

# Impact of Brexit

## *Challenging time for the UK construction market*

**Britain's building industry performance in the months ahead of the EU referendum was the worst in the last seven years. On the 23rd of June British citizens have decided, in the referendum called by the Prime Minister David Cameron, that the UK will leave the European Union. The result of the referendum caused the unstable economic situation as there is an uncertainty of how the country's future will look.**

If the UK Government decides to revoke Article 50, there will be two years to evaluate the conditions for the termination of the UK membership in the EU. The time demanding process of the withdrawal from the EU will certainly influence the wellbeing of the construction industry. The Government and new Prime Minister Theresa May should pay attention to risks that might affect the sector prosperity during the Brexit talks.

### **Impact on investments**

Britain's building industry performance in the months ahead of the EU referendum was the worst in the last seven years. Builders had problems to secure a work to replace finished projects. The outcome of the EU referendum has already caused the uncertainty in the construction industry. After the success of the leave campaign, construction contractors are losing confidence due to the unsettled economic climate and many investment decisions may be postponed. The international investors have paused the UK infrastructure investments even that the

record low Sterling seems to be attractive for foreign buyers. The sustained slowdown in the construction activity might be caused by the impact on interest rates.

### **Impact on the housing market**

The activity on the housing market might be paused for a while until the economic situation will be more stable. On the other hand, the low Sterling might attract new overseas investors, and there might be a surge in the London property market. The housing developments funded by the Government could be reduced.

### **Impact on materials' prices and construction costs**

The decline in Sterling value might cause the short-term cost inflation for materials sourced from abroad. The contraction of the economy will mean that in



overall people will be worst off what will reduce activities in refurbishments and new builds. Secondly, prices of products and materials might increase as currently there is no stamp duty and tax. The higher costs of materials will cause the higher costs in the project delivery. That will add to costs increases caused by the current shortages of contractors. In this part of the industry, a lot depends on new EU trade arrangements proposed by the new government leadership. However, for an industry which imports 64% of its materials from the EU, there is a pre-

dicted significant rise in materials costs in addition to upward pressure on workers' wages.

### Impact on the public projects delivery

The government budget and local funding will be affected too what will trigger the decline in public construction projects. The government priorities with the delivery of housing, development of skills, training and apprenticeships, improvement in infrastructure or refurbishment and retrofits funding might be reduced as there will be limited funds. Construction projects that are underway will be rather continued, but the future view for the sector does not look very promising.

The uncertainty grows about the future of already planned projects funded by the EU like the Hinkley Point nuclear power station in Somerset, the third runway at Heathrow airport or the Atlantic Gateway transport hub in Manchester and Liverpool.

The European Investment Bank (EIB) has been financing major projects across the UK, for instance, the extension of the M8 motorway, the expansion of Oxford University's research and teaching facilities and the purchase of new express trains. Also, the UK after Brexit will not be able to get financial support from EIB in the form of long-term investment loans on special terms, what will limit the Government's access to alternative sources of funds. Moreover, the suffering economy might also be affected by new trading barriers and lower inflow of migrant workers.

The withdrawal from the EU could mean an end to tendering projects through the Official Journal of the European Union (OJEU). In such scenario, the bid costs might come down, and smaller and medium sized firms will get more chances in the procurement process of public sector projects. However, there will be costs of implementation of new rules probably similar to those ruled by the OJEU.

### Impact on the supply of labour

It is expected that the UK will leave the EU single market, and there is a risk that the freedom of movement will end. The sustainable

employment in the industry might be affected as the immigration will be limited. The UK construction sector heavily relies on EU migrant skilled builders and according to CIOB, there will be a need to employ 224,000 new construction workers by 2019, while the current shortages of skilled workers for UK construction firms will be exaggerated. This might cause the increase in labour wages.

### Impact on the sustainability

After withdrawal from the UE, Britain will no longer be bound by the EU's sustainability policies targets for 'nearly zero energy' building by 2021. However, the UK might be starting the process of choosing which EU regulation to adopt or amend.

