

Overcoming Challenges in the Construction Industry

Post COVID-19



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Overcoming Challenges in the Construction Industry

Overcoming challenges is one of the perpetual strengths of the construction industry. Nevertheless, like every industry, it has been severely impacted by coronavirus and faces numerous new challenges. Many projects have been delayed or cancelled, unleashing a tsunami of chaos.

Problems businesses face include:

- contractual implications
- supply chain sustainability
- labour shortages
- accessibility to materials
- problems with cash flow

The impacts of COVID-19 will be long-lasting, creating ongoing uncertainty. While we might long for a return to normal, these challenges are impossible to ignore. However, if we can address them through sound management, careful prioritising, and a proactive response. It is still possible to secure a bright future for the construction industry.

By focussing on the solutions available and on what can be controlled, together we can help to get construction firms back on track and through this pandemic.

So, what are the main challenges right now?

Challenges the Construction Industry is Facing Right Now



Supply chain

You just had to see the empty supermarket shelves in the early days of lockdown to realise that supply chains were severely impacted by COVID-19. These delays with delivery supplies and stalled shipping containers all over the world, are having a significant effect on our local merchants. Construction firms are struggling to get the materials needed to complete works on time. Understaffing is also hitting this supply chain as individuals are on sick leave or in self-isolation because of the virus.

Remote Construction Management

Construction is, obviously, a hands-on, physical workplace, so management of construction teams has always taken place onsite. However, keeping management onsite in cramped offices and canteens is no longer feasible with the new restrictions in place. Any outbreak would result in a site being shut down, which is a risk construction firms cannot afford to take.

Social disruption will continue for many months or even into next year. While it may seem hard to envision this being done remotely, construction firms must now evolve their practices to observe distancing measures. Managing sites remotely needs to be facilitated where possible in order to limit further disruptions.

Safety

Overcoming challenges in keeping sites safe has now escalated to a new level. It is the contractor's responsibility to keep up to date with the health and safety guidance and the safety of their workers their main priority. Ensuring labourers and staff are adhering to social distancing guidelines can be a challenge, particularly if managing teams remotely. Access to appropriate PPE, social distancing and hygiene arrangements on site need to be in place for work to continue safely.

Force majeure & Insurance

Delays in construction projects are commonplace and are sometimes covered by insurance. However, the impact COVID-19 has had on these delays is completely new. Both client and contractor will need to consider the terms of their contract to determine responsibility. They must also agree who will submit a claim should any compensation be available. Extensions will only be granted where the contractor is able to prove they have strictly adhered to the terms from the start.

It is debateable whether COVID-19 meets the conditions of force majeure, in many cases it will come down to the exact wording in the clause. However, in most cases the contractor will need to prove that it was a circumstance they could not foresee, and that they have put all necessary measures in place for the construction works to continue, wherever possible.

Labour shortages & delays

Labour shortages due to travel restrictions are causing delays to projects, temporary closures, and in some cases, projects are being terminated altogether.

Labourers who are now able to go back to work need to be distanced onsite, along with being provided with correct PPE to keep them protected. Although projects are now able to restart, the distancing measures mean fewer labourers onsite, resulting in further delays to project completion dates.

Addressing Challenges in the Construction Industry

Safe-Guarding

The priority must be safety for all. Employers need to ensure they follow the safe-guarding policies set out during the COVID-19 pandemic and post outbreak. Guidelines are constantly being updated at www.gov.uk/workingsafely, as the restrictions gradually ease for the construction sector.

Currently, workers need to be kept 2 metres apart (or 1 metre with risk mitigation where 2 metres is not viable) from those they do not live with. We can keep you up to date on all the safe-guarding policies to ensure you are working at full capacity as and when restrictions ease, so get in touch if you wish to discuss this.

Cash Flow Management

Quickly following safety is cashflow. Financial forecasts are essential, especially in these unprecedented times. They can be used to test different scenarios and the facts and figures will help you to make those all-important business decisions, as well as utilise the support currently offered by the Government, if needed.

With the current climate more flexibility is needed with your cash flow management. The impact of COVID-19 can be assessed, and new measures put in place accordingly, to ensure any cash flow concerns are being addressed in the best possible way. Speak to us about how to improve your cashflow

Evaluating Contractual Obligations

Every contract with a client will have different definitions and clauses attached to it. Having them reviewed by an experienced commercial solicitor will provide useful, specialist advice, particularly during COVID-19 when laws and obligations are unclear.

If you are currently considering a new construction contract, getting expert advice is critical in the current climate to ensure you avoid any potential pitfalls post COVID-19. We have specialist solicitors on hand to help you determine your contractual obligations. Get in touch if you would like to know more.

Needs Assessment

Overcoming challenges will not be easy if you are not clear about what they are. A Needs Assessment will determine your priorities, during and post COVID-19. It will empower you to make company improvements, and allocate resources where required. The process looks at the current state of the company and highlights adjustments required to meet your goals.

At Accurox we can help assess your company, providing reports and recommendations to improve its performance and profitability post COVID-19. Contact us for more information.



Communication

Clear communication is critical at any time, but even more so while dealing with COVID-19. It's always easier to communicate face to face, so remote management requires more clarity than ever. Way to facilitate this could include:

- Set up frequent calls to explain decisions and processes.
- Follow through with regular updates to review how things are going and make changes where necessary.
- Use Zoom, Slack, WhatsApp and find the channels and that work best for your team. It may be a combination several.
- If possible, commit explanations to writing, so your team can revisit as often as they need to.
- Pay particular attention to sharing your thinking around any important decisions on data or changes to procedures due to the impact of COVID-19. (We can help you with this!)



At Accurox we are well known for our specialism in the construction industry. As we all learn to adapt to new working conditions, due to COVID-19, Accurox are committed to supporting construction firms of all sizes to not only survive this crisis, but to thrive. We offer a variety of accounting and tax solutions to construction firms throughout Kent and the South East.

We will do more than just talk to you about numbers. Our approach is to work alongside construction firms, collaborating with you to resolve any challenges you face. At the same time, we help you to optimise cash flow and improve business performance and profitability.

We'll offer you as much guidance and advice as your business requires, whilst helping you to save money and ensuring complete compliance.

Let us worry about the details, numbers, and legal formalities, leaving you with the freedom and time to focus on growing a successful business post COVID-19.

Contact the team today.



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