

UK Construction Industry

Key Performance Indicators



Industry Progress Report

In Partnership with

dti



**CONSTRUCTING
EXCELLENCE**
in the built environment

2006

Based on Projects Completed in 2005

IMPORTANT NOTE:

The Industry Progress Report shows the trends in performance of the UK Construction Industry since 1999. Definitions and methods of measurement for the Key Performance Indicators are given in the KPI Pack and Housing KPI Toolkit. A base of 100 is used in the charts to represent the performance in the first year a valid KPI result was available. Trends in subsequent years are shown as a higher value (for improved performance) or a lower value (for worse performance) from the base value. Where appropriate, the base year is shown on the charts (e.g. 1999 = 100). In charts where the first values are spread over more than one year this is shown on the charts (e.g. 1999/2000 = 100).

In Partnership with

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**CONSTRUCTING
EXCELLENCE**
in the built environment

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UK CONSTRUCTION INDUSTRY KPIs INDUSTRY PROGRESS REPORT 2006

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This table summarises the performance of the industry over eight years from 1999 to 2006 for each of the Economic KPIs – All Construction.

ECONOMIC KPIs - ALL CONSTRUCTION - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance in year								Trend	
		1999	2000	2001	2002	2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	72%	73%	72%	73%	78%	80%	83%	84%	↑	↑↑
Client Satisfaction - Service	% scoring 8/10 or better	58%	63%	63%	65%	71%	74%	77%	79%	↑	↑↑
Defects *	% scoring 8/10 or better	-	65%	53%	58%	68%	68%	72%	77%	↑↑	↑↑
Safety - Industry **	Accident incidence rate	1354	1271	1318	1217	1097	1172	1023	901	↑↑	↑↑
Safety - All Companies ***	% achieving zero accident incidence rate	-	-	-	31%	39%	42%	50%	51%	↑	↑↑
Safety - Companies over £10M T/O ***	% achieving zero accident incidence rate	-	-	-	1%	1%	1%	1%	1%	→←	→←
Predictability Cost - Design	% on target or better	65%	64%	63%	63%	65%	62%	63%	66%	↑	↑
Predictability Cost - Construction	% on target or better	37%	45%	48%	50%	52%	49%	48%	44%	↓↓	↑↑
Predictability Cost - Project	% on target or better	-	50%	46%	48%	52%	50%	48%	45%	↓↓	↓↓
Predictability Time - Design	% on target or better	27%	37%	41%	46%	53%	55%	52%	57%	↑↑	↑↑
Predictability Time - Construction	% on target or better	34%	62%	59%	61%	59%	60%	62%	60%	↓	↑↑
Predictability Time - Project	% on target or better	-	28%	36%	42%	44%	44%	46%	44%	↓	↑↑
Profitability ****	Median % profit before interest & tax	-	4.4%	5.1%	5.2%	5.4%	7.0%	8.1%	7.9%	↓	↑↑
Productivity ****	Median value added/employee (£000)	-	27.0	28.0	28.0	31.1	32.6	34.2	38.2	↑↑	↑↑
Construction Cost	% change compared with one year ago	-3.0%	-2.0%	3.0%	2.0%	5.0%	1.1%	-0.8%	-0.8%	→←	↓↓
Construction Time *	% change compared with one year ago	-	3.0%	1.0%	4.0%	1.0%	-1.7%	1.3%	0.1%	→←	↓↓

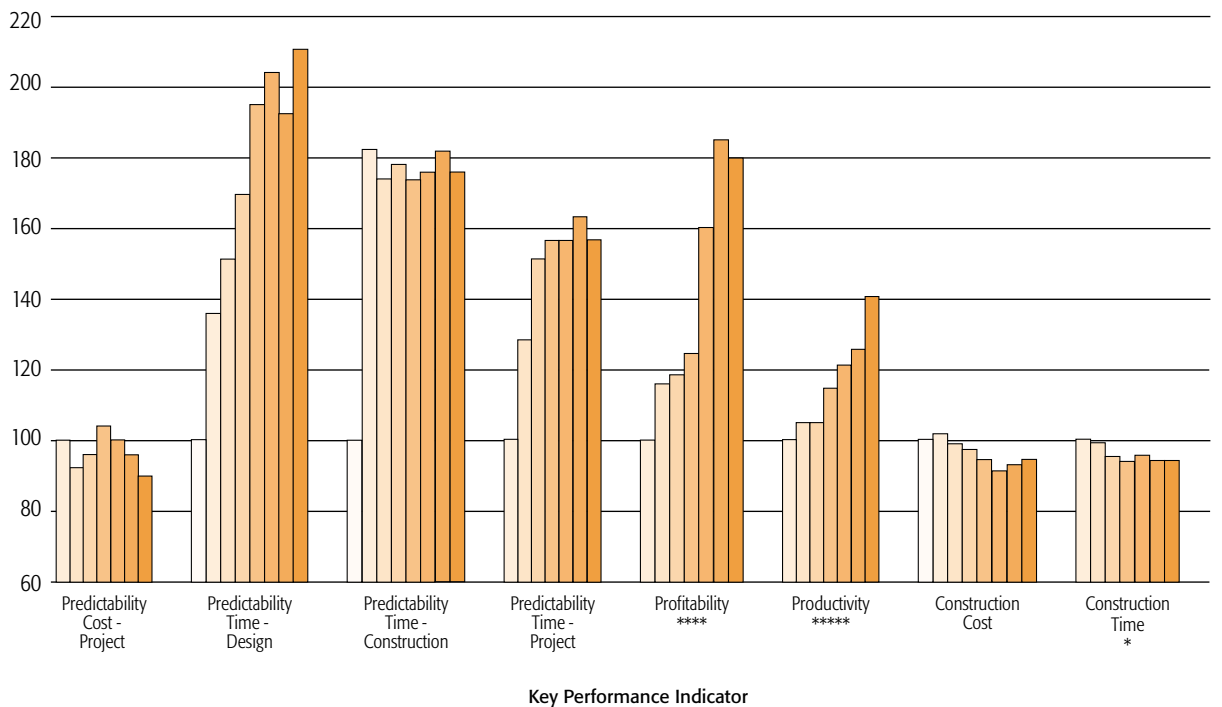
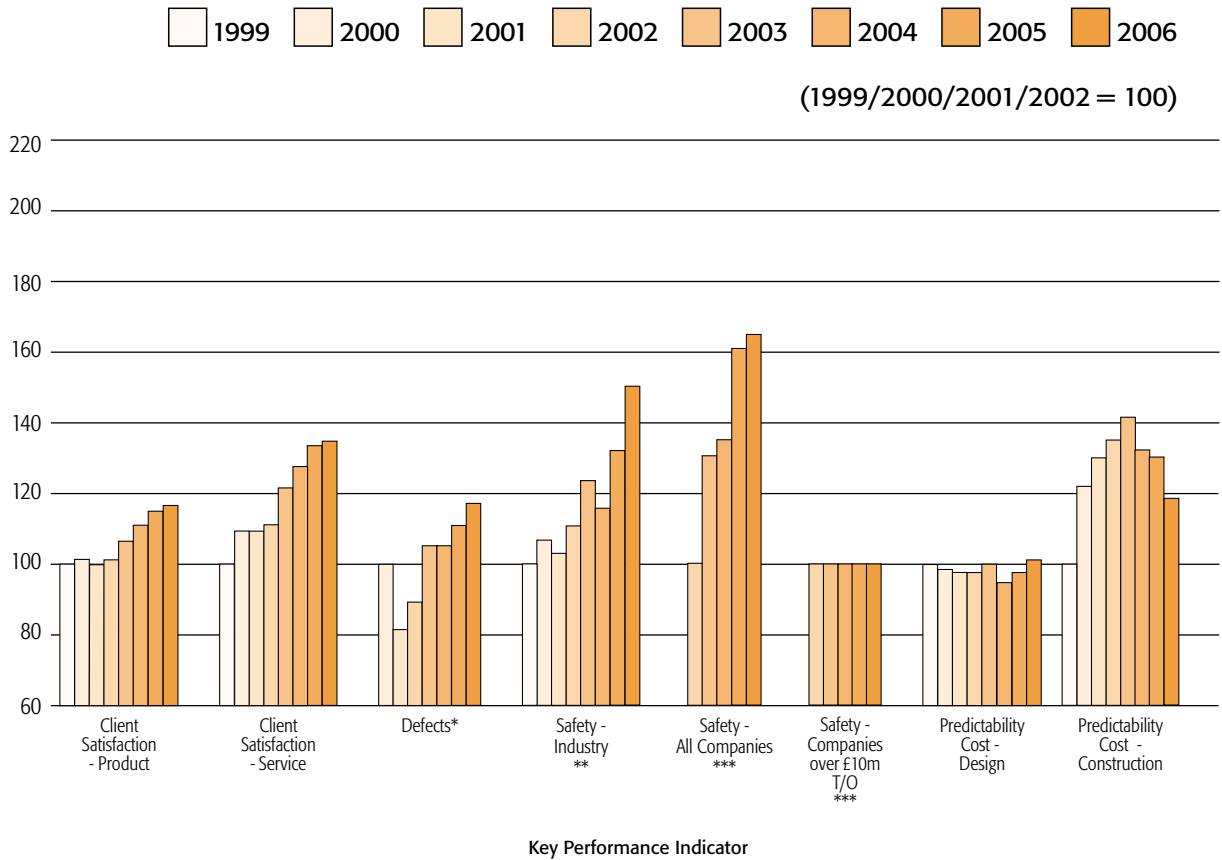
* The measure for this KPI was changed in 2000, 1999 data therefore not reported.

