



UK Industry Performance Report

Based on the UK Construction Industry
Key Performance Indicators

2014



Contents

UK Industry Performance Report 2014

Foreword	03	Productivity - (VAPE Current Values)	18
Introduction	04	Productivity - (VAPE Constant 2011 Values)	18
Executive Summary	05	Defects - Impact at Handover	19
Key Performance Indicators 2014			
Economic Indicators	06	Respect for People KPIs - All Construction	
Client Satisfaction	06	Year-on-Year Comparisons	
Contractor Satisfaction	07	KPI Summary Table	20
Predictability	07	KPI Group Trend Graph	21
Profitability	07	Environment KPIs - All Construction	
Respect for People	08	Year-on-Year Comparisons	
Environmental Indicators	09	KPI Summary Table	22
Housing	10	KPI Group Trend Graph	23
Non-Housing	10	Economic KPIs - All Housing	
Consultants	11	Year-on-Year Comparisons	
Economic KPIs - All Construction			
Year-on-Year Comparisons			
KPI Summary Table	12	KPI Summary Table	24
KPI Group Trend Graph	12	KPI Group Trend Graph	25
Economic KPIs - All Construction			
Individual KPI Trend Graphs			
Client Satisfaction - Product, Service & Value For Money	14	Economic KPIs - All Non-Housing	
Contractor Satisfaction - Overall - Performance, Provision of Information & Payment	15	Year-on-Year Comparisons	
Predictability Cost - Project, Design & Construction	16	KPI Summary Table	26
Predictability Time - Project, Design & Construction	17	KPI Group Trend Graph	27
Profitability	18	Construction Consultants KPIs	
Year-on-Year Comparisons			
About			
		KPI Summary Table	28
		KPI Group Trend Graph	28
		Glenigan	29
		CITB	30
		Constructing Excellence	31

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Foreword

Nick Boles (BIS)



Since their introduction, Construction Key Performance Indicators (KPIs) have enabled companies to assess their performance against industry benchmarks. They enable companies across the industry to target areas for improvement, increase performance, win work and raise their profitability. Thus, I am delighted to see Glenigan, in partnership with CITB, continuing their commitment to the construction industry by publishing the Construction KPIs, following a short hiatus.

In partnership with industry, this government has developed 'Construction 2025': a joint strategy which aims to transform the construction industry. Central to the ambitious vision of the strategy are drives to reduce costs by 33%, reduce project time by 50% from inception to completion and reduce greenhouse gas emissions in the built environment by 50%. The actions required to meet these ambitions are rightly owned by industry, and will be delivered through industry bodies. Construction KPIs enable us to measure progress by charting improvements against these ambitions in the industry as a whole. This is a most welcome contribution to the drive for positive change in the construction industry.

The construction industry has faced considerable challenges over recent years. The most recent Construction KPIs arm us with valuable information on how the industry has responded to these challenges. Notably, client satisfaction has remained high despite the pressures of the past few years. The predictability of the cost of projects has improved markedly compared to before the recession. Delivery of projects on time has also improved. However, the majority of projects continue to fail to be completed on time: clearly there remains much scope for improvement. Ambitious firms should be using the new Construction KPIs to assess and improve upon their timeliness.

The outlook for the construction sector has been improving over the last year, with firms upbeat about prospects for the year ahead. However, the damage caused by the recent recession will take time to repair. Those contractors, sub-contractors and consultants who assess and improve their performance against industry KPIs will be those who are best able to raise their game and grow over the coming years.

A handwritten signature in blue ink, appearing to read 'Nick Boles'.

Nick Boles

Minister of State, Department for Business, Innovation and Skills

Introduction

CITB



The drivers of construction change include economic conditions, environmental legislation, regulation, and new and emerging technologies. These have a significant bearing on the shape of the industry, its workforce and skills.

The impact of these drivers on the industry, and the needs of construction employers in the face of the challenges they pose, are not only key inputs into CITB's strategy, but also highlight why the Key Performance Indicators (KPIs) are so important.

The construction sector was hard hit by the economic downturn, but has subsequently played a key role in recovery, and remains a key component of the UK economy in terms of its economic contribution and employment, accounting for 8% of UK GDP and 9% of the UK workforce. Its recent growth has played a significant role in delivering government policy on housing and infrastructure, leading to job creation and apprenticeships. However, the sector suffers from skills deficiencies and low levels of productivity growth, which is why understanding the performance of the sector is so important. It is for this reason that the KPIs were developed and why they remain as relevant today, as the industry works towards the delivery of 'Construction 2025', as they did when first launched as part of the Rethinking Construction agenda, and why CITB has supported their renewed production.

At the end of 2012, the year in which the Construction KPIs were last published, it seemed that the road to sustained recovery was a long way off. However, since the second quarter of 2013, construction output has accelerated and growth has returned. Labour levels have begun to stabilise as a result of increased workloads, although reduced cashflow, rising costs, and skills shortages are increasingly becoming issues for the industry, as reflected in the current KPIs.

The current KPIs show that challenging trading conditions remain. Median profitability among contractors has fallen to 2.1% and contractor satisfaction with their client's performance has also weakened in respect to the provision of information and payments. Equally, despite improved predictability of project delivery, both to cost and budget, client satisfaction levels have decreased.

While these are disappointing findings given that client satisfaction levels had, for the most part, weathered the worst of the recession, there are credible signs of improvement across the KPIs suggesting a cautiously optimistic sense that the construction sector has passed through the worst of its economic crisis and that the recovery is on a firmer footing. However, skills and material supply challenges remain and may be exacerbated by the current trajectory of growth.

The improved predictability of project delivery points to a much more positive situation with regards to the pipeline of work, although decreasing predictability of cost measures, particularly at the construction stage, suggests that there are issues with regards to the supply of skills and materials.

With these gathering signs of economic recovery, the sector needs to maintain its commitment to investing in skills. After enduring the recession, the industry cannot be in a position where it is unable to capitalise on recovery because of a skills gap.

Growth in construction is key to the economy and can only be achieved if all the necessary skills are available to deliver it. In this sense, the current results should not only be seen as providing construction clients, contractors and consultants with a rigorous benchmark, but also presenting targets for continuous improvement for industry as a whole. Nowhere is this more evident than in the Respect for People measures, which emphasise the uneven performance in recruiting, retaining and developing people.

In this area in particular, it is encouraging that the proportion of direct employees qualified to NVQ Level 2 or higher has increased along with the proportion of employees holding the Construction Skills Certification Card (CSCS) and the proportion of women employed. However, it is disappointing that both training levels and the proportion of people employed aged under 24 have fallen. With an aging workforce the industry needs to attract new recruits and position itself as an attractive 'career for all', but particularly amongst young people and non-traditional entrants. Investing in recruitment and training, particularly apprenticeships, are fundamental, but greater certainty of workloads and the improved economic performance of firms is critical to providing the conditions for investment.

Looking ahead, the forecast is for continued improvements into 2015, which it is hoped will confirm the industry's sustained recovery. However, competition remains tough and the nature of the construction industry - its size, mobility and fragmentation, along with its highly regulated and complex operating environment - means that many employers need assistance to benchmark their own performance and help identify where they can secure future improvements. It is in this context that the KPIs really come into their own.

A handwritten signature in blue ink, appearing to read 'Lee Bryer', written in a cursive style.

Lee Bryer

Research & Development Operations Manager, CITB

Executive Summary

Glenigan



As the construction industry looks forward to brightening market prospects over the next few years, the latest set of KPIs provide a valuable assessment of how the protracted downturn in industry workload has impacted upon the industry and its performance. They also highlight the challenges that the industry now faces if it is to seize emerging opportunities.

The KPIs in this report are based upon projects completed during 2012 and 2013, a period of faltering construction output volumes and a shrinking development pipeline. The resultant retrenchment by the industry is evident in the KPI data. Median profitability has slipped further to 2.1% down from 2.7% in the previous survey and in marked contrast to the 9.9% recorded in 2009.

Labour has been shed over the last five years as companies have had to adjust to the deterioration in market conditions. The KPIs found that, on average, 7.7% of firms' direct employees had left the business during the year surveyed, but fewer than half of those departing had been replaced with the retained workforce being more intensively deployed.

The latest indicators suggest that the challenging economic environment is undermining the industry's efforts to deliver an improved product and service to clients. The 2012 Key Performance Indicators had recorded retrenchment in a number of important areas; ending a progressive improvement in client satisfaction seen in earlier surveys and a sign that the protracted squeeze upon construction workload, employment and margins had adversely impacted upon the industry's performance. In the latest survey, client satisfaction with service and the finished project was unchanged on the 2012 KPIs, while clients' perception of value for money slipped to in the lowest level since 2008. This decline points to rising client expectations and is despite the pressure on industry margins and more projects being delivered to time and to budget.

In contrast, contractors' overall satisfaction with clients and the consultancy team has matched the all-time high reached in 2012. The economic recession may be a contributory factor, with repeat clients accounting for a greater proportion of projects completed during the year.

However, there was a dip in satisfaction regarding client information provision. For the first time the survey asked whether BIM was used on the project and found it is being implemented on a small but rapidly growing proportion of projects; 4% of projects completed in 2012 and 9% in 2013. This rapid growth in BIM usage has the potential to lift this KPI in future surveys, as well a host of other measures including those covering client satisfaction, project predictability and environmental performance.

The construction industry is looking to a progressive growth in workload over the next few years. However the anticipated recovery presents fresh challenges. Delivering improved productivity and containing costs will be a priority, with the 'Construction 2025' Strategy looking to cut costs by a third and halve the delivery time for a typical project by 2025. As the industry responds to these challenges, the Construction Industry Key Performance Indicators provide firms with the benchmark against which they can appraise their own performance and identify where they can secure future improvements that will help safeguard their competitive position and win work.

A handwritten signature in blue ink, appearing to read 'Allan Wilén', written in a cursive style.

Allan Wilén

Economics Director, Glenigan

Key Performance Indicators

2014

Economic Indicators

Client satisfaction has largely been maintained from 2012. The 2012 survey showed clients ratings begin to slide, arresting a trend of continued improvement that had been sustained through the early years of recession. Contractor satisfaction with their clients and consultancy team was also stagnant or slightly diminished in 2013/14, ending a trend of improvement that had accelerated in the 2012 research. On a more positive note, the time and cost predictability of construction projects have both improved since the 2012 survey.

Client Satisfaction

Clients rated their 'satisfaction with the finished product' as eight out of ten or higher on 82% of surveyed projects. This is on a par with the 2012 survey but a slight decline on the record 87% achieved during 2010 and 2011.

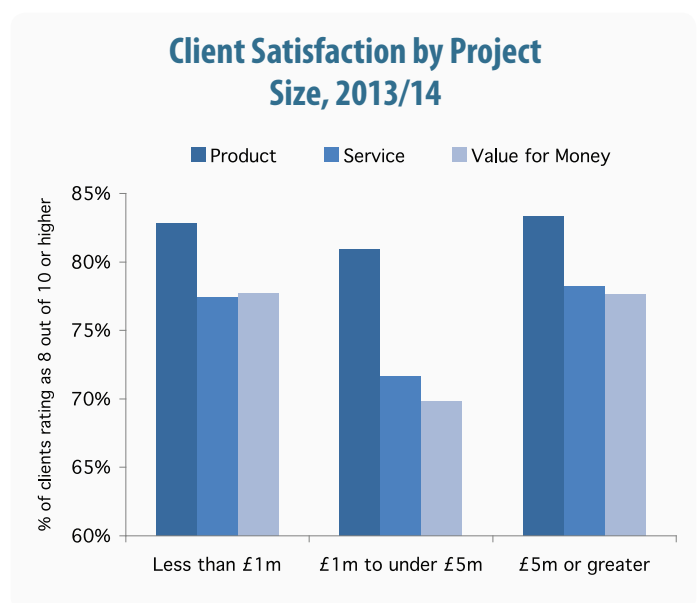
Client satisfaction with the service received from contractors also held level with the last survey at 75%, arresting a steady decline in performance since 2009 when 84% gave a rating of eight out of ten or higher.

