



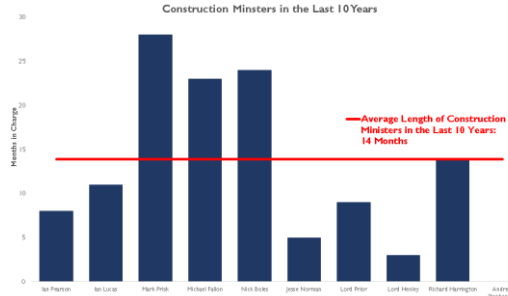
Where are we?  
Where are we going?  
How to survive?



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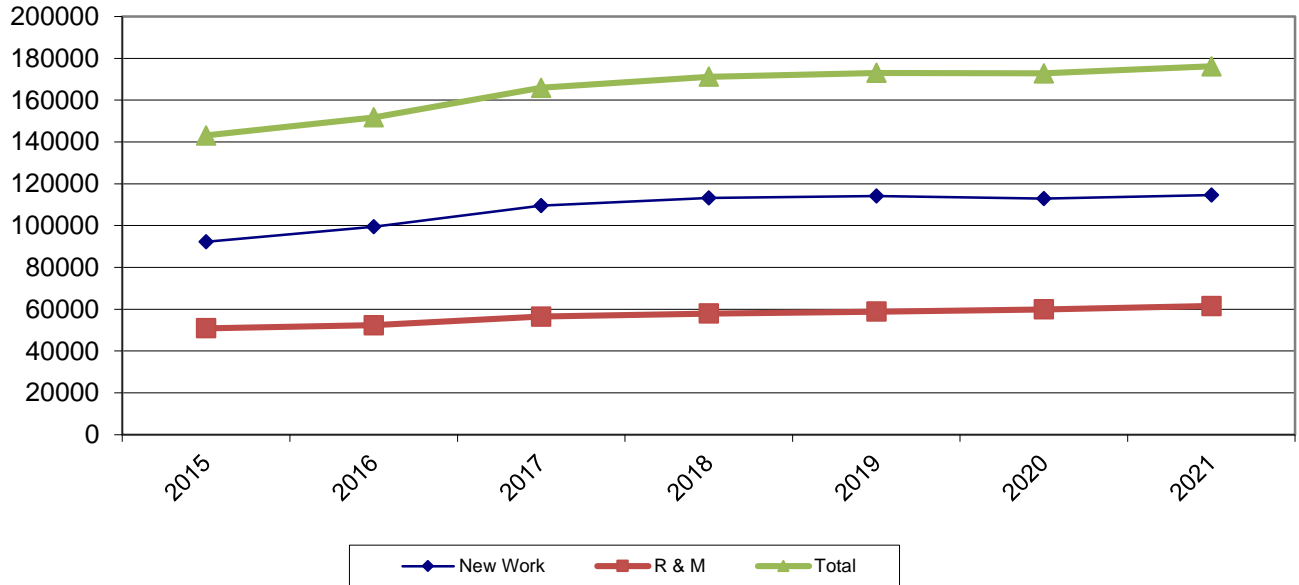
Business Policy  
& Practice  
Rob Driscoll

