

Construction Themes Post-Pandemic

“Issues are trends whose time has come”



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Message from the authors

Welcome to Facta's eBook *Construction Trends Post-Pandemic*

Inside you will read about key themes that we believe will influence how UK construction businesses act in the future. As you will see, some in the industry are setting agendas and others are following while – inevitably – more than a few are not even on the page yet.

The future is about change and if you're not changing, then there will be no future. The response – your response – to these issues and the ability to change will affect whether businesses, your business, will cope and thrive in the post-pandemic environment.

If you're thinking what we're thinking and would like a partner – with insight and foresight – to help you frame and articulate those thoughts; Facta has been delivering award-winning content – corporate communications, internal communications, thought leadership, white papers and B2B press and public relations – for over 15 years. If you need a compelling narrative, someone to position you as an authoritative spokescompany for the sector or simply a way of better communicating to your customers and other stakeholders, then why not get in touch?

www.facta.co.uk

GENERAL REFERENCES

1. Skanska's Future of Construction digital event
www.youtube.com/watch?v=fUGjclT6LRI&feature=youtu.be&utm_campaign=11718443_Future%20of%20construction%20%28post%20event%29&utm_medium=email&utm_source=Skanska%20UK%20Plc&dm_i=1U6W,6Z60B,2I3VOY,S3K9A,1
2. Willmott Dixon's 2020-2030 Sustainability Strategy
www.willmottdixon.co.uk/now-or-never



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Wellbeing (and greenery)

Building a healthier future

Working lives and patterns have changed as a result of the coronavirus pandemic. Some organisations, such as JP Morgan, Fujitsu, Google and Facebook have already decided that they will allow or even encourage people to work from home more often on a permanent basis.

Meanwhile serviced office specialist IWG (formerly Regus) is reporting a shift towards a hub-and-spoke model increasing the demand for flexible working space in smaller towns and cities. Lettings and purchases of housing in suburbia are booming as people look for homes with outside space and faster access to the countryside¹.

There is talk of conversions from retail to housing, but there is also potential for some conversions from retail to office space (John Lewis has already floated that idea for part of its Oxford Street store) as well as upgrades of existing office buildings².

Wellbeing of employees is moving up the agenda even faster than before. From a built environment perspective, this will mean new layouts and more interest in biophilic design: using plants and designs that reflect nature to reduce stress levels and boost mental health. Specialist designer Oliver Heath reports that Bloomberg, Booking.com and BRE have all developed biophilic design strategies recently³.

Planning is also going green with a focus on natural capital and an expected biodiversity net gain planning requirement by local authorities. Combined with the wellbeing agenda, and an appetite from investors, this surely adds up to more incentives to green roofs, podium level gardens and street-level greenery, whether new build or refurbishment.

Major players are pushing in this direction too. As Willmott Dixon launched its next 10-year sustainability strategy (Now or Never) at the end of September 2020⁴, it highlighted 'environmental net gain' and how it plans to encourage clients to introduce more nature, such as green roofs and SuDS, into schemes.



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1. www.theguardian.com/business/2020/aug/04/uk-cities-suburban-covid-iwg-home-working
2. www.theguardian.com/business/2020/sep/16/john-lewis-convert-oxford-street-store-into-offices
3. www.oliverheath.com/how-to-create-a-strategy-for-biophilic-design/
4. www.willmottdixon.co.uk/now-or-never

Enterprise Contracts

What's the incentive?

In an enterprise-style arrangement, the supplier has a direct relationship with the owner. The Nightingale Hospital projects are held up as an example of how efficiently projects can work by swapping a main contractor for an integrator (in this case the army) and giving greater weight to suppliers.

Enterprise relationships and how to set them up is the central theme for the Institute of Civil Engineer's (ICE) Project 13¹. Martin Perks, commercial programme manager, Highways England, has spoken about how it is adapting Target Value Delivery from a model taken from private hospital contracts in the US: defining outcomes and incentivising against those.

Enterprise working fits well with digital construction and component-based design, which has flourished during Covid, with offsite and modular manufacturers reporting a rise in workloads and investors moving into the sector. By involving the supplier from day one, a design can be based on the actual elements it will be made from, reducing waste in design and specification phases. Suppliers need to be ready and equipped with the right digital tools to plug into these new ecosystems.



