

Covid 19 & Construction Programming & Scheduling - The New Normal – July 2021

Intro - Covid 19

The COVID-19 pandemic which will be long remembered in history, has been described by the OECD as the "biggest danger since the financial crisis" to the global economy and unlike previous global health crises, the outbreak had immediate and far-reaching consequences because of the interconnection of the modern-day global economy.

Economic output significantly slowed, and the effects are being felt around the world. In terms of UK impact, it has been considered by some to be the biggest shock financially for over 300 years, with the UK economy slumping by 9%. This is worse than the combined impact of World War One (1914-18) and the Spanish Flu pandemic of 1919.

As COVID-19 restrictions are lifted, and despite many people having been vaccinated, it is still possible to catch and spread COVID-19. With other parts of the world also being slower at vaccinating their population, which enhances the risk of new more deadly variants coming to the fore, COVID-19 will be a feature of our lives for the foreseeable future, so we need to learn to live with it and manage the risk to ourselves and others both personally and professionally.

Therefore, personal and company judgements are still required to manage individual and combined risks by exercising common sense and considered policies to maximise economic output whilst minimising Covid – 19 public health threats.

Latest Data UK

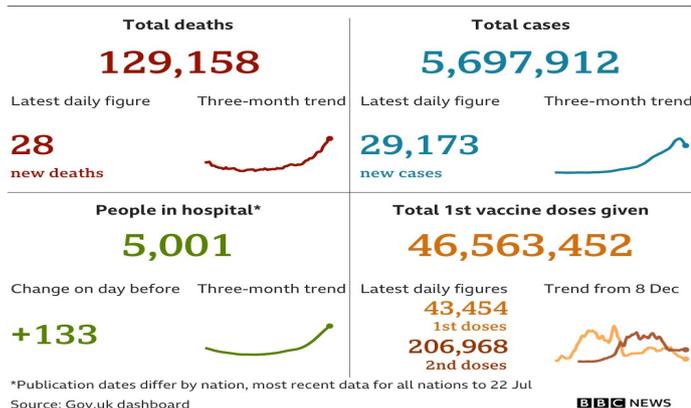
We are presently in a third UK wave caused mainly by Delta (Indian) Variant of Covid-19. However, the number of hospitalisations and deaths have increased through the present third wave but a significantly lower rate when compared to the infection rate and to the two previous waves. This is despite the Delta variant being more transmittable and thus spreading faster than the previously most common Alpha (Kent) variant.

The Alpha variant was responsible for the UK second wave, which ran from late 2020 through to the spring / early summer of 2021. This second wave resulted in the highest hospitalisations and deaths per day of the pandemic to date, exceeding the initial wave in Spring 2020.

Nevertheless, what is clear although rising there are presently lower hospital admissions and deaths, despite this third wave of infections and this is due to the vaccination programme.

Additionally, most recently the third wave infection rise in cases has for now been abated. However, much uncertainty on this present trend is currently being considered by the relevant scientific and government institutions.

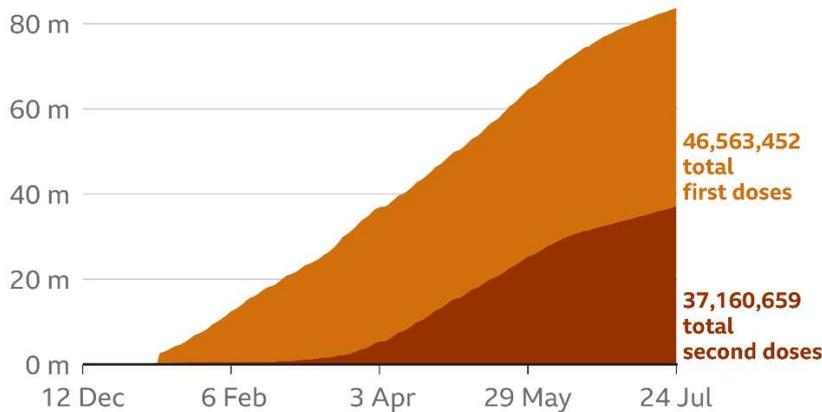
Coronavirus in the UK



Vaccination

The UK is one of the worlds most advanced vaccinated populations, which is allowing the government to lift restrictions and for a return to a more normal society to begin.

