

### Major Announcements:

The CPA has published its Construction Industry Scenarios for Summer 2016. We would typically publish our main forecasts in mid-August; however, the post-Referendum period following the vote on 23 June has been marked by a considerable degree of political and economic uncertainty. The CPA has therefore developed a central scenario with higher and lower bound reflecting the extent of the uncertainty, rather than produce the standard point estimate forecasts. The CPA's construction industry scenarios go to the end of 2018, prior to the anticipated period in which the UK leaves the EU. At this stage there is not enough information regarding the timing and impacts of 'Brexit' on the UK economy in general, and the construction sector in particular, to factor this into our scenarios as this will be dependent upon the UK's relationship with the EU after 'Brexit' and how long that takes to establish.

The headline figures from the central scenario are:

- Total construction output to increase 0.4% in 2016, fall 0.6% in 2017 and rise 1.2% in 2018
- Private housing starts to rise 2.0% in 2016, fall 2.0% in 2017 and fall 1.0% in 2018
- Commercial sector output to increase 1.8% in 2016, fall 2.8% in 2017 and fall 1.8% in 2018
- Infrastructure output to rise 1.2% in 2016, 6.3% in 2017 and 10.2% in 2018

The full publication, which details central, upper and lower scenarios for each sector and sub-sector can be found [here](#).

In addition, we have produced a series of blogs to further explain the detail of the scenarios, which can be found [here](#).

### Economy

#### Economy

- The Markit/CIPS PMI for [services](#) was 52.9 in August, up from 47.4 in July. The latest reading rose above the no-change mark of 50, indicating that services activity expanded due to a revival in growth of new work. Similar to the manufacturing PMI for August, higher export business was also reported to have been aided by the exchange rate. The survey also cited that business confidence returned to its pre-referendum level, however caution should be taken when interpreting one data point.
- According to the [BRC](#), UK retail sales in August decreased 0.9% on a like-for-like basis from August 2015. On a total basis, sales fell 0.3%, against a 0.1% increase in August 2015, marking the weakest performance in two years. A fall in clothing sales was largely responsible for the decline in overall retail sales over the month. However, given that a seasonally adjustment is not made, the data is subject to volatility.
- In July, according to the [ONS](#) industrial production increased 0.1% on a monthly basis and was 2.1% higher compared to a year earlier, marking a seventh consecutive increase since December 2015. Manufacturing output during July decreased 0.9% month-on-month but increased 0.8% year-on-year mainly due to strong growth in transport equipment.
- In August, the Sterling/Dollar exchange rate averaged 1.31, according to the [Bank of England](#), the lowest since June 1985. This was 0.3% lower month-on-month and depreciated 15.9% on an annual basis. Against the Euro, the Sterling averaged 1.17, a 1.7% decrease compared to July and 16.5% lower than a year earlier.
- The price of Brent Crude oil averaged \$46.1 per barrel in August, an increase of 2.4% on a monthly basis but 1.8% lower compared to August 2015, according to the [World Bank](#).
- In July, the UK's deficit on trade in goods and services was £4.5 billion, narrowing from £5.6 billion in June and £4.7 billion in July 2015, according to the [ONS](#). Exports of goods increased 10.3% year-on-year to £24.8 billion, whilst imports increased 8.1% to £36.6 billion, leaving a deficit of £11.8 billion.

### Housing

- According to [Halifax](#), UK house prices increased 6.9% year-on-year in August but were 0.2% lower than in July. The average UK house price in August was £213,930. The latest figures showed a continued slowdown in house price growth since March and according to Halifax this was mainly down to affordability issues constraining on demand alongside a weakening in sales activity.

## Construction

- According to [BEIS](#), the construction material price index for all work fell 0.2% in the year to July but increased 0.3% on a monthly basis. Construction materials prices for new housing and repair and maintenance rose 0.8% and 0.6%, respectively, in the year to July, but material prices for other new work fell 0.4% in the year to July. In the 12 months to July, the materials reporting the largest price decreases were imported plywood, sawn wood and lighting equipment for roads.