** This measure is the annual accident incidence rate published by the Health & Safety Executive on its website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities".

*** This KPI is based on company annual accident incidence rates collected in the DTI Contractor Survey which is adjusted for under reporting (see KPI Handbook for details). Data for this KPI was not collected before 2002.

**** The measure for this KPI was changed in 2000, 1999 data therefore not reported. In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

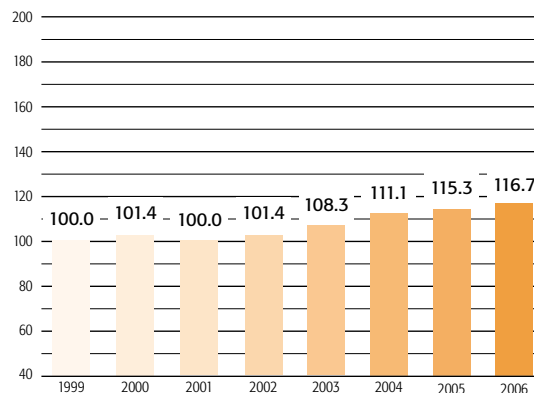
ECONOMIC KPIs - ALL CONSTRUCTION - PERFORMANCE OVER EIGHT YEARS TO 2006



CLIENT SATISFACTION - PRODUCT

The annual KPI surveys ask clients to rate how satisfied they were with the completed facility on a scale from 1-10.

In 2006, 84% of projects were awarded 8 out of 10 or better compared with 83% in 2005. This represents a small improvement in performance year-on-year and a significant improvement over eight years.

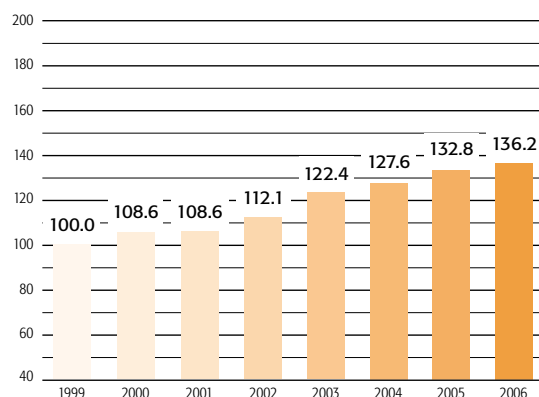


CLIENT SATISFACTION - SERVICE

The annual KPI surveys ask clients to rate how satisfied they were with the service provided by the project team on a scale from 1-10.

In 2006, 79% of projects were awarded 8 out of 10 or better compared with 77% in 2005. This represents a small improvement in performance year-on-year and a significant improvement over eight years.

It remains notable that the assessment of service remains below that of product.

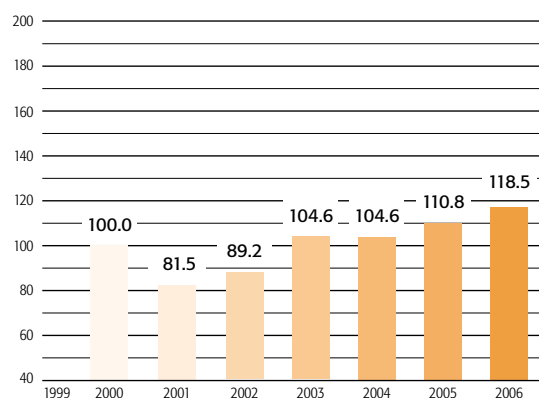


DEFECTS

The annual KPI surveys ask clients to rate the impact of defects in the project at the point of handover, on a scale from 1-10, where 10 represents zero defects.

In 2006, 77% of projects achieved 8 out of 10 or better compared with 72% in 2005. This represents a significant improvement in performance year-on-year and over seven years¹.

The proportion of clients indicating zero defects in 2006 is 12% the same as in 2005.

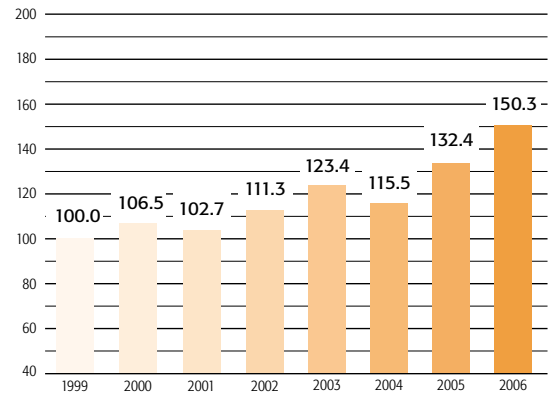


¹The measure for this KPI was changed in 2000, 1999 data, therefore, not reported.

SAFETY - INDUSTRY²

The provisional HSE data for all reportable accidents in 2004/5 indicates an accident incidence rate of 901 reportable accidents per 100,000 employed³. The equivalent figure⁴ for 2003/4 was 1023.

This represents a significant improvement in performance year-on-year and over eight years.

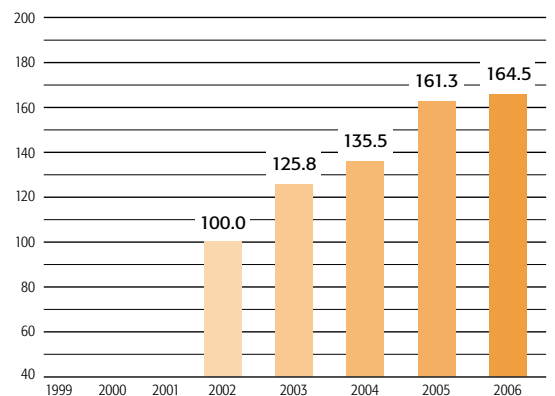


SAFETY - ALL COMPANIES

The annual KPI surveys ask for company annual accident incidence rates per 100,000 employed. The dataset is adjusted for under reporting.

In 2006, 51% of companies achieved a zero accident incidence rate compared with 50% in 2005. This represents a small improvement in performance year on year and significant improvement over five years.

Data for this KPI was not collected before 2002.

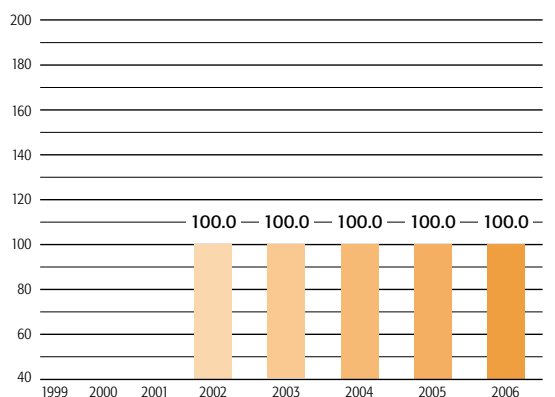


SAFETY - COMPANIES OVER £10m TURNOVER

The annual KPI surveys ask for company annual accident incidence rates per 100,000 employed. The dataset is adjusted for under reporting.

