



Opportunities for the SME Market to
'Build, Build, Build' after the Pandemic

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SME's account for [99%](#) of the UK business population and of that, nearly a fifth of them operate within the construction industries

It is no surprise then that the Prime Minister has placed the industry at the heart of his Covid-19 recovery strategy. On June 30th, Boris Johnson announced that homes and infrastructure would take centre stage in the government's plan for economic growth with a [£5bn investment](#).

“The repair, maintenance and improvement (RM&I) sector contributes 32% towards construction output so it's important this isn't overlooked in terms of investment. The pandemic has placed historic constraints on local builders' ability to work, train, and earn a living. The RM&I market, the bread and butter for most small builders, has been the hardest hit.

Brain Berry, Chief Executive at the Federation of Master Builders

As the industry is told to 'build, build, build', a number of large-scale projects have been announced to kick start construction output and lay the foundations for a green economic recovery.

Whilst on the surface these measures appear to be a major boost for the construction industry, questions have been raised as to whether these projects will translate into work for SME construction and trade firms.

After the financial crash of 2008, the government similarly pumped billions into the housing sector in a bid to kick start the economy. However, smaller businesses found it hard to win local contracts from public sector clients against much larger companies and as a result, almost [half a million people left the sector](#).

The repair, maintenance and improvement sector contributes 32% towards construction output but has been the worst affected by the current pandemic. Brain Berry, Chief Executive at the Federation of Master Builders, is “determined to avoid a repeat of this devastating blow to livelihoods and the building industry”.

In this guide, we explore in more detail the opportunities available to small trade and construction companies to secure work from the government's investment in the industry.



Projects Include:

- £1.5bn for hospital maintenance, eradicating mental health dormitories, enabling hospital building and improving A&E capacity
- £100m for 29 road network projects including bridge repairs in Sandwell and improving the A15 in the Humber region
- £900m for “shovel ready” local projects in England this year and in 2021
- £500,000 - £1m for each area in the towns fund to spend on improvements to parks, high street and transport
- Over £1bn to fund a school building project
- £83m for maintenance of prisons and youth offender facilities, and £60m for temporary prison places.

Source - [bbc.co.uk](https://www.bbc.co.uk)

Green Home Grants to Create Local Trades Work in 600,000 Homes

As Housing Secretary Robert Jenrick gives the go ahead for tens of thousands of new homes and infrastructure projects, further details of the new £2bn Green Homes Grant scheme have been announced.

Under the scheme, which starts in September, homeowners will be able to apply for vouchers worth up to two thirds of the cost of hiring tradespeople to improve the energy efficiency of their home.



Green home improvements will save people money on their energy bills, help to cut carbon emissions, and create new work for many thousands of builders, plumbers and other tradespeople.

Alok Sharma, Business and Energy Secretary
Source - [PBC Today](#)

Improvements that can be funded include:



Solid wall, under-floor, cavity wall or roof insulation



Double or triple glazing/secondary glazing, when replacing single glazing



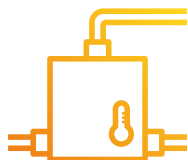
Air source or ground source heat pump



Upgrading to energy-efficient doors



Solar thermal



Hot water tank/appliance tank thermostats/heating controls

These grants present a great opportunity for SME trade and construction firms to secure work in their local area. Around 600,000 homes have been revealed to be eligible for the grant, which will support over 100,000 jobs in green construction.

However, to ensure builders, plumbers and other tradespeople can provide their services as part of the scheme, they must register for [TrustMark](#) or Microgeneration Certification Scheme (MCS) accreditation. In addition to this, £50 million will be used to pilot innovative approaches to retrofitting social housing at scale, work that local SMEs can also bid for.



A national retrofit strategy will help boost market confidence and unleash the army of local builders waiting to improve the energy efficiency of our homes

Brain Berry, Chief Executive at the Federation of Master Builders

The Public Sector Decarbonisation Scheme will see a further £1bn invested in energy-efficiency and heating upgrades in schools, hospitals, and other public buildings over the next year. However, there are some concerns here that SMEs could miss out on these projects in favour of larger firms.



Brendan Sharkey, head of construction and real estate at accountants [MHA MacIntyre Hudson](#) said:

“Jobs created through green projects do sometimes favour larger companies, who are better at advertising for them and meeting regulating requirements. It would be a shame if SMEs missed out on the majority of jobs created this way.”