On 75% of projects, clients scored 'value for money' as eight out of ten or higher. This is down three percentage points from 2012, and the worst performance since 2008.

Previous surveys found that clients with large projects (those valued at £5 million or more) tend to be less satisfied than those with small projects of less than £1 million, however this gap has closed in the 2013/14 KPIs; 83% of such clients gave a rating of eight or higher - up from 79% in 2012.

This year's results show a different pattern, with medium sized projects producing the lowest ratings: 72% of clients on projects valued between £1 million and £5 million rated service received as an eight

or better, compared to 77% and 78% for the smallest and largest projects respectively. Similarly, projects of this size scored 70% for value for money, compared to 78% for both other value bands. The impact on overall satisfaction with the finished product was less marked, with mid-range projects scoring slightly less than smaller and larger schemes.



The KPI for the clients' rating of the 'condition of the facility in respect to defects' fell for the third time in the last four years. 71% of clients rated the impact of defects as eight out of ten or better, a decline of three percentage points from the 2012 result. Mirroring the other client ratings, projects worth between £1 million and £5 million dragged down the average - just 66% of these scored an eight or higher. By contrast, the performance of larger projects is much improved; 73% of schemes over £5 million secured a rating of eight or more - up from 62% in 2012.

Key Performance Indicators

2014 (cont.)

Contractor Satisfaction

The Construction KPIs charted a consistent improvement in contractor satisfaction between 2008 and 2012, culminating in all three KPIs hitting record highs last time around. This year's survey has seen performance sustained or slightly diminished, but in each case remains better than any year prior to 2011.

Overall contractor satisfaction with the performance of the client and consultancy team rose to a new high during 2012, with three quarters of contractors rating the client's performance as 8 out of 10 or better. This performance has been sustained during 2013/14, with 74% rating performance as eight out of ten or better. Satisfaction was especially high on projects valued under £1 million, with 79% of such projects achieving a rating of at least eight compared to 70% of larger projects.

Contractor satisfaction with the client's provision of information fell back during 2013/14 from a survey high recorded last time. 69% gave a rating of eight out of ten or higher, down from 73% in 2012. Nonetheless this is the second best score for this KPI and continues a long-run trend of improvement. 63% of contractors on projects with a construction value of £5 million or more gave such a rating. This again is a deterioration compared to 70% in 2012, but remains well up on 55% in the 2011 survey. On schemes valued up to £1 million, 75% of contractors rated the provision of information by the client as eight out of ten or better, down slightly from 77% in 2012.

Contractor satisfaction with payment held up at just under the record set in 2012, with 79% of contractors giving a rating of eight or above. As with the other measures, contractors became less satisfied as schemes became larger; 82% of those on sub-£1 million rated eight out of ten or better, compared to 78% of those in the £1 million to £5 million and bracket and 73% of those on the largest projects.

Profitability

Industry profitability has fallen to just 2.1%, continuing the trend of decline that took hold during the depression. This is the lowest level since the survey began and is in sharp contrast to the peak of 9.9% recorded in the 2009 survey. The progressive decline in profit margins charted by the last four surveys reflects the squeeze on contractors' margins from falling tending prices.

The initial sharp jump in **productivity** seen in the 2011 survey results was due to contractors making more efficient use of a slimmed down workforce. The latest research, covering projects that completed in 2012 and 2013, saw productivity rise by 2.3%.



Predictability

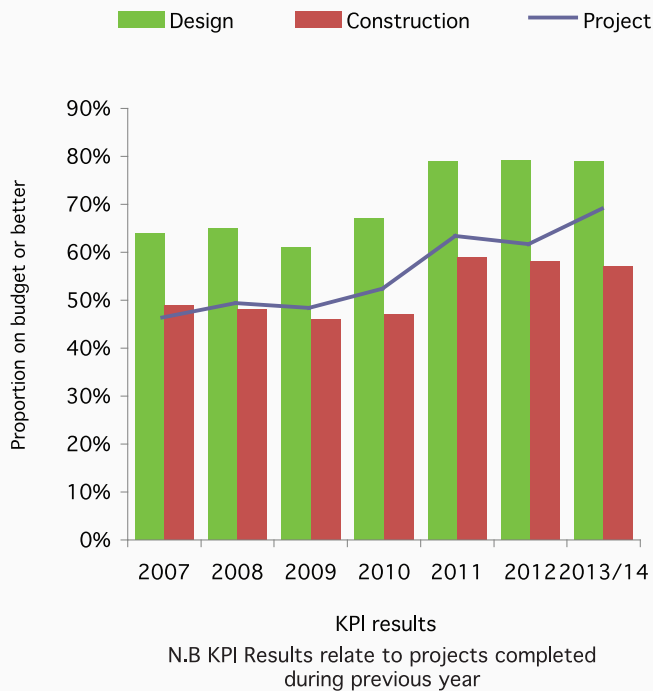
The latest results show an overall improvement in the predictability of construction projects. Cost predictability measures were either improved or maintained from 2012, while time predictability increased across all three measures.

Project costs were on budget or better for 69% of projects; this is up from 61% recorded in 2012 and is a new survey high.

Key Performance Indicators

2014 (cont.)

Cost Predictability



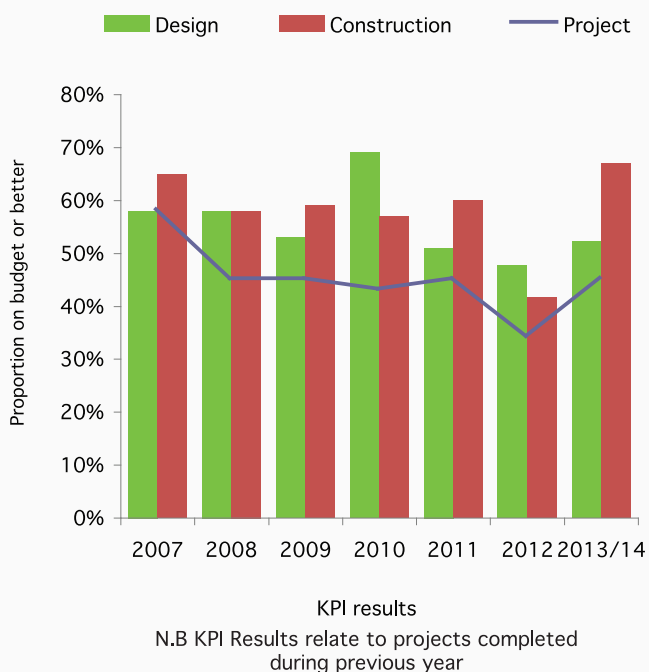
Design costs came in on or under budget 79% of the time. This maintained the result seen in each of the two previous surveys, which is also a survey high.

Predictability in the **cost of construction** was broadly unchanged on 2012, with 57% coming in on budget or better compared to 58% in 2012 and 59% in 2011.

The 2012 survey recorded poor performance on time predictability KPIs, all three of which dropped to survey lows. These falls have been reversed in the latest results, with similar rates of performance to those found in 2011.

Projects as a whole were completed to, or ahead, of schedule 45% of the time. This is in line with the survey average since 2003. The 2012 survey found smaller projects were more likely to come in on time than their larger counterparts, and this trend has continued. 52% of projects under £1 million came in on time or better, compared to 38% of projects with a value greater than £1 million. Performance improved since the last survey for projects of all sizes.

Time Predictability



The difference in overall predictability appears to be a result of the design phase. The design was delivered on time or better for 52% of all projects, but smaller projects outperformed larger ones.

The construction phase was on time or better for 67% of projects. This is above the previous survey high, of 65% in 2007, and has rebounded from a survey low of 42% in 2012. Time predictability of the construction phase was consistent across small and large schemes.

Respect for People

The official Health and Safety Executive (HSE) statistics have recorded a sustained improvement in the industry's Accident Incident Rate over the last decade. The rate fell to 420 reportable accidents per 100,000 employees in 2012/13. This was a dramatic 21% reduction over the two years since the last KPI survey.

Key Performance Indicators

2014 (cont.)

Staff turnover has risen; the median turnover of 3.3% was up from 2.1% in 2012. The figure is lower than for any year prior to 2010, and appears to reflect in part that departing employees continue to go unreplaced.

On average 7.7% of firm's direct employees had left the business during the year surveyed, although this was down from 9.1% in 2012.

A median of 1.4 days were lost per employee per year to **sickness absence**; an improvement from 1.7 days on average in 2012 but above the record low of just one day lost per year in 2011. This compares well to the 4.4 days per worker the UK lost to sickness absence in 2013.¹

The median number of **training days** provided per employee fell to 1.2 in 2013/14, down from a survey high of 1.5 in 2012. However the 2012 result may have been boosted by training deferred from 2011, which saw an all-time low of just 0.6 days per employee. Barring 2011, the long run trend of improvement has been sustained during the recession; this year's result is on a par with 2010 as the second best recorded by the survey. While positive, this lags behind the mean 6.7 days of training UK employees received in 2013.²

On average 18% of employees were covered by Investors in People commitment and recognition, an improvement from 14% in 2012 but on a par with the proportions found from 2009 to 2011. In fact, the proportion is largely unchanged from the initial survey result in 2003 (17%).

The median number of employees qualified to NVQ Level 2 or higher rose to 71%, sustaining the sharp rise seen between 2011 (31%) and 2012 (66%). 61% of direct employees held a Construction Skills Certification Card (CSCS).

The average proportion of women in the workforce has increased from 15% in 2012 to 19% in the latest survey. However little change was recorded in the

age breakdown of the workforce. 7% of the median company's workforce was aged under 24, while on average 10% of employees were aged over 55.

¹*Sickness Absence in the Labour Market, February 2014. Office for National Statistics Release.*

²*UK Commission's Employer Skills Survey 2013: UK results.*

Environmental indicators

Looking at **product performance**, the **designed median energy use** rose to 2,254 kg CO2 per 100m2 of gross floor area. While an increase from the previous survey, this follows a 41% decline in 2012 and remains a significant improvement compared to any year prior to 2012.

Less encouragingly, **designed average water usage** increased 17% on the previous year. After four years of modest improvement, this was the worst performance since 2008.

The only measure on which the environmental performance of the product improved was **retention of habitat**. The proportion of respondents reporting no change or an increase in created or retained habitat on a scheme rose to 82%. Over the long-run there has been no discernible improvement or deterioration in the industry's performance on this measure.

The environmental performance of the **construction process** was more positive. Two KPIs reached new survey records. The other two fell back compared to the 2012 survey, but remain significant improvements on the findings in 2010 and 2011.

On-site energy usage saw a rise in 2013/14. Median energy use, at 222 kg CO2 per £100k of project value (2011 prices), is 13% higher than found in 2012. However usage remains down from 263 kg CO2 per £100k in 2011 and is one of the best results recorded over the last eleven KPIs.

Key Performance Indicators

2014 (cont.)

A similar trend was observed in the KPI for median **waste removed** from sites. This rose from a record low in 2012, but is the second lowest reading in the survey history and maintains a long-run trend of improvement. On average 22.6 m³ of waste was removed from site per 100k project value.

Median **commercial vehicle movements** fell to a new low of 11.2 per £100,000 of project value from 19.7 in 2011, a 28% decline in constant price terms. Vehicle movements remain highest on sub-£1 million projects at 15 per £100,000, though this figure has fallen dramatically from 34.2 per £100,000 in 2012.

Mains water use also fell to a record low recorded in 2013/14 to 4.0 m³ / £100k project value.