In 2006 1% of companies with a turnover greater than £10m achieved a zero accident incidence rate which was the same as 2005. This represents no change in performance year-on-year or over five years.

Data for this KPI was not collected before 2002.



² This measure for this KPI is the annual accident incidence rate published by the Health & Safety Executive on its website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities".

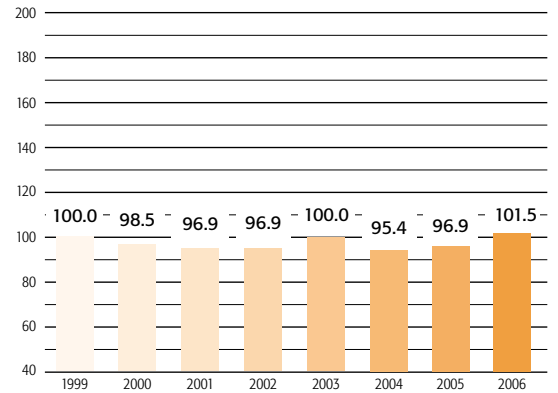
³ The number employed includes employees and self-employed. All reportable accidents are included, i.e. employees, self-employed and members of the public.

⁴ The final figures are revised (usually upwards), this is an annual effect. To ensure a like-for-like comparison, the provisional figures are used in this analysis.

PREDICTABILITY COST - DESIGN

The annual KPI surveys ask for the actual out-turn cost of design compared with the figure agreed at the start of that phase.

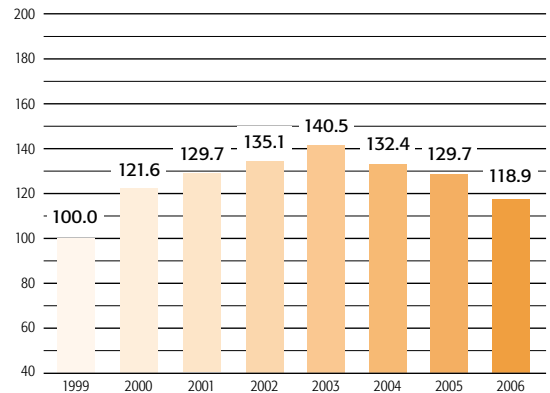
In 2006, 66% of projects delivered on target or better compared with 63% in 2005. This represents a small improvement in performance year-on-year and over eight years



PREDICTABILITY COST - CONSTRUCTION

The annual KPI surveys ask for the actual out-turn cost of construction compared with the figure agreed at the start of that phase.

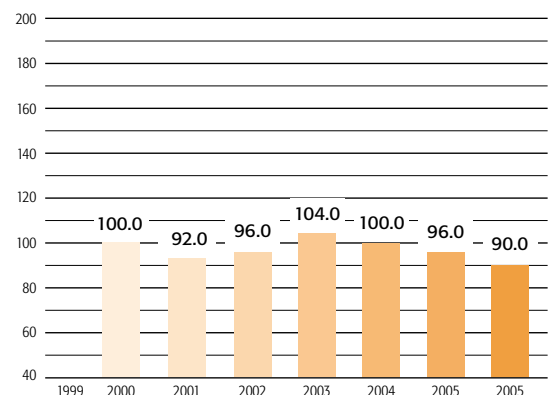
In 2006, 44% of projects delivered on target or better compared with 48% in 2005. This represents a significant reduction in performance year-on-year but a significant improvement in performance over eight years.



PREDICTABILITY COST - PROJECT

Since 2000 the annual KPI surveys have also assessed the cost predictability of the whole project (i.e. the combined cost of design and construction).

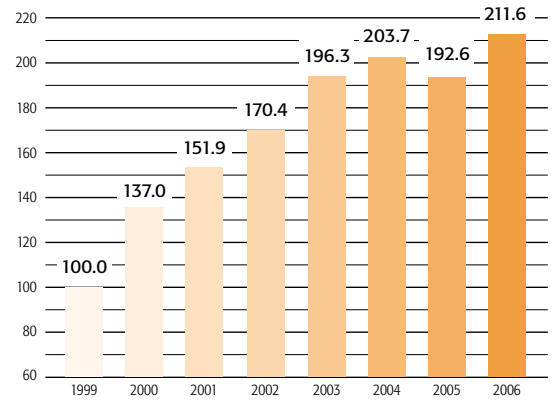
In 2006, 45% of projects delivered on target or better, compared with 48% in 2005. This represents a significant reduction in performance year on year and a small reduction in performance over seven years.



PREDICTABILITY TIME - DESIGN

The annual KPI surveys ask for the actual out-turn time taken for the design phase compared with the length of time agreed at the start of that phase.

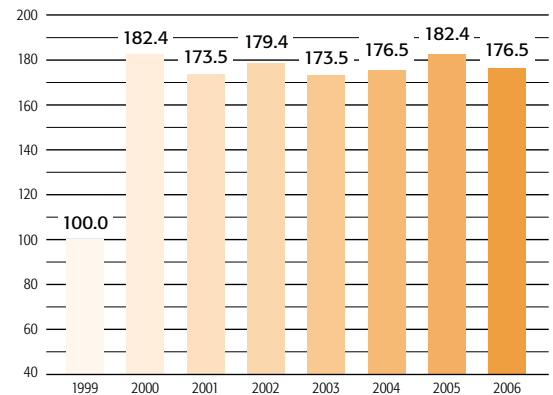
In 2006, 57% of projects delivered on programme or better, compared with 52% in 2005. This represents a significant improvement in performance year-on-year and over eight years.



PREDICTABILITY TIME - CONSTRUCTION

The annual KPI surveys ask for the actual out-turn time taken for the construction phase compared with the length of time agreed at the start of that phase.

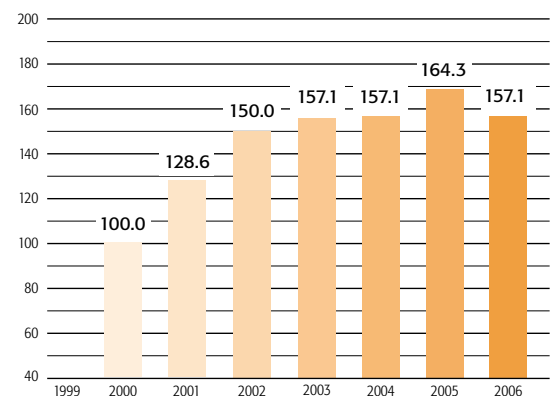
In 2006, 60% of projects delivered on programme or better, compared with 62% in 2005. This represents a small reduction in performance year-on-year but a significant improvement over eight years.



PREDICTABILITY TIME - PROJECT

Since 2000 the annual KPI surveys have also assessed the time predictability of the whole project (i.e. the combined time for design and construction).

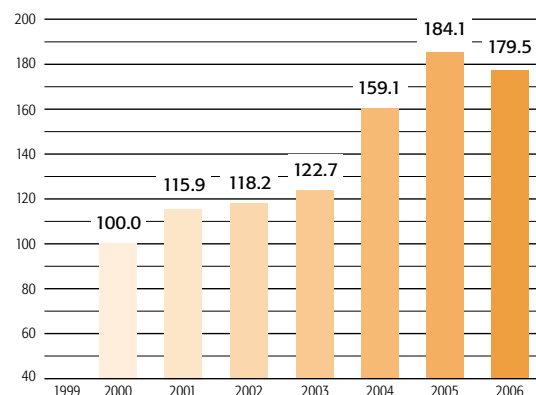
In 2006, 44% of projects delivered on target or better compared with 46% in 2005. This represents a small reduction in performance year-on-year but a significant improvement over seven years.



PROFITABILITY⁵

Data on profit before interest and tax (PBIT) is obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January relates to financial performance reported in the previous year.

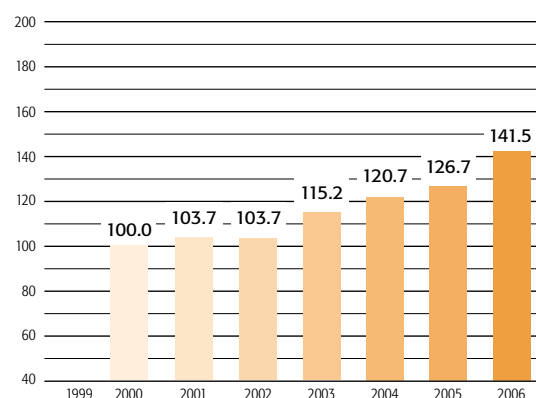
In 2006, the median profitability per gross turnover was 7.9%, compared with 8.1% in 2005. This represents a small reduction in performance year-on-year but a significant improvement over seven years.



