

# CECA

## Communicates



Issue 58 February 2009

## CECA survey shows largest drop in workload for 16 years

The Quarter 4 2008 Workload Trends survey showed a net balance of total workload, compared with 12 months ago, at its lowest ever level of -50%.

Workloads in all sectors, except for rail, are down for the same period. The January percentage balance of preliminary works is -87% on last year, highlighting a standstill in the housing market. The picture is little better elsewhere, the balance of work on local roads is down 39% on last year's workload. Local roads have long been the bread and butter of many small contractors and the results in this sector do not bode well.

Overall expectations for future workloads have not weakened further from low positions in Q3, but at a regional level there have been changes. In England, contractors are expecting a turbulent 12 months with more expecting lower workloads. In Wales, however, 50% of companies think that their workload will increase over the next 12 months.

(...continues on back page)



Increased work on the railways is the only positive news to come from the Workload Trends survey

## CECA identifies training trends

It has been suggested that among the first casualties of the current recession will be skills and training, but is this really the case? It has also been suggested that a period of slowing orders is the ideal time to train employees and update their skill sets in preparation for the time when order books will be full and the time to train may be limited. CECA is in the process of identifying which of these two views applies among members.

CECA is the only construction trade association to have a dedicated Director of Training, Joe Johnson. Joe commented: "There have always been conflicting ideas about the amount of training that is carried out during a period of economic slowdown. CECA intends to identify a clear picture of how members are handling this key area during difficult times."

CECA has developed an online survey of five questions and looking at the amount of training days completed by

a company in 2008 and the amount that are planned for 2009. It also seeks to identify if there will be an impact on the number of apprenticeships that a company may be prepared to offer in 2009 compared to 2008. With this information CECA will be able to lobby CITB to ensure that funding is directed to support the training effort of our members.

It will also ensure that CECA is in the vanguard of providing robust and reliable data to decision makers in Government and ConstructionSkills to ensure that informed decisions are made on funding levels in the future.

To take part in the Training and Development survey please go to [www.ceca.co.uk](http://www.ceca.co.uk). The survey will be open until 13 March and results will be available in the next edition of the Training Bulletin due to be published later that month. Should you require more information or have specific concerns, please call Joe Johnson 020 7227 4626.

### In This Issue:

North West Focus  
Peter Luff MP  
Government Affairs  
Ian Pearson MP

page 3  
page 5  
page 6  
page 7

Business Link  
James Wates, UKCC.  
Towards Zero Waste  
Workload Trends Analysis

page 8  
page 9  
page 10  
page 12

# CHAIRMAN'S Column



**Peter Andrews argues that current low tender prices offer a good opportunity for Government investment to support the industry**

We, our clients and the country as a whole, grew used to the idea that steady economic growth would continue and prosperity would spread. The possibilities of a reverse, even as recently as this time last year, seemed remote and those who said the

future could be different were dismissed as doomsayers. To be fair, we were encouraged in this view by the Government who, for a decade, claimed to have abolished boom and bust. As the New Year starts, we have a stark reminder of the foolishness of making complacent assumptions.

It is not just in their optimism where the Government has been wanting. An optimistic outlook is no bad thing provided, when you hope for the best, you spend time preparing for the worst. It would have been possible to foresee a downturn in the economy. It may not have been possible to accurately predict where or when or why but, as sure as the sun rises in the morning, the steady growth of the economy would ultimately change.

Numerous fables illustrate the folly of failing to prepare for the end of the good times. In the case of our industry, however, the failure of the public sector to plan long term programmes of investment in infrastructure means that now, with private sector work evaporating, confidence in the ability of the Government to sustain the industry through the downturn is also disappearing.

With most developer led projects on hold and the complete collapse of preliminary works for property developments, contractors are migrating to other sectors looking for work. Public sector clients are enjoying a lot of attention at the moment. It is not to say that greater programme visibility would solve this problem, but if contractors had a clear idea of what the public sector wanted to purchase and when, the situation could be better managed.

The fact is no such plan exists. We know a bit about this, a little bit more about that, but no one has the whole picture. When the only certainty is that developer led work is no longer available, the consequence is longer tender lists and aggressive pricing. Falling tender prices may be no bad thing for clients spending taxpayers' money, and a competitive marketplace is a healthy one, you might

think. But the situation is not sustainable.

In the same way that a downturn follows the good times, so an upturn will follow the bad times. Tender prices will rise again as demand returns and resources no longer lie unused. The question that the public sector planners should be asking themselves is how sharp and steep is that rise going to be? As a rule of thumb, the more the market contracts during the downturn, the steeper the rise in tender prices during the upturn. Fewer contractors means less skilled resources will be available so when demand returns, projects will cost more to deliver.

This may be a fact of life but the volatility of a sharp rise and fall in prices is as inefficient as a sharp rise and fall in investment and the worst excesses can and should be managed. Accelerating public sector investment in the short term means that additional projects will maintain some of the spare capacity in the industry, but it is only a short term measure and will not solve the core problem. The Government must address the issue of a long term planning of investment in infrastructure, going forward from here and running for at least a decade or more. A consistent flow of work would mean less volatility in tender prices as well as enabling greater value for taxpayers' money and the other efficiencies and benefits that CECA has long argued for.

Taking this route will not mean that we will abolish boom and bust in the civils' sector, but it is a more sustainable approach and will create confidence. It should have been done years ago.