More than 83m vaccine doses received across the UK, to 24 Jul



Source: Gov.uk dashboard. Data to 24 Jul



Totals to date – 27 July 2021

<https://coronavirus.data.gov.uk/details/vaccinations>

First dose received – 46,653,796 doses = 88% approx. of the population

Second dose received – 37,459,060 doses = 71 % approx. of the population

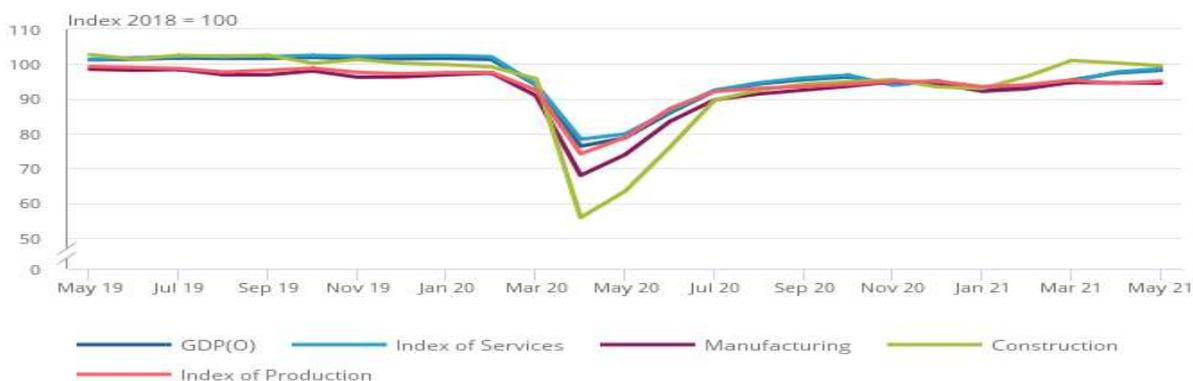
Construction (construction output UK)

Of the various components of gross domestic product (GDP), construction was initially affected most by the coronavirus (COVID-19) pandemic.

As can be seen on Figure 1 below its impact was initially approximately 40% in March to May 2020.

Figure 1: Output in each of the services, production and manufacturing sectors remains below the pre-pandemic February 2020 level

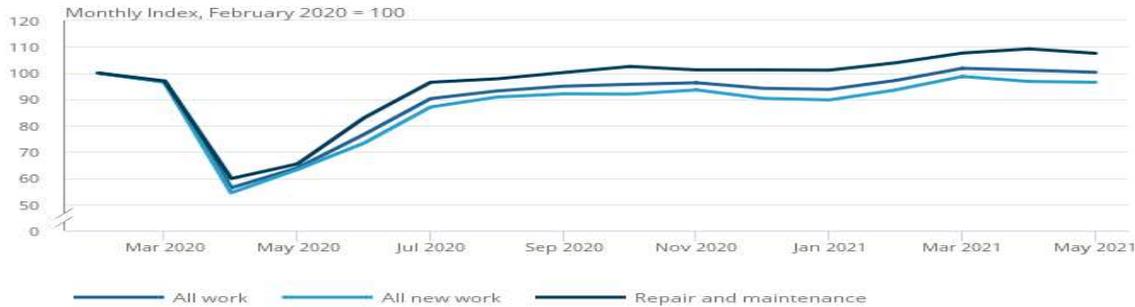
Monthly gross domestic product and components index, seasonally adjusted, UK, May 2019 to May 2021



However, construction has recovered strongly since the initial downturn in March to May 2020 (see Figure 7 below).

Figure 7: Construction output fell by 0.8% in May 2021, but remains slightly above its pre-pandemic level (0.3% above)

Monthly index, February 2020 to May 2021, February 2020 = 100



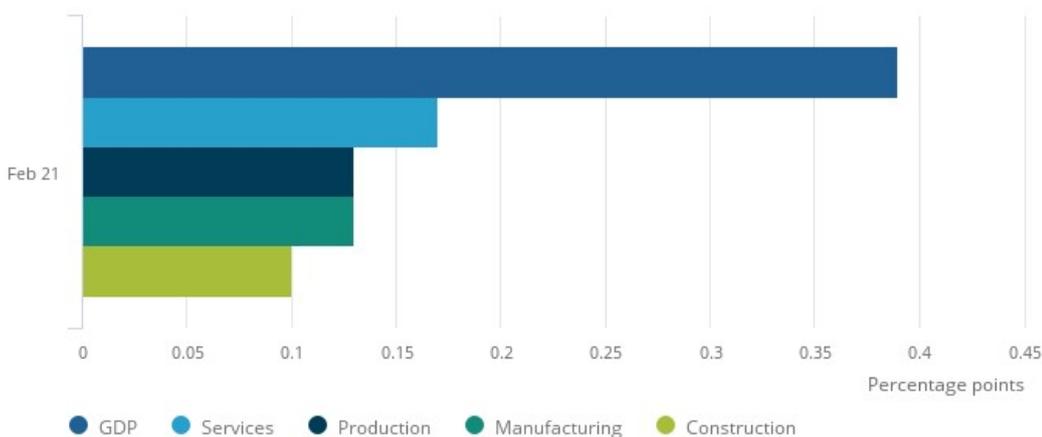
Source: Office for National Statistics – GDP monthly estimate and Construction output in Great Britain

Monthly construction declined by 0.8% between April and May 2021. The fall in construction output in April 2021 was driven by both a fall in new work (2.9%) and repair and maintenance (0.6%).