Housing

KPIs for **client satisfaction** with housing projects showed a marked deterioration in 2013/14. The proportion of clients rating satisfaction with the overall product as eight out of ten or higher fell to 74% from 82% in 2012. The housing KPIs tend to reflect trends and performance within the social housing sector, where the client/contractor dynamic is more prevalent than the developer/builder model that accounts for a larger proportion of private housing schemes. The deterioration in performance may well reflect the impact of reduced government funding for new social housing, causing strain as clients try to maintain their provision with fewer resources.

Just 62% of clients on housing rated the service received as eight out of ten or higher. The proportion of clients rating the impact of defects at handover at eight out of ten also fell back, to 66%, erasing a strong improvement found by the 2012 research.

The overall cost predictability of housing projects fell sharply, with less than half (46%) of clients reporting

that their scheme had been completed on or below budget, compared to 62% in 2011.

However performance on the other two measures was mixed. On 71% of projects design costs came in to budget or better; down from a survey high of 81% in 2012 but maintaining the long-run upward trend. More encouragingly, the proportion of clients reporting that construction costs were on budget or better rose from 55% to 58%. This is just below the survey record found in 2011 (59%).

All measures of time predictability improved in 2013/14. The proportion of projects completed on time or better rose to 41%; the highest proportion since 2008 and up from just a quarter of those that completed in 2012. The time predictability of construction actually hit a survey high, with the construction phase coming in on time or better on 65% of projects. The time predictability of the design phase also improved to 52%, but this remains one of the weaker results found by the KPI survey.

Non-Housing

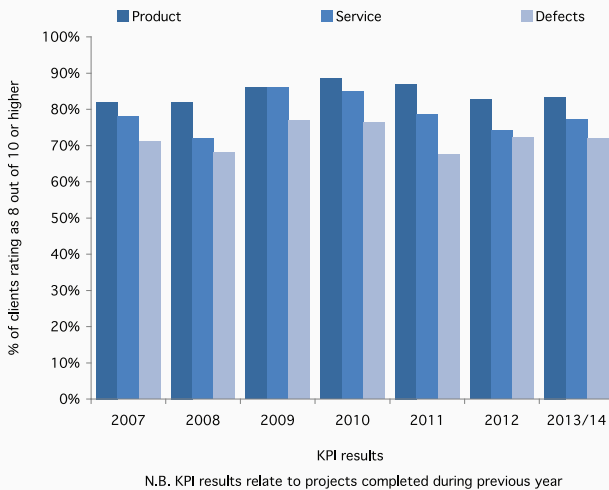
The non-residential sectors saw greater improvement than housing projects in the latest survey. Of the nine KPIs, six were improved, two maintained and just one registered a decline.

The KPI for **client satisfaction** of non-housing projects remained strong, with 83% giving the finished product a rating of at least eight out of ten. Satisfaction with respect to **defects** was also unchanged, with 72% of clients rating their impact as eight out of ten or better. Satisfaction with **service** rose to 77%, a mild improvement on 74% in 2012.

Key Performance Indicators

2014 (cont.)

Non-Housing: Client Satisfaction



The long-run improvement in **cost predictability** has been sustained, resulting in a new survey record for overall predictability of the project cost. 75% of projects were delivered on cost or better. The predictability of design costs also reached a new high, being on time or better in 81% of cases. By contrast there was a decline in the predictability of construction costs, to 57% from 60% seen in both 2011 and 2012. Despite this modest fall performance remained better than any year prior to 2011.

Small schemes of less than £1 million were more likely to come in to cost or better (82%) than larger projects. These smaller schemes had higher predictability of design costs, whereas construction cost predictability was consistent across project sizes.

Time predictability figures all rebounded in 2013/14, following falls in 2012. 46% of clients reported that the project had been completed within the planned timeframe. Excluding 2012, when the KPI dropped to just 37%, performance on this measure has been stable over the last decade around an average of 46%.

The predictability of the design phase also rose slightly from 2012, to 52%. Performance on this measure dropped from 61% in 2010 to 52% in 2011 and has remained relatively low compared to previous years. This is the only non-housing KPI that has seen performance decline from 2003.

More positively, on 67% of projects the construction phase was completed on time or better, a new record for the series. Performance on this measure had previously peaked at 65% in 2009, before sliding to 46% by 2012 as market conditions delayed project starts.

Consultants

Client satisfaction with consultants has decreased slightly since the last survey. Overall client satisfaction was rated an eight of out of ten or better by 72% of respondents, down from 75% in 2012. Similar falls were seen in clients' ratings of value for money and timely delivery, whereas satisfaction with the quality of service rose marginally from 73% to 74%.

Across all four indicators, clients were least satisfied with consultants working on projects worth between £1 million and £5 million. Just 68% of clients on these projects rated their consultancy team overall as eight out of ten or higher, significantly lower than for projects worth under £1 million (77%) and over £5 million (75%). This matches the trend seen in client satisfaction with service and value for money received on the overall project.

Economic KPIs - All Construction

Year-on-Year Comparisons



KPI	Measure	Performance															Trend		
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years	
Client Satisfaction - Product	% scoring 8/10 or better	72%	73%	72%	73%	78%	80%	83%	84%	82%	83%	86%	87%	83%	82%		▲		
Client Satisfaction - Service	% scoring 8/10 or better	58%	63%	63%	65%	71%	74%	77%	79%	75%	77%	84%	82%	80%	75%		▲		
Client Satisfaction - Value for Money	% scoring 8/10 or better	-	-	67%	69%	73%	74%	79%	80%	75%	75%	82%	77%	81%	78%	75%	▼	▲	
Contractor Satisfaction - Performance - Overall	% scoring 8/10 or better	-	-	-	-	64%	65%	63%	62%	62%	64%	69%	69%	75%	74%		▲		
Contractor Satisfaction - Provision of Information - Overall	% scoring 8/10 or better	-	-	-	-	57%	59%	58%	56%	56%	59%	63%	64%	73%	69%		▼	▲	
Contractor Satisfaction - Payment - Overall	% scoring 8/10 or better	-	-	-	-	67%	66%	65%	65%	63%	63%	67%	71%	77%	80%	79%		▲	
Defects - Impact at Handover	% scoring 8/10 or better	-	65%	53%	58%	68%	68%	72%	77%	73%	73%	77%	75%	68%	74%	71%		▼	▲
Predictability Cost - Project	% on cost or better	-	50%	46%	48%	52%	50%	48%	45%	46%	49%	48%	52%	63%	61%	69%		▲	▲
Predictability Cost - Design	% on cost or better	65%	64%	63%	63%	65%	62%	63%	66%	64%	65%	61%	67%	79%	79%	79%		▲	▲
Predictability Cost - Construction	% on cost or better	37%	45%	48%	50%	52%	49%	48%	44%	49%	48%	46%	47%	59%	58%	57%		▼	▲
Predictability Time - Project	% on time or better	-	28%	36%	42%	44%	44%	46%	44%	58%	45%	45%	43%	45%	34%	45%		▲	▲
Predictability Time - Design	% on time or better	27%	37%	41%	46%	53%	55%	52%	57%	58%	58%	53%	69%	51%	48%	52%		▲	▲
Predictability Time - Construction	% on time or better	34%	62%	59%	61%	59%	60%	62%	60%	65%	58%	59%	57%	60%	42%	67%		▲	▲
Profitability	Median % profit before interest & tax	-	4.4%	5.1%	5.2%	5.4%	7.0%	8.1%	7.9%	8.2%	9.6%	9.9%	7.7%	5.0%	2.7%	2.1%		▼	▼
Productivity (VAPE Current Values) ¹	Median value added/ FTE employee (£000)	-	27	28	28	31.1	32.6	34.2	38.2	42	45.5	46.2	49.5	58.5	60	63.8		▲	▲
Productivity (VAPE Constant 2011 Values) ^{1,2}	Median value added/ FTE employee (£000)	-	42.5	41.9	39.8	41.8	41.2	41.5	43.2	45.1	46.5	45.4	48.9	59.3	60.0	61.4		▲	▲

- Data not available before first year shown

¹ VAPE- Value Added Per Employee

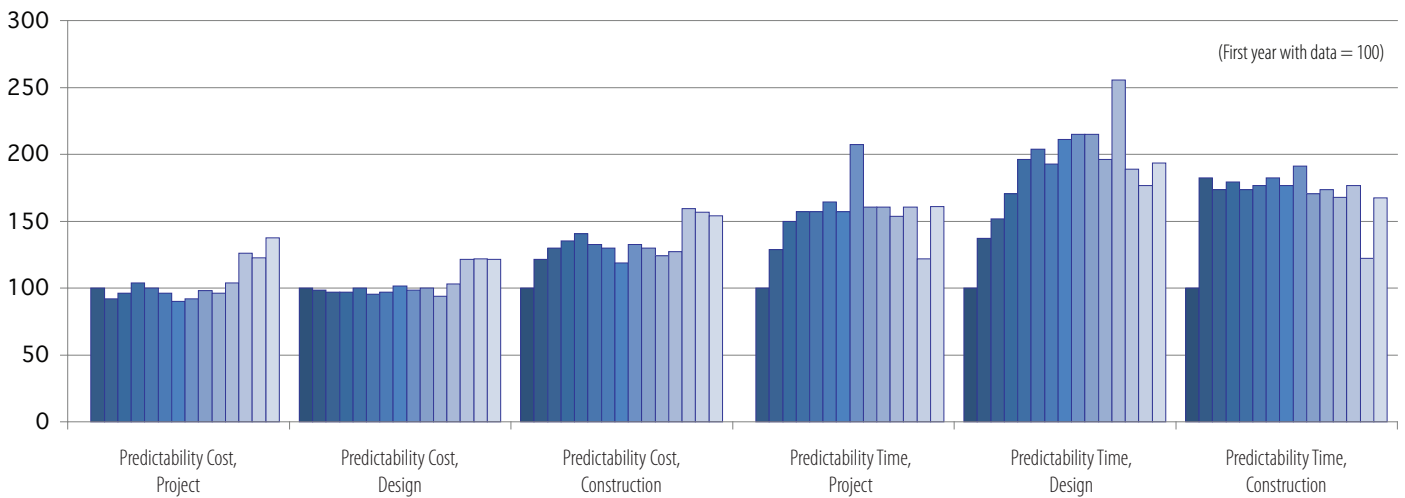
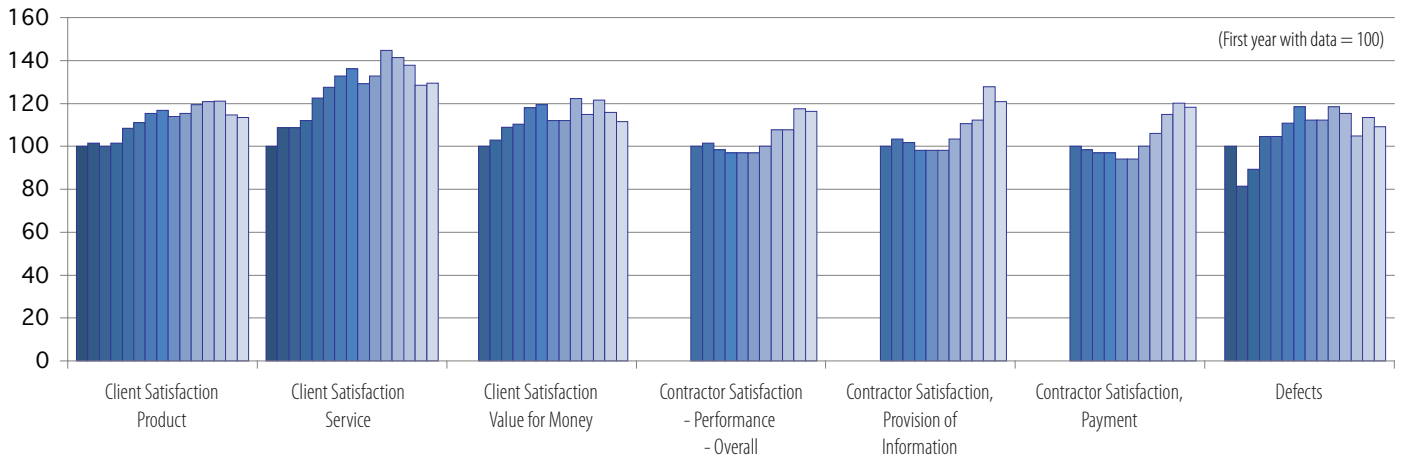
² Current values are deflated by the "Implied output price deflator" to arrive at constant values

Economic KPIs - All Construction

Year-on-Year Comparisons (cont.)