**Peter Andrews**  
Chairman

Civil Engineering  
Contractors Association  
55 Tufton Street  
London  
SW1P 3QL



Tel: 020 7227 4620  
Fax: 020 7227 4621  
enquiries @ceca.co.uk

## CECA's North West office highlights the work it has been doing on behalf of its members

2008 proved to be a busy year in the North West. As the economic conditions worsened we have been active in promoting members' interests at a regional level. Through partnerships with different bodies CECA (North West) has developed a strong network with key organisations to enable it to deliver an exciting programme of events and opportunities over the past year. 2009 offers an opportunity to continue with this programme and offer real benefits to our members.

### Regional governance

The key feature and achievement of 2008 for CECA (North West) was undoubtedly the strengthening of its relationship with regional government where, following close liaison with the former NW Regional Assembly during 2006/7, CECA (North West) was awarded SEEP (Social Economic and Environmental Partner) or stakeholder status on the Assembly following the NWRA Annual Conference in July 2007.

Contrary to experiences in some other regions NWRA has worked well with a high degree of inter party accord, and, in advance of the Government's proposed timetable for changes to regional strategy, NW Region elected to dissolve NWRA in May 2008 and, at the Annual Conference held in Liverpool on 14 July 2008, launched the new Regional Forum 4NW. CECA (North West) has fully supported the change in its SEEP capacity.

The new Leaders' Forum, which is now the decision making body of 4NW, is advised and supported by five Working Groups which include the Economic Development Group and the Regional Planning Group – the latter incorporating such matters as waste, mineral resources and power. On 12 September 2008 the nomination of CECA (North West) Director to both Working Groups was accepted and, through this membership, CECA is now able to feed contemporary information and industry concerns to 4NW, and thereby as appropriate to the Regional Minister with whom the Leaders Forum meets on a regular basis. The relationship with 4NW provides a much valued opportunity for the exchange of information, advice and comment on industry matters to the decision makers in our region and for CECA to play a constructive part in its development and prosperity.

Despite a considerable addition to workload and commitment, the Executive of CECA (North West) consider the relationship and contribution to 4NW to be a most valued, productive and prestigious initiative on behalf of its members. As such we have invited 4NW to outline the importance of its work as part of the North West's contribution to *Communicates*.

### Careers, employment and skills training

CECA (North West) is very active in supporting the work of ConstructionSkills by its involvement in the National Skills Observatory, National Skills Academy for Construction, and North West Construction Group. The North West Region is a leading pilot in

the development of the Skills Academy and CECA was one of the original sponsors of the Academy in this area. In the NW the Academy has proved a considerable success with eight academy status projects already running and a long list of prospective applicants keen to achieve approval. Of the eight projects it is good to note that four are run by CECA member companies Balfour Beatty and Birse Civils.

### CECA (North West) and the Open University

CECA (North West) has worked during 2008 with the Open University to develop two management development courses suitable for on-line and distance learning. These are due for launch in early 2009 and will be of interest to all existing or potential managers wishing to improve their knowledge of construction management, client and designer perspectives and interpersonal skills.

### CECA (North West) awards scheme

CECA (North West) will for the first time introduce during 2009 an Awards Scheme to promote and recognise excellence, ambition and achievement within our industry. We hope that the awards will motivate CECA members to continue to deliver high standard work, provide in depth training and work towards CECA is health and safety targets. Further details will be available from April 2009 via the regional pages of the CECA website.

### CECA (North West) adds spice to industry networking

Contractors in the North West can now get down to business over the best Indian Cuisine at CECA (NW)'s latest innovation – a bi monthly Curry Club.

The idea came from the CECA's remit to support contractors by bringing all ends of the industry together to network. During the current downturn, contractors need to make sure they explore every avenue available for work opportunities and at gatherings like this, large and small can meet and discuss their options.

Balfour Beatty, Morgan Est. Barhale and Eric Wright were among the members who attended the inaugural lunch in January, where they networked with companies like Westshield, Bardon, Yates, Mayfield and Tarmac.

CECA (NW) Chairman Patrick Waldron commented: "Times are hard for SME contractors and the big players alike, but there is work out there. By bringing contractors together, CECA is performing a sterling service for its members."

The Curry Club takes place at the Dewi Morris Curry Club and the next curry night is scheduled for the end of March. For more information CECA (North West) members should contact Ian Robinson at the North West office.

# REGIONAL Focus

4

NW

*Regional Assemblies are changing. CECA invited 4NW, a pilot for the new Regional Leaders' Boards, to comment on the bodies replacing them*

On 25 November 2008, the Government published its proposals for the Sub-National Review (SNR).

This included proposals for legislation to establish Regional Leaders' Boards in each of the regions of England.

Leaders' Boards will be representative of local authorities across the whole of their region, including key sub-regions, upper and lower tier authorities and the political balance of leaders; comprising local authority leaders and with sufficient authority to act on behalf of all the local authorities in the region.

Leaders' Boards are to replace Regional Assemblies, will be able to make strategic, long-term decisions and engage effectively with the Regional Development Agency developing a single regional strategy. This will replace and build upon current separate spatial, economic, social and environmental strategies.