Despite April’s fall, construction remains slightly above February 2020 levels (0.3%). The Construction recovery has helped the economy bounce back (see figure 2 below).

Figure 2: Services, production and construction output all contributed positively to headline GDP in February 2021

Contributions to monthly growth, February 2021, UK



Source: Office for National Statistics - GDP monthly estimate

The construction recovery is not consistent across all sectors, and delays and claims have grown due to the Covid – 19 pandemic.

Furthermore, concern relating to longer term investment from industries still decimated by the pandemic such as aviation will need to be considered by all in the construction industry over the coming years.

Current Guidance - Keeping you and your offices & sites safe

Get fully vaccinated if you are able. All adults in England have now been offered at least one dose of a COVID-19 vaccine. The vaccines are safe and effective. They give you the best protection against COVID-19. The more people vaccinated the less chance of the virus being transmitted between people, and this will limit any further waves within the whole UK population. The vaccines also reduce the risk of hospitalisation and death.

Restrictions lifted 19 July 2021

- Social distancing guidance will no longer apply.
- No limits on interaction with others. However, to minimise risk at a time of high prevalence, the government advises you should limit the close contact you have with those you do not usually live with and increase close contact gradually.
- The government is no longer instructing people to work from home if they can, so employers can start to plan a return to workplaces.
- The requirement to wear face coverings in law has been lifted, although for example the Mayor of London has made it mandatory on the London Tube. However, the Government expects and recommends that people wear face coverings in crowded areas such as public transport.

HM Government – Working safely during COVID-19 in construction and other outdoor work – published on 14 July 2021.

<https://www.gov.uk/guidance/working-safely-during-covid-19/construction-and-other-outdoor-work>

Construction Leadership Council – Site Operating Procedures Statement - 15 July 2021

<https://www.constructionleadershipcouncil.co.uk/news/site-operating-procedures-statement/>

Below are some points identified in the sets of guidance for construction to give useful direction towards extra precautions for staff safety:

Transport & wearing a face covering - The Government expects and recommends that people wear face coverings in crowded areas such as public transport. Wherever possible workers should try not to share a vehicle with those outside their household or support bubble, if they do share a vehicle should follow guidance given in the links above.

Personal hygiene - Wash your hands with soap and water or use hand sanitiser regularly throughout the day. Regular hand washing is an effective way to reduce your risk of catching illnesses, including COVID-19. On site, provide additional hand washing facilities and allow regular breaks to wash hands

Staying home when unwell - If you develop COVID-19 symptoms, self-isolate immediately and get a PCR test, even if your symptoms are mild. You should self-isolate at home while you book the test and wait for the results. You must self-isolate if you test positive.

Site Access and Egress Points - Stop all non-essential visitors and consider introducing staggered start and finish times to reduce congestion and contact, control social distancing at all times.

Work Planning to Avoid Close Working - Sites and work need to be planned and organised to avoid crowding and minimise the risk of spread of infection by following Government guidance and the advice within these Site Operating Procedures.

Claims & Disputes

The disruption to construction projects in the UK stemming from the Covid-19 pandemic has already and will continue to spur contractors and sub-contractors to consider whether they have any entitlement to compensation to cover the additional costs they have incurred. Clients and professionals have and will need to continue to be prepared to deal with these Extension of Time and / or financial claims.

The mere existence of the Covid-19 pandemic will not automatically result in an entitlement to additional time and / or money. However, depending on the terms of the contract, actions taken by the parties because of the pandemic and measures introduced by authorities may entitle a contractor to claim.

Construction News state that the value of construction disputes has more than doubled as COVID claims rise and the average value of disputes in the UK rose to £27.4m last year, up from £12.6m in 2019.

The construction sector requires significant resources to operate, for works to be progressed both in terms of materials and labour. Therefore, any impact on labour movements and supply chains will quickly give rise to financial pressures.

Equally, the risk of site workers having to self-isolate has the potential to delay and disrupt the progress of works and lead to delays in performing a construction contract to time.

Material supplies have and will continue to be disrupted in the short to mid-term and these will result in construction delays. The liability of these delays will determine who picks up the bill.

The retention of documents and keeping of records is important on construction projects as they provide contemporaneous accounts of what happened at any given time during the project. This is especially true of many Covid-19 events as this type of information will be required to provide evidence for an Extension of Time or resolve a delay claim.

Profile and Covid - 19

Profile has a wealth of information and experience on the impact of Covid – 19 on the construction process under different contractual arrangements. We can advise any relevant party who needs assistance on a delay and extension of time and / or quantum entitlement dispute or provide independent assessments.