

CIOB releases new report on construction industry capacity

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A new economic report exploring the construction industry's capacity to deliver on key targets and meet demand for new homes and infrastructure in the UK has been published by the [Chartered Institute of Building \(CIOB\)](#).

The report, [Capacity Constraints in Construction: Rethinking the Business Environment](#), looks at some of the industry's biggest challenges including recruitment, training and retention and the volatile nature of the sector, which results in hundreds of construction businesses collapsing each year, and the impact this has on the wider UK economy. CIOB says it wants to drive policy makers and industry leaders to look beyond short-term fixes and explore longer-term solutions that not only alleviate immediate challenges but also shift the sector towards being more resilient, more progressive and more productive in the future.

CIOB worked with experienced economist Brian Green to compile the report, which aims to explain to policy makers how the current business environment for the industry is responsible for many of the ongoing issues and how it can potentially be shifted to create a more stable environment for construction businesses of all sizes.

Brian Green said: "Construction is regarded as the most volatile major sector of the economy and it repeatedly faces capacity challenges. This means firms within the sector shape themselves to withstand swings between having too much work and too little resource and having too little work and too much resource. It is inefficient and debilitating to the industry.

"Unsurprisingly, there have been multiple reports over many decades into the construction sector to solve the problems this causes. They have tended to focus on the symptoms of this volatility, suggesting

solutions such as improved contractual arrangements, better training, technical solutions such as prefabrication, improved health and safety, or ways to improve the image of the industry. Implicit in many of these reports is the notion that firms within the industry are acting irrationally and need to change.

“This report takes a different tack. It assumes firms are likely to be responding rationally to their business environment. So it argues that rather than simply seeking to force changes on the industry we should look to change the environment within which it operates. The industry and its firms would inevitably adapt of their own accord. These changes should include seeking ways to reduce the volatility and improvements to the institutional framework that determines what gets built where and when. Underpinning this, there should be greatly enhanced information to help steer decision-making.”

David Barnes, head of policy and public affairs at CIOB, said: “The UK Government’s 1.5 million new homes target over the five-year parliament has continued to receive a great deal of scrutiny, particularly on the construction sector’s capacity and capability to deliver. This report seeks to shift the dialogue from aspirational targets to understanding and analysing the deep and often challenging structural issues faced by the sector which make it volatile and unstable. This detailed analysis of the sector showcases the need to change the business environment, and the report details the five key policy objectives we believe need focus to improve performance and reduce capacity constraints on the sector.”

Professor Noble Francis, Economics director at the Construction Products Associations, said: “This research is extremely valuable as it goes beyond the vast array of reports and policies, each aimed at addressing just one symptom of problems in the UK construction industry, and instead focuses on addressing the initial key issues that cause the vast majority of its problems. It rightly highlights how the government can help reduce volatility in the sector, which means firms in the supply chain cannot afford to make multi-million-pound investments upfront in skills, capacity, and more efficient methods. Additionally, it highlights the critical importance of having robust data to monitor and address progress towards improving construction.”

Lee Bryer, Research strategy lead at the Construction Industry Training Board (CITB), said: “Many reviews of the construction industry tend to focus on what the sector should do (modernise, digitise, train, collaborate, adopt MMC) often underpinned by an assumption that it is structurally flawed or resistant to change. While these diagnoses have value, they often stop short of interrogating the external conditions that drive the very behaviours they criticise – things like fragmented pipelines, short-term policy cycles, adversarial contracting, and boom-bust investment patterns.

“This report offers a different lens, not just in focus, but in framing. What may appear irrational from the outside often looks entirely rational from within. Rather than seeing construction as inherently dysfunctional, it presents the sector as rationally adapted to a dysfunctional environment. That distinction matters. It suggests that if policymakers want lasting change, they must look beyond industry prescriptions and instead focus on reshaping the conditions in which the sector operates. In that sense the report not only presents a different angle, but a more systemic, empathetic, and potentially more productive perspective.”