PRODUCTIVITY⁵

Data on value added (gross turnover less all bought-in supplies) is obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January relates to financial performance reported in the previous year.

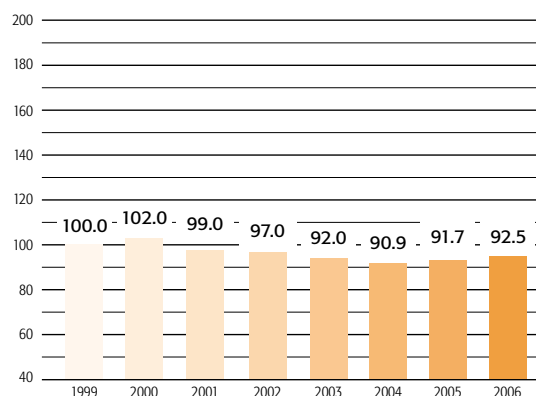
In 2006, the median value added per employee was £38.2K compared to £34.2K in 2005. This represents a significant improvement in performance year-on-year and over seven years.



CONSTRUCTION COST

DTI collates data on the total cost of construction, and is able to normalise this by type and size of facility and region of the country.

DTI analysis of this data shows that construction costs in 2006 fell in absolute terms by 0.8% compared with 2005. This represents no real change in performance year-on-year (reflecting the changes evident from tender price indices during 2005) but a significant reduction in performance over eight years.

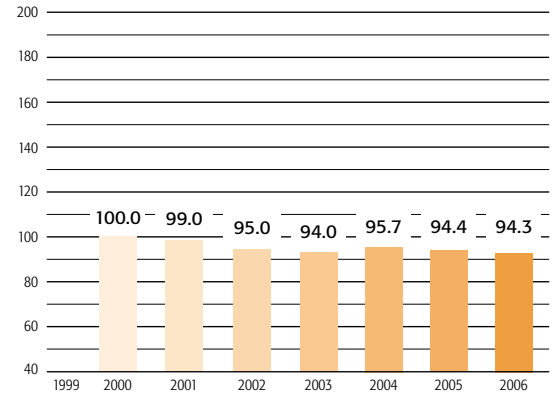


⁵ The measure for this KPI was changed in 2000; 1999 data is therefore not reported. In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

CONSTRUCTION TIME

DTI collates data on the duration of construction and is able to normalise this by type and size of facility and region of the country.

DTI analysis of this data shows that construction times in 2006 were 0.1% longer on average than in 2005. This represents no real change in performance year on year but a significant reduction over seven years⁶.



⁶ The measure for this KPI was changed in 2000, 1999 data is therefore not reported.

This table summarises the performance of the industry over five years from 2002 to 2006 for each of the Respect for People KPIs – All Construction.

RESPECT FOR PEOPLE - ALL CONSTRUCTION - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance					Trend	
		2002	2003	2004	2005	2006	Last Year	All Years
Employee Satisfaction *	% scoring 8/10 or better	-	41%	41%	51%	55%	↑↑	↑↑
Staff Turnover *	Median % staff turnover	-	7.7%	7.1%	6.7%	5.9%	↑↑	↑↑
Sickness Absence *	Median number of days lost	-	1.8	1.7	1.5	1.4	↑↑	↑↑
Safety - Industry****	Accident incidence rate (HSE)	1217	1097	1172	1023	901	↑↑	↑↑
Safety - All companies *****	% achieving zero accident incidence rate	31%	39%	42%	50%	51%	↑	↑↑
Safety - Companies over £10m T/O *****	% achieving zero accident incidence rate	1%	1%	1%	1%	1%	→←	→←
Working Hours	Median usual hours worked / week (hrs)	44	41	41	40	40	→←	↑↑
Travelling Time****	Median travel time to work / day (mins)	31	24	25	25	25	→←	↑↑
Qualifications & Skills **	Median % of direct employees qualified to NVQ Level 2 or higher	-	-	30%	33%	40%	↑↑	↑↑
Equality & Diversity ***	% scoring 8/10 or better	-	44%	46%	54%	54%	→←	↑↑
Training *	Median annual training days / full-time equivalent employee (days)	-	0.8	0.8	1.0	1.0	→←	↑↑
Pay	Median gross weekly earnings (£)	365	414	425	441	460	↑	↑↑
Investors in People *****	Mean % of direct employees covered by IIP recognition	15.4%	16.7%	19.0%	14.9%	11.1%	↓↓	↓↓

* This KPI was based on a new data source in 2003, earlier years are therefore not reported.

** This KPI was changed in 2004, earlier years are therefore not reported.

*** This KPI was new in 2003.

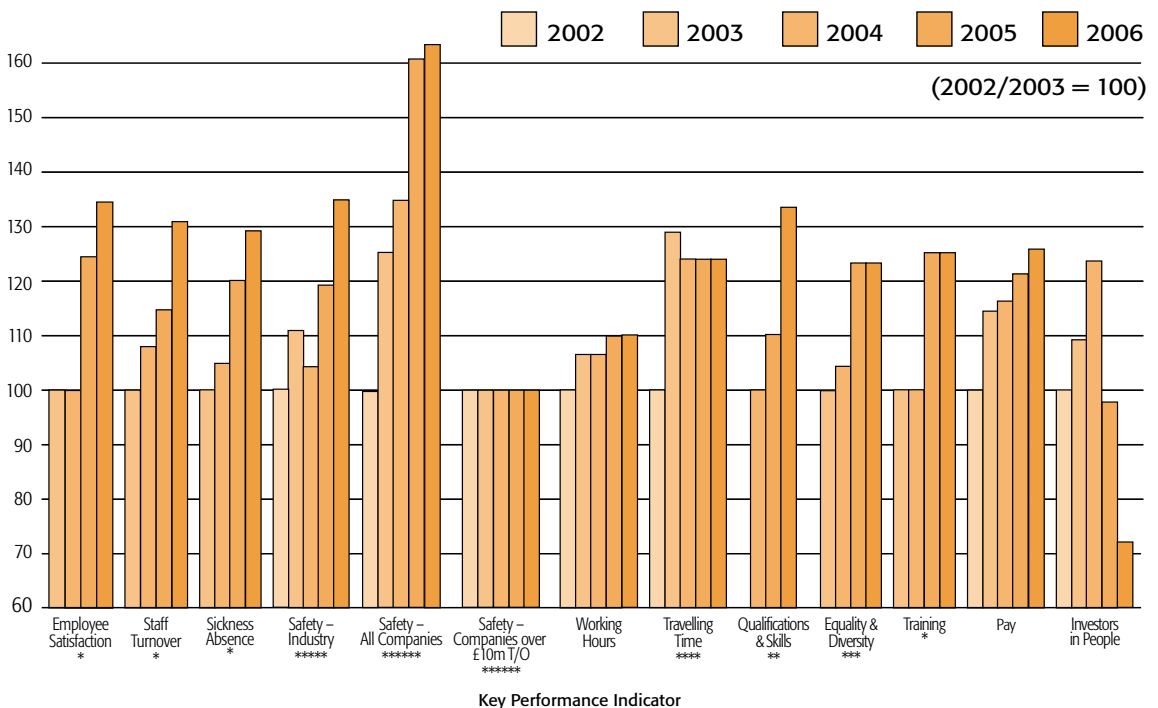
**** This measure has been included as an additional indicator from 2003.

***** This measure is the annual accident incidence rate published by the Health & Safety Executive on its website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities".

***** This KPI is based on company annual accident incidence rates collected in the DTI Contractor KPI Survey which is adjusted for under reporting (see KPI Handbook for details).

***** This KPI is based upon data provided by Investors in People UK Ltd who have made major revisions to the make up of the SIC Code content of their data base of Construction Organisations in 2005 & 2006.

RESPECT FOR PEOPLE - ALL CONSTRUCTION - PERFORMANCE OVER FIVE YEARS TO 2006



This table summarises the performance of the industry over four years from 2003 to 2006 for each of the Environment KPIs – All Construction.