# PEST Analysis: Political



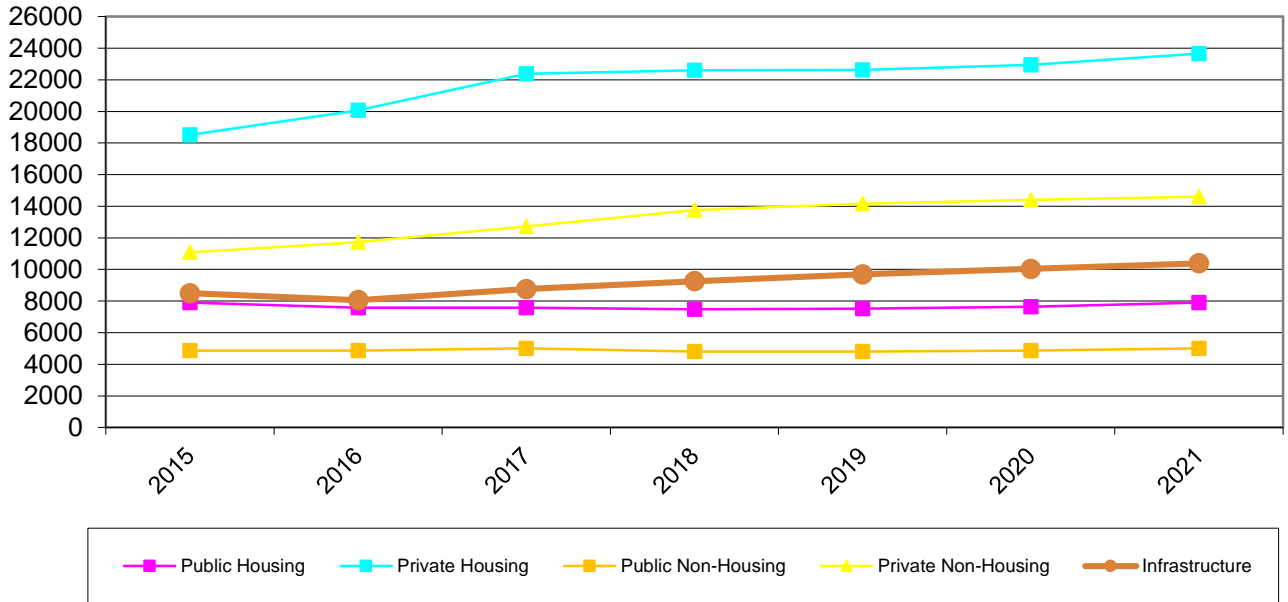
# PEST Analysis: Economic

GB Total Work (July 2019)

