

Construction, Contracting and Engineering

Biggest concerns

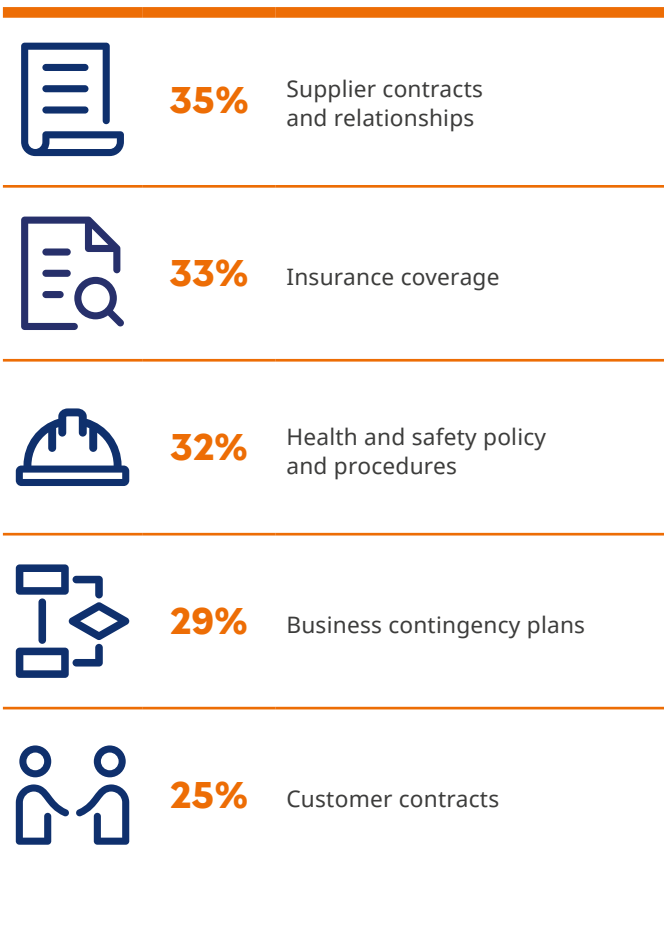


Steps to alleviate these concerns

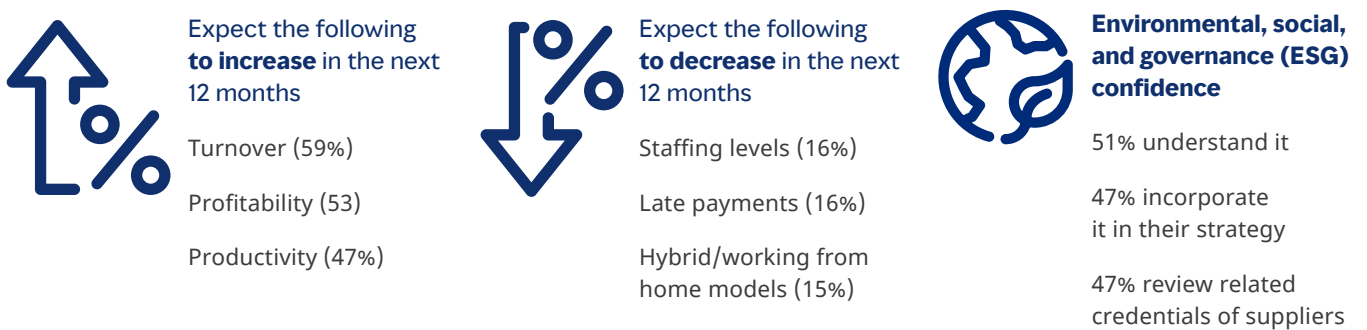
Business leaders **have reviewed** the following in the last 12 months:



Business leaders **plan to review** the following in the next 12 months:



Sector confidence



Financial uncertainty being the ‘top risk’ in the sector has its roots in three core areas:

Rapid interest rate rises affecting contracts awarded 12+ months ago, leaving budgets considerably out of sync - this also impacts the ability to accurately price any future contracts and can leave contractors financially exposed; Cost pressures, including material price rises due to inflation, the ongoing war in Ukraine and increasing supplier production costs; and Labour costs – a tight construction labour market as a result of talent retention efforts, the cost of living crisis and a reduced labour pool.

These financial issues mean that a full review of insurance coverage is in order, to allow for inflation and any premium increases that would accompany an increase in turnover. Ensuring the company’s risk is fully understood by their insurer(s) can help avoid ‘unjustified’ premium increases.

As well as the war in Ukraine, supply chain reliance and disruption can also be attributed to subcontractor solvency. Having entered the pandemic highly-g geared, with traditionally slim margins and now entering a high interest environment with fixed price contracts, and increased costs, we are now seeing an uptick in insolvencies across Tier 2 and 3 contractors impacting the supply chain across numerous projects. Understanding the pinch points and risks in the organisation’s supply chain is key.

Health and Safety is always going to be prominent here, given the high risk environment. Reviewing, understanding and mitigating those risks is vital to workplace safety. Technology can help but how companies utilise technology to provide training and provide claims defensibility via a digital paper trail remains an evolving process.”

Andy Desmond, Construction Industry Leader



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