TRANSFORMING INFRASTRUCTURE: BUILDING BRITAIN’S FUTURE
Opportunities and trends 2019
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Introduction

Infrastructure is often cited as a key driver of economic growth, with improvements in infrastructure services and connections evidenced as having positive effects on productivity.

Conversely, according to the Office for National Statistics, the weakening of an economy’s infrastructure is likely to have a negative impact on productivity: raising the costs of production, reducing the efficiency of trading relationships and limiting market access.

The UK is currently host to some of the largest infrastructure projects underway in Europe, with HS2, Crossrail and Thames Tideway some of the flagship developments in the sector.

The very first National Infrastructure Assessment was released by the National Infrastructure Commission in July 2018. The Assessment makes key recommendations on how the infrastructure needs and priorities of the country should be addressed. Almost one year on, we examine how the Assessment has been received by the industry and government, and which recommendations have been actioned.

This report examines some of the key themes in infrastructure today that have emerged from our own market research through our recent survey on current infrastructure trends and this year’s UK Infrastructure Show exhibition. Keynote speakers from the UKIS event have lent their insights, with comments from Phil Graham, Chief Executive of the National Infrastructure Commission; Matthew Vickerstaff, Interim CEO of the Infrastructure and Projects Authority; and Catherine de Marco, Deputy Director, Infrastructure Skills and Efficiency at the Department for Transport.

An in-depth review of UKIS can be found on page 18 in this report where you can read about some of the latest developments in the infrastructure market.

I hope you will find this report of interest. Should you have any comments or additional information for our research, please feel free to contact me using the details on the back page.

Vicky Maggiani
Construction Excellence Editor
The National Infrastructure Pipeline: Delivering infrastructure progress

The UK’s ambitious infrastructure plans continue to progress. Public capital investment is at levels not consistently sustained in 40 years, while major projects including those within transport, energy and flood defence, are being delivered in all parts of the country.

In November 2018, the Government published its National Infrastructure and Construction Pipeline, detailing the level of investment expected in construction and infrastructure over the next decade.

In a lively and ever-growing sector, some £600Bn of both private and public investment is expected to fund infrastructure development over the next ten years, with this massive investment of nearly 700 projects looking to improve UK roads and rail, hospitals and schools, utilities, energy and communications.

The vast scale of public and private investment covers such massive undertakings as the Thames Tideway Tunnel, Crossrail, the proposed Lower Thames Crossing and, of course, High Speed Rail, as well as the largest-ever investment in the strategic road network – some £28Bn – and flagship projects like East West Rail, the upgrading of the M6 to a smart motorway, and Hornsea Project One – the largest offshore wind farm in the world. Alongside the Government push to create millions of new homes for Britons, the sector is flooded with investment and growth.

The 2018 pipeline sets out over £400Bn of planned investment, of which around £190Bn will occur by 2020/21. The report also includes progress updates on infrastructure projects currently being delivered across the country. In the 12 months running up to publication of the pipeline, more than 400 infrastructure projects had been completed. These include major investments such as the redevelopment of London Bridge station and the £63M Rossall coastal defence scheme, one of the biggest single investments in a coastal flood scheme to date.

Of the 158 projects and programmes designated as national priorities for the Government since 2010, nearly 40% are now complete, with 40% under construction or part of a programme of ongoing delivery.

The pipeline brings together investments across social and economic infrastructure sectors including transport, energy, utilities, flood and coastal erosion, and digital infrastructure. Social infrastructure has five sub-sectors including education and health.

The pipeline document also calls for greater use of offsite building, with ministers wanting more projects to be delivered using digital manufacturing and offsite building techniques to ensure maximum efficiency in construction. This includes the manufacturing of components in factories using the latest digital technology before they are sent for assembly on construction sites. The
Government has committed to increasing use of these methods in public-funded projects and has asked for views on how to encourage greater use of such cutting-edge techniques.

Construction is currently one of the least digitised sectors, resulting in weak productivity. The Government's aim is to improve the sector's economic contribution through modern manufacturing approaches to building; for example, a school that typically takes a year to build could be completed in just over four months.

Digital and other offsite manufacturing techniques have already been used to great success in several projects, including the A14 Cambridge to Huntingdon improvement scheme. Parts of the bridges were developed in a factory, meaning they were built more efficiently than if traditional methods of construction had been used.