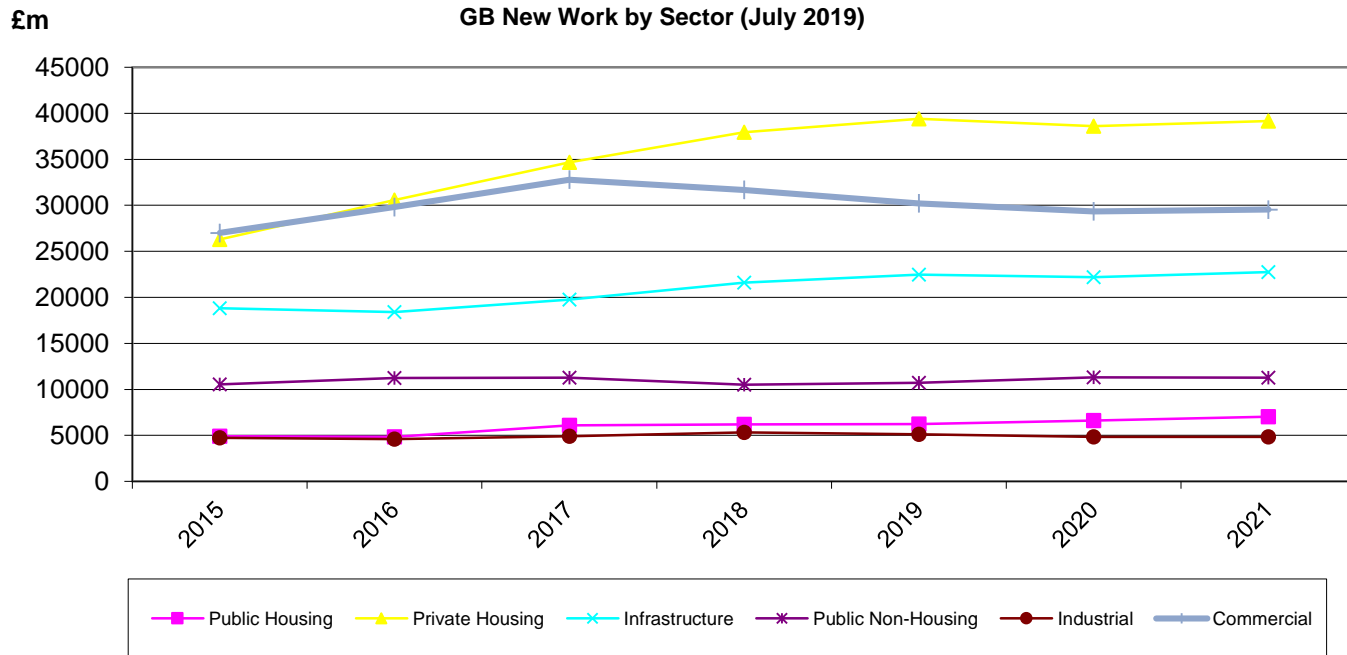


# PEST Analysis: Economic

£m GB Repair & Maintenance by Sector (July 2019)



# PEST Analysis: Economic



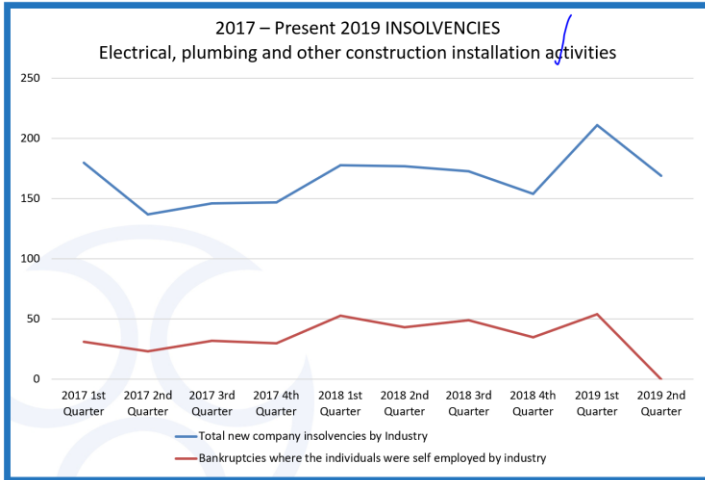
# PEST Analysis: Economic

- China –v- US
- Eurozone stagnation and political/economic inconsistency
- Global growth but only based on debt
- Retail ↓ Vehicles ↓ Savings ↓
- Consumerism ↓
- Wages ↑ 15% house prices ↑ 35% since 2013
- Govt spending flat -
- Removal of LA borrowing caps = Govt stimulus of £1.2bn 2023
- House prices remain but London ↓7% transaction ↓8%
- 35% of completions are HtB
- Infrastructure ↑ 5% vol orders ↓38% decline last year
- Austerity continues
- Education ↓ flat at best
- Health ↑
- Leisure/entertainment ↑
- Industrial flat = ↓ factories ↑ warehouses as retail goes digital
- Vehicles ↓



