



Since March 25, 2020

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at April 21, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

United Kingdom & Focus on Scotland

Country/Region	General measures	Measures for construction
UNITED KINGDOM		
Lockdown	<p>Daily confirmed cases of Covid-19 reached new records after the summer. New national containment measures, including advice to stay at home and restrictions on hospitality and non-essential retail activities. Devolved administrations in Northern Ireland, Scotland and Wales have all tightened containment measures too, with a two-week nationwide lockdown in Wales at the end of October (cf. OECD) (December 2020).</p> <p>November 2020 For example, a new directive went into effect on 5 November, stipulating that everyone in England must stay home, except for a limited set of reasons including education, work (if you cannot work from home), exercise and outdoor recreation, medical appointments and emergencies, shopping for food or essentials, and providing care for vulnerable people and/or volunteering. There are different approaches in Scotland, Wales and Northern Ireland (3 November).</p> <p>May 2020 (end of the first wave) Prime minister Boris Johnson addressed the nation on May 10 and said that it was time to get back to work. However, it would be July at the earliest before social premises can begin to reopen.</p>	<p>According to reports, construction has remained essential despite the new restrictions that went into force in November 2020. Prime Minister Boris Johnson said the sector should continue operating during the new period of restrictions, set to run from 5 November until 2 December (has been extended) (3 November).</p> <p>Already in May 2020, during the first easing of the restrictions to contain the first wave, construction and manufacturing were specifically cited as industries that must be 'actively encouraged' to go back to work. These guidelines applied only to England. The devolved regional governments in Wales, Scotland and Northern Ireland maintained their lockdown protocols (11 May).</p> <p>Britain's builders were mostly back at work in May but supply chain problems continued.</p> <p>Build UK revealed that its contractor members had 86% of their infrastructure and construction sites in England and Wales open. But, with the constraints of social distancing and materials shortages, output was only at 75% capacity – reducing to 68% in London (21 May). Shortages of construction materials and building products, exacerbated by the coronavirus lockdown, have been easing (27 May).</p> <p>One has to note however, that major contractors already had nearly 70% of their construction sites in England and Wales back at work on April 29. The majority</p>

		<p>were construction (81%) and infrastructure (78%) sites, with members that include housing in their portfolios confirming that fewer than half of their housing sites (46%) are open for business. After a four-week shut-down, some of Britain's biggest housebuilders were preparing to get back to work. Most major housebuilders like Vistry and Taylor Wimpey started closing their sites after the Government announced the lockdown on 23rd March, and the suspension of all non-urgent work, to prevent the spread of the coronavirus. Sites have now been closed for four weeks (23 April).</p> <p>At the beginning, the UK's construction industry was seeking urgent clarification from Government (24 March) on what the new social isolation measures will mean for construction and building sites. An industry-government task force on Covid-19 interpreted the new guidance to mean that not all activity needs to cease immediately. Despite another three weeks lockdown (17 April), most of the major contractors appeared to be back at work on many of their sites, heeding the government's call to keep the economy moving, while also trying to observe Public Health guidelines on social distancing. Although many majors, including Mace, BAM, Wates and McAlpine, had furloughed staff, there is evidence that the industry has started to move in the direction of reopening sites and resuming works.</p> <p>Site Operating Procedures</p> <p>On May 11 the UK Government published guidance for employers on how to enable staff to continue and return to work. There are eight workplace guidance documents available under Working safely during coronavirus (Covid-19) guidance. One of them is specifically for Construction and other outdoor work. However, there was little changed compared to the Site Operating Procedures first produced in March (assess risks, two meters where possible, washing & cleaning, try and avoid public transport, etc.) (12 May).</p> <p>The Site Operating Procedures are produced by Build UK and published for the whole industry by the Construction Leadership Council. They were first published on 23rd March as the UK went into lockdown in a bid to help construction sites stay open safely. However, construction's Site Operating</p>