Exchequer Secretary to the Treasury Robert Jenrick said: "We are committed to renewing our infrastructure to drive economic growth in all parts of the United Kingdom. Over the course of this Parliament, investment in economic infrastructure will reach the highest sustained levels in over 40 years.

"And as the pace of technological change accelerates, we are stepping up our commitment to digital infrastructure, use of data to drive greater productivity, and embracing new methods of construction.

"With £600Bn of investment over the next decade, including the largest-ever investment in our strategic road network, we are taking the long-term action required to raise productivity and ensure the economy is fit for the future."

Tony Meggs, who was Chief Executive of the Infrastructure and Projects Authority (IPA) when the pipeline was published, noted: “Government is the largest client for infrastructure projects so has an important role in using its purchasing power to drive improved productivity in their delivery. We recognise there is significant momentum within the sector to scale up the adoption of more modern and innovative practices and it is the role of the IPA to help coordinate this approach across new infrastructure projects.

"We would like to hear from a range of industry experts on the Government’s proposals for a Platform Approach to Design for Manufacture and Assembly (P-DfMA).”
Chief Executive of Highways England Jim O’Sullivan commented: “At Highways England we recognise the productivity and efficiency challenges that the UK construction industry is facing. In recent years we have encouraged more computer-led design, automation and pre-assembly across all of our construction activities. As well as driving productivity and efficiency, it improves worker safety and reduces delays and frustration for road users passing through our works.

“We will adopt ever-increasing levels of automation and offsite construction on road improvement schemes and smart motorways in our next five-year road investment programme.”

The pipeline report’s call for increased digitisation within the sector follows on from the Government’s publication of the Transforming Infrastructure Performance (TIP) programme at the end of 2017.

The TIP programme sets out how the Government will ensure infrastructure projects are delivered swiftly and efficiently. This ambitious plan aims to transform infrastructure delivery over the long term, using the Government’s influence to drive modern methods of construction so Britain can lead the world in high-tech building. The Transport Infrastructure Efficiency Strategy (TIES) sets out how these lessons will be applied to drive efficiency and productivity in the sector.

TIES targets better social, economic and environmental outcomes from infrastructure investment, better services for users and better value for money for taxpayers. Importantly, it also seeks to embed improved commercial approaches which support a productive, innovative and profitable supply chain.

The ambitions set out in TIP are aligned with other strategic programmes across government.

Andrew Wolstenholme, Co-Chair of the Construction Leadership Council (CLC), said: "The Transforming Infrastructure Performance programme presents a huge opportunity for the industry and government to reap the economic gains from improving productivity during the delivery of the UK’s £600Bn infrastructure pipeline. Transport is a huge part of that.

“I am delighted that the IPA, DfT and CLC are working closely to encourage construction clients to procure on the basis of whole-life value, deliver more industry-led innovation, develop the skills we need for the future, and give the UK a competitive advantage in exporting new technologies and expertise. I am proud to chair the Transport Infrastructure Efficiency Taskforce which will ensure these strategies are brought to life across the transport sector.

“It all adds up to better economic and social infrastructure, as well as more homes, delivered quicker, at better value and more sustainably than ever before, underpinning the UK’s growth and providing jobs all over the UK.”

The importance of infrastructure to the nation’s growing economy was emphasised by Chancellor Philip Hammond in his Spring Statement on 13 March. Announcing a number of measures related to the construction industry, the Chancellor also announced the Government would publish a comprehensive National Infrastructure Strategy – the first of its kind – setting out its priorities for economic infrastructure and responding to recommendations in the National Infrastructure Commission’s National Infrastructure Assessment."
Spend Analysis

Investment in the pipeline 2018/19 – 2020/21 by sector (£Bn)

Around £225Bn investment in the pipeline beyond 2020/21 by sector

Funding mix of the pipeline 2018/19 to 2020/21 by sector (£Bn)

Source: Analysis of the National Infrastructure and Construction Pipeline report 28 November 2018
The National Infrastructure Commission (NIC) was established in 2015 to provide independent and impartial advice to the Government on the UK’s long-term infrastructure needs. The Commission is required to carry out an overall assessment of the UK’s infrastructure requirements once every five years. The first National Infrastructure Assessment was published in July 2018.

The NIC aims to be the UK’s most credible, forward-thinking and influential voice on infrastructure policy and strategy.

Delegates attending the keynote sessions at the UK Infrastructure Show (UKIS) at the NEC, Birmingham on 30th April 2019 heard Phil Graham, Chief Executive of the NIC, speak about the important role the Commission will play in ensuring the UK’s infrastructure needs are met, now and in the future.