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1. www.p13.org.uk/wp-content/uploads/2018/06/P13-Blueprint-Web.pdf

Carbon Budgets

Counting the cost of carbon reduction

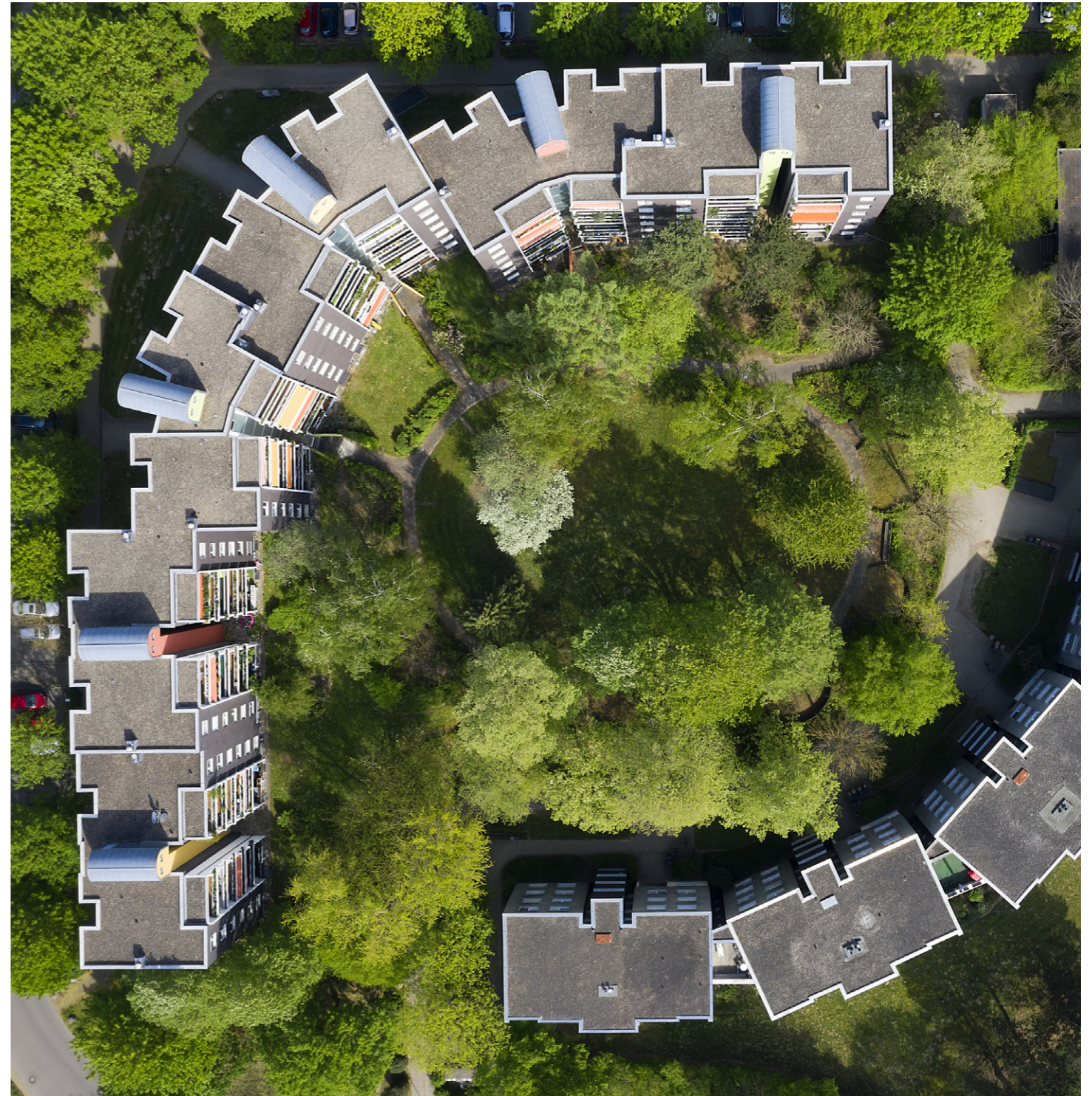
As we become better at reducing operational carbon (particularly in buildings), embodied carbon becomes a bigger slice of the whole-life carbon pie. Legislation could be on the horizon. Last year the Government commissioned Aecom to look at how embodied carbon could be measured and hence reduced. Aecom came up with three scenarios: voluntary uptake, driven by Government procurement; whole-life carbon counting for elements of a building; whole-building whole-life carbon counts¹.

The Government has already signalled its intent in this area. In its procurement guide for central government departments, *The Construction Playbook*, it states that embodied carbon and whole-life carbon should be considered from the earliest stages of a project, with solutions from suppliers to include broad-brush carbon counts². Already there has been a surge of interest in low carbon materials and systems on major infrastructure projects, such as HS2 and the Lower Thames Crossing..

BIM lends itself to counting embodied carbon at an earlier stage, for instance using embedded EPDs (Environmental Product Declarations). Consultants such as Arup are creating their own tools for measuring embodied carbon as they design to help inform decisions. Interestingly, so is Skanska – which also says that it has committed to taking responsibility for its supply chain's carbon footprint³. Willmott Dixon has set itself the goal of zero embodied carbon in the buildings it delivers by 2040.