The very first region to establish such a Leaders' Board is the North West, where the previous North West Regional Assembly has been transformed into 4NW, the Regional Leaders' Forum. 4NW has a board of members representing organisations who will be responsible for delivering the strategy proposals at local level in the North West - including council leaders from Cumbria, Cheshire, Lancashire, Merseyside and Greater Manchester, and representatives from the private sector such as Chambers of

Commerce, North West Universities Association and the North West Trades Union Congress.

4NW was created in anticipation of the SNR, launching in July 2008. As a result, we are ahead of the game, and making excellent progress in starting work on RS2010, the North West Regional Strategy. Our goal is to work with North West Development Agency (NWDA) to produce an agreed strategy for the region which will guide action and investment by business, national and local Government and the voluntary and community sectors.

On 3 February, 4NW and NWDA issued a Principles and Issues Paper for full public consultation, and we would welcome any comments you may wish to make. The Paper is designed to stimulate a discussion on how the North West can integrate the traditionally separate agendas of spatial planning and economic development, the environment, and sustainable communities and social cohesion. It is not intended to offer solutions, nor potential policy or investment recommendations, but to set out the issues we think the region will want to consider and prioritise before we agree the detail of strategy development.

More information can be found at: [www.4nw.org.uk](http://www.4nw.org.uk).

## CJ's Best Places to Work Awards open for entries

This year's Contract Journal Best Places to Work in Construction Awards are now open for entries and CECA members are urged to enter. If you believe you are one of the best employers in construction, in spite of tough trading, why not join the growing number of firms who can prove they're outstanding.

The awards, now in their 5th year, will give members a chance to show off the benefits, training schemes and career prospects within their firm and perhaps boost morale during these challenging times.

Entering the Awards is simple – just go to the "How to Enter" page of Contract Journal's website, and if you have any questions, the FAQ page should be able to answer them. So take the next step and register to enter now at: [www.cjbestplacestowork.co.uk](http://www.cjbestplacestowork.co.uk)

## CECA initiative gives members chance to shine

CECA (Southern) member FM Conway has seen off competition from some of the UK's largest contractors for a chance to pitch its plans for innovative waste recycling centres directly to those in charge of Transport for London's £39 billion investment programme.

Following work carried out by CECA National and Transport for London to improve co-operation between the two organisations, CECA's SME members were invited in January to put forward ideas for TfL's Investing In Innovation pilot competition. The competition is intended to help TfL ensure that it can take advantage of the most innovative service, processes and products available in the market, while offering smaller firms improved access to senior TfL staff.

FM Conway's submission featured its plans for Independent Construction Waste Recycling Centres, which could be used to treat construction waste generated by Transport for London's significant ongoing programme of works.

The submission was one of three chosen by Transport for London from more than 30 entries, and FM Conway will now present their ideas at a one day seminar attended by around 50 key TfL staff in March. While the competition was seen as a pilot by TfL, if successful it will be rolled out as a regular event in future, with CECA represented on the judging panel.



**Peter Luff, MP for Mid-Worcestershire and Chair of the Business and Enterprise Select Committee, explains the role of his committee in supporting business by scrutinising the Government**

Just a few days ago, the Business, Enterprise and Regulatory Reform department, BERR, began consulting on the detailed arrangements for the new post of Chief Construction Officer. I think this is an idea whose time has come – but I would, wouldn't I? After all, it came from my own committee's report on the construction industry, published last year.

Exactly how Parliament scrutinises Government legislation and departments is little known outside Westminster. But committees like mine can make a real difference to the policy environment in which professions and businesses like yours operate – the Chief Construction Officer is but one recent and clear example.

The economic challenges have led the Business and Enterprise Committee to refocus its work on the challenges facing British business – for example we have just launched a new inquiry into how we can export our way out of recession. Our lengthy inquiry into how to maintain a higher value added economy has acquired a new relevance in the new circumstances and I hope we will be able to publish it in the Spring. Our report on the regional development agencies is due very soon too – another timely report, I suspect.

Other Committees have been busy as well and this is especially true of the Treasury Committee which has been looking at the regulatory and financial fall-out from the credit crunch.

The knowledge that their actions are potentially going to be subject to committee scrutiny is a real incentive for responsible behaviour around Whitehall departments – and often our interventions can introduce new ideas into policy making too.

Of course we politicians always complain we are misunderstood, but there again, we are. Only last week an editorial in "The Times" showed alarming ignorance of how Select Committees work when it accused us of doing little more than dramatising events. The theatre of making the ex-bosses of the banks apologise for their failings in front of the Treasury committee was valuable but simply not representative of our real work, as "The Times" should have known.

Select Committees are made up of backbench MPs with the express purpose of enquiry, investigation and scrutiny into government policies, expenditure and administration. Within our terms of reference we wield significant influence, and can call on ministers, civil servants, public bodies and individuals to appear before us to give evidence. After extensive enquiries, we publish reports

which the Government is obliged to consider and to which they must respond.

My Committee looks into the important issues concerning trade and business in the UK including issues such as UK energy policy, the Government's relationship with Royal Mail, competition policy, business competitiveness, trade promotion – and, of course, almost every sector of the economy, including the construction industry.

And, unless the Commons shows some imagination, we on the Business and Enterprise committee remain the only MPs who can ask questions of the Lords' ministers at BERR – the Lords Mandelson, Carter and Davies and the celebrated Lady Vadera. In a recession, that gives us a whole new dimension, and it is to Peter Mandelson's credit that he has recognised this and offered to come in front of us regularly.