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		<p>Procedures were subject to regular revisions. Version 5 was published on 1st July (4 September).</p> <p>The Building Safety Group (BSG) has reported a 41% decrease in the number of Covid -19 breaches occurring on construction sites over a three month period. BSG’s report is based on 4,400 independent site inspections carried out between 1st June and 31st August 2020. The drop in breaches has been attributed to more companies adapting to new working practices on construction sites, including social distancing, in light of the pandemic. The most common types of Covid 19 ‘non-compliances’ reported by BSG safety advisers over the last three months have included:</p> <ul style="list-style-type: none"> • management and operatives not following social distancing guidelines; • inadequate welfare facilities on site with insufficient cleaning regimes; • too many people in the canteen area with insufficient segregation; • not enough hand sanitizing stations on site; • Personal Protective Equipment (PPE) not available when required; • outdated Site Operating Procedures found on site. <p>Contractual matters</p> <p>The Cabinet Office prepared guidance to public sector customers about how to deal with delay and disruption under public contracts, including force majeure claims.</p> <p>At the very beginning of the pandemic and lockdown restrictions, the Construction Leadership Council (CLC) and leading sector trade bodies wrote to prime minister Boris Johnson outlining the immediate difficulties faced by the sector (17 March). The letter called for:</p> <ul style="list-style-type: none"> • Government to ask all public sector construction clients to continue to pay their contractors and supply chains; • Government to ensure all construction sites throughout the UK are able to remain open, as long as they are able to do so responsibly; • Government to consider implementing financial measures, such as the deferral of VAT payments.
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<p>Economic outlook</p>	<p>UK’s national economy is forecast to rebound through 2021 but is not expected to reach pre-Covid-19 levels until fourth quarter of 2022 (cf. ENR).</p> <p>GDP is set to contract again in the fourth quarter of 2020 as virus containment measures have been implemented, and to fall by 11.2% in 2020 as a whole. Growth of 4.2% in 2021 and 4.1% in 2022 is projected to be driven by a rebound of consumption, while business investment will remain weak due to spare capacity and continued uncertainty. Increased border costs will weigh on imports and exports from 2021 as the UK leaves the EU single market and will enter a less comprehensive free trade agreement with the EU (cf. OECD) (December 2020).</p> <p>Economic support measures The Office for Budget Responsibility estimates that discretionary spending to support businesses and households and strengthen healthcare and testing capacities will amount to 16% of GDP in fiscal year 2020-2021 (cf. OECD) (December 2020).</p>	<p>2021 Outlook</p> <p>The UK construction industry has been severely impacted due to the disruption caused by the Covid-19 outbreak and the subsequent lockdown measures. According to GlobalData, industry output declined by 13.6% in real terms in 2020, while output contracted by 2.8% year on year (YoY) in the fourth quarter of 2020, which was preceded by declines of 8.8% in Q3, 35% in Q2 and 3.4% in Q1 2020.</p> <p>GlobalData expects the country’s construction industry to rebound and grow by 8% in 2021 and record an average growth of 2.5% between 2022 to 2025. The industry’s output will be supported by improving investor confidence and investments in transport, renewable energy, residential and commercial infrastructure projects. With the new support package of GBP4.6 billion (US\$5.5 billion) released in January 2021 by Chancellor Rishi Sunak, businesses such as retail, hospitality and leisure will be supported until April 2021. The government is also focusing on the development of renewable energy projects, with an aim to produce offshore wind power capacity of 40GW by 2030, up from the present 10GW – this should help the country to meet its zero-carbon emissions target by 2050.</p> <p>Over the remaining part of the forecast period, the industry’s output should also be supported by key investment projects, which include Highways England’s</p>