# PEST Analysis: Economic

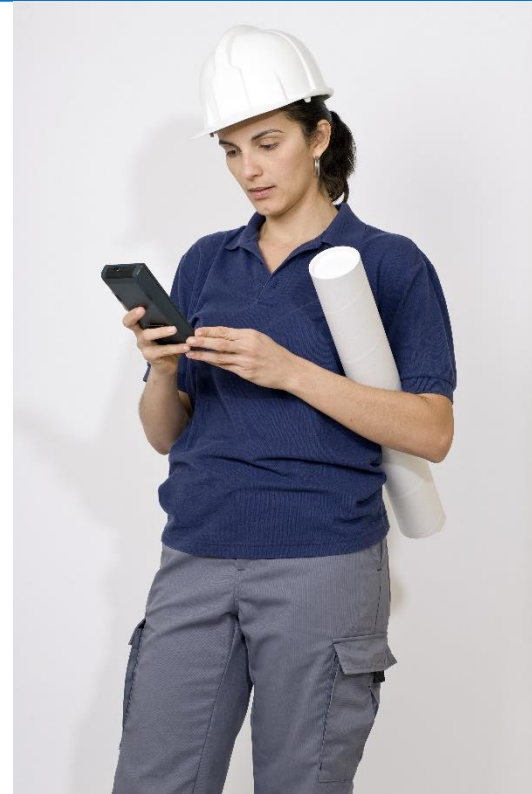
- 12-19 month lag + lag for engineering services
- 2007- 2011 8.9% ↓ to 6.7% GDP
- No counter-cyclical public sector spending or R&M uplift
- Bank Lending = ↓38% -v- ↓5%
- 2-3x ↑trade credit
- 4000 late payment insolvencies



- Carillion
- Dawnus
- Shaylor
- Durnell

# PEST Analysis: Social

- Consumer confidence ↓
- Online retail ↑
- Digital expectations ↑
- Vehicles ↓
- Unaffordable housing
- 3<sup>rd</sup> space
- Digital expectations ↑
- Social/environmental climate change ↓ #lowcarbon
- Image of industry ↓





# PEST Analysis: Technological

- BIM
- Off-site/DfMA
- Electrification
- MTD
- Transparent payment platforms
- Contract management



**PAYAPPS**  
PAYMENT APPLICATIONS



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ECA – Rob Driscoll

# BREXIT REALITY CHECK



## Top-5 Exported and Imported Construction Materials in 2017

£ million	Top-5 Exported		Top-5 Imported	
<p>Top 5 exported 38% of construction exports</p> <p>Top 5 imports construction 30% total construction</p> <p>dominated by items relevant to the engineering services sector.</p>	Electrical Wires	855	Electrical Wires	1,928
	Paints & Varnishes	669	Lamps & Fittings	991
	Plugs & Sockets	430	Sawn Wood > 6mm thick	859
	Lamps & Fittings	381	Air Conditioning Equipment	663
	Air Conditioning Equipment	374	Central Heating Boilers	641

# BREXIT REALITY CHECK



## UK Trade of Construction Materials with EU and Non- EU Countries, 2017

£million (% of total trade)

Total UK construction exports going to the EU has declined from 70% to 61% compared to pre-recession.

All Building Materials & Components	EU	Non EU
Imports	10,276	6,710
	60%	40%
Exports	4,357	2,760
	61%	39%



# BREXIT REALITY CHECK



## Top 5 UK Export and Import Markets for Construction Materials in 2017

<p><b>Top 5 export markets = 50% construction materials exports 2017. Eire = largest market, despite having shrunk from pre-recession peak of 27%, to 15% total exports 2017.</b></p>	<p><b>Top-5 Export Markets</b></p>	<p><b>£million</b></p>	<p><b>Top-5 Import Markets</b></p>	<p><b>£million</b></p>
<p><b>Top 5 import markets = 48% construction materials imports in 2017. 17% of all imports from China.</b></p>	<p><b>Eire</b></p>	<p><b>1,037</b></p>	<p><b>China</b></p>	<p><b>2,849</b></p>
	<p><b>Germany</b></p>	<p><b>778</b></p>	<p><b>Germany</b></p>	<p><b>2,477</b></p>
	<p><b>USA</b></p>	<p><b>594</b></p>	<p><b>Italy</b></p>	<p><b>1,081</b></p>
	<p><b>France</b></p>	<p><b>590</b></p>	<p><b>Holland</b></p>	<p><b>847</b></p>
	<p><b>Holland</b></p>	<p><b>565</b></p>	<p><b>Spain</b></p>	<p><b>845</b></p>