*The result of the referendum caused the unstable economic situation as there is an uncertainty of how the country's future will look.*

It is difficult to predict the impact of Brexit until few months have passed. The infrastructure sector is already stagnating while the large construction companies have seen the decline in their share prices since the leave vote won. The absence of a post-Brexit plan from politicians, unfortunately, has the negative impact too. The UK Government will have to be in talks on the UK leave conditions from the EU what will sustain the uncertain economic climate. There is a danger of huge drop-off, and if it will last for two years, it is way too long for a construction industry. However, it is forecasted that afterwards there might be a significant surge in the building activity. In the meantime, it is recommended to calm down and be engaged in the business as before the Leave outcome of the EU Referendum.





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# CRAFT YOUR FUTURE

**The Chartered Institute of Building (CIOB) launched the interactive platform aimed in the introduction to the construction industry. It shows methods and skills required for a career in construction. There are already shortages in construction labour sector, and it is forecasted that more than 400,000 UK construction workers will retire between 2018-2023. There are various incentives created by the UK Government to provide apprenticeships and training to new entrants into the sector.**

Craft Your Future is a construction game based in Minecraft. The Minecraft Education Platform enables to download four free lessons which help to explore the construction environment. The lessons are based in the virtual city Newtown, where players/students face various construction challenges. Students can design, plan, collaborate and build solutions for future sustainable cities.

The areas explored through Craft Your Future programme are, amongst others, maintenance, restoration, new build and refurbishment. Students can collaborate in groups and lessons lasts 3 or 6 hours. There are real life scenarios like the restoration of Battersea Power Station.

A skills shortage in the construction sector increases wages and postpone the essential infrastructure work. According to the Royal Institute of Chartered Surveyors (RICS) bricklayers and quantity surveyors were the hardest to find in the year 2015.

Craft Your Future is designed to inspire and at-

tract a new wave of construction managers into an ever-increasing digital industry. It teaches communication, mathematics skills and team working which are essentials in the construction industry.



## BOOK REVIEW

# 200 Contractual Problems and Their Solutions

**by J. Roger Knowles**

Roger Knowles is a chartered surveyor, chartered arbitrator, barrister and CEDR accredited mediator. His book examines 200 contractual problems that are often encountered during construction projects. He included explanations of various solutions recommended for each problem, including the analysis of contract conditions and legal judgements. This book is based on the various contracts available, like for instance the JCT Standard Form and Design and Build, New Engineering Contract NEC3, ICE and GC/Works/1.

It is a practical reference for real life problems occurring during the construction process with numbers of cases to back up the opinion. It is a must have position.

**It covers problems together with their solutions in areas of:**

- procurement matters
- tenders and bidding
- design issues
- letters of intent
- contractor's programme
- contractor's float
- delays
- concurrent deals
- extension of time
- liquidated damages
- unliquidated damages
- variations
- loss and expenses and cost claims
- acceleration
- payment
- damage of works
- retention of title

- practical completion
- defects
- adjudication

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2012



# The National Academy Skills for Construction

**In the current economic climate, it is necessary to get the best qualification possible to secure the potential job opportunities.**

The National Academy Skills for Construction is the project-based training concept delivered by (Construction Industry Training Board) CITB. It is designed to allow contractors and clients get the skills on the construction site. It is a practical training which takes place during the building project. Skills required are gained in real life situations, and each training is design to match the particular project.

Councils, regional development agencies or public partnerships included their projects. Construction projects which lead the National Academy Skills for Construction include amongst others, the 2012 Olympic Park, Manchester Schools Framework, Media City UK, and Lewisham Building Schools for the Future.

Employers working on projects connected with the National Academy Skills for Construction can

take advantage of high quality tailored training on site. The contractor who wishes to register for the National Academy Skills for Construction has to contact eligible providers and establish which training is of his interest to agree the training's schedule on the site. The list of the National Academy Skills for Construction providers is available at [www.cskills.org/nsafc](http://www.cskills.org/nsafc)

Benefits of taking part in the scheme:

- training on site with support from a dedicated coordinator
- real life construction project's challenges
- the practice of skills
- delivery of the contract
- help with a meeting of contractual requirements
- skills development for community
- the advantage for future references and tenders

Employees get qualifications while they work so they can put them into practice at the same time.

