

CLIENTS MORE FOCUSED ON NET ZERO THAN BUILDING SAFETY

3 years ago



Construction clients are more focused on meeting their net zero goals than complying with the Building Safety Act, according to a new study carried out on behalf of the [Building Engineering Services Association](#) (BESA)

The research also revealed a noticeable “softening” in the market as cost pressures took their toll leading to significant project delays. It showed that clients were increasingly concerned about a shrinking pool of contractors of “the appropriate quality” to deliver projects and were becoming more focused on measuring the technical competence of the firms they appointed.

Richard Hill, director at consultancy [Currie & Brown](#), told a roundtable session of BESA members that new orders fell by more than 7% in the second quarter of this year and that, with the general economy remaining flat until the middle of next year and inflation only falling slowly, no recovery was expected until 2025.

“The health of the construction industry is also heavily dependent on the delivery of the national infrastructure programme,” added Hill. “We are at the mercy of government policy changes, so delays and cancellations in that space will constrain outputs until at least the second half of next year.”

However, he noted there might be “a bounce” after the General Election next year that could help to speed up a recovery in 2025.

“All of this means there is a general default to two-stage design and build (D&B) to reduce risk. Clients are also worried about financial stability in their supply chains and the amount of hidden costs coming through.”

Hardening

He added that the sector's shortage of capacity and the hardening approach of the insurance market were also adding to risk. At the same time, the introduction of the Building Safety Act and the need to achieve net zero were front of mind for contractors and clients.

The BESA members pointed out that many clients were failing to get their buildings registered under the Building Safety Act "which is their first duty". To do that they must be working with competent organisations and there is confusion around the role of the principal contractor as they are often not appointed until after the building is registered.

"Practitioners have a heightened level of responsibility around building safety which will have an impact on the level of engagement generally and the timescale of projects," said Hill. "This might eventually lead to new disciplines being created to meet the needs of the Act but initially the focus will be on additional responsibilities for existing practitioners."

The new planning process detailed under the Act puts much more emphasis on having proper design certainty at Gateway 2 before work can start on site and this was reported to be putting pressure on the skillsets of consultants to get these projects across the line.

"Competence is a major thread in the Act," explained Hill. "It will hit the industry hard and fast, but this might stall clients from starting projects because the timescales are very short, and they are going to have to appoint the right people before being able to get started – so there could be a major market shift to defer new build projects."

The sector's serious skills shortages also made delivery of net zero "more challenging", he added. "We need another 250,000 construction workers by 2027. Where are they going to come from?"

The Committee on Climate Change (CCC) has published research revealing that carbon emissions from buildings are falling by less than 1% per annum, which is putting the 2050 goals in doubt. The BESA forum called for a "major and urgent" programme of building refurbishments to tackle this issue. However, Hill said the current low rate of building retrofits was often due to the disruption they caused to clients' business activities.

"Fewer than 1% of buildings measure whole life carbon impact, so we must do better there," said Hill. "Local authorities also want us to properly stress test the opportunities to repurpose existing buildings rather than building new."

Constrained

"There is a strong focus around energy use [with clients], but we are trying to get them to look at sustainability in a much wider context with a bigger focus on biodiversity etc. but that is being constrained by some of the market pressures."

He said the UK Net Zero Carbon Building Standard which is due to be published in 2025 would be important to create consistency of approach across the market.

"Clients must think differently about how they procure projects because of the shifting cost issues and be more flexible about how they approach projects," Hill told the BESA members.

“Are we making the best use of modern methods of construction (MMC) and how quickly are we shifting to a higher level of digitisation and use of data analytics? We also need more off-site manufacture and there needs to be far better collaboration between clients and supply chains.”

The BESA members called for clients to insist that the companies they appointed were making sufficient investment in skills because the shortage of apprenticeships, in particular, was a major contributor to the industry’s workforce problems.

Hill said his company was advising clients to include this and the need for fair payment terms in their tender documents and to make them part of procurement decisions.