In the last year alone, as a result of my Committee's own enquiries, apart from persuading the Government to act to improve its interface with the construction sector by establishing the new position of Chief Construction Officer, we also prodded a reluctant regulator, Ofgem, into action over energy prices and we achieved significant improvements to the Post Office closure programme

Already this year the Government has accepted a series of our recommendations relating to the important work of Companies House. An earlier report on trade with India led to a series of welcome changes too. I am sure my fellow chairmen could all make similar claims.

For Select Committees to be effective, of course, they rely on gathering extensive evidence of good quality. All too often interest groups forget about the influence a Select Committee can have. Writing in this publication, I urge all civil engineers and interested parties to keep an eye on the work of relevant Select Committees. When new inquiries are announced, Committees welcome evidence from all sides – the more diverse the better. It is the perfect opportunity to get your own views across and have a chance at influencing government policy.

So although there is plenty of scope for reform and for the introduction of new powers Select Committees do an important job, and they do it well. We can only do that, though, if people offer us their views. So don't hold back – if you see an inquiry that is relevant to you, get writing! It could make all the difference.

## CECA's nationwide Government Affairs push continues

The last edition of *Communicates*, Issue 57, highlighted the Government Affairs work CECA was undertaking. At the time of going to press CECA was due to meet with five additional MPs and more MSPs and Assembly Members. These included some high profile MPs, such as John Thurso, the Liberal Democrat Shadow Secretary of State for Business and Enterprise, and Peter Luff, Chairman of the Business and Enterprise Select Committee, who has kindly put forward a column for this issue of *Communicates*.

These meetings were successful and highlight how useful the Government Affairs program has been for CECA. CECA's meeting with Peter Luff came the day before the Committee he chairs questioned Lord Mandelson, Secretary of State for Business. As a result of CECA's meeting, questions about Ten Day Payment were raised with the Secretary of State. Similarly, following meetings with two front bench Liberal Democrats, CECA contributed evidence to Dr Vince Cable MP's office to help inform him before the "Government Capital Spending" debate in parliament.

Needless to say these meetings serve to raise CECA's profile within the political sphere, but more importantly they are a vital chance to emphasise the impact the recession is having on CECA members and the wider construction industry. Later this month CECA representatives will once more be meeting with Mark Prisk MP, Shadow Minister for Business and Enterprise, to discuss the Conservative Party's policies for the Construction industry,

issues affecting CECA members and CECA's response to the Chief Construction Officer consultation.

If you have any points you want to input into CECA's Public Affairs and Government relations work, please call Phil Morgan, CECA's Head of External & Public Affairs, on 020 7227 4625. We are keen to hear about the challenges you currently face and have a number of opportunities to put them directly to politicians.



*CECA staff battled through the snow to inform MPs of members' viewpoints before the Government Capital Spending Debate*

## Activity in Holyrood steps up a gear

CECA's lobbying of Government has been in full force North of the Border in Holyrood, as well as in Westminster. CECA (Scotland) has met with several key Ministers to put CECA's arguments across;

### **Stewart Stevenson MSP, Minister for Transport, Infrastructure & Climate Change**

In an hour long meeting with the Minister CECA took the opportunity to brief him on current civil engineering activity in Scotland with particular reference to his portfolio that includes Scottish Water (SW) and Transport Scotland (TS) which together provide over 50% of Scotland's civil engineering turnover. The Minister stressed that, despite fiscal constraints, his Government maintained its long term commitment to spend on infrastructure, evidenced in the Infrastructure Investment Plan and the Strategic Transport Project Review.

Discussions of how SW and TS might assist the construction industry during the current economic downturn also took place. CECA highlighted that members were already downsizing by an average of 10%, with some up to 50%, and this would have an impact on the skills base and the ability to gear up once the economy

recovered.

The meeting was also an opportunity to raise an issue some members reported; that SW was gearing down significantly as it approached the end of Q&S 3A. CECA pointed out this, compounded by severe cuts in private sector developer-led work, is having a significant impact on some contractors, especially those that rely heavily on water work and which had an expectation of just enough work to see them through the transition into Q&S 3B.

CECA also highlighted the capacity of the transport sector where, although there was a robust programme of capital projects, the industry could also be employed more quickly on much needed maintenance work particularly on trunk and local road networks where there was a work bank effectively "on the shelf" and ready to go now.

CECA raised the issue that large amounts of time and effort were spent on managing retentions which seemed to be the default position on all public sector contracts. Retentions led to large amounts of cash being held for long periods (and often when there were no contract issues outstanding or even conceivable). CECA suggested



## *Ian Pearson MP, Economic and Business Minister, explains how the Government plans to help the civil engineering businesses*

The construction sector is vital to the UK economy, accounting for around 9% of Gross Value Added, with output of £122 billion in 2007. Indeed, the Civil Engineering sector is worth over £5 billion per annum in its own right; and the majority of firms in the sector are SMEs, crucially contributing to the delivery of world class construction products and services.

We all know how difficult life is for people and businesses working in the construction sector at the moment. It's a real privilege to be the Minister for Construction and one of my key tasks is to work with the industry to get through these tough times while at the same time making sure it is positioned for the future.