■ 1999 ■ 2000 ■ 2001 ■ 2002 ■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14

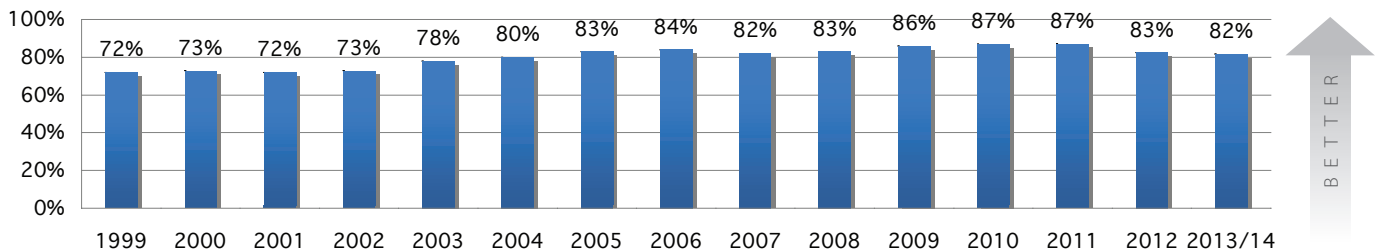


Economic KPIs - All Construction

Individual KPI Trends



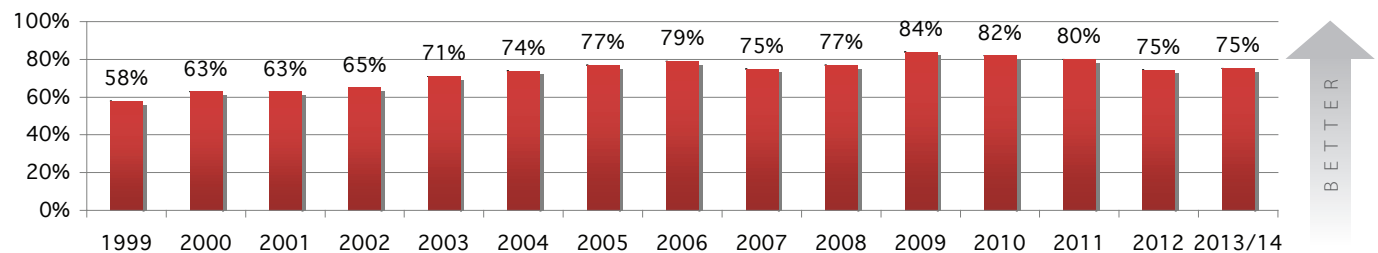
Client Satisfaction - Product



The annual KPI surveys ask clients to rate how satisfied they were with the completed facility on a scale from 1 to 10. The KPI is the percentage of clients that awarded a score of 8 out of 10 or higher.

The KPI was essentially unchanged at 82%, having slipped back in the 2012 survey from an all-time high of 87%.

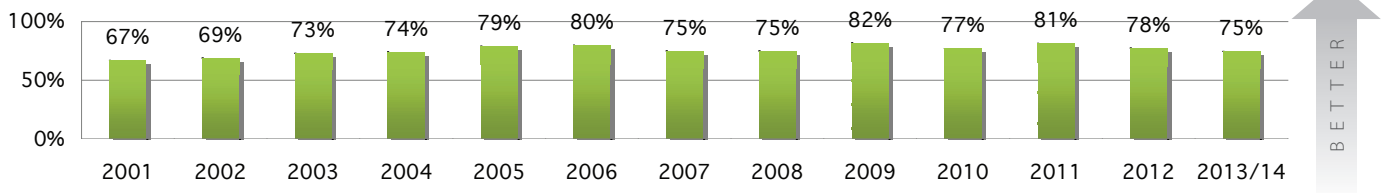
Client Satisfaction - Service



The annual KPI surveys ask clients to rate how satisfied they were with the service provided by the project team on a scale from 1 to 10. The KPI is the percentage of clients that awarded a score of 8 out of 10 or higher.

Client satisfaction held steady after three consecutive declines. Three-quarters of projects secured of 8 out of 10 or higher.

Client Satisfaction - Value for Money



The annual KPI surveys ask clients to rate how satisfied they were with the value for money provided on the project on a scale from 1 to 10. The KPI is the percentage of clients that awarded a score of 8 out of 10 or higher.

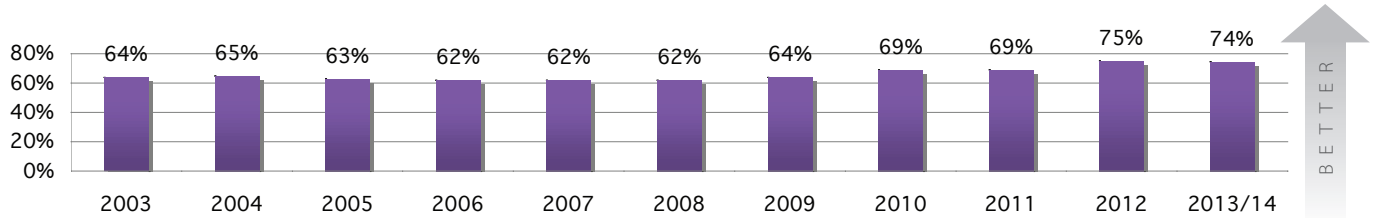
In 2013, 75% of projects scored 8 out of 10 or better, a second consecutive decline.

Economic KPIs - All Construction

Individual KPI Trends (cont.)



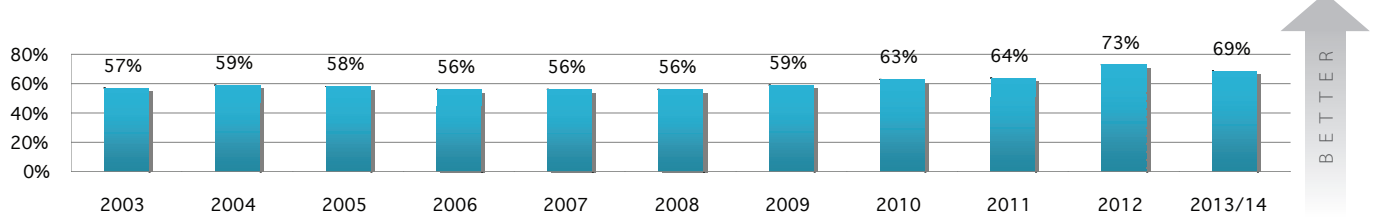
Contractor Satisfaction - Performance - Overall



The annual KPI surveys ask contractors to rate how satisfied they were with the overall performance of the client on a 1 to 10 scale. The KPI is the percentage of contractors that awarded a score of 8 out of 10 or higher.

The last year has seen contractors' rating of clients overall performance maintained after a survey high in 2012.

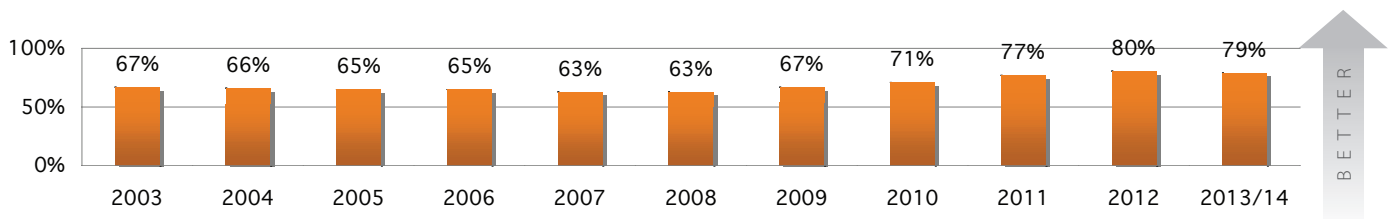
Contractor Satisfaction - Provision of Information - Overall



The annual KPI surveys ask contractors to rate how satisfied they were with the overall provision of information by the client on a 1 to 10 scale. The KPI is the percentage of contractors that awarded a score of 8 out of 10 or higher.

The last year has seen contractors' perception of the information provided by clients deteriorate. Nonetheless, the score of 69% in 2013/14 is the second highest ever recorded by the survey.

Contractor Satisfaction - Payment - Overall



The annual KPI surveys ask contractors to rate how satisfied they were with the overall provision of payment by the client on a 1 to 10 scale. The KPI is the percentage of contractors that awarded a score of 8 out of 10 or higher.

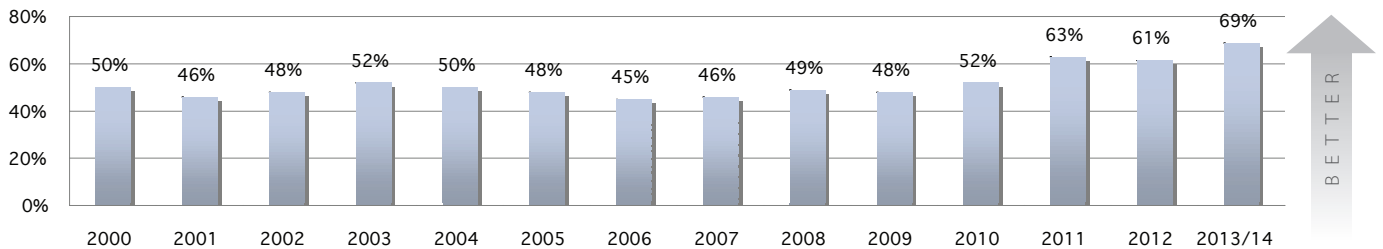
The last year has seen contractors' rating of clients overall performance maintained after a survey high in 2012.

Economic KPIs - All Construction

Individual KPI Trends (cont.)



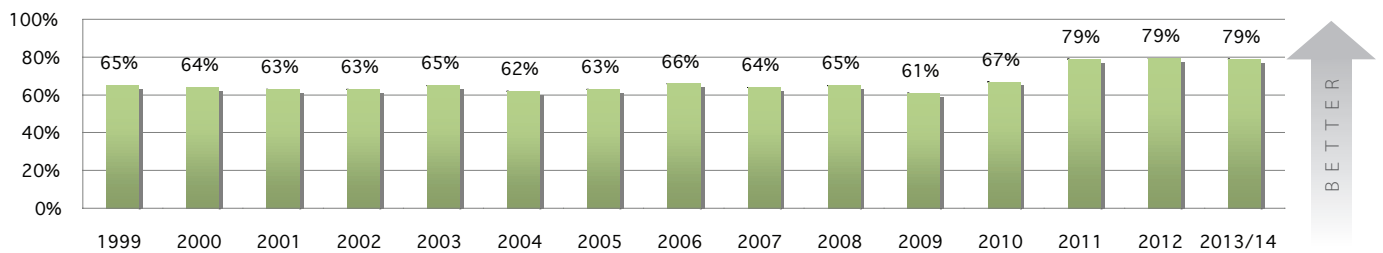
Predictability Cost - Project



Since 2000 the annual KPI surveys have assessed the cost predictability of the whole project (i.e. the combined cost of design and construction). The KPI is the proportion of projects that were on cost or better.