The [ONS](#) has published construction output data for July 2016. Overall, output remained flat compared to June and fell 1.5% year-on-year. In addition, the fall in output recorded in Q2 was revised up 0.6 percentage points, to 0.1% quarter-on-quarter from 0.7% in the previous release. Changes across the sectors in monthly data are:

- All new work increased 0.5% compared to June, but decreased 0.6% compared to July 2015
- Public non-housing output increased 3.9% on a monthly basis and 2.4% on a yearly basis
- Public housing output decreased 1.6% on a monthly basis and 8.6% on an annual basis
- Private housing output decreased 0.6% month-on-month, but grew 8.3% on year-on-year
- Infrastructure output rose 3.9% compared to June but fell 9.6% compared to July 2015
- Output in the private commercial sector fell 1.4% on a monthly basis but rose 1.8% year-on-year
- Industrial output decreased 0.6% compared to June and fell 16.9% compared to July 2015
- Public housing repair, maintenance and improvement (RM&I) output decreased 2.4% on a monthly basis and 9.6% on an annual basis
- Private housing RM&I fell 0.4% month-on-month and 0.9% year-on-year
- Non-housing R&M output decreased 1.2% on a monthly basis and 2.9% on an annual basis

In addition, the ONS has published construction new orders data for 2016 Q2. Overall, orders increased 8.6% compared to Q1 and rose 7.5% compared to 2015 Q2. Changes across sectors are as follows:

- Public housing orders increased 4.4% compared to Q1 and 48.7% compared to 2015 Q2
- Private housing orders increased on a quarterly basis and yearly basis by 28.2% and 12.7%, respectively
- Public non-housing orders rose on a quarterly basis by 54.8% and 35.6% on an annual basis
- Infrastructure orders decreased 17.4% compared to Q1 and 26.8% compared to 2015 Q2
- Commercial orders increased on a quarterly basis and yearly basis by 1.7% and 27.6%, respectively
- Industrial orders decreased 3.5% quarter-on-quarter and 16.1% compared to a year earlier

For further information contact [amandeep.bahra@constructionproducts.org.uk](mailto:amandeep.bahra@constructionproducts.org.uk)

## Association Activities

### Circular Economy in Construction.

CPA gave a presentation on the circular economy to the Sustainable Concrete Forum. The major contractor [Mace](#) and building product company [Forterra](#) also gave their perspectives. For further information contact [jane.thornback@constructionproducts.org.uk](mailto:jane.thornback@constructionproducts.org.uk)

### BBA 50<sup>th</sup> Anniversary Celebration

The CPA offered our colleagues and Associates the [British Board of Agrément](#) (BBA) best wishes on their 50<sup>th</sup> anniversary this week at an industry event at the House of Lords.

### Charity Donations for Autumn Lunch

The CPA will once again be supporting the charity [CRASH](#) with a raffle at the Autumn Lunch. CRASH is the construction industry's charity for homeless people. They are a practical charity that focuses on improving the buildings used by homeless people. They do this by awarding cash grants, providing on-site professional expertise and supplying free building materials. We encourage our members to support this effort. If you would like to donate a prize for the raffle please contact [simon.frame@constructionproducts.org.uk](mailto:simon.frame@constructionproducts.org.uk).

### CPA's External Affairs Committee (EAC) Meeting – 15 September (London)

The EAC discusses the Association's strategy and work related to marketing, communications and public affairs. It meets twice a year. If you would like to attend or wish further information, please contact [Simon.Frame@constructionproducts.org.uk](mailto:Simon.Frame@constructionproducts.org.uk).

### CPA's Sustainability Policy Group (SCC) – 22 September

The SCC will next meet on the morning of 22 September in London. Included in the agenda will be a presentation from Travis Perkins on its new policy of requiring EPD for some products.

If you wish to attend please rsvp to [julie.mills@constructionproducts.org.uk](mailto:julie.mills@constructionproducts.org.uk)

**Build4Quality - 28 September (BRE Watford)**

The CPA is supporting [BRE's Build4Quality Conference](#), which seeks to define quality homes and developments, beyond what a recent Parliamentary committee called 'zero-defects construction', and how that relates to sustainability. Jane Thornback, the CPA's Sustainability Policy Adviser, will speak re the business case for choosing sustainable products & materials. CPA members are entitled to a 20% discount on the standard £120 ticket (quote "CPA20" when registering).

For further information and to register, click [here](#).

**Supply Chain Meeting with Transport for London – 29 September (London) – To Be Rescheduled**

Owing to a request from TfL, we will postpone this meeting. A new date, likely in December, will be announced soon.

If you have any questions, please contact [jeff.may@constructionproducts.org.uk](mailto:jeff.may@constructionproducts.org.uk) or [simon.frame@constructionproducts.org.uk](mailto:simon.frame@constructionproducts.org.uk).