The required skills to finish project on time and budget to the highest standard are trained in real circumstances. The dedicated coordinator liaises with workers and the supply chain to inform what skills are required. Training is always specific to the particular project to ensure the right skills are developed. Training is included in the contract so sub-contractors can benefit. Schools and colleges can get involved in a National Skills Academy for Construction project by site visits, apprenticeships and on-site training.

## How to become accredited?

To get the accreditation by the National Skills Academy for Construction email [nsacademy@cskills.org](mailto:nsacademy@cskills.org) with the title 'How to become accredited by the National Skills Academy for Construction'. The accreditation helps to improve your workforce, increase efficiency and provide high standards of workmanship on projects. Major developers and construction companies already involved include Balfour Beatty, Bovis Lendlease, Costain and Kier.



# Great Construction Events are coming soon...

## The Green Building & Facilities Roadshow EcoShowcase Manchester 20th September 2016

In Manchester, on the 20th September, there will be the construction event EcoShowcase - all about building knowledge, inspiring ideas, building products and solutions and educational seminars. Discover the innovative technologies and solutions presented by companies and manufacturers from the sector. Visit to engage in designing, building and managing the building industry. Get information about the technology, legislation and know-how updates.

During the event, there are planned numerous educational seminars by industry experts, amongst others Ofgem, Cundall, JAHl and CIAT. Moreover, well-known and new brands will showcase their technologies and products so it is great opportunity to talk with experts on products specification and to find new solutions. During the day there will be various learning courses which add up to 4 hours to CIAT CPD approved qualification. Seminars will be presented by expert speak-

ers from the event partners, government bodies & trade associations. A series of sessions covering latest construction subjects & legislative updates are worth attending. Amongst visitors, there will be architects, builders, contractors, estates managers, professionals committed to creating a more sustainable built environment.

Do not miss this highly informative event with educational seminars and products information. Book your free tickets at [www.ecoshowcase.co.uk](http://www.ecoshowcase.co.uk)





## 9 Shows under one roof

UK Construction Week 18th-20th October 2016

UK Construction Week is the biggest construction industry event in the UK and will take place at the Birmingham NEC from 18-20th October 2016 with over 650 exhibitors and over 24,000 trade visitors.

Visitors will be attending Build Show, Energy, HVAC, Smart Buildings, Grand Designs Live, Plant & Machinery Live, Timber Expo, Civils Expo, Surface & Materials Show. This event is all about industry news, seminars, exhibitors and innovations. Workshops and discussions will take place during the event in specially designated zones and amongst others, there are planned:

- Home Building Theatre (Build Show)- Funding Opportunities for house builders
- Energy Hub (Energy 2016)- Energy performance of solid walls
- Smart Buildings Hub (Smart Buildings 2016)- Why your facilities manager is more important to your building design than you think
- Home Building Theatre (Build Show)- Opportunities in the custom and self-build market

Amongst visitors, there will be top architecture and design companies, housebuilders, contractors and developers, local authorities, education bod-

ies representatives, building merchants and others involved in the construction industry. This event is an excellent opportunity to meet under one roof, share knowledge about products and innovations, learn and network together. Register for free for UK Construction Week at [www.ukconstructionweek.com](http://www.ukconstructionweek.com)



The full schedule is available at [ukconstructionweek.com/whats-on/seminars](http://ukconstructionweek.com/whats-on/seminars)

## The leading construction event for London and South East of England

LONDON BUILD 2016 - 26th-27th October

This leading construction exhibition focusing on construction opportunities in London and the South East of England will take place in Olympia and will feature:

- international exhibitors showcasing products, developments, technologies and opportunities
- conference sessions and CPD accredited workshops from Government, developers, contractors covering London's portfolio of current, planned and future construction projects, highlighting the key opportunities over the next 5+ years, for contractors, architects, engineers, developers and government bodies.
- meet the buyers event- networking opportunities for contractors, developers, architects, government and other construction industry professionals
- Tendering exhibitors include Croydon Council, Westminster Council, Genesis Housing Association, Waltham Forest Council, Sutton Council, Thrive Homes
- London Construction Awards

- Health & Safety Hub, Sustainability Hub, The Skills Hub, The Market Intelligent Hub, The Architects Hub
- Conference and Workshops Programme featuring for instance Health & Safety Risk Management: Leadership Lessons from Major Construction Projects;