The KPI reached an all-time high in 2013/14, with 69% of projects coming in on cost or better.

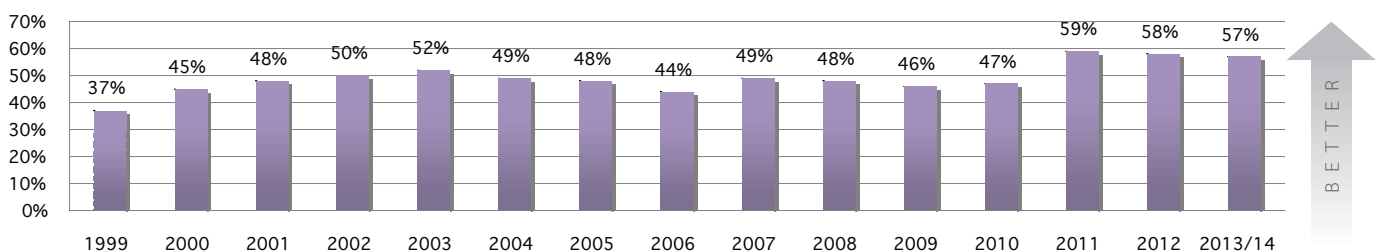
Predictability Cost - Design



The annual KPI surveys ask for the actual out-turn cost of design compared with the figure agreed at the start of that phase. The KPI is the proportion of projects that were on cost or better.

The KPI has remained at an all-time high of 79% during the last three surveys.

Predictability Cost - Construction



The annual KPI surveys ask for the actual out-turn cost of construction compared with the figure agreed at the start of that phase. The KPI is the proportion of projects that were on cost or better.

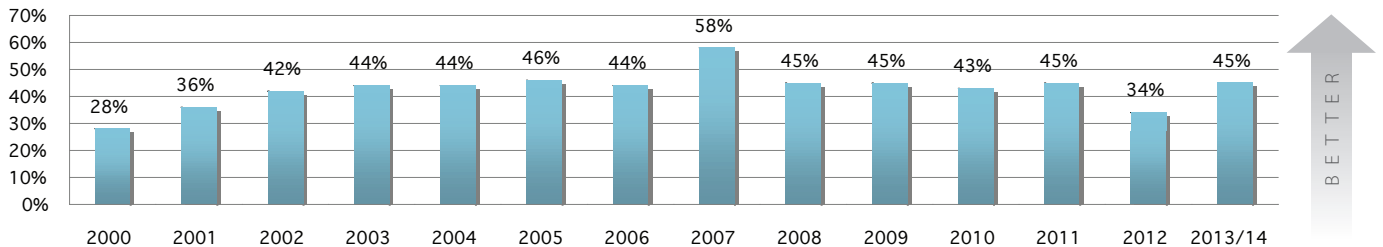
The last three surveys have shown consistently higher performance than at any point prior to 2011, although a slight downward trend is evident from 59% in 2011, to 57% this time around.

Economic KPIs - All Construction

Individual KPI Trends (cont.)



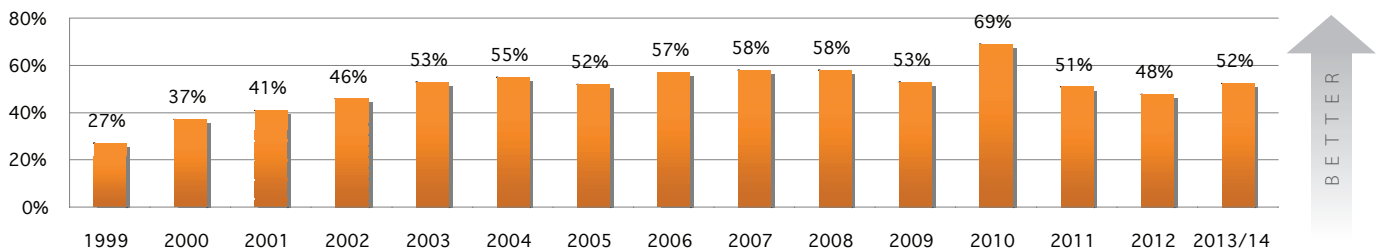
Predictability Time - Project



Since 2000 the annual KPI surveys have assessed the time predictability of the whole project (i.e. the combined time for design and construction). The KPI is the proportion of projects that were on time or better.

Having deteriorated in 2012, performance on this measure has returned to 45%, on a par with the four surveys prior to 2012.

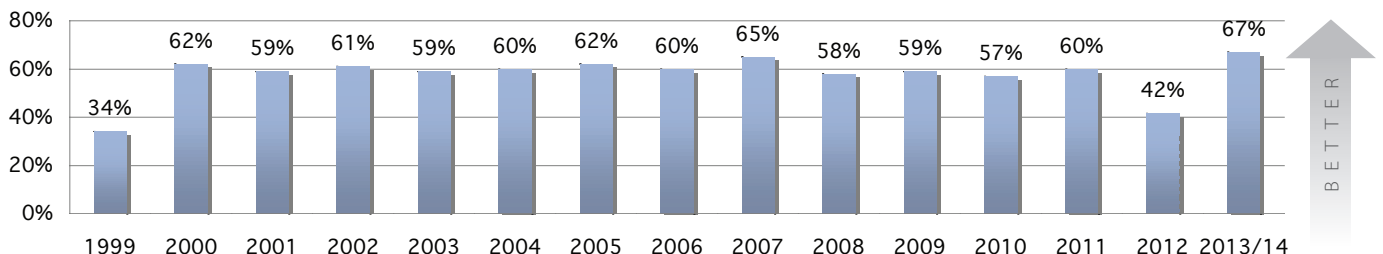
Predictability Time - Design



The annual KPI surveys ask for the actual out-turn time taken for the design phase compared with the length of time agreed at the start of that phase. The KPI is the proportion of projects that were on time or better.

After the peak of 69% of projects delivered on target or better in 2010, the KPI dropped sharply to 51% the following year. Industry performance has yet to recover from this level; however the latest results did see some improvement on this measure after two consecutive declines.

Predictability Time - Construction



The annual KPI surveys ask for the actual out-turn time taken for the construction phase compared with the length of time agreed at the start of that phase. The KPI is the proportion of projects that were on time or better.

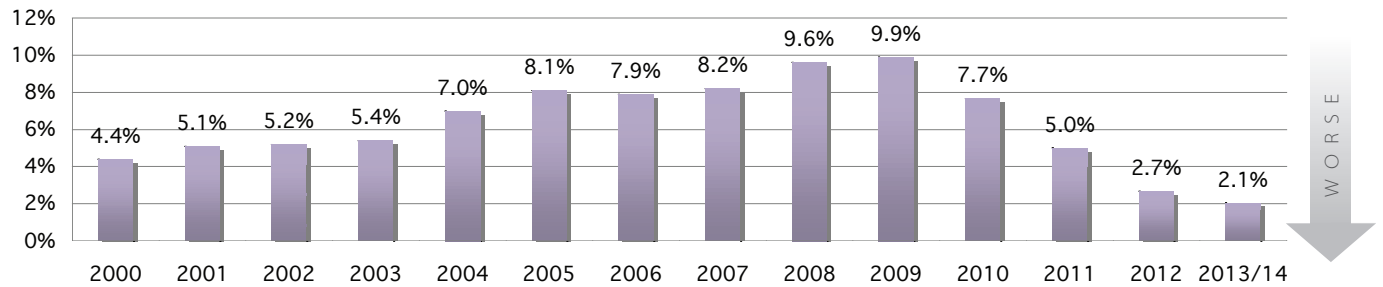
The KPI dropped sharply in 2012, with only 42% of projects delivered on programme or better, compared with 60% in 2011. 2013/14 has seen this ground regained, with the construction phase coming in on time on 67% of projects. This performance is just above the previous survey high of 65% in 2007.

Economic KPIs - All Construction

Individual KPI Trends (cont.)



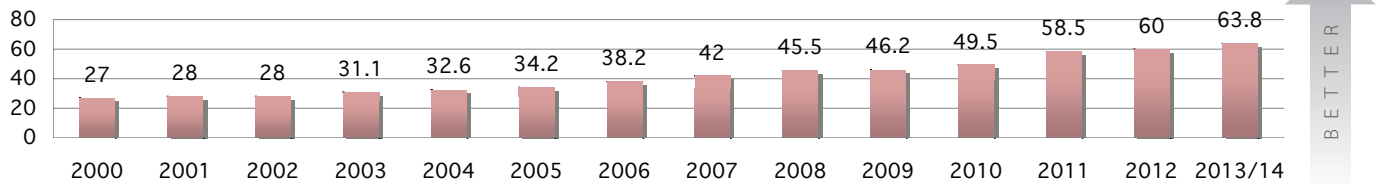
Profitability - Return on Sales (ROS)



In previous years data on profit before interest and tax (PBIT) has been obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January related to financial performance reported in the previous year. From 2012 the data has been collected directly from surveyed companies.

In 2013/14, the median profitability before tax and interest was 2.1%. This is the fourth consecutive decline and reflects the tough market and wider economic conditions.

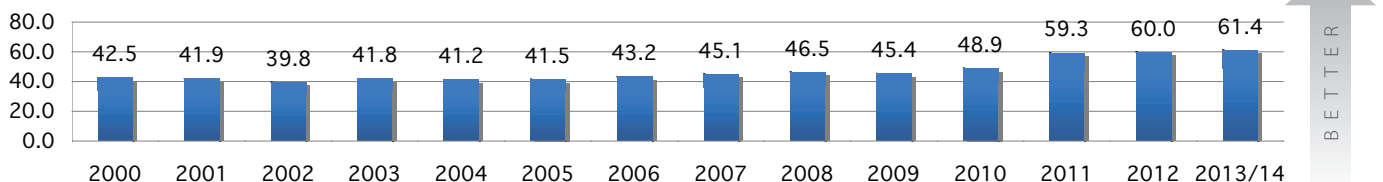
Productivity - Value Added Per Employee (VAPE) Current Values



In previous years data on value added (gross turnover less all bought-in supplies) has been obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January related to financial performance reported in the previous year. From 2012 the KPI has been calculated from data collected directly from surveyed companies.

Productivity rose sharply in 2011, suggesting businesses were making more efficient use of slimmed down workforces. This improvement has been sustained with modest increases in the 2012 and 2013/14 surveys. In 2013/14 the median value added per employee was £63.8k.

Productivity - Value Added Per Employee (VAPE) Constant 2011 Values



The data for each year is adjusted to 2011 values to remove the effect of inflation, using the 'implied output price deflator'. This is published by the Office for National Statistics (ONS) in Output in the Construction Industry monthly releases.

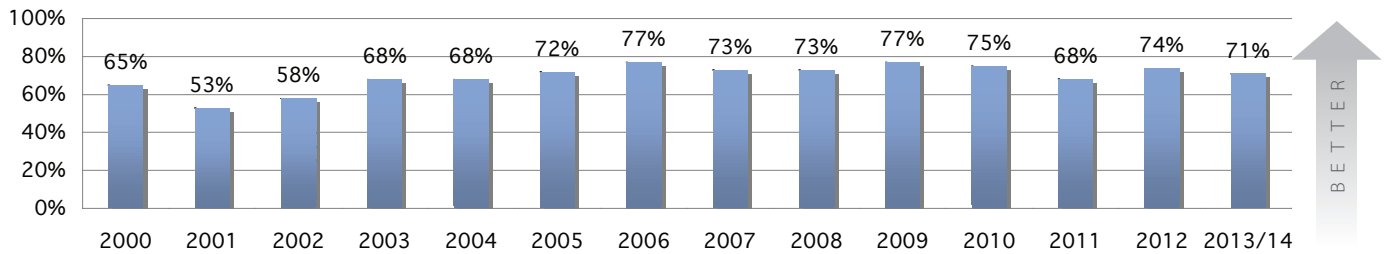
In 2013/14, the median value added per employee (adjusted) was £61.4k, a 2.3% increase compared to 2012.