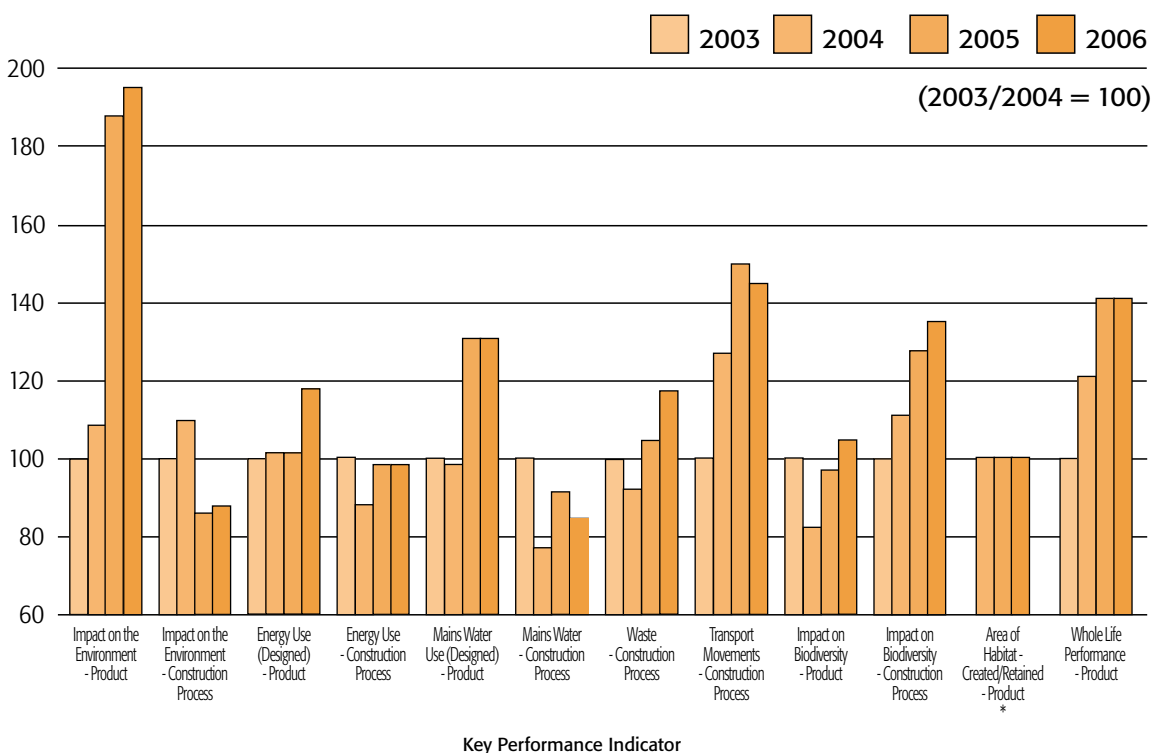
ENVIRONMENT - ALL CONSTRUCTION - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance				Trend	
		2003	2004	2005	2006	Last Year	All Years
Impact on the Environment - Product	% scoring 8/10 or better	28%	32%	53%	54%	↑	↑↑
	- Construction Process	51%	56%	44%	45%	↑	↑↓
Energy Use (Designed) - Product	Median energy use kgCO ₂ / 100m ² gross floor area	4414	4295	4291	3729	↑↑	↑↑
Energy Use - Construction Process	Median energy use kgCO ₂ / £100k project value	288	322	293	293	→←	→←
Mains Water Use (Designed) - Product*	Median water use m ³ / 100m ² gross floor area	69.6	70.4	53.2	52.0	↑	↑↑
Mains Water Use - Construction Process	Median water use m ³ / £100k project value	7.5	9.7	8.2	8.9	↓↓	↓↓
Waste - Construction Process	Median waste removed from site m ³ / £100k project value	43.5	47.1	41.6	37.0	↑↑	↑↑
Transport Movements - Construction Process	Median movements onto site number / £100k project value	44.0	34.5	29.4	30.4	↓	↑↑
Impact on Biodiversity - Product	% scoring 8/10 or better	34%	28%	33%	36%	↑↑	↑↑
	- Construction Process	35%	39%	45%	48%	↑↑	↑↑
Area of Habitat - Created/Retained - Product**	Median change in area of habitat as % of site area		0%	0%	0%	→←	→←
Whole Life Performance - Product	% scoring 8/10 or better	29%	35%	41%	41%	→←	↑↑

* Limited data - use with caution

** No data for this KPI before 2004

ENVIRONMENT - ALL CONSTRUCTION - PERFORMANCE OVER FOUR YEARS TO 2006



This section summaries the performance of the housing sector for the Economic KPIs – Housing.

ECONOMIC KPIs - ALL HOUSING - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance				Trend	
		2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	81%	86%	87%	81%	↓↓	→←
Client Satisfaction - Service	% scoring 8/10 or better	74%	80%	80%	78%	↓	↑↑
Defects	% scoring 8/10 or better	73%	78%	78%	82%	↑↑	↑↑
Safety - Industry *	Accident incidence rate	1097	1172	1023	901	↑↑	↑↑
Safety - All Companies **	% achieving zero accident incidence rate	39%	42%	50%	51%	↑	↑↑
Safety - Companies over £10m T/O **	% achieving zero accident incidence rate	1%	1%	1%	1%	→←	→←
Predictability Cost - Design	% on target or better	66%	66%	67%	67%	→←	↑
Predictability Cost - Construction	% on target or better	48%	56%	49%	46%	↓↓	↓
Predictability Cost - Project	% on target or better	49%	60%	45%	43%	↓	↓↓
Predictability Time - Design	% on target or better	51%	55%	51%	53%	↑	↑
Predictability Time - Construction	% on target or better	62%	62%	56%	57%	↑	↓↓
Predictability Time - Project	% on target or better	46%	49%	44%	42%	↓	↓↓
Profitability****	Median % profit before interest & tax	5.5%	7.7%	8.9%	8.5%	↓	↑↑
Productivity****	Median value added/employee (£000)	32.0	31.9	36.6	47.8	↑↑	↑↑
Cost***	% change compared with one year ago	0.5%	2.0%	1.0%	-2.5%	↑	→←
Time***	% change compared with one year ago	-2%	-2.3%	2.2%	0.8%	→←	→←