We are working with the banks to help ensure that corporate lending remains available at competitive rates. To this end we have taken a number of steps to address the liquidity problems encountered by small businesses. These include providing further lending to business via British banks from the European Investment Bank; the recently announced Working Capital Scheme, which will secure up to £20 billion of working capital credit lines for ordinary risk companies; and the Enterprise Finance Guarantee Scheme – a replacement for the Small Firms Loan Guarantee scheme – which will provide loans of up to £1million to SMEs over a period of up to 10 years. Support is also available from HMRC to enable small businesses facing temporary financial difficulties to spread the payment of their tax bills.

There is real help for business out there and more details of these schemes, and how they could apply to your business, can be found at the Business Link website, [www.businesslink.gov.uk](http://www.businesslink.gov.uk).

But of course what the sector really needs is more people buying new houses and new projects in the commercial and public sector. The Government's fiscal stimulus will help, so too will measures like Homebuydirect and the bringing forward of £3 billion in investment in Britain's motorways, social housing and schools, and improving energy efficiency. We are also especially supportive of schemes such as the Energy Efficiency Employment Initiative, which matches workers who lose their jobs in house building with employment opportunities in the insulation sub-sector.

On top of this, this Government also remains committed to helping apprentices – the future of the construction sector – and I am delighted that CECA is involved in the Cross Industry Apprenticeships Task Force. Where practical, Government departments and Agencies which are letting construction-related contracts will consider introducing a requirement that successful bidders employ apprentices as a prescribed proportion of their workforce. And we are also providing support for apprentices facing redundancy to find employers to help them complete their training.

## **CECA (Scotland) continue Government Affairs push** *(continued from p6)*

*(...continued from opposite)*

that the Scottish Government review its guidance on retentions and offered to prepare a paper on the subject.

### **Office of Jim Mather MSP, Minister for Enterprise, Energy & Tourism**

CECA was one of two industry representatives from the Cross Party Group for Construction who joined Nigel Don MSP (Group Vice Convenor) at a meeting with Jim Mather's advisers to discuss the recession and its effects on Scottish construction. The meeting covered a range of issues including the need for the Government to encourage banks to provide realistic facilities to contractors, concerns over credit insurance and its impact on suppliers, payment difficulties, retentions (see above) and the prequalification burden. CECA has become one of the lead industry bodies in dealing with Government on prequalification and is engaging directly on behalf of the industry with a view to streamlining the huge bureaucracy

that currently afflicts both clients and contractors.

### **Alex Neil MSP, Minister for Housing & Communities**

CECA contacted Alex Neil to congratulate him following his promotion on Tuesday. CECA worked very closely with Alex Neil in the last Parliament when he chaired the Cross Party Group for Construction's Procurement Group on which CECA acted as secretary. Alex Neil responded personally yesterday saying that he looks forward to working with CECA again on construction matters.

## Business Link offers portal for “real help”

*Following Ian Pearson MP’s comments, CECA got in touch with Business Link to find out what financial help it can offer*

Civil engineering contractors play an essential role in providing the infrastructure to ensure economic sustainability and quality of life in communities across the country. However, as work dries up during the economic downturn and competition grows keener, contractors need to re-examine their own sustainability and look at how to prepare for recovery.

Recognising that this evaluation can be a difficult process, Business Link – the Government funded business advice and support service – is offering tailored guidance in the form of a ‘Health Check’. This free comprehensive review, available to businesses of all sizes and in every sector, is part of a package of support measures announced by the Government late last year with the aim of helping businesses to diagnose areas of concerns and opportunities, at an early stage, and take action.

Businesses can access an online version of the Health Check at [www.businesslink.gov.uk/healthcheck](http://www.businesslink.gov.uk/healthcheck), but are then advised to take advantage of a more in-depth assessment either through a telephone conversation, workshop or a one-to-one meeting with a Business Link adviser. This will involve discussion at a strategic level about various areas of the business, such as cash flow, access to finance, business opportunities and operational efficiency.

Chris Simpson, a Business Link Adviser, explains how the Health Check works. “Normally we look at where the business has been and where it is going, the ability of a business to sustain itself and potential opportunities that they might not have thought of,” he says. “We go into every business looking to improve practices and the bottom line, and to find ways to help it to grow.”

Advisers see businesses every day and most have experience of setting up and running a business so have valuable insight. Advisers can guide companies through the review, looking at strengths, gaps and opportunities, as well as offering solutions to issues and helping the company to write a realistic action plan.

One key area is the management of finances, says Simpson.



“Initially we will look to diagnose a business’s financial position, and then we can help it to access the necessary support – that might mean anything from a new business plan to the right current account. We’ll then look at sales and orders, where the customers are and what pricing structures the business uses. If a market is

*Chris Simpson, a Business Link adviser, explains what help is available for CECA members*

contracting, we might look to see how a business can increase sales by diversifying or targeting new markets.”

Through the Train to Gain scheme, Business Link can also help employers identify their training needs and highlight the availability of appropriate support. “It’s important to give staff new skills to keep up with changing demands, and that’s pertinent to the civil engineering industry,” says Simpson.



Using its close links with sources of specialist expertise, Business Link can benefit clients by putting them in touch with appropriate support, whether in the public or private sector. For example, if a business is looking to diversify, it might want to look at the option of exporting. Business Link works closely with UK Trade and Investment, which is responsible for promoting British exports and attracting inward investment. It also works with the Manufacturing Advisory Service to help businesses save money: this might include looking at health and safety issues, or environmental measures such as using electricity more efficiently.