Economic KPIs - All Construction

Individual KPI Trends (cont.)



Defects - Impact at Handover



The annual KPI surveys ask clients to rate the impact of defects in the project at the point of handover, on a scale from 1 to 10, where 10 represent zero defects. The KPI is the percentage of clients that awarded a score of 8 out of 10 or higher.

The KPI dipped from 74% in 2012 to 71% in 2013/14. Performance on this KPI has fluctuated during the last three surveys at levels below those seen in 2009 and 2010.

Respect for People KPIs - All Construction

Year-on-Year Comparisons



KPI	Measure	Performance											Trend	
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years
Staff Turnover - All Companies	Median % staff turnover	7.7%	7.1%	6.7%	5.9%	5.0%	6.3%	4.2%	2.5%	3.3%	2.1%	3.3%	▼	▼
Sickness Absence - All Companies	Median number of days lost	1.8	1.7	1.5	1.4	1.7	1.7	1.7	1.7	1.0	1.7	1.4	▼	▼
Safety – Industry ¹	Mean accident incidence rate	1143	1162	1080	760	742	682	702	615	579	536	420	▼	▼
Working Hours	Median usual hours worked per week	41	41	40	40	40	40	40	40	40	40	40	▶	▼
Qualifications & Skills	Median % of direct employees qualified to NVQ Level 2 or higher	-	30%	33%	40%	33%	25%	22%	21%	31%	66%	71%	▲	▲
Training	Median annual training days per full-time equivalent employee	0.8	0.8	1.0	1.0	0.9	1.0	1.1	1.2	0.6	1.5	1.2	▼	▲
Investors in People	Mean % of direct employees covered by iIP commitment & recognition	17%	19%	15%	11%	11%	12%	18%	17%	18%	14%	18%	▲	▶
Staff Loss	Median % direct employees who left employment	-	-	-	-	-	-	-	-	-	9.1%	7.7%	▲	-
Construction Skills Certification Card	Median % direct employees that hold a CSCS	-	-	-	-	-	-	-	-	-	56%	61%	▲	-
Make-up of Staff - Women	Median % women employed	-	-	-	-	-	-	-	-	-	15%	19%	▲	-
Make-up of Staff - People from BME	Median % people from black or minority ethnic backgrounds	-	-	-	-	-	-	-	-	-	0%	0%	▶	-
Make-up of Staff - Aged under 24	Median % people employed aged under 24	-	-	-	-	-	-	-	-	-	8%	7%	▼	-
Make-up of Staff - Aged over 55	Median % people employed aged over 55	-	-	-	-	-	-	-	-	-	11%	10%	▼	-
Make-up of Staff - Disabled People	Median % people employed who are disabled	-	-	-	-	-	-	-	-	-	0%	0%	▶	-

- Data not available before first year shown

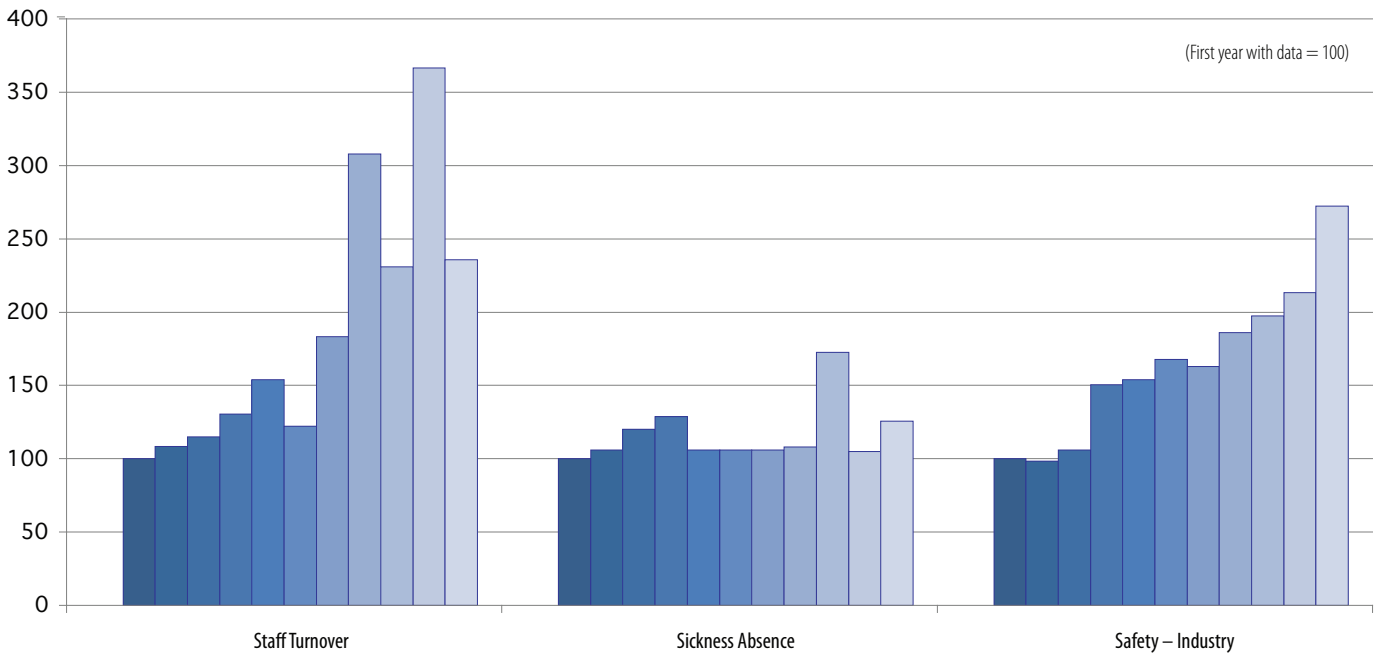
¹ Based on "Rates of reported injury in Great Britain by main industrial classification" statistics published by the Health and Safety Executive

Respect for People KPIs - All Construction

Year-on-Year Comparisons (cont.)



■ 2002 ■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14



Environment KPIs - All Construction

Year-on-Year Comparisons



KPI	Measure	Performance											Trend		
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years	
Product Performance															
Energy use (Designed)	Median energy use kg CO2 / 100m2 gross floor area	4,414	4,295	4,291	3,729	3,775	4,474	4,539	4,053	3,422	2,000	2,254	▲	▼	
Energy use (Designed) ^{1 2 3} - Housing SAP Rating	Median SAP2001 rating	-	90	95	97	100	100	-	-	-	-	-			
Energy use (Designed) ^{2 3} - Housing SAP Rating	Median SAP2005 rating	-	-	-	-	-	-	82.0	78.5	82.8	86.5	84.8	▼	▲	
Mains water use ² (Designed)	Median water use m3 / 100m2 gross floor area	69.6	70.4	53.2	52	90.4	80	49.5	47.2	46.8	46.8	54.8	▲	▼	
Area of habitat - created/retained - product	% reporting no change or an increase in area of habitat	-	84%	76%	83%	78%	80%	82%	81%	85%	77%	82%	▲	▼	
Construction Process Performance															
Energy Use (Current Values)	Median energy use kg CO2 / £100k project value	288	322	293	293	273	192	241	249	267	196	214	▲	▲	
Energy Use (Constant 2011 Values) ⁴		214	255	242	259	254	188	245	252	263	196	222	▲	▲	
Mains Water Use (Current Values)	Median water use m3 / £100k project value	7.5	9.7	8.2	8.9	8.2	7.1	6.3	6.3	4.9	6.9	4.0	▼	▼	
Mains Water Use (Constant 2011 Values) ⁴		5.6	7.7	6.8	7.9	7.6	7.0	6.4	6.4	4.8	6.9	4.2	▼	▼	
Waste (Current Values)	Median waste removed from site m3 / £100k project value	43.5	47.1	41.6	37.0	39.1	36.9	36.6	35.1	26.7	19.4	22.6	▲	▼	
Waste (Constant 2011 Values) ⁴		32.4	37.3	34.3	32.7	36.4	36.1	37.3	35.5	26.3	19.4	23.5	▲	▼	
Commercial vehicle movements (Current Values)	Median movements onto site / £100k project value	44.0	34.5	29.4	30.4	29.4	26.5	28.3	23.1	19.7	16.1	11.2	▼	▼	
Commercial vehicle movements (Constant 2011 Values) ⁴		32.7	27.3	24.3	26.9	27.4	25.9	28.8	23.4	19.4	16.1	11.6	▼	▼	

- Data not available before first year shown

1 Data not available after 2008.

2 Limited data use with caution.

3 Insufficient data to publish a result in 2008. The 2007 result used for 2008.

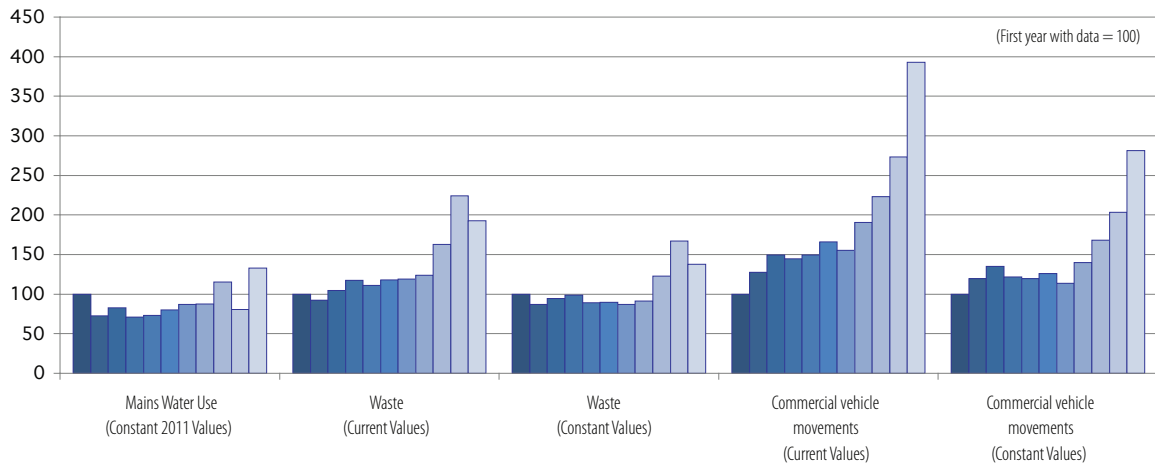
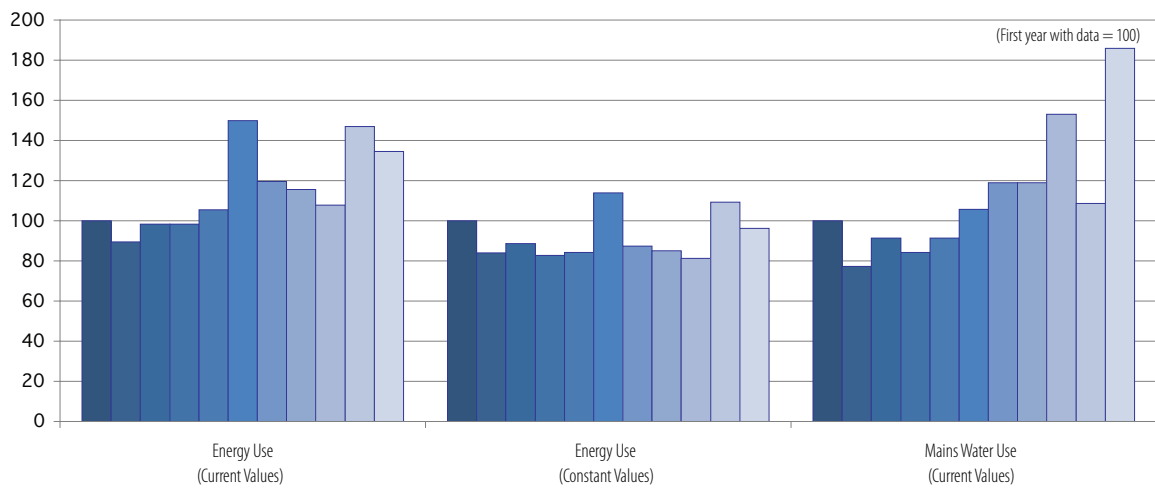
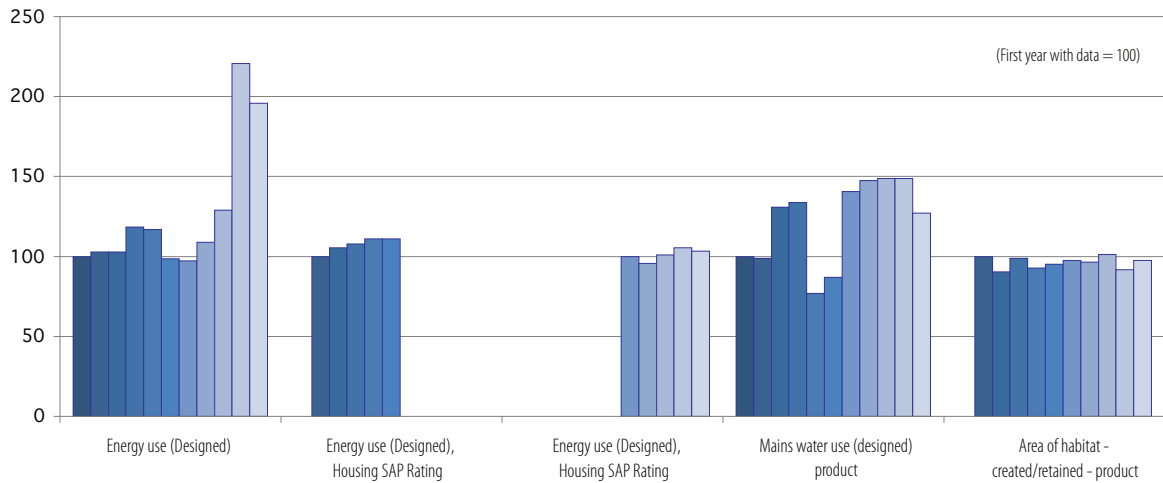
4 Current values are deflated by the "Implied output price deflator" to arrive at constant values.