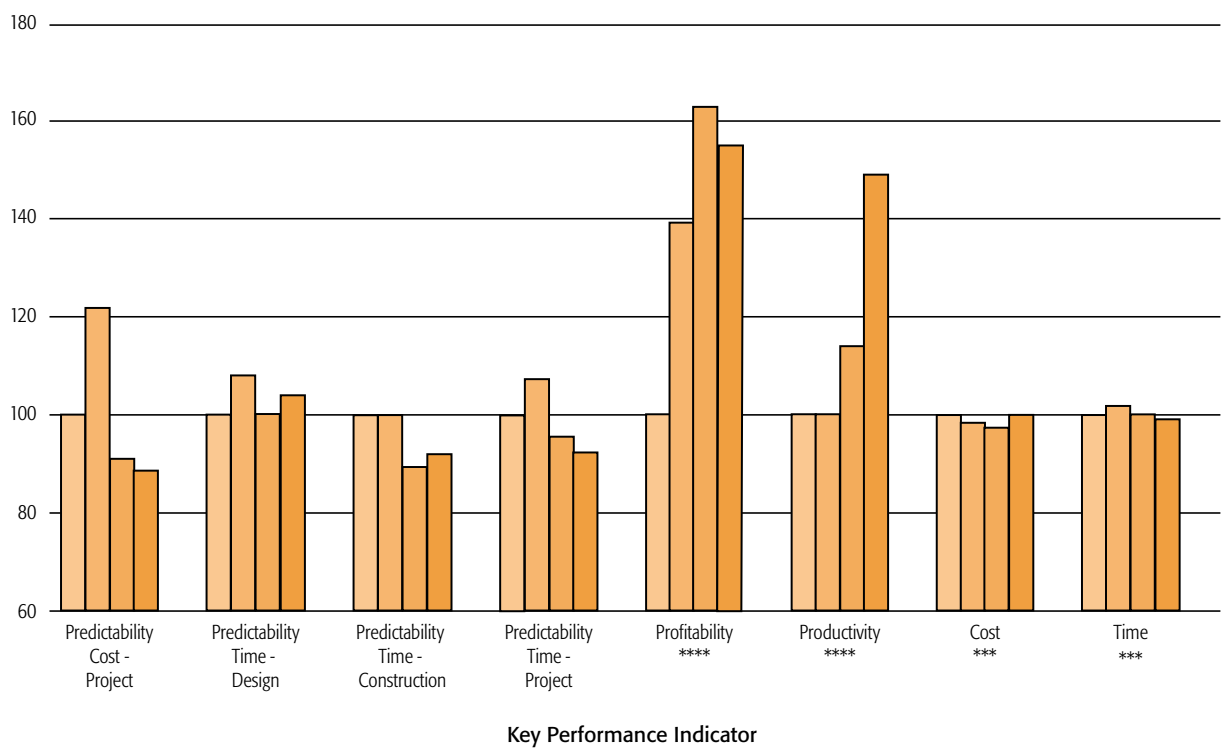
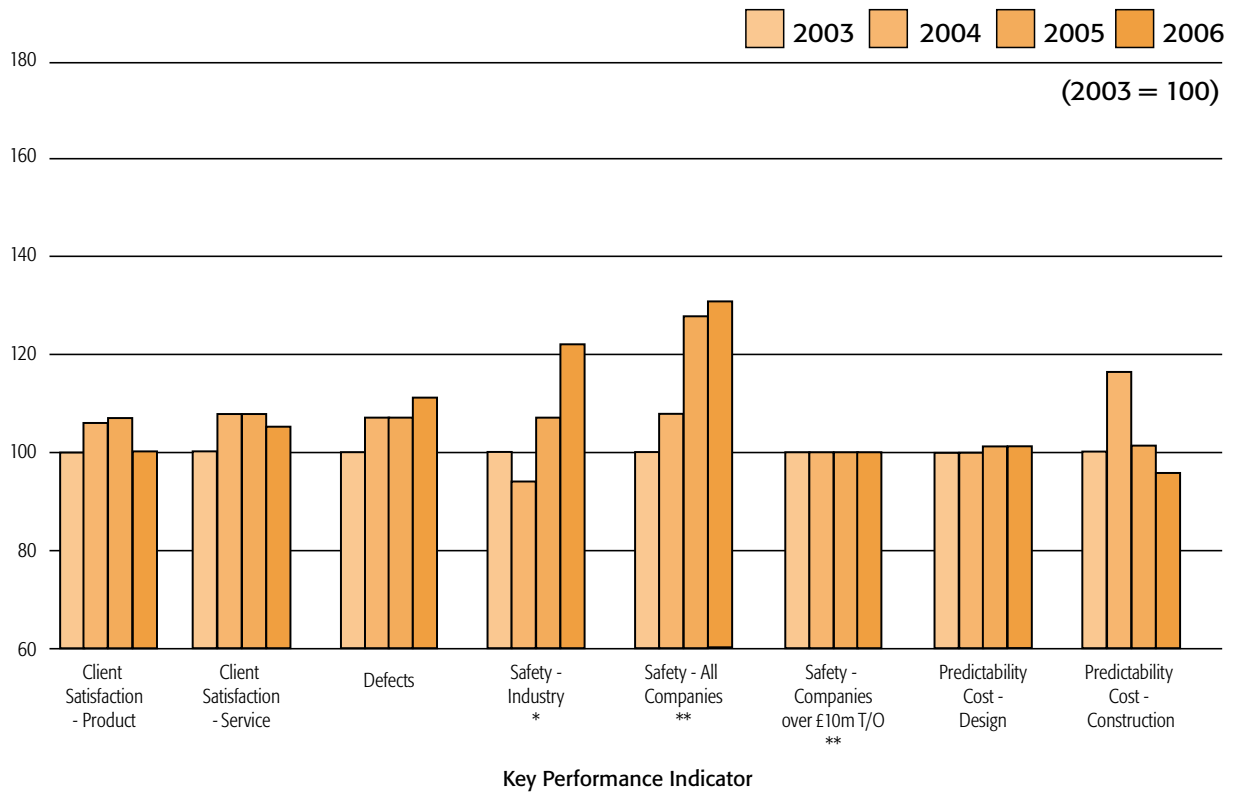
* The measure for this KPI was changed in 2000, 1999 data therefore not reported.

** This measure is the annual accident incidence rate published by the Health & Safety Executive on it's website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities".

*** This KPI is based on company annual accident incidence rates collected in the DTI Contractor Survey which is adjusted for under reporting (see KPI Handbook for details). Data for this KPI was not collected before 2002.

**** In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

ECONOMIC KPIs - ALL HOUSING - PERFORMANCE OVER FOUR YEARS TO 2006



ECONOMIC - NEW BUILD HOUSING - YEAR-ON-YEAR COMPARISONS

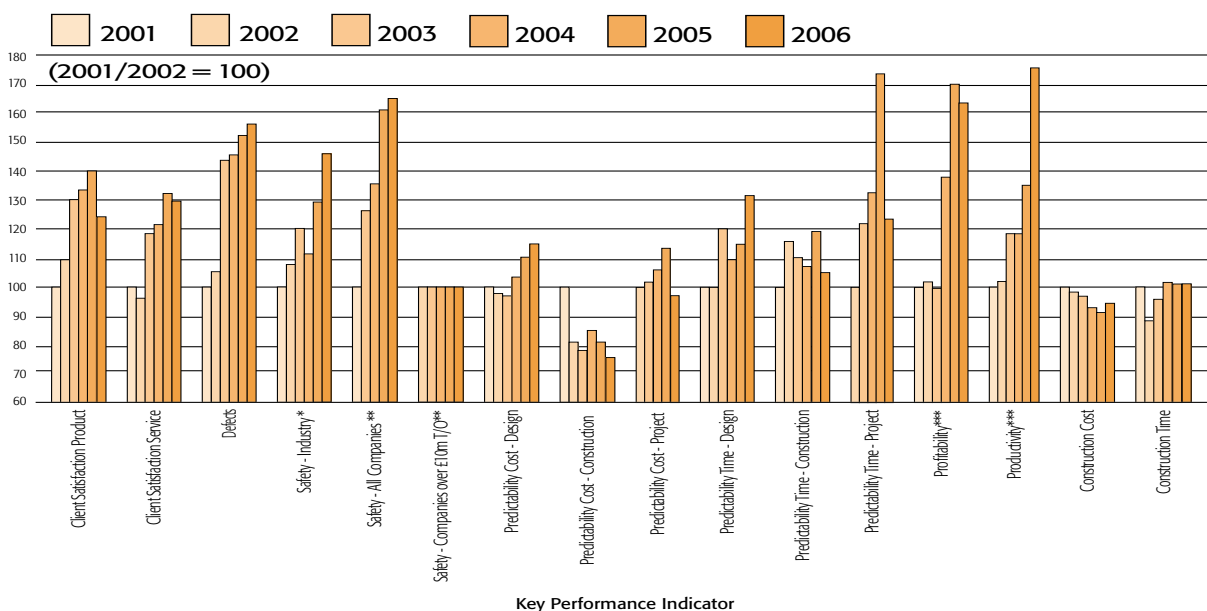
KPI	Measure	Performance in year						Trend	
		2001	2002	2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	63%	69%	82%	83%	88%	78%	↓↓	↑↑
Client Satisfaction - Service	% scoring 8/10 or better	59%	58%	70%	72%	78%	76%	↓	↑↑
Defects	% scoring 8/10 or better	50%	53%	72%	73%	76%	78%	↑	↑↑
Safety - Industry *	Accident incidence rate	1318	1217	1097	1172	1023	901	↑↑	↑↑
Safety - All Companies **	% achieving zero accident incidence rate	-	31%	39%	42%	50%	51%	↑	↑↑
Safety - Companies over £10m T/O**	% achieving zero accident incidence rate	-	1%	1%	1%	1%	1%	→←	→←
Predictability Cost - Design	% on target or better	62%	60%	59%	64%	69%	71%	↑	↑↑
Predictability Cost - Construction	% on target or better	56%	46%	44%	48%	46%	43%	↓↓	↓↓
Predictability Cost - Project	% on target or better	-	38%	39%	41%	43%	37%	↓↓	↓
Predictability Time - Design	% on target or better	41%	41%	49%	45%	47%	54%	↑↑	↑↑
Predictability Time - Construction	% on target or better	53%	62%	59%	57%	63%	56%	↓↓	↑↑
Predictability Time - Project	% on target or better	-	30%	37%	40%	52%	37%	↓↓	↑↑
Profitability***	Median % profit before interest & tax	5.2%	5.7%	5.5%	7.7%	8.9%	8.5%	↓	↑↑
Productivity***	Median value added/employee (£000)	27.1	27.8	32.0	31.9	36.6	47.8	↑↑	↑↑
Construction Cost	% change compared with one year ago	0.0%	3.0%	1.0%	3.5%	1.3%	-3.0%	↑	↓↓
Construction Time	% change compared with one year ago	6.0%	11.0%	-7.0%	-5.9%	1.4%	0.0%	→←	→←

* This measure is the annual accident incidence rate published by the Health & Safety Executive on its website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities". Data for this KPI cannot be split between Housing and Non-Housing.