Simpson gives his tips for thriving through the economic downturn, “Carry out a business health check to review your current activities; look after your cash, which means getting paid on time and reducing stock levels as far as you can; and monitor cash in and out of your business on a weekly basis – don’t delay until your VAT returns and annual accounts,”

“Know your margins, and avoid chasing sales with a low profit margin if the same effort will secure sales with higher profits. Be realistic about what you can and can’t change, and be brutal with yourself about what needs to change. Do this regularly, so you always know what’s going on and can respond quickly to possible problems. Above all, seek advice. Research shows that businesses who get outside help are more likely to succeed than those that don’t so don’t feel you have to struggle on alone.”

At a time of economic difficulty, problems can mount up and seem overwhelming. A free Business Link health check could be the first step towards finding a solution. “Our services are free and impartial, and we want to be the first port of call for businesses,” explains Chris Simpson. “We want businesses to know we are out there, and that we can help them.”

As well as its free health check, Business Link is able to help businesses with all aspects of setting up, managing and growing a business. Businesses who want to find out what help is available should go to [businesslink.gov.uk/realthelp](http://businesslink.gov.uk/realthelp). To speak to your local Business Link Adviser call 0845 600 9006



## **James Wates, Chairman of UKCG, explains the role of the new building trade association and outlines his support for cross industry collaboration**

My own company Wates has always had a foot in two camps – the CBI for general business issues and the former MCG for construction specific ones. Even so, I was constantly frustrated that we were not making enough of either body to secure effective representation for our industry. I was therefore determined during my time as Chairman of the Construction Confederation to repair this omission and ensure contractors get a better deal from their representative bodies.

To cut a long story short, we have now established a construction unit within the CBI, led by a Construction Council made up of all parts of the construction supply chain. Construction is now making a real impact on CBI policy. And at 9% of GDP it really needs to be up there with manufacturing and financial services.

Moreover, we are using the CBI brand to get access to Ministers and other opinion formers in a way that is rarely possible as an industry trade association. This could not come at a more critical time, when we are seeing the impact of the credit crunch worsening trading conditions in the industry day by day. Projects are being cancelled and delayed, access to finance continues to be limited and falling land values has had a major impact on programmes such as Further Education Colleges. I see this as a major item on the CBI agenda. We need to get a clear message to Ministers that without a steady stream of public sector projects there will be dire economic and employment consequences in the industry.

CBI cannot speak for a particular sector. It was therefore important to have some contractor representation sitting alongside – that is why we formed the UK Contractors Group. It is helping to inform CBI policy and also dealing with a limited number of industry specific issues such as the current OFT investigation, the Rita Don-

aghy review of construction deaths and the current debate about employment status in the industry. Equally, we want to continue and build on the leadership role played by MCG on health and safety. Expect to see much more on this topic in the coming weeks. With all the former MCG members – and a number of newcomers – in the fold we are now well placed to make a difference.

Let me take this chance to say we certainly want to maintain a constructive relationship with CECA. This may take a little time to develop whilst we are still finding our feet and defining our new role. The intention is clear – we want to work together where we can and we certainly do not wish to see duplication. Not least because we have some common members who would not thank us for wasting resources! Nor do we have a regional network – or an intention of establishing one – so we will want to keep in close contact with the CECA regions to see whether they can help add value to our workprogrammes.

Change always has a down, as well as up side. I know some have found it hard to understand why we have left the Construction Confederation. I hope this article goes some way to explaining our motives. I also hope it gives some comfort that, whilst our formal links are no more, we continue to see CECA as a valuable partner.



James Wates is Chairman of UKCG and a member of the CBI Construction Council.

### **Local Authorities Road maintenance boost**

On the 5 February the Department for Transport (DfT) announced that it was injecting an additional £66m of cash into Local Authorities' road maintenance budgets. £32m of the fund will be available from April 2009. Responding to the announcement CECA has expressed a desire to see the funds spent quickly and outside of framework contracts to ensure that the additional work will support SME companies.

## **CECA Questions Local Authorities over Ten Day Payment**

CECA has been pressing all forms of Government, and its agencies, to ensure that the promise to pay invoices within ten working days is met. Whilst central Government departments and Regional Development Agencies have adopted the scheme, many Local Authorities, for whom it has not been made mandatory, have been slow to react.

Local Authorities are major clients for many civil engineering contractors, particularly smaller CECA members. As such CECA has written to every local authority in England and Wales asking if they have adopted the Government's suggestion of Ten Day Payment and to ask what other measures they are taking to support SME contractors in their area. At a time when many companies are short of cash, and obtaining overdraft facilities is increasingly difficult, prompt payment by clients offers some help to struggling companies.

So far CECA has had responses from over 90 Local Authorities and will be releasing the results of the survey in the near future.

## CECA (South West) launches Towards Zero Waste

This month saw the publication of “Towards Zero Waste for Civil Engineering” a collaborative report between the South West RDA and CECA (South West). Construction Waste is an issue which will get increased industry attention in the future and this report is an important step in addressing the issues.