Planning for the future is key, he said; the NIC needs to champion a long-term approach to meeting the challenges of the future and push officials to accept, and act upon, the Commission’s findings.

The Commission should also champion a more joined-up approach to delivering the country’s infrastructure needs – not concentrating on one area and prioritising its needs, but developing a connected network.

“Three parts of the transport system are critical to driving economic growth and productivity – urban networks, intercity networks and international gateways,” Mr Graham said.

“The latter two have seen much focus and progress over the last decade – HS2, our ports, London Heathrow, Northern Powerhouse Rail, RIS, CP6 and so forth – and that has been hugely important in addressing historical under-investment. We want to see it continue.

“Similarly, huge progress has been made in London. It is scandalous that the co-ordinated investment strategy which has been so successful in London is not being replicated in the Midlands and elsewhere. All the more so as the role of cities in our economy grows ever more important, and the drive to rebalance the economy away from London and the South East continues.

“Instead of the genuine devolution and long-term funding that London has benefited from, the UK’s other cities face a fragmented and piecemeal system of funding programmes and grants – each requiring entry into a new bidding process, and adherence to a new set of priorities and requirements.

“The inevitable result is short-termism and bid fatigue. When faced with so many other pressures, what rational authority would put serious time, effort and resources into developing a long-term strategy in that context?”

The National Infrastructure Assessment makes recommendations for how the identified infrastructure needs and priorities of the country should be addressed, designed to support sustainable economic growth across all regions of the UK, boost competitiveness and improve quality of life.
“Three parts of the transport system are critical to driving economic growth and productivity – urban networks, intercity networks and international gateways”

Phil Graham, Chief Executive, NIC
The Government is now required to consider these proposals and formally respond with its own strategy. A response to the Assessment has been announced and is expected later this year.

The Government’s interim response, published at Budget 2018, set out some of the ambitious plans that are already in place. The first saw the largest-ever funding investment in strategic roads, helping to make journeys more efficient and easier for people across the country.

However, NIC Chair Sir John Armitt has called on the Chancellor of the Exchequer to use this autumn’s Spending Review to provide further support to the country’s infrastructure investment and commit to a once-in-a-generation transformation of the UK’s transport, energy and technology networks.

Sir John warned: “Building the right infrastructure for the mid-21st century will help Britain shape a new national and global identity, one built on optimism and confidence.

“The Government must not deliver a weak strategy that pays only lip service to our recommendations. We don’t want to hear vague promises and a restatement of existing commitments.”

In a message to MPs in early May, Sir John insisted that the Commission would hold the Government’s “feet to the fire” in the lead-up to the Spending Review to ensure that the final infrastructure strategy delivers a genuine, shared vision for the future of the country.

Sir John’s letter welcomed the commitments already made by the Government in its plans for expanding fibre broadband accessibility, improving the resilience of the water supply and setting tougher standards on waste and recycling – all of which reflect recommendations made in the Commission’s Assessment.

Sir John wrote: “The Commission was established to encourage a radical change in the way the UK plans and funds its infrastructure for the long term. These four tests represent our minimum requirements ahead of this autumn’s Spending Review for determining the effectiveness of the Government’s response.

“We’ve seen positive steps from Government in adopting our recommendations on reducing water leakage and tackling waste. But those were the easy wins. Real change is required if we are to boost our economic prosperity and quality of life up to 2050. That requires the Government’s National Infrastructure Strategy to be bold and transformative and commit to major changes like devolving funding for cities transport.

“We’ve put forward a costed plan for how we do that, backed up by a wealth of new evidence in support. We now need the Government to step up to the plate and share our ambition to create a bold future for the infrastructure that people across the country will use every day of their lives.”

The recommendations include:

- **Low-carbon energy** – making a switch to low-carbon and renewable sources, combined with a move towards electric vehicles.
- **Digital technology** – delivering full fibre connections across the whole of the country, including in rural areas.
- **The future for the nation’s roads** – delivering a national network of charging points for electric vehicles and ensuring the impacts of connected and autonomous vehicles are taken into account when planning for investment.
- **Encouraging the growth of cities** – that Metro Mayors and city leaders develop and implement long-term strategies for transport, employment and housing in their areas, with new powers and devolved infrastructure budgets.
- **Tackling floods** – a long-term strategy to deliver a nationwide standard of flood resilience by 2050 with funding for flood risk management increasing significantly over the coming decades.
- **Cutting waste** – that new national rules for what can and cannot be recycled be introduced, with restrictions on the hardest-to-recycle plastics and with all food waste available to create biogas, for heating or potentially as a transport fuel.
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INTRODUCTION

2018 proved to be a difficult year for the construction industry, with industry analysts Barbour ABI revealing that the value of all construction contracts awarded in the UK in 2018 had dropped. However, a number of subsectors within the industry bucked the trend, with the pipeline particularly positive for infrastructure, showing a 113% increase on 2017.