Restructuring LHC to Support SMEs in the Procurement Process

The UK public sector accounts for [40% of construction spend](#), providing an important opportunity for work within the industry. However, there are longstanding concerns that public procurement processes place smaller companies at a disadvantage.

Small trade and construction firms dominate the industry in terms of output and employment. Unfortunately, this is not usually reflected in the success of SMEs when tendering for public sector contracts

and research suggests they find the public procurement process to be [frustrating and biased against them](#).

In a welcomed move, LHC has restructured its regional branches to help councils and construction SMEs avoid some of the worst economic inequalities, as felt after the 2008 crash.

The shakeup will see a move to highly localised procurement support, allowing LHC to provide more tailored technical advice to construction suppliers. John Skivington, group director of LHC, said of the changes:

“LHC is putting all of the support measures in place now to ensure that when lockdown ends, projects and new tenders can get started as soon as possible, and high quality local construction suppliers can get access to a wide range of local public sector frameworks.”

Much of the government’s investment is being pumped into the public sector, which is undoubtedly why there have been concerns as to whether SMEs will get their share of work. Nevertheless, the restructuring of LHC is a welcome sign and gives hope that smaller construction companies will be able to access local public sector frameworks.

“After the last recession, smaller building firms and construction trades found it very hard to win good local contracts from public sector clients in competition against much larger firms.

John Skivington, group director of LHC
Source - [PCB Today](#)



Reforms to the Planning System to Support SME House Builders

Our reforms will create thousands of jobs, lessen the dominance of big builders in the system, providing a major boost for small building companies across the country.

Robert Jenrick , Housing Secretary

[Radical reforms to the planning system](#), announced by the Prime Minister, will be a 'major boost' to SME builders cut off by the existing process.

The current system was unfavourable to smaller firms, with the complexities of the planning process and its associated risks, delays and costs being cited as the key challenges faced by SMEs in the homebuilding trade.

Housing Secretary Robert Jenrick said of the reforms:

"We will cut red tape, but not standards, placing a higher regard on quality, design and the environment than ever before. Planning decisions will be simple and transparent, with local democracy at the heart of the process."

The changes, which are outlined in the Housing Secretaries '[Planning for the Future](#)' white paper, will allow buildings and land in town centres to change use without planning permission, making Brownfield development easier.

Brownfield sites are of a size and location that makes them more accessible for smaller builders. These reforms will support SMEs in securing building and renovation work in their local towns and cities.

In addition to this, homeowners will soon be able to add two extra floors to their houses without full planning permission. The government hopes the new rules will prompt people to build more bedrooms, or flats for elderly relatives, and create additional apartments.

The government has said SME construction firms will be the "key players in getting the country building on the scale needed to drive our economy". It is hoped that these new reforms will create thousands of jobs and offer a major boost for small local trade and building companies and their supply chain.

A complex planning system hampers the ability of small to medium-sized (SME) house builders to bring forward new homes. I therefore welcome the Prime Minister's statement of intent to radically reform this process.

Robert Jenrick , Housing Secretary

Government proposals

Local communities will be consulted from the very beginning of the planning process. By harnessing the latest technology through online maps and data, the whole system will be made more accessible.

Valued green spaces will be protected for future generations by allowing for more building on brownfield land and all new streets to be tree lined.

Much-needed homes will be built quicker by ensuring local housing plans are developed and agreed in 30 months – down from the current seven years.

Every area to have a local plan in place – currently only 50% of local areas has a plan to build more homes.

A new simpler national levy to replace the current system of developer contributions, which often causes delay.

The creation of a fast-track system for beautiful buildings and establishing local design guidance for developers to build and preserve beautiful communities.

All new homes to be 'zero carbon ready', with no new homes delivered under the new system needed to be retrofitted as we achieve our commitment to net zero carbon emissions by 2050.

Source - [bbc.co.uk](https://www.bbc.co.uk)

£450m Boost to the Home Building Fund

SME contribution to new housing has long been declining. More than 12,000 [SMEs built 40% of all new homes in 1988](#). Yet by 2017, SME house builders had diminished to around 2,500, accounting for only 12% of new stock.

In a bid to encourage SME firms to start building again, the Prime Minister has announced an additional £450m boost to the Home Builders Fund. Launched in 2016, the scheme allows small builders, community builders, custom builders and regeneration

for schemes of single figures. Of those, just three were for the smallest development size allowed which is five units.