# BREXIT Risk Analysis

## Supply Chain Risks:

- 📄 Project funding – end source & SPVs
- 📄 Tender periods – only open for as long as is needed
- 📄 Maintenance/framework – annual uplift
- 📄 Fluctuations provisions – labour materials and tax (tariffs), time only
- 📄 Availability and delivery of materials
- 📄 Plant & equipment – service engineers
- 📄 Time & money
- 📄 Termination
- 📄 Change of law/statutory requirements



# BREXIT Risk Analysis

## Definition:

- any event or sequence
- beyond reasonable control
- sovereign or governmental or regulatory body (including the European Union)
- failure of transportation of personnel, equipment, machinery supply or material required by us or sub-contractors or suppliers
- law, judgment, order, decree, embargo, blockade, labour dispute including strike, lockout or boycott; interruption or failure of utility service including to electric power, gas, water or telephone service.



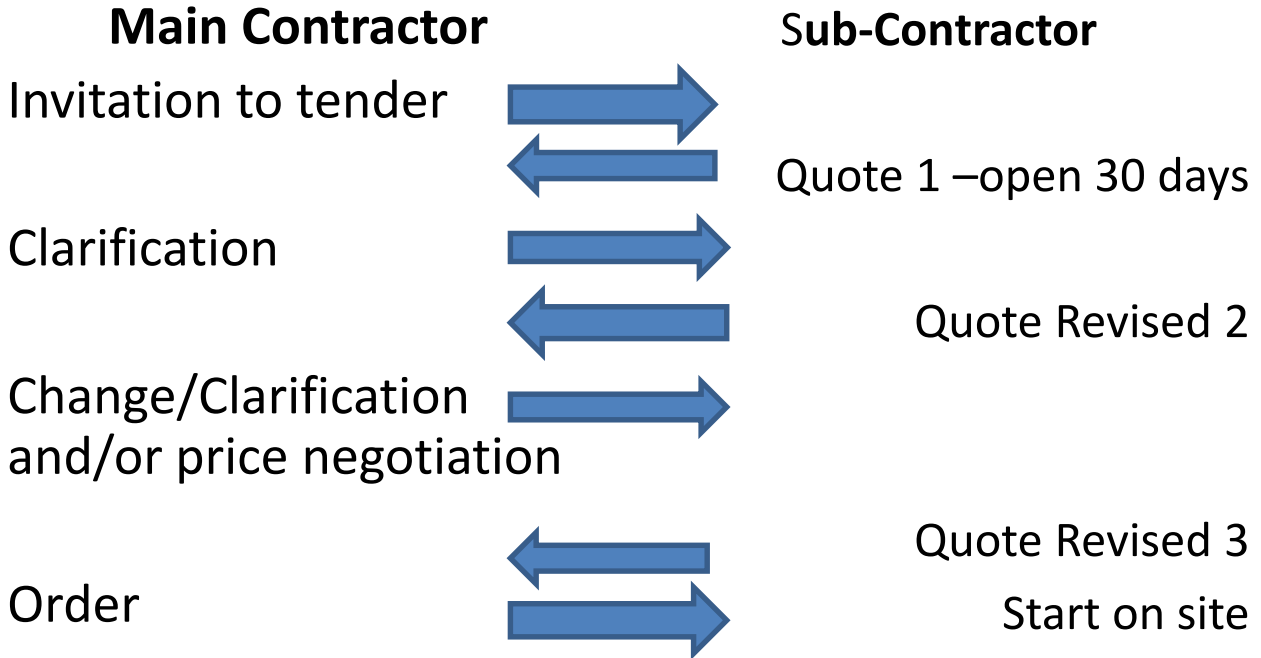
# BREXIT Risk Analysis

Force Municipal =

- ☞ Must notify
- ☞ = Suspension + payment for works done until suspension
- ☞ Suspension for more than 90 days = notice to terminate in 14 days and payment for works done will be due
- ☞ No liability for delays, disruption or failures in performance
- ☞ Contract Data or Relevant Events & Relevant Matters