Infrastructure has been one of the better performers for the industry throughout this tricky pre-Brexit period, and government policy has confirmed the importance of the pipeline through the establishment of the National Infrastructure Assessment.

Construction Excellence was keen to explore the unique challenges and opportunities presented by this wide-ranging sector.

In particular, this survey considered:

- The impact of large-scale infrastructure projects on the construction industry
- How Brexit is affecting infrastructure investment
- The impact of the skills crisis on infrastructure ambitions
- The impact of the National Infrastructure Assessment

SURVEY METHODOLOGY

The survey was launched on 14th March 2019 and closed on 11th April 2019. Some 140 organisations took part, representing sectors from Local Government, Transport Authorities, Professional Bodies, Universities, Engineers and Designers. Our survey was run in association with Delta eSourcing and our event partner, UK Infrastructure Show.

KEY FINDINGS

We are delighted to be able to share with you the key findings from the survey. Should you be interested, a full report is available via this link. Sign up to www.ukconstructionmedia.co.uk for details of future reports.

- 80% of participants agree or strongly agree that infrastructure has been responsible for driving growth within the industry over the past 12 months.
- 76% hold an unerring confidence in the sector, seeing it as crucial to the construction industry over the next 12 months.
- The overwhelming majority (89%) envisage large-scale infrastructure projects as crucial for the industry following Brexit.
- Two thirds of participants are also confident that public investment is likely to continue, with just a third anticipating a decline in investment. However if Britain does leave the EU, participants anticipate private investment declining.
There is a massive opportunity for the National Infrastructure programme to look and plan nationally, which, by directing investment to the Northern Powerhouse areas, will have a relatively quick impact in terms of return on investment at all levels of the economy.

- an Environmental Consultant

5
Housing is considered to be the most important subsector within infrastructure according to our participants, with three quarters ranking housing in the top three of subsectors now and in the future.

6
A third of respondents believe workloads have increased in housing over the last six months. More than half (55%) believe it will continue to increase over the next 12 months, with a third agreeing the level of spend will remain the same.

7
Of the other subsectors, our respondents indicate transport at 50%, energy in third place, and digital communications in fourth, as the strongest performers for the near future.

8
Confidence in the infrastructure sector is high, along with approval of government policy, with almost 50% stating they believe the National Infrastructure Assessment will be the impetus the sector needs.

9
Respondents back MMC as a key driver to improving productivity in the sector. Over 50% back the government push to make the use of innovative digital techniques a priority.

10
Brexit is the biggest factor affecting infrastructure according to our respondents. An overwhelming 50% cite political uncertainty as the biggest barrier, with the lack of public investment viewed as the second largest barrier.

“There is a massive opportunity for the National Infrastructure Programme to look and plan nationally, which, by directing investment to the Northern Powerhouse areas, will have a relatively quick impact in terms of return on investment at all levels of the economy.”

- a Construction and Property Consultant
Streamline your procurement process

It is important for buying organisations and contractors to source suppliers and pay for the goods or services the most efficient and transparent way possible. BiP's Delta eSourcing is an all-in-one solution allowing buyers to manage every stage of the tender process and supply chain.

Above all, Delta aims to make managing the supply chain from end to end easier – meaning greater clarity on the issues that are important to buyers and service users.

For more information or to book a demonstration, visit:

www.delta-esourcing.com
Get ahead in infrastructure procurement

Infrastructure is a major area of opportunity for businesses of all sizes. As this report has shown, around £600Bn will be invested in UK infrastructure over the next ten years, and so the scale of the opportunity is potentially huge in many different areas, for organisations ranging from SMEs to prime contractors.