Environment KPIs - All Construction

Year-on-Year Comparisons (cont.)



■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14



Economic KPIs - All Housing

Year-on-Year Comparisons



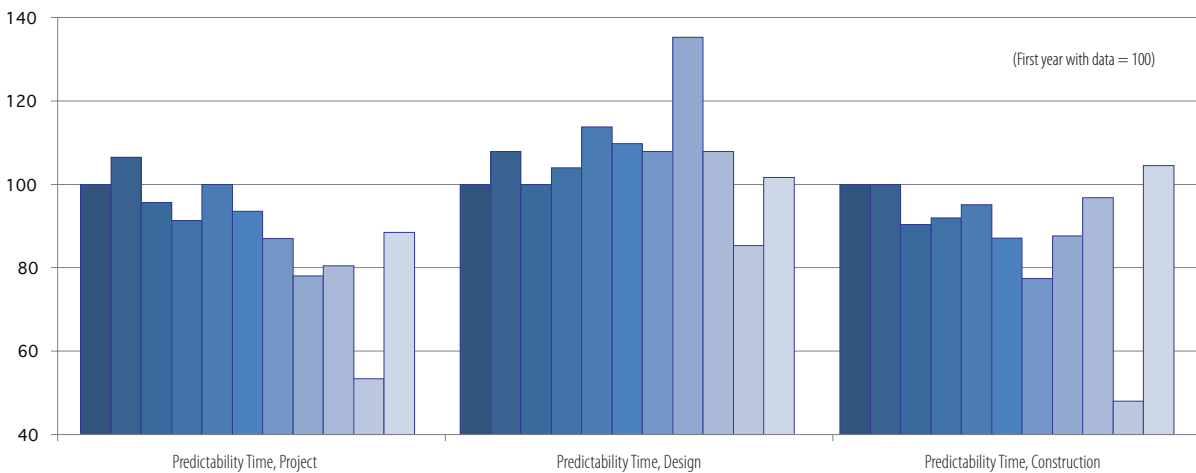
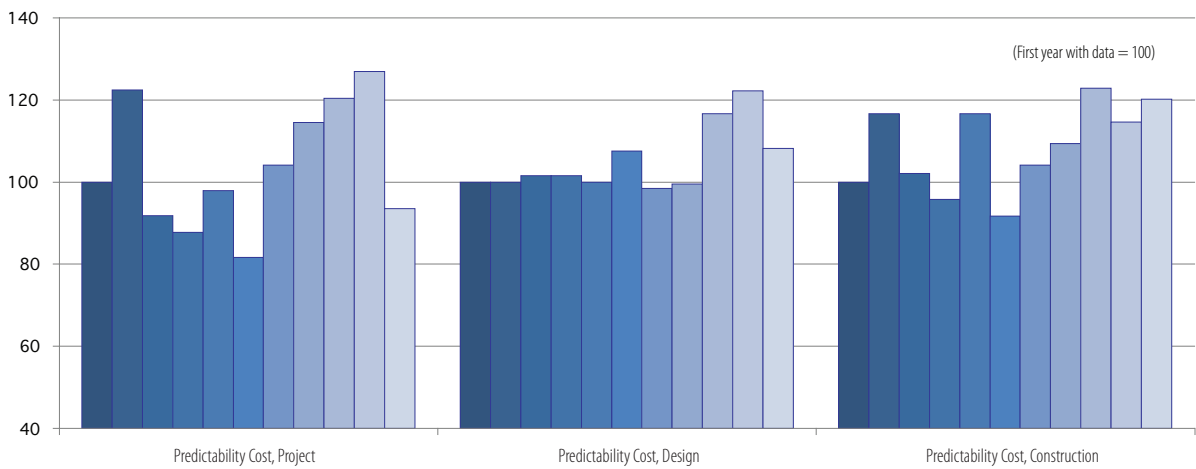
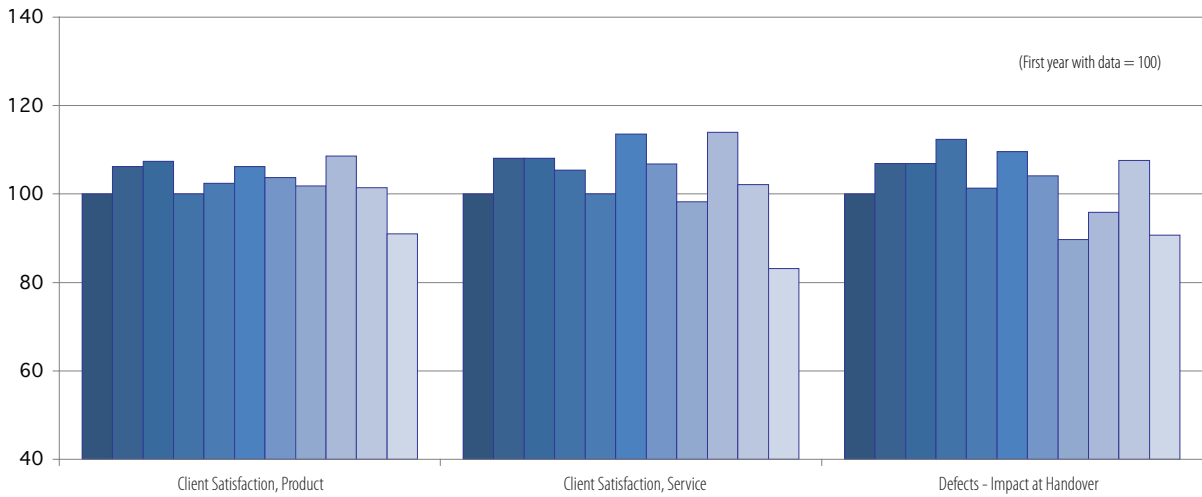
KPI	Measure	Performance											Trend	
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	81%	86%	87%	81%	83%	86%	84%	82%	88%	82%	74%	▼	▼
Client Satisfaction - Service	% scoring 8/10 or better	74%	80%	80%	78%	74%	84%	79%	73%	84%	76%	62%	▼	▼
Defects - Impact at Handover	% scoring 8/10 or better	73%	78%	78%	82%	74%	80%	76%	65%	70%	79%	66%	▼	▼
Predictability Cost - Project	% on cost or better	49%	60%	45%	43%	48%	40%	51%	56%	59%	62%	46%	▼	▼
Predictability Cost - Design	% on cost or better	66%	66%	67%	67%	66%	71%	65%	66%	77%	81%	71%	▼	▲
Predictability Cost - Construction	% on cost or better	48%	56%	49%	46%	56%	44%	50%	53%	59%	55%	58%	▲	▲
Predictability Time - Project	% on time or better	46%	49%	44%	42%	46%	43%	40%	36%	37%	25%	41%	▲	▼
Predictability Time - Design	% on time or better	51%	55%	51%	53%	58%	56%	55%	69%	55%	44%	52%	▲	▶
Predictability Time - Construction	% on time or better	62%	62%	56%	57%	59%	54%	48%	54%	60%	30%	65%	▲	▲

Economic KPIs - All Housing

Year-on-Year Comparisons (cont.)