# Contract = Offer + UNCONDITIONAL Acceptance



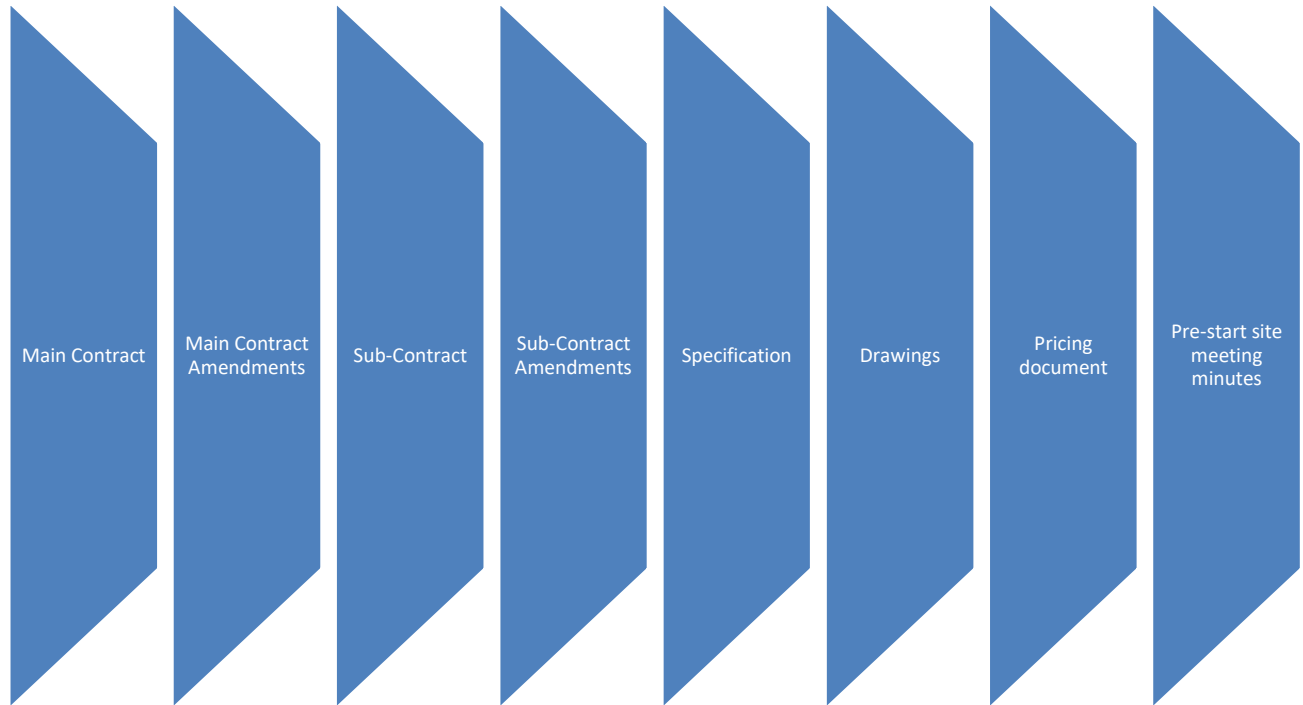


# Key contracting Lessons

- Battle of the forms ends in the last shot
- You can accept a contract without signing
- You will be bound by documents you haven't seen and don't have a copy of
- No special treatment
- Goods, service or product???



# The contractual layer cake





# Look after the money

- Apply for everything as you go
- Use what available to leverage your position:
  - MCD
  - Statutory suspension
  - Interest on late payment
  - Adjudication
  - PPRS/SBC
  - Payment performance reporting
  - Cross contract set-off
  - Reduce payment cycle
  - Advanced payment
  - Bonds/Guarantees/PCGs
  - ROT

17



Application for payment

Due date payment

5

Payment notice

Pay less notice

7

Final date for payment

# Look after the money