But how do you stand out from the crowd, and ensure that your bid is successful? Drawing on BIP Solutions’ 35 years of procurement knowledge, here are some of the ways we can help you get ahead of competitors and ultimately win more infrastructure tenders – regardless of your prior experience. With decades of experience in our dedicated construction brands, we know the infrastructure marketplace in more detail than most, and offer a range of ways to help you gain visibility and opportunities.

Join the community

In existence for over 20 years, Construction Online provides an unrivalled opportunity to drive interaction from across construction industry, inclusive of the prime contractors and the subsequent supply chain.

Construction Online is a dedicated digital community consisting of subscribers from across the breadth of the construction industry. The Construction Online website provides up-to-date and informative news, insight and intelligence to community members. We focus on presence, education and leads, by offering a broad range of solutions designed to leverage community interaction with carefully positioned media.

As well as providing members with the latest news, Construction Online can put your message in front of our active, engaged subscriber base through several solutions:

- Educate through purpose-built content, drawing on our specialist production team
- Increase the presence and visibility of your organisation via display advertising helping generate sales-ready leads
- Register in Construction Online’s definitive supplier A-Z directory, showcasing your organisation

Another strength of Construction Online is the reliability and detail of our data. Organisations and individuals registered with Construction Online can be segmented according to Tier 0, Tier 1 or Tier 2 status, the sector in which they work, individual’s specific job functions, location and more. All of this ensures that we can target the most precise audience who will be best suited to respond to your individual campaign.

To learn more, visit www.ukconstructionmedia.co.uk

72% of our community say it is difficult or extremely difficult to find supply chain opportunities on public sector projects
Streamline your procurement process

It is important for buying organisations and contractors to source suppliers and pay for goods or services in the most efficient and transparent way possible. BiP’s Delta eSourcing is an all-in-one solution allowing buyers to manage every stage of the tender process and supply chain.

The Delta platform is easy to use and has a wealth of features:

- Tender Management – a simple and secure eTendering service that allows you to engage fully with suppliers throughout the tendering process, while making sure they remain compliant with EU Regulations at every stage.
- Supplier Manager – provides access to a ready-made supplier community where you can identify, engage, assess and qualify suppliers through online supply chain management activities – meaning greater transparency with local suppliers.
- Contract Manager – an effortless way to manage and monitor performance, key activities, reporting, call-off from framework agreements and spend analysis of a multitude of contracts.
- Delta’s Dynamic Purchasing System improves efficiency, as buyers can award tenders more quickly – the minimum timescale for return of tenders is ten days.

Above all, Delta aims to make managing the supply chain from end to end easier – meaning greater clarity on the issues that are important to buyers and service users. To learn more, visit www.delta-esourcing.com

Gain business intelligence

Tracker Intelligence helps buyers and suppliers across the UK and Europe work more effectively together – whether in the public or private sector.

It’s important for buyers to find the construction services they need at the right price, and to find these crucial services, they rely on the procurement process. Therefore, for suppliers to make the most of construction tender opportunities, they first have to find them – and Tracker makes it easy, notifying you of relevant opportunities as soon as they become available. Our Commercial Projects feature delivers private sector leads into your inbox daily, allowing you to gain complete coverage of all construction activity in the UK, and access details of more than 400,000 construction projects from the early planning stage, as well as 10,000 non-planning projects, each year.

Tracker offer you a free three-day trial so you can understand the scale of opportunities and your business growth potential. Key features include:

- Spend Analysis tool – know what the public sector is spending – and with whom.
- Market Intelligence function – find actionable commercial opportunities and make winning strategic decisions to boost your business development efforts.
- Archive Data feature – access historic data back to 1998, meaning over 20 years of contracts information is at your fingertips.

And much more!

For your free trial and demo or to learn more, visit www.trackerintelligence.com

46% of respondents say it is difficult or extremely difficult to promote supply chain opportunities to existing members of the supply chain

58% of companies find it difficult or extremely difficult to advertise opportunities to potential members of the supply chain
UKIS 2019 would like to thank all partners, sponsors, delegates and exhibitors for their involvement this year which has helped make the event a big success.

1000 delegates enjoyed over 15 free supply chain engagement sessions, 6 Live Stage speakers, 4 Networking & Collaboration Zones and the Product Showcase Exhibition as well as full access to all the event features at Procurex National.

Do not miss out next year and register your interest now for UKIS 2020, taking place on 22 April at the NEC Birmingham. Alternatively contact us today to discuss booking your 2020 exhibition or sponsorship package asap – 0845 270 7066 or email exhibitions@ukinfrastructureshow.co.uk