

Is UK Construction in Collapse?

A letter today in the Times highlights failure in the Construction Industry.

Repeatedly over the last 60 years, reports have exposed the fundamental flaws in construction. The Emmerson report (1962) and Banwell report (1964) both called for a change in culture to improve trust, foster a collaborative culture and eliminate adversarial relationships. The Finniston Report (1980) touched on the low status of construction professions (in the UK engineers are those that mend your washing machine but in Europe, you have to be chartered to call yourself an engineer and will have the same status in society as doctors). The reports calling for change continued coming, Latham in 1994 (Constructing the Team), Egan in 1998 (Rethinking Construction), Farmer in 2016 (Modernise or Die) yet inefficient processes, poor commercial performance and weak governance in addition to the industry's adversarial culture remain.



Major construction firms such as Carillion and Jarvis hit the headlines but this disguises the true magnitude of the underlying problem. 22 large construction companies worth £1.2bn entered administration in 2019. Today, one in eight construction firms fear insolvency.

When economic commentators speak of the sectors hardest hit by Covid, they invariably refer to Hospitality and Retail yet more than 1,600 construction companies collapsed last year outstripping insolvencies in both these sectors.

Cut-throat pricing, poor management and the industry's confrontational culture keep it perpetually at the brink of collapse. This creates a constant threat to the livelihood of those it employs, the quality of projects clients receive, the returns for industry shareholders and the time/cost value of public infrastructure.

You can read today's (07/05/21) letter here: <https://www.thetimes.co.uk/article/times-letters-addressing-failures-in-the-building-industry-k2cd2nj8h>.