Government update: Construction Landscape- London & the South; Occupational Health in Construction: Learning from Major Projects; Construction Payroll: The Whole Spectrum is available at <http://www.londonbuildexpo.com/visit/agenda>



Don't miss London Build - register for free ticket at [www.londonbuildexpo.com](http://www.londonbuildexpo.com)

# New British Standard

*on flood resilience BS 85500 and its importance for building construction*

**The Business Standards Company (BSI) published new Standard BS 85500:2015 Flood resistant and resilient construction. It is a guide to improving the flood performance of buildings.**

The protection against flood is of importance for the local authorities as the flooding in recent years occurred more often, for instance, last year flood in the North East of England. It is critical that new buildings will be designed appropriately to cope with flood and reduce the time for restoration in the event of flooding. The New Standard BS 85500 is introduced as a preventive instruction on flood-safe construction.

The standard gives guidance on steps which should be undertaken to enhance the resistance and resilience of buildings to flooding by use of

suitable materials and technologies. It provides information on approaches such as avoiding flooding risk, locating development in the area of low flood risk, reduce the impact of flooding through design, providing information on construction measures for flood-safe new buildings, extensions and retrofits.

- **BS 85500** promotes the use of water resilient materials and technologies
- **BS 85500** advises on reducing the time for reoccupying properties after flooding
- **BS 85500** advises how to possibly reduce losses resulted in flooding
- **BS 85500** advises how to reduce the risk of mould and health issues related to flooding impacts
- **BS 85500** advises on measures to save energy by reduction of excessive drying and restoration of flooded properties

This standard is a valuable guide for designers, developers and contractors working on new

developments. It is the perfect tool for innovative design solutions for flood resilient properties. The BS85500 Standard was developed by experts from the Association of London Borough of Planning Officers and other professional bodies.

The standard highlights the importance of proper selection of the type of insulation for particular buildings that might be exposed to flooding. It includes the information of the preferred methods of new wall construction and recommends the solid walls with external insulation with preference to cavity walls. In the case when cavity walls were built the standard BS85500 advises about rigid closed cell insulation materials. The British Rigid Urethane Foam Manufacturers' Association (BRUFMA) is the representative body for the Rigid Polyisocyanurate (PIR) and Rigid Polyurethane (PUR) Foam Industry in the UK. BRUFMA states that the closed cell structure of PUR insulation can help to increase a building's resilience against the economic and emotional damage caused by flooding.





# London Construction Awards 2016

## IBB Polish Building Wholesale has been shortlisted to the final

The London Construction Awards are the leading and most prestigious construction awards in London.

The London Construction Awards recognise achievements, developments and innovation within London's booming construction industry and feature a wide range of categories for solution providers, contractors, architects, developers and local authorities.

For the first time in 2016 there will be a joint voting system for the flagship "London Build Excellence Award". This award celebrates the best that London has to offer and is an opportunity for any company or individual to cement their reputation as a purveyor of excellence. This award will be voted for by both the judging panel and by the wider London construction industry, who will have the opportunity to vote via Twitter.

All awards are free to enter and are impartially judged by a panel of industry experts. The awards are presented at a prestigious Gala Dinner on October 26th at the Royal Garden Hotel in Kensington, attended by 500+ movers and shakers in the London construction industry. The awards ceremony features a world class array of live entertainment, music and comedy; including a comedy-set by the legendary comedian Jimmy Carr.

**LCA** | LONDON CONSTRUCTION AWARDS

CONGRATULATIONS YOUR COMPANY HAS BEEN SHORTLISTED

Following your recent submission to the London Construction Awards, We are delighted to announce that **IBB Polish Building Wholesale** has been shortlisted to the final in the following categories:

**London Build Excellence Award**

The Winners and Runners Up will be announced during the awards gala dinner ceremony on the evening of the 26th October at the exclusive venue, The Royal Garden Hotel, London.

For further details on your application or to reserve tickets to attend the Awards Ceremony at, The Royal Garden Hotel, London, please contact:

awards@londonbuildexpo.com  
or +44 (0) 203 058 2350.

We look forward to seeing you at the show!

#LondonBuild  
@LondonBuild2016  
www.londonbuildexpo.com

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**Innovation of the Year – Software**

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We look forward to seeing you at the show!

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