	<p>At the very beginning of the pandemic, a Coronavirus action plan (03 March) was published.</p> <p>Guidance for employers, employees and businesses during the pandemic was also issued:</p> <ul style="list-style-type: none"> • In the Budget (11 March 2020) the Chancellor announced a package of measures to provide support for public services, individuals and businesses to ensure the impact of Covid-19 is minimized; • A new Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, has enabled businesses to apply for a loan of up to £5 million (€5.66 million), with the Government covering up to 80% of any losses with no fees. <p>Trade forecast A UK industry group is calling for changes to international rules to allow export credit agencies (ECAs) to provide 100% insurance cover for trade transactions, helping ease the pressure caused by the global spread of Covid-19.</p>	<p>Road Investment Strategy 2 (RIS2), which started operating from April 2020, and will run until March 2025 with a total budget of GBP27.4 billion (US\$32.7 billion), and the GBP40 billion (US\$47.8 billion) investment program of Ofgem, the country's energy regulator, to transform Britain's gas and electricity transmission network over the next five years. The wider economic impact of Covid-19 disruption along with post-Brexit challenges are likely to weigh on the construction industry, particularly affecting industrial and commercial construction (cf. GlobalData) (March 2021).</p> <p>2020 Outlook Prior to the Covid-19 outbreak, the UK construction industry had posted growth of 1.8% for 2019 in real terms. However, with disruptions caused by the Covid-19 outbreak and the subsequent lockdown measures, the industry was severely impacted in 2020. According to the Office for National Statistics (ONS), the UK construction industry contracted by 12.5% year on year (YoY) in the third quarter of 2020, following YoY declines of 38.2% in Q2 and 4.0% in Q1 2020.</p> <p>Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry to contract by 15.1% in 2020, and although the industry will grow by 6.8% in 2021, it will struggle over the forecast period to return to pre-Covid-19 output levels in real terms. The construction industry is likely to be constrained by the wider economic impact of the Covid-19 pandemic, and by a potentially less favorable trading environment with the UK leaves the EU (Brexit).</p> <p>However, the industry's output will be supported by investments in infrastructure, residential and renewable energy projects. Key plans include Highways England's Road Investment Strategy 2 (RIS2), which started operating from April 2020, and will run until March 2025 with a total budget of GBP27.4 billion (US\$32.7 billion), and the GBP25 billion (US\$29.9 billion) investment program of Ofgem, the country's energy regulator, to transform Britain's gas and electricity transmission network over the next five years (cf. GlobalData) (December 2020).</p>
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		<ul style="list-style-type: none"> Construction output in general Construction output in the UK has declined more rapidly than at any time in the past 23 years (as of May 2020). In the Purchasing Managers' Index survey (PMI), undertaken by London-based market research specialist IHS Markit/CIPS UK, 86% of construction industry respondents reported a reduction in their business since March, due to the coronavirus outbreak. It is estimated that 86% of construction employment is in SMEs and that the biggest impact will hit sub-contractors and specialists suffering from record declines in construction activity. SME's will also suffer from main contractors pushing out payment terms. Besides, even where activity is occurring, social distancing measures to ensure safety on site mean productivity has fallen 30-50% (6 May). The UK construction industry have been losing £301.5m (€344m) a day during the coronavirus lockdown and the gross value added (GVA – total value of goods & services produced) has fallen from £462.1m (€527,83m) per day from before the lockdown was announced on March 23 to £160.6 m (€183,45m) a day by the end of April – a decline of 65%. In Scotland, where all construction sites have been closed, GVA has fallen by 90% (7 May). Construction output in the Second quarter of 2020 Business deals within the UK's construction and real estate industry fell by 40% in the second quarter of the year, compared with the last four-quarter average according to GlobalData. Mergers and acquisitions made up the largest share of business, with 28 deals accounting for 71.8% of all activity. The total value of M&A deals was €2.11 billion. The figures come as the UK government has announced a further €1 billion in funding for more than 300 real estate and infrastructure projects in England. In addition to the funding boost, the government is introducing new regulations, aimed at reducing the bureaucratic process and breaking ground as soon as possible on some 300 "shovel ready" projects (4 August). Construction output in September 2020 House-building activity increased. This was underpinned by a strong overall rise in UK construction activity in September, the latest monthly survey of
