

No construction recovery until 2011 -- CPA chief's grim forecast

# 'Without government cash, we'll be sunk'

THERE are some disturbing items in the latest forecast from the Construction Products Association.

Despite some encouraging signs that the wider economy may be coming out of recession and that the housing market is beginning to recover, the CPA forecasts that construction output will fall 15% this year and a further 2% in 2010, before beginning a slow recovery from 2011.

Especially alarming is its prediction that it would take until 2021 for construction output to reach the levels last enjoyed in 2007.

Commenting on the latest forecast, Michael Ankers, Chief Executive of the CPA says: 'Government spending on construction projects in the short term remains strong and without this the industry would be in a far worse position.'

'We are very concerned that any significant cut-backs in capital spending after the election will prolong the downturn as it will be some time before we expect to see significant growth in private sector commercial projects.'

'One bright spot for the industry is government spending on infrastructure, which we see remaining strong throughout our five year forecast period, with commitments to the rail network, a new five year programme for investment in water and, towards the end of the period in particular, the start of major investments in new energy supply.'

Mr Ankers pledged that the association would continue its dialogue with the main political parties to ensure they recognise the construction industry is key to sustaining employment and bringing the economy out of recession.

Key aspects of the forecasts are:

- Commercial new work is falling very sharply and by 2010 is expected to be less than half the size it was just two years earlier;

- Construction of factories and warehouses is expected to fall almost 60% between 2007 and 2010;

- Private housing starts will grow steadily throughout the forecast period, reaching 148,000 in 2013;

- Public investment in schools and hospitals remains strong in 2009 and 2010, but is anticipated to fall sharply in the following years; and

- The infrastructure sector is expected to grow significantly throughout the forecast period, reaching an estimated £10bn in 2013.

The CFA is an associate member of the Construction Products Association and

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— Michael Ankers, chief executive, Construction Products Association



Construction Industry Forecasts - Autumn 2009

£ million 2005 constant prices						
	2008	2009	2010	2011	2012	2013
% annual change	Actual	Estimate	Forecast	Forecast	Projection	Projection
<b>Housing</b>						
Private	14,870	11,747	12,452	13,448	13,986	14,545
	-19.2%	-21.0%	6.0%	8.0%	4.0%	4.0%
Public	3,490	3,280	3,346	3,413	3,447	3,481
	-7.6%	-6.0%	2.0%	2.0%	1.0%	1.0%
Total	18,359	15,027	15,798	16,861	17,433	18,027
	-17.3%	-18.1%	5.1%	6.7%	3.4%	3.4%
<b>Other New Work</b>						
Public Non-Housing	10,603	12,520	13,066	12,596	11,312	9,614
	15.2%	18.1%	4.4%	-3.6%	-10.2%	-15.0%
Infrastructure	7,125	7,706	8,280	8,690	9,254	10,000
	15.1%	8.2%	7.4%	4.9%	6.5%	8.1%
Industrial	3,861	2,155	1,983	2,083	2,188	2,297
	-19.3%	-44.2%	-8.0%	5.1%	5.0%	5.0%
Commercial	22,529	15,927	13,761	13,388	13,739	14,743
	1.6%	-29.3%	-13.6%	-2.7%	2.6%	7.3%
Total other new work	44,118	38,308	37,090	36,758	36,493	36,653
	4.2%	-13.2%	-3.2%	-0.9%	-0.7%	0.4%
Total new work	62,477	53,336	52,888	53,619	53,926	54,680
	-3.2%	-14.6%	-0.8%	1.4%	0.6%	1.4%
<b>Repair and Maintenance</b>						
Private Housing R&M	15,507	13,336	13,069	13,592	14,272	14,985
	3.0%	-14.0%	-2.0%	4.0%	5.0%	5.0%
Public Housing R&M	8,170	7,451	7,079	6,512	6,382	6,127
	2.3%	-8.8%	-5.0%	-8.0%	-2.0%	-4.0%
Private Other R&M	15,440	12,352	11,734	12,321	13,553	14,231
	-3.3%	-20.0%	-5.0%	5.0%	10.0%	5.0%
Public Other R&M	8,106	7,215	7,070	6,539	6,193	5,944
	9.6%	-11.0%	-2.0%	-7.5%	-5.3%	-4.0%
Total R&M	47,224	40,354	38,953	38,964	40,400	41,287
	1.8%	-14.5%	-3.5%	0.0%	3.7%	2.2%
<b>TOTAL ALL WORK</b>						
	109,701	93,690	91,840	92,583	94,326	95,967
	-1.1%	-14.6%	-2.0%	0.8%	1.9%	1.7%

Source: ONS, Construction Products Association

floorcoverings and flooring materials manufacturers are included in the CPA forecast survey. **CFJ**



Industry in brief

Anger over training cuts

ConstructionSkills is under fire after announcing a 10% cut in training grants, as recession-hit firms struggle to pay the levy to contractors that pay more than £80,000 in salaries a year. Meanwhile it is offering grants up to £1,000 for firms providing employment and support to displaced apprentices. [www.cskills.org](http://www.cskills.org)

NVQ setback alarm

Learning and Skills Council's Train to Gain NVQ funding cuts, just announced, could affect 23,000 staff who have the non-renewable 'experienced worker' CSCS cards. Those whose cards are about to expire must get an NVQ to obtain a 'skilled operator' card. However, NSCC fears many workers could be left without a card following the funding cut. [www.lsc.gov.uk](http://www.lsc.gov.uk)

Guide to employment law

The Forum of Private Business (FPB) has a new Employment Guide to help small businesses comply with employment law, including rises in the National Minimum Wage (NMW) and higher cost of redundancy. T: 0845 612 6266 [www.fpb.org/employmentguide](http://www.fpb.org/employmentguide) FPB also has a website with video-based information on business issues including employment law. [www.smallbusinesschannel.co.uk](http://www.smallbusinesschannel.co.uk)

Queen to sign bill

Barring any last-minute hitches, revisions to the Construction Act are expected to receive Royal Assent by the end of this month. The detailed amendments to the industry's payment legislation, first proposed in 2004, are expected to come into force in 18 months' time. A consultation on changes to the Scheme for Construction Contracts, the supporting framework for the primary legislation, will follow at the beginning of 2010 with the Bill becoming law in 2010/11.

Help with revalued rates

Amid fears that the rates revaluation could hit small firms hard, FPB is giving its members access to a free business rates appraisal service. [www.fpb.org](http://www.fpb.org) T: 0845 130 1722

World Cup cash boost

UK contractors could grab some of the £30bn worth of construction work expected in Brazil as it prepares to host the FIFA World Cup 2014 and the Rio de Janeiro Olympics 2016, says a new report.