**UK Construction Week - 18-20 October 2016 (NEC, Birmingham)**

The CPA is pleased to join many of its members and industry partners in supporting [UK Construction Week](#), the UK's largest construction trade event which unites over 650 exhibitors with an audience of over 24,000 trade visitors. UK Construction Week (UKCW) consists of nine shows: Timber Expo, Build Show, Civils Expo, Plant & Machinery Live, Energy 2016, Smart Buildings 2016, Surface & Materials Show and HVAC 2016 running from 18-20 October and Grand Designs Live which is open to the trade on 19-20 October.

The CPA's team will be participating in a several panel discussions, including the keynote, sustainability, innovation and Grand Designs Live. Registration for the event is free; please click [here](#).

**CPA Parliamentary Reception -- Nearly Sold Out - 19 October (House of Lords)**

We are delighted to announce The Earl of Lindsay will host the Construction Products Association's Parliamentary Reception on Wednesday, 19 October 2016, in the Cholmondeley Room & Terrace at the House of Lords. The Reception will **commence at 18.30pm and finish at 21.00pm. Attendance by our members has been over-subscribed; we would therefore encourage you to book as soon as possible to guarantee a place.** Trade associations should also purchase tickets for your members, ensuring we have a wide representation from across the products industry.

If you would like to attend, please complete the online booking form [here](#) by Friday, 09 September 2016. Less than 20 places remain.

**CPA Autumn Lunch -- Sold Out - 03 November (The Brewery, London)**

The CPA's annual Autumn Lunch has proven more popular than ever and has sold out. A waiting list is now available for members.

For more information, please contact [julie.mills@constructionproducts.org.uk](mailto:julie.mills@constructionproducts.org.uk).

**Highways UK - 16/17 November (NEC, Birmingham)**

The CPA is supporting [Highways UK](#) a major event for the people and organisations involved in the planning, operation and future-proofing of the UK's road network. Sponsored and supported by [Highways England](#) together with several CPA members and numerous UK contractors, the event will provide the very latest update, insight and analysis on the emerging implications for the sector on Britain leaving the EU, including a presentation by CPA Economics Director Noble Francis. Opportunities for exhibition space and sponsorship remain.

CPA members will be given a 20% early booking discount on passes. For more information and to register please click [here](#).

**Construction Marketing Awards – 01 December (Radisson Blu Portman Hotel, London)**

The CPA is pleased to once again support the Construction Marketing Awards, a showcase of the construction industry's creativity, innovation and effectiveness in marketing. The Awards raise the profile of marketing professionals and their achievements and are an invaluable opportunity for recognition. **The Construction Marketing Awards are FREE to enter and you may enter any number of categories.** Entries must be received before the closing date of the 23rd September 2016. The winners will be announced at the gala dinner on 1st December 2016 at the Radisson Blu Portman Hotel in London.

For more information, visit the [Construction Marketing Awards](#) website.

**Other Areas of Interest****The Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016**

This came into effect on 1st September 2016 and was made in response to Section 63 of the Climate Change (Scotland) Act 2009. It forms part of Scotland's action to reduce greenhouse gas emissions from non-domestic buildings. The regulations apply to the sale or rental (to a new tenant) of non-domestic buildings of more than 1000m<sup>2</sup>. In addition to providing a valid Display Energy Certificate, owners of such buildings are now required to assess their building and produce an action plan covering improvement work to meet the carbon, energy performance and emission targets identified in this plan as part of the sale or rental process. The owners must either undertake this improvement work or they may defer such work by reporting annual operational energy use. Buildings that meet energy standards equivalent to those introduced by the 2002 building regulations are exempt, as are those already improved under the Green Deal. Full details of this new regulation can be found [here](#).

If anyone has difficulty downloading this information please contact [duncan.king@constructionproducts.org.uk](mailto:duncan.king@constructionproducts.org.uk).

### **HSE Launches new strategy and a call for information**

The HSE have launched their new strategy under the title of 'Helping Great Britain Work Well' they describe this as Health and Safety for the 21st Century. There are six themes acting together; Supporting Small Employers, Tackling ill Health, Keeping Pace with Change, Managing Risk Well, and Sharing Our Success. See the [HSE website](#) for a full outline of the strategy.