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		<ul style="list-style-type: none"> <p>• Construction output May 2020 After UK construction work ground to a halt in April, activity fell even more in May according to the IHS Markit survey. Construction companies are recording a drop in activity during May due to furloughed staff across the supply chain, as well as prolonged business closures in other parts of the economy and disruptions from social distancing measures on existing projects. Residential work was the most resilient category in May. Data also indicated a rapid drop in new orders received by UK construction companies, which was almost exclusively attributed to the coronavirus pandemic (5 June).</p> <p>• Construction output April 2020 Construction output in Great Britain fell by 40.1% in April 2020 compared with March 2020, according to official government data. There was a 41.2% decrease in new work and a 38.1% decrease in repair & maintenance (12 June).</p> <p>• Construction output March 2020 March data pointed to the steepest downturn in UK construction output since April 2009 as emergency public health measures to halt the spread of Covid-19 led to sites closing and a slump in new orders. Civil engineering activity saw the steepest rate of decline in March, followed closely by commercial building work (06 April). Construction activity in the UK fell to a record low in April 2020 as the industry closed sites to arrest the spread of the Covid-19 pandemic (6 May).</p> <p>Economic support measures The British Chambers of Commerce has told PM Boris Johnson that the country's construction industry will need long-term support. In an open letter to the PM in May, the Chambers' president laid out policy proposals for reopening the country's economy: The Government should not shy away from sustaining high levels of public spending in order to restart and renew the economy in the short and medium-term. An expansionary fiscal policy, including a commitment to transformative infrastructure investment, will be needed in order to generate the returns that will help to pay down the national debt in the longer-term (5 May).</p>
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		<p>Construction Industry associations wrote to the chancellor of the exchequer asking for a further one-year delay to the introduction of reverse charge VAT. The implementation of domestic reverse charge value added tax for construction services was originally planned to begin in October 2019 but it was put back to October 2020 given the current health crisis and its impact on the economy (1 June).</p> <p>The Specialist Engineering Contractors' (SEC) Group has submitted evidence to the House of Commons business select committee's inquiry into the impact of Covid-19 on businesses and workers. SEC Group asked the select committee to recommend the following actions to support small businesses and revive construction (11 May):</p> <ul style="list-style-type: none"> • Working with the Local Government Association and local enterprise partnerships, the government should use the new £30bn construction framework to develop national and regional pipelines of work to be undertaken by SMEs; • A reduction in VAT for construction-related work especially repair and maintenance to stimulate demand; • To improve payment security for construction SMEs and more.
Employment	<p>Labor market withdrawals and unemployment will increase even though the Coronavirus Job Retention Scheme continues to support employment. Over 7% of the labor force was still fully furloughed on 31 August, and more than 15% of eligible employees were fully furloughed in some sectors.</p> <p>The Coronavirus Job Retention Scheme covers up to 80% of wages and has been extended until 31 March 2021 (cf. OECD) (December 2020).</p>	<p>The Construction Equipment Association (CEA) joined Make UK (The Manufacturers Organisation) and other industry bodies in calling on the UK's Secretary of State to make the retention of apprenticeships a priority. The CEA had maintained that skilled workers who will be essential within the construction industry following the coronavirus crisis, could be lost if apprenticeships are not safeguarded. The organization added that, without government assistance, many construction companies will find themselves unable to afford the continuation of apprenticeship schemes. In May, it says, the number of starts for 16-18-year-olds dropped 79% year-on-year (4 September).</p> <p>Since the launch of the coronavirus job retention scheme (CJRS) and the self-employment income support scheme (SEISS), however, the UK government has supported the wages of 1,480,600 jobs in the construction sector. This is to help</p>

		UK employers retain their employees during the crisis and protect the UK economy (11 June).