■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14



Economic KPIs - All Non-Housing

Year-on-Year Comparisons



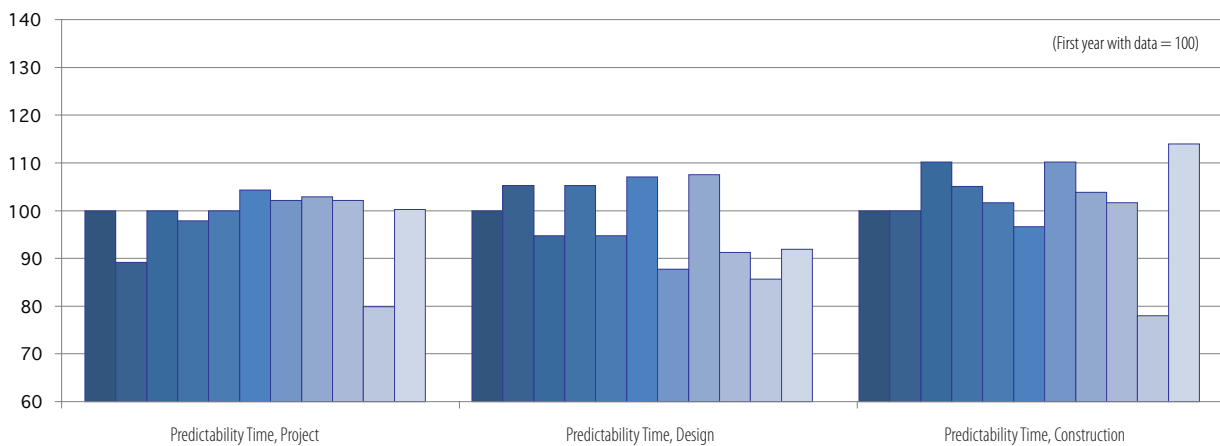
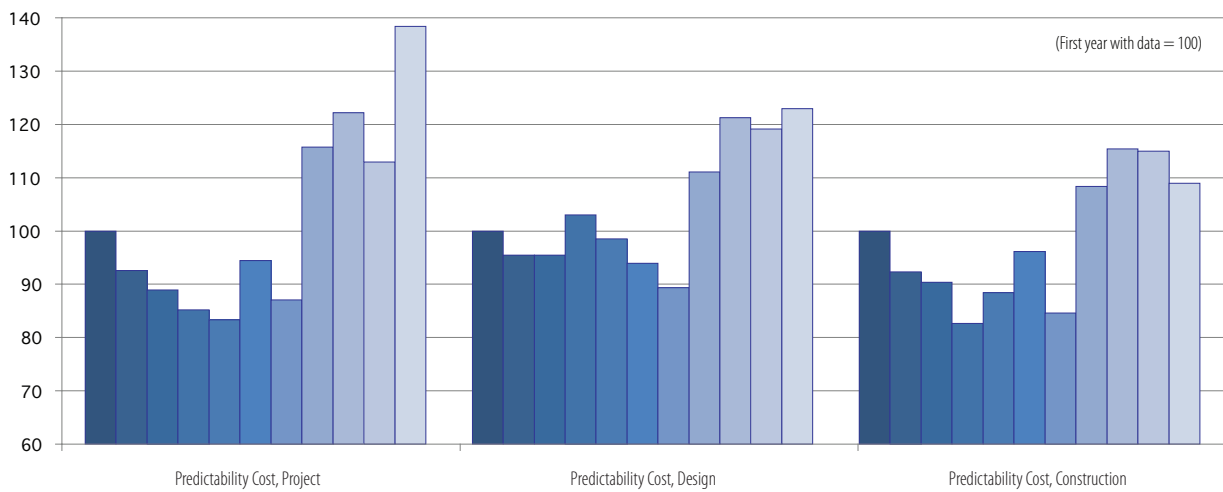
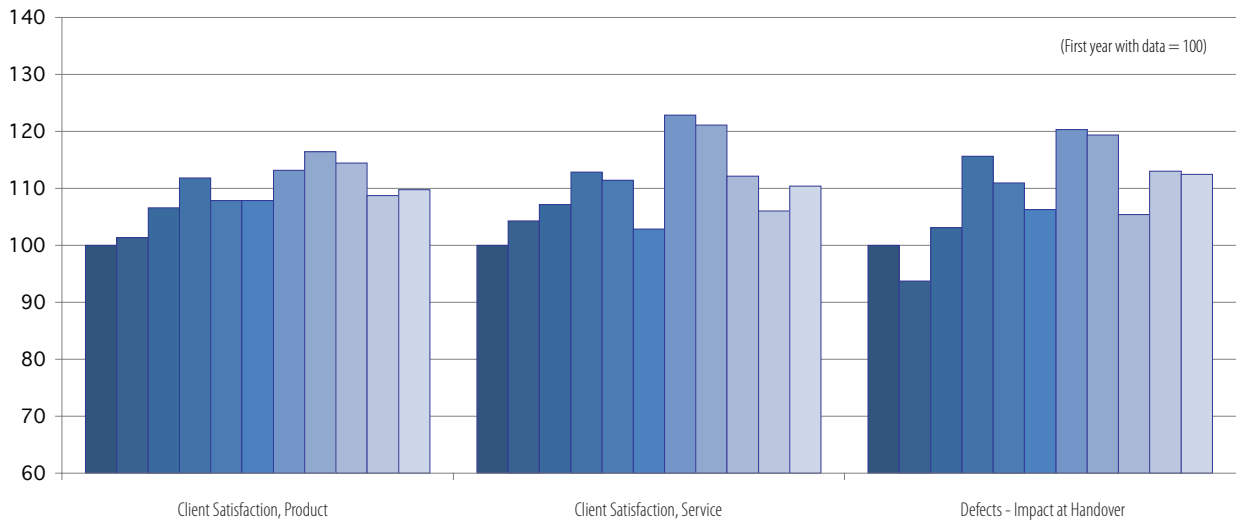
KPI	Measure	Performance											Trend	
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	76%	77%	81%	85%	82%	82%	86%	88%	87%	83%	83%	▶	▲
Client Satisfaction - Service	% scoring 8/10 or better	70%	73%	75%	79%	78%	72%	86%	85%	78%	74%	77%	▲	▲
Defects - Impact at Handover	% scoring 8/10 or better	64%	60%	66%	74%	71%	68%	77%	76%	67%	72%	72%	▶	▲
Predictability Cost - Project	% on cost or better	54%	50%	48%	46%	45%	51%	47%	63%	66%	61%	75%	▲	▲
Predictability Cost - Design	% on cost or better	66%	63%	63%	68%	65%	62%	59%	73%	80%	79%	81%	▲	▲
Predictability Cost - Construction	% on cost or better	52%	48%	47%	43%	46%	50%	44%	56%	60%	60%	57%	▼	▲
Predictability Time - Project	% on time or better	46%	41%	46%	45%	46%	48%	47%	47%	47%	37%	46%	▲	▶
Predictability Time - Design	% on time or better	57%	60%	54%	60%	54%	61%	50%	61%	52%	49%	52%	▲	▼
Predictability Time - Construction	% on time or better	59%	59%	65%	62%	60%	57%	65%	61%	60%	46%	67%	▲	▲

Economic KPIs - All Non-Housing

Year-on-Year Comparisons (cont.)



■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14



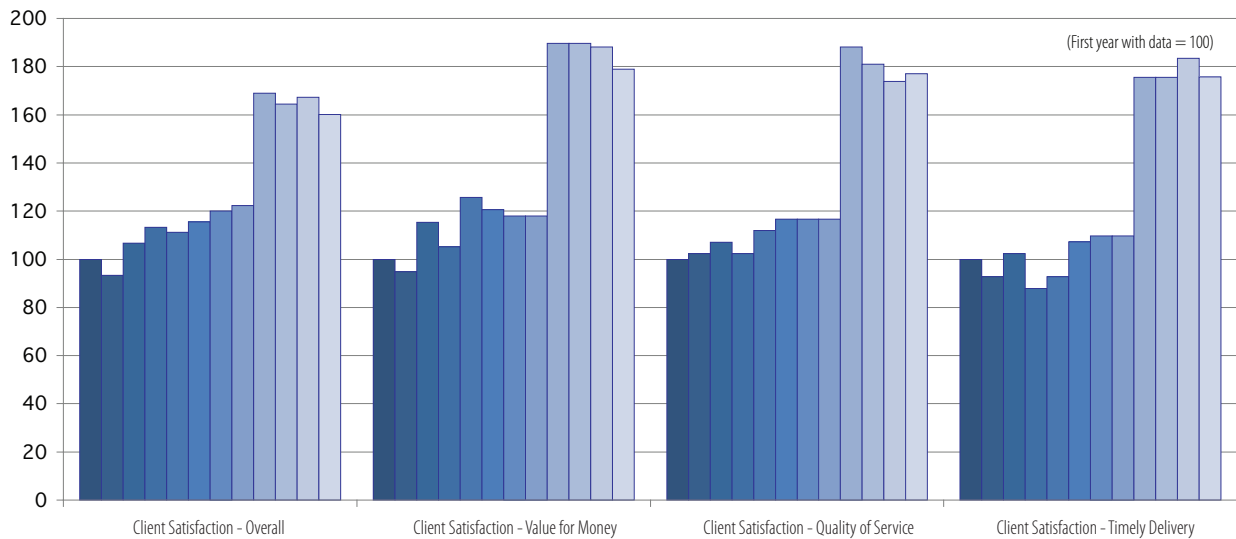
Construction Consultant KPIs

Year-on-Year Comparisons



KPI	Measure	Performance													Trend	
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013/14	Last Year	All Years	
Client Satisfaction-Overall	% scoring 8/10 or better	45%	42%	48%	51%	50%	52%	54%	55%	76%	74%	75%	72%	▼	▲	
Client Satisfaction-Value for Money	% scoring 8/10 or better	39%	37%	45%	41%	49%	47%	46%	46%	74%	74%	73%	70%	▼	▲	
Client Satisfaction-Quality of Service	% scoring 8/10 or better	42%	43%	45%	43%	47%	49%	49%	49%	79%	76%	73%	74%	▶	▲	
Client Satisfaction-Timely Delivery	% scoring 8/10 or better	41%	38%	42%	36%	38%	44%	45%	45%	72%	72%	75%	72%	▼	▲	

■ 2002 ■ 2003 ■ 2004 ■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009 ■ 2010 ■ 2011 ■ 2012 ■ 2013/14



About Glenigan



A 4C Service

Established in 1973, Glenigan currently invests £3.1 million and makes over a million research telephone calls per year to provide details on every construction project in the UK. This enables us to provide the most up-to-date and comprehensive construction sales leads and analysis, to help companies win new business.

We also have exclusive partnerships with key industry associations such as the Builders' Conference and the Building Research Establishment (BRE), enabling us to offer project data that's not available elsewhere in the market.

Glenigan's detailed insight is used across all levels of our customers' businesses. Different departments have much to gain from using our industry knowledge and product features to deliver results for their specific job role.



For further information, visit glenigan.com or contact us on the details below.

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About

CITB



CITB is the Industry Training Board for the construction industry and a partner in Construction Skills, the Sector Skills Council

Its role is to work with employers to encourage training, which helps to build a safe, professional and fully qualified workforce.

The support and funding CITB provides helps companies to improve skills, increase their competitiveness, and respond to challenges such as the low carbon agenda, reducing costs on site and recruiting the best talent for the sector.

CITB works with the industry and its clients to ensure the construction sector has the right skills, in the right place, at the right time.

Research

CITB provides research and labour market intelligence that benefits the UK construction industry. Combining analysis of industry change, primary research and forecasting capabilities, it has established a strong evidencebase that addresses the needs of a wide range of key industry stakeholders and ensures that skills planning and training decisions can be made with the most up-to-date insight.

For further information on CITB's research, visit www.citb.co.uk/research

Bespoke Research Services

CITB's bespoke research services can help those responsible for construction and infrastructure programmes, related training and assessing economic benefits.

Referring to the right research helps to improve the quality of construction projects, saves time and money, and addresses the issues that make the difference between success and failure.

CITB has a range of unique tools, data, research and forecasting techniques that provide targeted research solutions that relate to skills and employment needs.

As the Sector Skills Council for construction, CITB can provide:

- Expertise in all areas of the industry
- Unrivalled knowledge and a network of experts
- Access to unique data

To find out more about how CITB's bespoke research services can support your business, visit www.citb.co.uk/research/consultancy/bespoke-research-services

About

Constructing Excellence

- What is Constructing Excellence?
- Why join?
- Vision.
- What do I get?



**CONSTRUCTING
EXCELLENCE**
in the built environment



**Construction
Clients' Group**
CONSTRUCTING EXCELLENCE

What is Constructing Excellence?

Constructing Excellence (CE) is an independent membership organisation committed to improving the business performance of our members by focusing on innovation and best practice in collaborative working and supply chain integration.

Why join?

- Build common ground across the construction industry and housing sectors.
- Attend high quality events which attract an audience of senior people.
- Expand your personal networking and visibility in the sectors.
- Learn about collaborative working, innovation and best practice
- Get the answers from workshops, clubs, benchmarking or one-to-one advice from experts.
- Access practical, documented evidence and information that everyone can use.
- Talk to government and influence policy decision.
- Exploit our unique bridge between industry, clients, government and the research community



What do I get?

- Engage in any of over 20 member task groups set up by members as 'communities of interest'.
- Member-only forums, events and workshops focused on identified members' needs.
- Member-only website containing hundreds of downloadable documents, guidance, case studies and tools to improve members' business.
- Participation in action research projects.
- Regular member-only newsletters.
- Full access to KPIzone for benchmarking and KPIs support.
- Participation in 1-5 (depending on membership level) of our 44 Constructing Excellence best practice clubs located throughout the UK.

Vision

For the industry and its clients consistently to achieve excellence through collaborative working



UK Industry Performance Report

Based on the UK Construction Industry
Key Performance Indicators

2014