent decrease in workplace injuries over the last decade, the number of prosecutions by the HSE has steadily risen. In 2014-2015 alone, the HSE prosecuted 258 cases, with a conviction rate of 94 per cent resulting in fines totalling almost £4 million. If your construction firm wants to avoid a prosecution, it is essential that you keep detailed and accurate records of your health and safety practices and procedures to prove your compliance.

Effective, well-kept health and safety management schemes generally include the following information:

- Risk assessments for each piece of equipment, vehicle and task
- Health surveillance procedures and records, including the date of inspection and the signature of the inspector
- Machinery inspection procedures and records, including the date of inspection and the signature of the inspector
- Thorough accident records

The above list does not reflect a comprehensive outline for every document that should be included in your firm’s records. Good record-keeping not only helps prove your firm’s compliance and ensures that you will not be prosecuted by the HSE, it helps to ensure that your employees are provided with a safe working environment.



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# 2016 Construction Market Outlook

The construction industry experienced inconsistent growth throughout much of 2015, due, in part, to the lingering repercussions of the recession. While the first half of 2015 saw accelerated growth, the second half experienced an unexpected slowdown owing to bad weather, which hindered construction projects.

However, the industry remains optimistic—the Construction Products Association estimates growths of 5, 7 and 7.9 per cent for the private housing, offices and infrastructure sectors in 2016, respectively. This favourable outcome comes in response to the high demand for the construction and repair of homes and general infrastructure after the devastation of Storm Desmond.

However, amidst the tentative success of 2015, there are seven main risks which may impact growth in 2016:

- 1. Skills shortage in the United Kingdom:** According to the Local Government Association, 56 per cent of current skilled trade construction vacancies are proving to be difficult to fill.
- 2. Introduction of building information modelling (BIM):** The digital collaborative process may expose construction firms to cyber risks.
- 3. Increase in timber-frame construction:** While construction firms would be able to more easily meet the housing demand using timber-frame construction, it could expose homeowners to fire risks.
- 4. 'Icebergs':** These multi-storey basements (common in London) are technologically challenging, require thorough planning and may expose homeowners and construction firms to health and safety risks.
- 5. Weather events:** Changes in the jet stream are expected to result in more extreme and prolonged weather events.
- 6. Green belt building:** While building new homes on the green belt may be necessary to meet the ever-growing housing demand, unfortunately, it also increases the risk of flooding.
- 7. Counterfeit cranes:** Some companies are making inferior construction equipment and branding it with a reputable logo in order to scam firms.

# Wet Weather Holds Silver Lining for Construction Firms

For much of December, the United Kingdom was battered by storms and plagued with flooding—which culminated in the wettest December in more than 100 years. This record-breaking weather caused more than an estimated £5 billion worth of damages to homes, businesses and other general infrastructure. However, amidst this devastation, there is a silver lining for construction firms.

Over the course of the next six years, the government plans to invest at least £2.3 billion in the construction of flood defences and an additional £80 billion in general infrastructure projects. In the more immediate future, at least £1 billion will be spent on repairing and rebuilding affected buildings. This considerable undertaking is expected to boost construction activity well throughout the first quarter of 2016.

With an abundance of forthcoming construction opportunities, your construction firm may be interested in tendering for some of the public sector contracts. To review all of the available contracts as well as forthcoming ones, visit the government's contracts finder service. The service will allow your firm to search for opportunities by sector, status, value and date, and can be found at [www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder).

## Construction Industry Snapshot



The construction industry contributes more than £90 billion annually to the British economy.

The United Kingdom has the sixth largest green construction sector in the world.



Over the next four years, the industry will have to hire 20 per cent more skilled workers to meet project demands.

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Source: GOV.UK and Zoek