Recovery	<p> The UK government's COVID-19 recovery strategy has been published on May 11. </p> <p> The Department for Business, Energy & Industry Strategy announced the implementation of a £20 M (€23 M) fund dedicated to the financing of innovation and research projects that can contribute to the resilience of the United Kingdom in the Covid-19 crisis and others potential crises in the future. This would involve, among other things, the development of new ways of work or the strengthening of the agri-food, transport and service industry (03 April) (cf. MEDEFI). </p>	<p> UK Prime Minister Boris Johnson has set out a multi-billion-euro recovery plan for the country, including the renovation of the country's schools and hospitals. £5bn (€5,47bn) of capital investment projects is being brought forward in England, including: </p> <ul style="list-style-type: none"> • £1.5bn (€1,66bn) this year for hospital maintenance and expansion; • £100m (€110,63m) this year for 29 projects in the road network, plus £10m (€11,06m) for development work to unblock the Manchester rail bottleneck; • £560m (€619,53m) and £200m (€221,26m) for repairs and upgrades to schools and colleges respectively this year; • £142m (€157,09m) for digital upgrades and maintenance to around 100 court buildings this year, £83m (€91,82m) for maintenance of prisons, and £60m (€66,38m) for temporary prison places; • £900m (€995,67m) from central government for a range of 'shovel ready' local authority projects in England over the next two years, as well as £96m (€106,20m) to accelerate investment in town centers and high streets through the Towns Fund. <p> The revised National Infrastructure Strategy is expected to set a clear direction on core economic infrastructure, including energy networks, road and rail, flood defenses and waste (30 June). </p> <p> The UK Transport Secretary launched a new Acceleration Unit to speed up transportation infrastructure projects as Britain emerges from the impact of COVID-19. The new unit will boost the delivery times of major transportation projects as new funding is announced (£360 million (€404m) investment). It is expected to upgrade vital rail and road that will create jobs, increase connectivity, and boost the economy. It will include a new team of specialists to join the Department for Transport (DfT) in to tackle delays to infrastructure projects and drive forward progress. The Acceleration Unit will also engage experts with significant experience in delivering infrastructure projects. The unit </p>

		is set to be in place next month and will be directly accountable to the Transport Secretary (21 August).
SCOTLAND		
	Measures for Construction	
Lockdown	<p>In Scotland, the regional Government was still taking a hard line of what constitutes essential work during the health crisis (29 April).</p> <p>The Scottish Government on public health had made it clear that work on construction projects should only continue if it is directly crucial to combating the coronavirus pandemic. Even essential projects can only continue operating if they can comply with guidance on social distancing, safety and welfare during the Covid-19 outbreak. A list of essential projects was published (08 April).</p> <p>According to the Unite union, which represents construction and other public service workers, highways maintenance operatives are being prevented from following social distancing guidelines (07 April).</p> <p>Unite Scotland called for all non-essential construction sites to remain closed and for there to be legislation on keeping workers 2m apart. The demand had followed a virtual meeting involving its leading construction representatives across Scotland (24 April).</p> <p>The Scottish Government had set out a phased return to normal activities, beginning a process to reopen construction sites. The gradual return to work is based on a six-point plan that has been developed with the industry. The 46-page document indicates the order in which the country will gradually seek to change current restrictions. It plans for construction's restart to be in phases. In the first phase, steps 0-2 of the industry restart plan can be implemented.(22 May).</p> <p>Railway construction workers in Scotland returned to major projects, following the Scottish government's easing of lockdown restrictions in July (3 July).</p>	
Economic outlook	<p>In general, Scotland's GDP fell by 2.5% during the period from January to March. Compared to the first quarter of 2019, the economy contracted by 2.3%. Scotland's GDP is provisionally estimated to have fallen by 18.9% during April, after a fall of 5.0% in March (19 June).</p> <p>Output in Scotland's construction sector contracted by -3.4% in the first quarter of this year when coronavirus was starting to have an effect (19 June).</p> <p>Scottish housing minister called for the UK Government to bring the VAT charge for construction work conducted on existing buildings down from 20% to 5%. In a letter addressed to chancellor of the exchequer, it is requested that the VAT change be made as a result of the exceptional circumstances</p>	