Paul Santer, Chair of CECA South West, explains “The environmental benefits in managing waste more efficiently are self evident but there are also significant cost savings to be realised in adopting a more sustainable approach to construction. Responsibility for this rests not only with the contractor but also with the client and their design professionals and, of course, the regulatory bodies. I believe the findings of this report provide a very useful ‘first step’ towards achieving the industry’s objective of Zero Waste in the foreseeable future.”

Towards zero waste is a report into the barriers to recycling construction waste. The report includes a study of several large CECA members including; Carillion, BAM Nuttall, Dean & Dyball, Clancy Docwra, May Gurney and Black & Veatch. As well as a study of a selection of these company’s contracts other CECA members in the South West were surveyed as part of the study.

The report contains a plan to drastically reduce the amount of construction waster on civil engineering projects. Key aspects of this plan include;

- The creation of a regional forum of ‘key experts’ to oversee the implementation of the report’s recommendations and act as an expert panel for construction waste and resource efficiency issues
- Regulatory bodies to work with industry to identify core documents for construction waste management, including guidance on regulations, solutions and approaches, and to act as the main reference for all waste management issues in civil engineering
- An environmental management system accreditation standard, appropriate for small to medium sized contractors, to be identified and supported
- Site Management Waste Plans to be adopted on all construction projects. Training and good practice guidance will be prepared to demonstrate how plans can be implemented throughout the process
- Regional plans and programmes to support the development of waste management services across the South West and;
- Best practice guidance and case studies to be developed by industry and regulators with clear definitions of zero waste targets.

The report is the culmination of a lot of hard work by CECA’s South West office and other bodies and goes a long way to allowing the industry to meet

the Government’s Sustainable Construction Strategy.

CECA also offers advice on construction waste regulations through the Construction Waste Information Portal (CWIP). This is available to members on the CECA website at this address; <http://www.ceca.co.uk/CWIP/GeneralContent.aspx?ContentID=10>

The full “Towards Zero Waste in Construction” report is also available in the Health, Safety and Environment section of the members’ area; <http://www.ceca.co.uk/SectionDocDetail.aspx?ContentID=21&SectionID=3&IsArchived=&DocumentID=165>

Please note to access both pages you will need to register with [www.ceca.co.uk](http://www.ceca.co.uk) – registration is only available to CECA members.



Lesley Seymour (Future Foundations), Paul Santer (Chair, CECA SouthWest) and Jim Price (SWRDA) launch the “Towards Zero Waste” report



**Rosemary Beales discusses the results of CECA's Workload Trends survey and the implications of the results for civil engineering sector.**

The results of the CECA Workload Trends survey for the last quarter of 2008 show yet more bad news for the industry. It would be hard to exaggerate the results for some of the sectors – particularly, the preliminary works sector, which is closely connected to the fortunes of the property market.

No contractors are immune to this downturn and these results, the third successive quarter of bad news, confirm that optimism has all but deserted the industry.

In that sense, it is not hard to see why. These results come against a pretty extraordinary background. We are growing used to bad news on the economy on a daily basis and it would be more surprising now if the recession turned out to be short and slight rather than deep and painful as it appears it will be.

Optimism and confidence feed off each other in a business environment. Without an optimistic approach to winning work it is hard to have the confidence to invest in your business. Without investment you cannot maintain the factors behind excellence in construction such as high quality skills and training, investment in new technology and the development of cutting edge management systems. Spending is hard to justify at the moment, even if it is the right thing to do in the long term.

This is why CECA needs to know if contractors are making plans to cut spending on training or reduce apprenticeships in 2009. This is precisely the information we need to convince the Government how important it is to ensure the construction industry remains healthy. If the size of the industry contracts substantially – admittedly, a worst case scenario – then there will, literally, be fewer resources available to deliver much needed projects at both national and local level. The basic laws of supply and demand dictate the outcome will be a sharp rise in tender prices when the upturn comes.

If work continues to drop at the rate we can see in the Workload Trends survey, the risk remains that contractors will make savings by reducing training budgets and apprenticeships. It seems, regardless of how deep or long the recession might be, this may be the outcome. If this is happening, it will produce negative consequences for many years to come.

We reduce the opportunities for young people to join the industry if we reduce the number of apprenticeships. It may not be the case on all sites or in all company offices, but overall the construction

workforce is aging. Young people still have choices over which career path they take and even in a recession and in the midst of gloomy forecasts, the programme of major projects ahead still holds out the promise of an exciting and varied career. If we close off their opportunities those young people will look for, and find, other careers and will be very unlikely to turn back to construction. Today's apprentices are a key part of the industry's future. We cannot afford to turn them away.

Training is also important. Developing new skills, improving performance and continuous professional development is a route to greater job satisfaction and better career prospects. The more employees are supported in this respect the more likely they are to stay. If we cut off access to training, good people will go. Like potential apprentices once they go, they rarely return.

Training and apprenticeships are not simply costs, they are investments. If we cut back on training and apprenticeships now, we are storing up trouble for the future.

As with the likely outcome of any reduction in the number of contractors, a reduction in skills could well mean an increase in the cost of delivering projects when demand rises. The financial cost will have to be met by the client, most often the taxpayer. If short term demand for skills is met with labour from other parts of the EU, we will have missed the chance presented by those projects to develop the British construction workforce. Those social costs will be borne by us all.