Anglian Water is often referenced as a champion in this area. Apparently in its AMP6 spending period, it required its supply chain to slash carbon by 50 percent. In doing so – and to everyone's surprise – it cut costs by 25 percent too. This is also linked into the framework or enterprise working model.

For manufacturers, this means that EPD certificates will become more valuable. At the moment, reputable companies invest in them, but no one asks for the information. That is set to change.



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1. www.theccc.org.uk/wp-content/uploads/2019/07/Options-for-incorporating-embodied-and-sequestered-carbon-into-the-building-standards-framework-AECOM.pdf
2. www.gov.uk/government/publications/the-construction-playbook
3. www.constructionmanagermagazine.com/embodied-carbon-a-black-mark-for-construction

Social Performance

Putting equality on the agenda

Social inequality and how to measure positive and negative social impacts is another topic which has moved up the agenda during the Covid crisis period. There's a need to move from beyond the basics of apprenticeship or work experience numbers to look at quality of impact as well as quantity. It was interesting to see that Willmott Dixon has made social impact one of the three legs of its 10-year sustainability strategy.

There's been a flurry of activity in this area. In April last year, the UK Green Building Council published *Delivering Social Value: Measurement* which sets out useful tools and methods together with some case studies¹. An ICE-commissioned report, *Maximising Social Value from Infrastructure Projects*, published last June focusses on the need to look at local needs and opportunities, rather than taking a generalised approach².

In September, the Government published a new Procurement Policy Note (PPN 06/20) telling central government departments how to take social value into account when awarding contracts. It applies to construction, capital investment and infrastructure projects over £10m from January 1st 2021. The model set out in the policy note identifies five themes and linked outcomes: Covid-19 recovery, tackling economic inequality, fighting climate change, equal opportunity and wellbeing³.

In the private sector, the B-Corp⁴ movement is gaining strength. Certified B Corporations are for-profit businesses that meet high – and verified – standards of social and environmental performance, public transparency and legal accountability. There are no UK contractors certified as B-Corps yet, although there are a few UK architects, consultancies and specialist property companies (Igloo Regeneration, Joseph Homes) which are B-Corps. Main contractors are likely to be looking to their supply chain for evidence that they are working to optimise social value, with a focus on the communities and businesses local to projects. The ICE-commissioned report called on supply chain members to report on both quantity and quality (*i.e.* case studies).



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1. www.ukgbc.org

2. www.usefulprojects.co.uk

3. www.assets.publishing.service.gov.uk

4. www.bcorporation.uk

Diversity

Building EDI into construction

Improving equality, diversity and inclusion (EDI) in construction (and other industries) has gained momentum with the Black Lives Matter movement. At the same time, major infrastructure clients, such as Highways England and National Rail, are pushing their supply chains to take action and also to evidence the impact of that action.

Public sector clients must report on their EDI progress by law (*Equality Act 2010*). The Act was added to in 2017 to include gender pay gap reporting for all companies with over 250 employees, with the private sector now looking to measure and report on wider EDI issues.

Highways England has had a Supplier Diversity Forum since 2010 but is now ramping up its demands on its supply chain, with contractors Balfour Beatty and Skanska among those mentioned as leaders. It now assesses its tier 1 suppliers using its Strategic Alignment Review Tool (StART)¹ which covers all the agency's strategic principles, including EDI. Part of that assessment looks at how tier 1 companies are increasing diversity among their own supply chain.

HS2 is also making big efforts to champion this theme among its supply chain. The project's latest EDI report includes for the first time a section reporting on the diversity of its supply chain².

Investor Legal & General made clear its appetite for change when it issued an 'early warning' to blue-chip companies at the beginning of last October. It wrote to all FTSE 100 companies to say that any of them that don't have a BAME director by January 1st 2022 can expect Legal & General to vote against re-electing the board member responsible for board appointments³.

It's only a matter of time before suppliers are asked about their EDI strategy. It's also likely that the makeup of companies' boards – and HR teams – will come under scrutiny.



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About Facta:

Facta is a specialist business communications agency that helps its clients find their voice. We work with them to:

- **articulate their positioning;**
- **devise communication strategies;**
- **engage stakeholders with meaningful content and narrative.**

To date we have worked with many big names tackling key issues that impact upon construction today. For example: apprenticeships and the skills gap; build to rent; the circular economy; development finance; disruptive technologies; environmental reporting; flood and water management, MEES, MMC and offsite, Net Zero and decarbonising housing; social value; standards and legislation, and urban greening. The list is almost endless, but always with a view to giving our clients both a credible and meaningful stance.

And when clients are having bad days, we have been there to manage their communications on matters like restructuring, industrial action, environmental incidents, death on site – even an attempted abduction.

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