	<p>faced by the construction industry during the Covid-19 pandemic. It is stressed that, according to industry partners, reduced VAT could be the most significant single step that could be taken to boost recovery in the domestic construction sector. Other reasons to reduce the VAT would be:</p> <ul style="list-style-type: none"> • A reduction in the cost of such work would encourage domestic investment at a time when many households are reluctant to invest due to financial uncertainty; • The pandemic is clearly bringing major changes in the building industry and existing buildings need to be adapted in order to support these new patterns of behavior. A reduction in VAT would significantly increase building flexibility and also send a clear signal that Government is actively responding to these changing patterns; • In responding to the climate crisis, it is deemed essential by the industry to make best use of existing buildings and the current VAT treatment for new buildings would represent a negative incentive in this respect. Making existing buildings as heat and energy efficient as possible will be critical to meeting the net zero carbon emissions in the future and a reduction in VAT would incentivize such investment according to the industry representatives (1 September). <p>Scottish small and medium-sized enterprises (SMEs) with liquidity issues due to the temporary closure of the housebuilding sector were able to apply to a £100m (€113m) fund. This loan fund was open to small and medium-sized housebuilders operating within Scotland (11 May).</p>	
Employment	<p>The Scottish Government confirmed grant funding for newly self-employed people suffering hardship as well as for SMEs in distress back in April. The £34m (€38m) Newly Self-Employed Hardship Fund, which will be managed by local authorities, will be allocated as £2,000 (€2288) grants. This funding is intended for those that are ineligible for support from the UK Government (23 April).</p>	
Recovery	<p>The Scottish government set out its proposals for post-coronavirus recovery, including a call for major investment in low-carbon initiatives and energy efficiency. It is calling for a UK-wide £80bn (€91bn) stimulus package to regenerate the economy and reduce inequalities. It wants to see acceleration of major investment in low-carbon initiatives, energy efficiency and digital infrastructure. Other actions it proposes include that the UK government should introduce a jobs guarantee scheme for young people and extend sector-specific employment and business support schemes. It also wants to see employers' National Insurance Contributions cut and the removal of the costs of the apprenticeship levy.</p> <p>The fiscal stimulus package called for by the Scottish government would be worth 4% of UK GDP. It said that the fiscal stimulus package needs to ensure that environmental benefits seen during</p>	<p>Covid-19 has reinforced the need for urgency in introducing a new approach to prioritizing and delivering infrastructure, according to the final report from the Infrastructure Commission for Scotland (ICS). The report presented to the Scottish government by the ICS says that a net-zero-carbon economy remains at heart of the strategy. It sets out three key recommendations:</p> <ul style="list-style-type: none"> • Giving an independent, specialist body the remit to provide strategic, long-term infrastructure advice to Scottish government; • Enshrining the 'place principle' and implementing a 'one public sector' approach to planning and developing sustainable places; • Establishing a construction accord to strengthen the future relationship between the public sector and the construction industry (27 July). <p>Scottish local authorities are being given funding to support the rapid deployment of infrastructure that prioritizes buses. The Scottish government is providing £10m for the initiative. At the same time, it has improved the grant</p>

	<p>the crisis are sustained to enable climate challenge to be addressed as the economy is renewed and rebuilt (30 June).</p>	<p>thresholds for operators wanting to take advantage of the £8.8m Bus Emissions Abatement Retrofit scheme, which targets mid-life vehicles. The new infrastructure fund will help areas of Scotland with the highest concentration of congestion to implement temporary measures, including bus lanes or gates, which make bus journeys quicker and more reliable. Cabinet secretary for transport, infrastructure and connectivity Michael Matheson said that the bus sector is responding to not only increased operating costs during Covid-19, but also increasing congestion as restrictions are eased which will negatively impact on bus journey times (17 July).</p> <p>Also, the Scottish Government announced £10m (€11.5) in funding to support 'pop-up infrastructure' to help cyclists and pedestrians maintain physical distancing. The new infrastructure program will cover new 'pop-up' walking and cycling routes or temporary improvements to existing routes (29 April).</p> <p>The Construction Scotland Innovation Centre (CSIC) launched the i-Con initiative which consists of an online collaboration portal. CSIC is asking public and private sector organizations, trade associations and the wider construction sector to register their challenges arising from the current crisis on the portal. The challenges will be widely communicated in a bid to attract industry and academic experts to step forward with proposed solutions (16 April).</p>
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