

# CI PROFILE

COMMERCIAL  
INSURANCE

## DID YOU KNOW?

On 25th July, more than 400,000 construction professionals received a 2.5 per cent pay rise with another 2.75 per cent pay rise to come in June 2017, according to the Construction Industry Training Board. This pay rise is significantly higher than the inflation rate, which was 0.3 per cent in May. The sizeable pay rise is intended to help compensate skilled construction workers during the skills shortage.



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### Theresa May Pledges to Continue Tackling Housing Shortage

Prime Minister Theresa May has pledged her support to the growth of UK infrastructure and housebuilding.

### Firms Lose £1.8B Annually Due to Invoice Fraud

Read about how the construction industry loses £1.8 billion annually due to invoice fraud and how your firm can protect against fraudsters.

### Construction Firms Fined £8 Million Since New February Guidelines

Out of the 101 health and safety fines submitted since the new guidelines came into force, 38 per cent have been for construction firms.

## Theresa May Pledges to Continue Tackling Housing Shortage

Industry representatives are hailing remarks from Theresa May, in which the new prime minister pledged to support the growth of UK infrastructure and housebuilding.

Specifically, May has proposed more government-backed infrastructure bonds, more housebuilding and a revamped industrial strategy. Her government, which includes the new Communities Secretary Sajid Javid and the new Housing Minister Gavin Barwell, has committed to preserving the goal of producing 1 million new homes by 2020.

Even before the uncertainty brought about by Brexit, the industry had been facing some considerable challenges. Currently, the industry is struggling with a shortage of skilled workers. That shortage could make it difficult to produce 245,000 new homes each year for the next four years—the rate of construction necessary to reach the 2020 million-home goal.

Yet, while the repercussions of Brexit may make it difficult to hire skilled workers from outside Britain, it could be a beneficial opportunity for the industry. In an effort to address the skills gap, the government plans to create 3 million apprenticeships by 2020.

Although it is a demanding goal, the project has gained some momentum. According to the National House Building Council (NHBC), there were almost one thousand more homes built in May 2016 than in May 2015.

Even though the long-term effects of Brexit on the construction industry are still unknown, **Crendon Insurance Brokers Ltd** can help ensure that your firm has the most effective cover to guard against uncertainty.



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## Firms Lose £1.8B Annually Due to Invoice Fraud

In the past year, 60 per cent of UK construction firms have been the target of invoice fraud, which contributes to an annual loss of £1.8 billion, according to the Tungsten Network, a global supply chain enabler. Of the firms that have been affected, 1 in 6 estimate that invoice fraud has cost them at least £5,000 this year alone.

A contractor or supplier can commit invoice fraud by knowingly sending duplicate invoices, requesting payment for fake invoices, or posing as a creditor and asking firms to send payment to a 'new' bank account which actually belongs to the criminal. Generally, these fraudulent invoices are successful, as many construction firms have minimal back office support, and their employees are often undertrained and lack the right tools to identify such schemes. Follow these four best practices to protect your firm from invoice fraud:

1. Provide anti-fraud training to each member of your firm's office staff. This should include how to identify, report and respond to potential fraudulent activity.
2. Shred all financial paperwork to avoid theft of the firm's identity or logo, and to prevent your firm's bank account details from being obtained by potential fraudsters.
3. Implement due diligence checks with your bank to ensure that your firm is aware of any potential changes or suspicious activity with your account.
4. Establish a point of contact with either the contractor or supplier in case there is an issue with a submitted invoice. If you receive a suspicious invoice, contact this individual by both email and phone in case one of those channels has been compromised by fraudsters.

If your firm becomes a victim of fraud, contact both the police and your bank immediately. Remember, while invoice fraud has become an all-too-common risk for the construction industry, it is avoidable if your firm takes the appropriate preventive actions. For more information on how you can protect your firm from fraud, contact Crendon Insurance Brokers Ltd today.

# C PROFILE

## Construction Firms Fined £8 Million Since New Feb. Guidelines

Since the new sentencing guidelines for health and safety offences came into force in February of this year, 38 per cent of the 101 fines issued have gone to construction firms, according to BLM, a global insurance law firm. Under the new guidelines, the value of a fine is determined by a firm's annual turnover and the severity of the offence.

While the majority of the fines received by construction firms have been relatively light—averaging just under £70,000—the combined value of the three highest fines is £5.6 million, which brings the total fine amount for the sector to almost £8 million. In addition, the legal costs attached to these fines are equally substantial, with prosecution costs reaching more than £530,000.

There is a certain degree of risk associated with the work that construction firms handle, which may explain the disproportionately high amount of fines levied against the sector. In fact, there were 65,000 self-reported non-fatal workplace injuries and 35 deaths reported in 2014/15.

With potential fines ranging from just £50 to as much as £10 million depending on the offence, these statistics show that it is crucial that you take the necessary precautions to ensure that both your workers and those around your construction sites are safe. In order to help your firm strengthen its health and safety practices, the Construction Industry Training Board (CITB) has released two beneficial resources:

- [CDM Wizard](#) is a free app that can provide you with guidance and advice, as well as alert you to significant construction risks.
- [CDM industry guidance](#) is a collection of guides that offer practical, straightforward instructions on how to comply with the Construction (Design and Management) Regulations 2015.

## New Guidelines Have Contributed to a Rise in the Number of Fines

Source: BLM