** This KPI is based on company annual accident incidence rates collected in the DTI Contractor Survey which is adjusted for under reporting (see KPI Handbook for details). Data for this KPI was not collected before 2002 and cannot be split between Housing and Non-Housing.

*** In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

ECONOMIC - NEW BUILD HOUSING - PERFORMANCE OVER SIX YEARS TO 2006



ECONOMIC - HOUSING R&M AND REFURBISHMENT - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance				Trend	
		2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	79%	86%	85%	84%	↓	↑↑
Client Satisfaction - Service	% scoring 8/10 or better	77%	80%	81%	81%	→←	↑↑
Defects	% scoring 8/10 or better	74%	78%	81%	87%	↑↑	↑↑
Safety - Industry *	Accident incidence rate	1097	1172	1023	901	↑↑	↑↑
Safety - All Companies **	% achieving zero accident incidence rate	39%	42%	50%	51%	↑	↑↑
Safety - Companies over £10m T/O **	% achieving zero accident incidence rate	1%	1%	1%	1%	→←	→←
Predictability Cost - Design	% on target or better	72%	66%	65%	69%	↑↑	↓
Predictability Cost - Construction	% on target or better	52%	56%	54%	50%	↓↓	↓
Predictability Cost - Project	% on target or better	59%	60%	49%	62%	↑↑	↑↑
Predictability Time - Design	% on target or better	52%	55%	57%	51%	↓↓	↓
Predictability Time - Construction	% on target or better	64%	62%	68%	58%	↓↓	↓↓
Predictability Time - Project	% on target or better	54%	49%	52%	50%	↓	↓↓
Profitability****	Median % profit before interest & tax	5.5%	7.7%	8.9%	8.5%	↓	↑↑
Productivity****	Median value added/employee (£000)	32.0	31.9	36.6	47.8	↑↑	↑↑
Cost ***	% change compared with one year ago	0.0%	0.8%	0.7%	1.1%	↓	↓
Time ***	% change compared with one year ago (%)	3.0%	1.3%	3.0%	1.6%	↓	↓↓

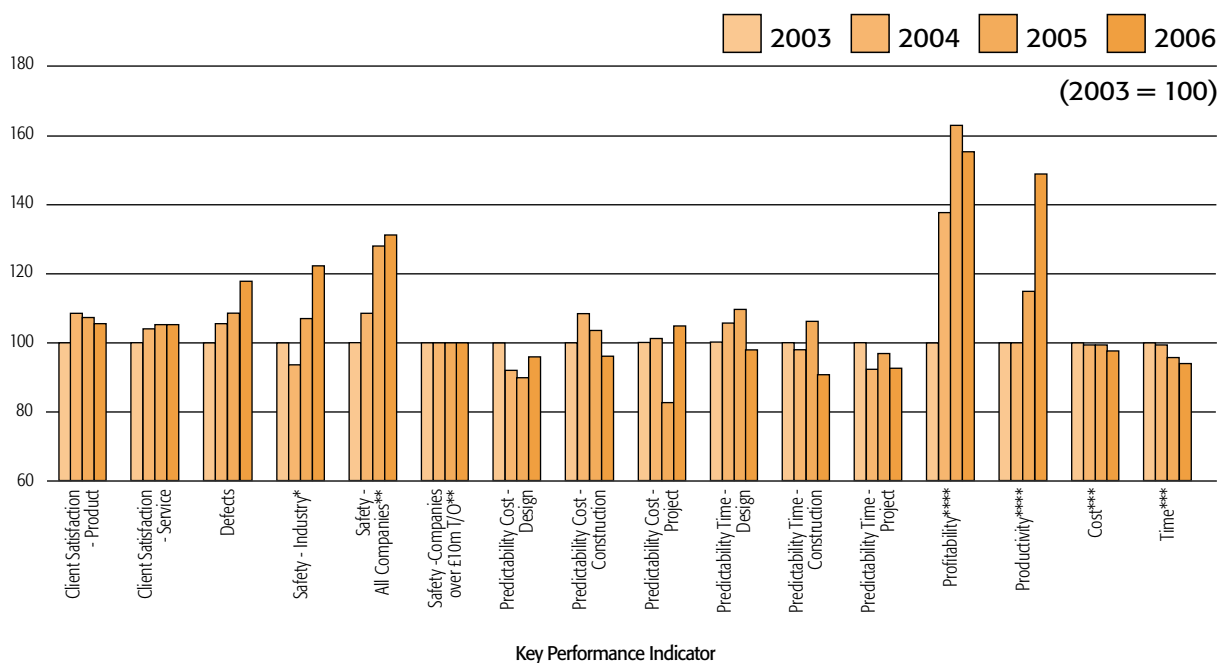
* This measure is the annual accident incidence rate published by the Health & Safety Executive on its website at Table 1 "Injuries in GB by Industry and Severity of Injury as reported to all Enforcing Authorities". Data for this KPI cannot be split between Housing and Non-Housing.

** This KPI is based on company annual accident incidence rates collected in the DTI Contractor Survey which is adjusted for under reporting (see KPI Handbook for details). Data for this KPI was not collected before 2002 and cannot be split between Housing and Non-Housing.

*** Data for this KPI cannot be split between Housing and Non-Housing

**** Data for this KPI cannot be split between New Build Housing and R&M and Refurbishment Housing. In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

ECONOMIC - HOUSING R&M AND REFURBISHMENT - PERFORMANCE OVER FOUR YEARS TO 2006



This section summarises the performance of the Constructing Excellence Demonstration Projects over six years from 2001 to 2006 and then compares this with the industry performance in 2006 by normalising the industry's performance against each KPI to a base of 100.

Data was collated by the Constructing Excellence Team who worked with the projects to ensure consistent interpretation and application of the KPI measures.