The HSE is very keen that, as the programme is developed, they base their thinking on evidence and hope that a significant part of that can be supplied by industry. They have collected a range of information about current behaviours across the industry but feel that the best people to provide further detail are those dealing with issues on a daily basis. They have started with a list of activities that they would like to explore the risk profile based on real evidence. The hope to develop a better understanding of what causes accidents and develop responses that can help everyone avoid them in future. Their initial analysis shows that materials handling and delivery to sites is at the top of the list for injury across the industry. The HSE are interested in any information around this area, both negative and positive. Their main areas of interest are with regards to manual handling, mechanical handling, unloading and loading by an individual or a team.

Any information can be entirely anonymous as long as the HSE can be sure that the **information is factual and not anecdotal**.

For further information, please contact Peter Caplehorn at [peter.caplehorn@constructionproducts.org.uk](mailto:peter.caplehorn@constructionproducts.org.uk) or you can contact the HSE directly by emailing Bethan Slater [Bethan.slater@hse.gov.uk](mailto:Bethan.slater@hse.gov.uk)

### **Parliamentary and Government Update**

#### **Parliamentary update**

#### **Westminster weekly business**

The finalised Westminster business document for the week commencing Monday, 12 September 2016 can be viewed [here](#).

#### **Plans, Reports, Consultations and Statements**

#### **Autumn Statement date announced as Wednesday 23 November**

The Chancellor of the Exchequer, Philip Hammond, has announced that he will present his first Autumn Statement to Parliament on 23 November 2016. The government has published its guidance on Autumn Statement submissions, which can be viewed [here](#). Submissions should be submitted by Friday 7 October 2016.

#### **Neighbourhood Planning Bill**

The new Neighbourhood Planning Bill has now been laid before Parliament. The Government has released two new consultations relating to the Bill:

- A technical consultation on the implementation of neighbourhood planning provisions. This can be found [here](#).
- A consultation on improving the use of planning conditions. This can be found [here](#).

#### **Department for Business, Energy and Industrial Strategy Emails**

Please note, we have had confirmation that BEIS is, from today, starting to change over its email addresses from @bis to @beis. Once completed they will reject any emails going to the old accounts.

#### **Business, Innovation and Skills Select Committee: BIS Committee launches inquiry into Government's Industrial Strategy**

The Business, Innovation and Skills Committee (BIS) has launched an inquiry into the Government's industrial strategy. The inquiry launch follows the inclusion of the term "industrial strategy" into the Department for Business's name and an indication from the new Prime Minister, Theresa May, that her government will explicitly intervene to support certain parts of the economy. The Committee will consider what the Government means by industrial strategy and questions how interventionist in the free market it should be. It will also look at the industrial strategies of previous governments and of other countries to see if there are any lessons to be learnt. The Committee is inviting written submissions, sent via the Committee's [website](#) by Tuesday 27 September 2016, on the following:

## CPA in the News

Bulding.co.uk: CPA forecast is latest casualty of Brexit.

- *With economic uncertainty, forecasting following Brexit is unreliable. As a result, the CPA have released a scenarios edition in its place with possibilities for the future.*

Building Construction Design: New industry show returns to build on its success.

- *Following last year's success, the UK's construction community will reconvene to network, learn and do deals at the second Build Show this October, which forms part of UK Construction Week at the NEC in Birmingham.*

Clearview: MRA Marketing joins the Construction Products Association.

- *MRA Marketing has joined the Construction Products Association (CPA) as an Associate. The CPA is the leading industry body that represents UK manufacturers and distributors of construction products and materials.*

Construction News: More than 45 clients to speak at two-day Construction News Summit.

- *The CN Summit takes place over 11 & 12 October and now has more than 60 of the industry's client, contractor and supply chain leaders confirmed to speak.*

Fc&a: Timber Expo brings together diverse market.

- *The most important event in the timber industry's calendar, Timber Expo, is back for 2016, returning as part of the award-winning UK Construction Week.*

Financial Times: Government shelves independence plan for infrastructure body.

- *To keep Britain out of recession, Noble Francis of the CPA makes comments following the Brexit referendum.*

FORDAQ: TTF holds debate on Brexit effects.

- *The Timber Trade Federation (TTF) will hold a debate focused on the impact of Brexit on UK Timber Industry in the afternoon of Wednesday 14th September 2016, at the Building Centre in London.*

Independent: Brexit latest: Construction activity improves in August.

- *The Purchasing Managers' Index for builders improved to 49.2 last month, following yesterday's report of a surprise manufacturing surge.*

**END**