There are many micro-housebuilders that build fewer than five units a year that could take advantage of the reforms to the planning process and begin projects on Brownfield development sites. However, to do so they must be able to access funds from the system that was designed to support them in the first place.

A lot of SMEs are on the tools and don't have the time. If you want to help the SME market, you need to understand the SME market and they simply don't have time to fill out these forms.

Richard Jones, associate at Arcadis

specialists to access 5 years finance to meet the development costs of their project. Successful applicants are able to secure loans of between £250,000 and £250million.

However, in order to fully support smaller firms, issues with the Home Builders Fund must be addressed. Despite the main purpose of the scheme being to help SMEs access funds for their projects, [39% of FMB members still cited finance as the main barrier to building more homes](#).

Figures show that in 2018/19, only [15 of the 52](#) loans towards housing developments were

Another concern is that the process is too bureaucratic and time-consuming. According to HBF director of communications, Steve Turner, 'SME involvement presents a different challenge to that of the larger builders' as SMEs do not have the time needed to make the applications.

The Federation of Master Builder's director of communications, Jessica Lev, commented:

"It is critical that the fund does not lose sight of its original intention, which was to help the smallest builders."

To be eligible for the Home Building Fund, a builder or developer must...



Be building a minimum of 5 homes



Be building in England



Be a private sector organisation with majority control over the site



Demonstrate that without the loan the development would not progress as quickly, or at all



A Word From Us

The government has previously used construction to kick start the economy after a recession. However, the SME market struggled to get their fair share of the work and it sadly resulted in half a million people leaving the industry.

Unfortunately, the repair, maintenance and improvement sector has once again been worst hit by the current pandemic. However, this guide has highlighted the various opportunities that SME trade and construction companies can benefit from as a result of the schemes and investments that have been made by the government.

The £3billion green investment is a great boost for the sector. With over 600,000 homes eligible for the Green Homes Grant, it presents a fantastic opportunity for builders, plumbers and other tradespeople to secure work in their local community. In order to capitalise on this, and begin promoting themselves to clients in line with the scheme, those who make a living in the relevant areas must sign up for the Trust Mark accreditation.

The changes to the planning system, which aims to encourage homeowners to carry out property improvements and renovations, could also lead to more work for tradespeople in their local area. However, homeowners have also felt the economic impacts of the pandemic and may be reluctant to invest money into home improvements at this time.

It is hoped that reforms that make it easier to start projects on brownfield sites will encourage smaller firms to get building again. However, to truly enable SME house builders to make the most of the reforms, the government needs to address the issues raised with the Home Building Fund – specifically the limitation that excludes micro builders.

Whilst many are dubious about how easy it will be for SMEs to access work on the public sector projects that have been announced, there is hope that the restructuring of LHC will give small construction companies better access to local public sector frameworks.

On the surface, the government’s plans to ‘build, build, build’ is a great catalyst for the industry. However, only time will tell as to whether smaller construction and trade firms get a fair share of the work and feel the benefits the investments and changes that have been made.

Your insurance sorted

constructaquote.com are specialists in providing first class insurance products to the trade and construction industries. Here are just some of the products that may be appropriate to those looking to make the most of the opportunities that have been highlighted in this guide.

If you are require van or business insurance then constructaquote.com can help. We are trade and construction specialists with over 30 years’ experience. Get a quote online or call our customer service team on 08081 68 68 68 to get your insurance sorted!

Public Liability



Public Liability Insurance protects you against the cost of claims made by members of the public if they become injured or their property is damaged as a direct result of your work. For many public sector projects, it is a prerequisite that contractors provide proof of their PL insurance before they enter into a contract – so you could lose out on public sector work if you haven’t taken out adequate cover.

Employers’ Liability



Employers’ Liability protects you against the costs of compensation claims that could arise from your employees; specifically, claims relating to an injury or illness as a result of work they are carrying out on behalf of the business. Typically, Public and Employers’ Liability insurance are sold in conjunction, with both policies working hand-in-hand to protect your business, its employees and the people it serves.

Contractors All Risk



Contractors All Risk Insurance enables you to protect your investment in expensive tools and materials against theft, loss or damage. By taking out this cover, you wouldn’t incur the cost required to replace damaged, lost or stolen tools and materials that are essential to your trade.

Van Insurance



If you own a van you are legally required to purchase a minimum level of insurance cover to drive it on the road. There are several different levels of van insurance you can choose between, from comprehensive insurance, third party fire and theft or just third party only cover.