

PRESS RELEASE

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A major blow for the future retention of skilled resources – CIC reaction to today's ONS figures

Although it is a welcome sign that the overall economy has stabilized, following a 0.5% dip in the final quarter of 2010, it is clearly of concern to the economy as a whole that the construction sector is now into a double-dip recession and that this is essentially due to the sector bearing the brunt of public sector cuts at a time when the private sector has not been sufficiently confident to invest at levels that will bridge the gap.

The CIC's main concern is the consequent loss of skilled resources to the industry that will not be easily replaced. The recession of the late 1980s/early 1990s took 500,000 people out of the industry and led to eighteen years of skills shortages. The loss of skilled people now will put at risk the aspirations for government to deliver the National Infrastructure Plan, and the much-needed growth in housebuilding which has fallen to its lowest level of activity since the 1930s.

The CIC Chairman, Gordon Masterton OBE, said in relation to today's ONS figures: ***'construction is a wealth-creating industry that stimulates the economy and gives a positive long-term return on investment that is essential to maintaining Britain's international competitiveness. But it is also vulnerable to spending authorities seeing it as an easy way of cutting short term costs. It is the small to medium sized projects that have suffered most, especially in maintenance and renewal.'***

He continued: ***'The nation needs a long term, not a short term, policy to maintain and improve its infrastructure, and it needs a healthy and competitive construction industry to deliver on government promises'***.

The CIC Chief Executive, Graham Watts OBE, added: ***'I'm not surprised that the sector has suffered a significant additional decrease in output because it was a big ask for the private sector to replace lost work in the public sector in these uncertain times. The impact of a 2.5% increase in VAT will have been a significant disincentive for homeowners to commission construction repair, maintenance and improvement works. However, on the brighter side, there appears to be some signs of improvement for Q2 especially in terms of an increase in private housing starts (from a pitifully low base) and in an upturn in offices, retail and industrial work, albeit largely restricted to London and the South-East.'***

Ends

For further information contact the CIC Press Office on 020 7399 7407 or email press@cic.org.uk

Notes to the Editor

1. CIC is the representative forum for the professional bodies, research organisations and specialist trade associations in the construction industry. It provides a single voice for



professionals in all sectors of the built environment through its collective membership of 500,000 individual professionals and 25,000 firms of construction consultants.

2. ConstructionSkills is a partnership between CIC, CITB-ConstructionSkills and CITB (NI) as the Sector Skills Council for Construction.