When we have a clear picture of whether or not contractors have the confidence to maintain levels of investment in training and apprenticeships, we can use this information to help the Government understand what is in its own long term best interests. I urge you to help us in this by completing the Training survey, discussed on the front page, on the CECA website.

**Rosemary Beales**  
Director

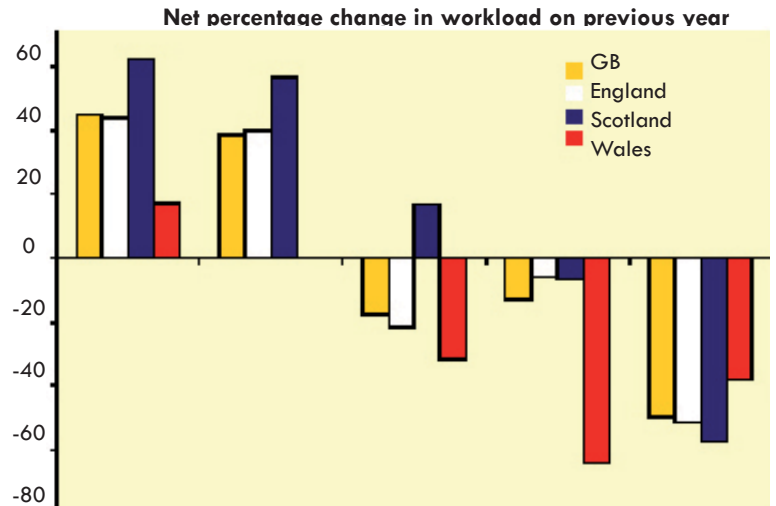
# WORKLOAD Trends

## Workload Trends shows largest drop in work in the survey's history

(.....continued from front page)

In summary the survey highlighted the following trends;

- The industry's view of workloads weakened dramatically in the January survey. A record negative balance of -50% was reported, indicating a sharply deepening trend toward lower activity levels.
- The only sector to report improved workloads, compared with twelve months earlier, was the railway sector. At the other end of the spectrum, the preliminary works and local roads sectors showed the most negative trends.
- Employment levels, compared with a year ago, are reported to be falling throughout the UK, for all types of labour in the smallest to the largest firms.
- The industry's assessment of tender prices is probably the most revealing indication of the state of trade in this survey. There has been a complete reversal in the reported trend since last October. The industry's assessment for January shows falling tender prices throughout the UK for both new and R&M work carried out by all sizes of company.
- Supply constraints are no longer an important element of the trading landscape for civil engineering contractors. Unsurprisingly, plant and materials appear readily available.
- The forward looking workload and employment indicators deteriorated only a little more rapidly in January than in October.
- Pessimism over new order intake for both new work and R&M is still widespread but does not suggest any acceleration in the rate of deterioration.

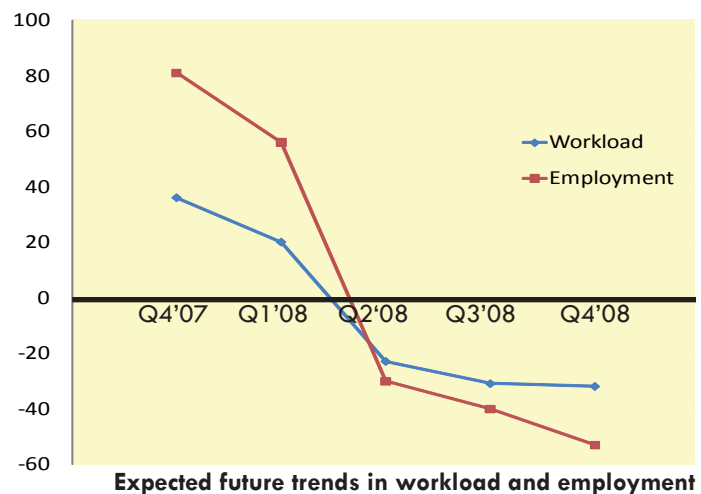


Workload has dramatically decreased nationwide compared with last year

Copies of the Workload Trends survey are available from CECA, please call 020 7227 4620 for more information.

| Sector                    | January 2009 % Balance |
|---------------------------|------------------------|
| motorways and trunk roads | -15                    |
| local roads               | -39                    |
| railways                  | 16                     |
| airports                  | -20                    |
| haurs,waterways etc.      | -17                    |
| water and sewerage        | -33                    |
| electricity               | -7                     |
| gas                       | -32                    |
| communications            | -8                     |
| preliminary works         | -87                    |

**Workload compared with last year**



The Q4 survey revealed that work was down in nearly every sector on twelve months ago (see table) and that confidence in a quick recovery was equally low. The graph shows of expected future workloads shows that expectations for both workload and employment have dropped over the last three months.

|                                     |               |   |   |               |
|-------------------------------------|---------------|---|---|---------------|
| Rosemary Beales (National Director) | 020 7227 4620 |  | John Wilson (Technical and Environment) | 020 7227 4624 |
| Joe Johnson (Training)              | 020 7227 4626 |   | Alasdair Reisner (Industrial Affairs)   | 020 7227 4629 |
| Phil Morgan (External Relations)    | 020 7227 4625 |   | Robert Jenkins (Communications)         | 020 7227 4623 |
|                                     |               |   | Laura Ellis (PA/Administrator)          | 020 7227 4620 |
|                                     |               |   |   |               |