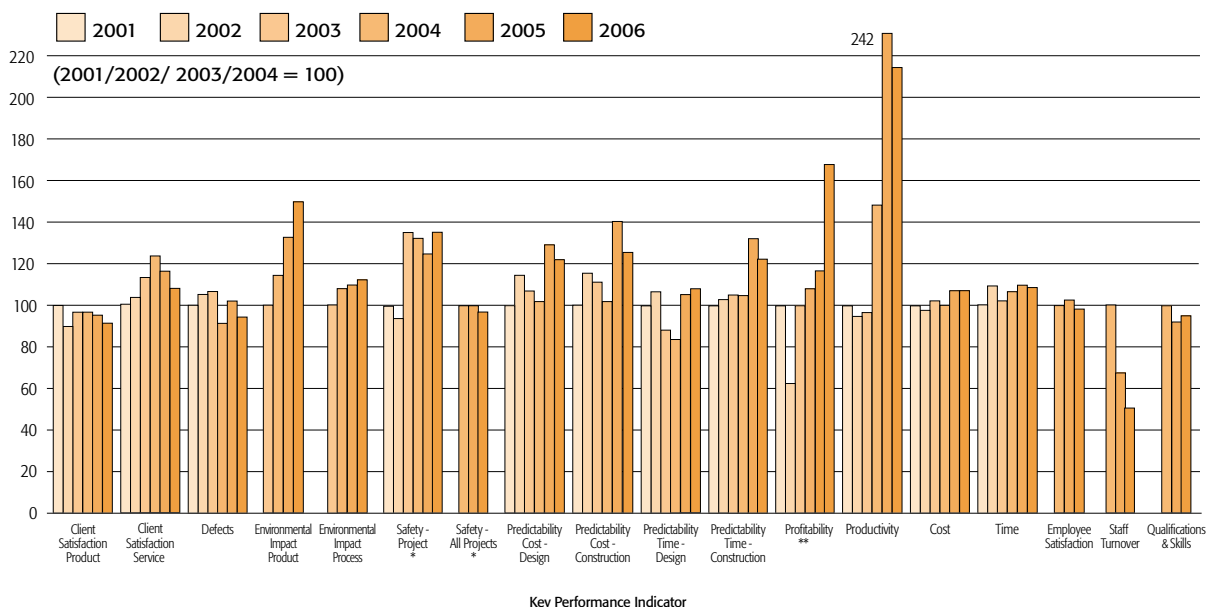
DEMONSTRATION PROJECTS - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance						Trend	
		2001	2002	2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Product	% scoring 8/10 or better	93%	84%	90%	90%	89%	86%	↓	↓↓
Client Satisfaction - Service	% scoring 8/10 or better	76%	78%	86%	94%	88%	83%	↓↓	↑↑
Defects	% scoring 8/10 or better	82%	86%	87%	75%	84%	78%	↓↓	↓
Environmental Impact Product	% scoring 8/10 or better	-	-	62%	71%	82%	93%	↑↑	↑↑
Environmental Impact Process	% scoring 8/10 or better	-	-	76%	82%	83%	89%	↑↑	↑↑
Safety - Project *	Accident incidence rate	569	605	428	435	458	425	↑↑	↑↑
Safety - All projects *	% scoring zero accident incident rate	-	-	-	78%	78%	76%	↓	↓
Predictability Cost - Design	% on target or better	67%	77%	71%	69%	86%	82%	↓	↑↑
Predictability Cost - Construction	% on target or better	58%	67%	64%	60%	81%	73%	↓↓	↑↑
Predictability Time - Design	% on target or better	74%	79%	66%	62%	78%	81%	↑	↑↑
Predictability Time - Construction	% on target or better	65%	67%	69%	69%	85%	79%	↓↓	↑↑
Profitability**	Median % profit before interest & tax	6.0%	5.0%	6.0%	6.5%	7.0%	10.0%	↑↑	↑↑
Productivity	Median value added/employed (£000)	37.0	35.0	36.0	55.0	89.7	79.0	↓↓	↑↑
Cost	% change compared with one year ago	0.1%	2.0%	-3.2%	0.5%	-7.0%	-7.0%	→ ←	↑↑
Time	% change compared with one year ago	0.1%	-10.0%	-1.5%	-7.0%	-10.0%	-9.0%	→ ←	↑↑
Employee Satisfaction	% scoring 8/10 or better	-	-	-	89%	92%	88%	↓	↓
Staff turnover	Median % staff turnover	-	-	-	2.0%	3.0%	4.0%	↓↓	↓↓
Qualifications & Skills	Median % employees qualified to NVQ Level 2 or higher	-	-	-	100%	93%	96%	↑	↓

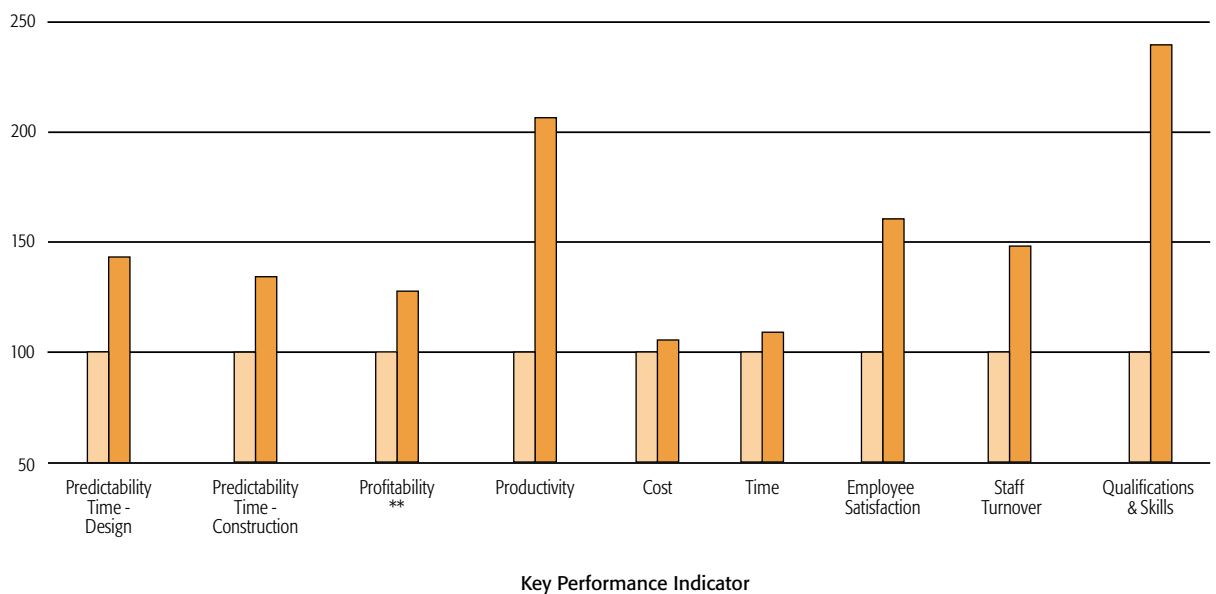
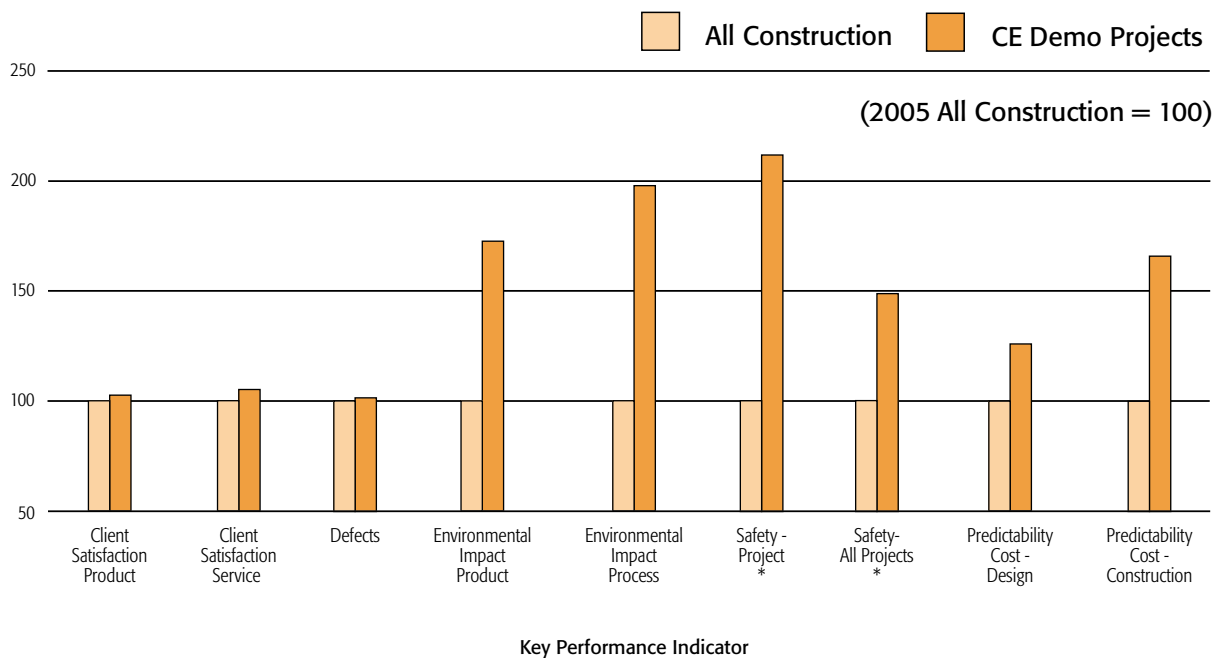
* CE safety data is project based while KPI safety data is company based

** Some of the data sets which show a 0% profit have been excluded as they are from the clients point of view and, therefore, no profit would be made

DEMONSTRATION PROJECTS - PERFORMANCE OVER SIX YEARS TO 2006



DEMONSTRATION PROJECTS COMPARISON WITH ALL CONSTRUCTION 2006



This section summarises the performance of the Industry Sectors against each of their KPIs.

M&E Contractors

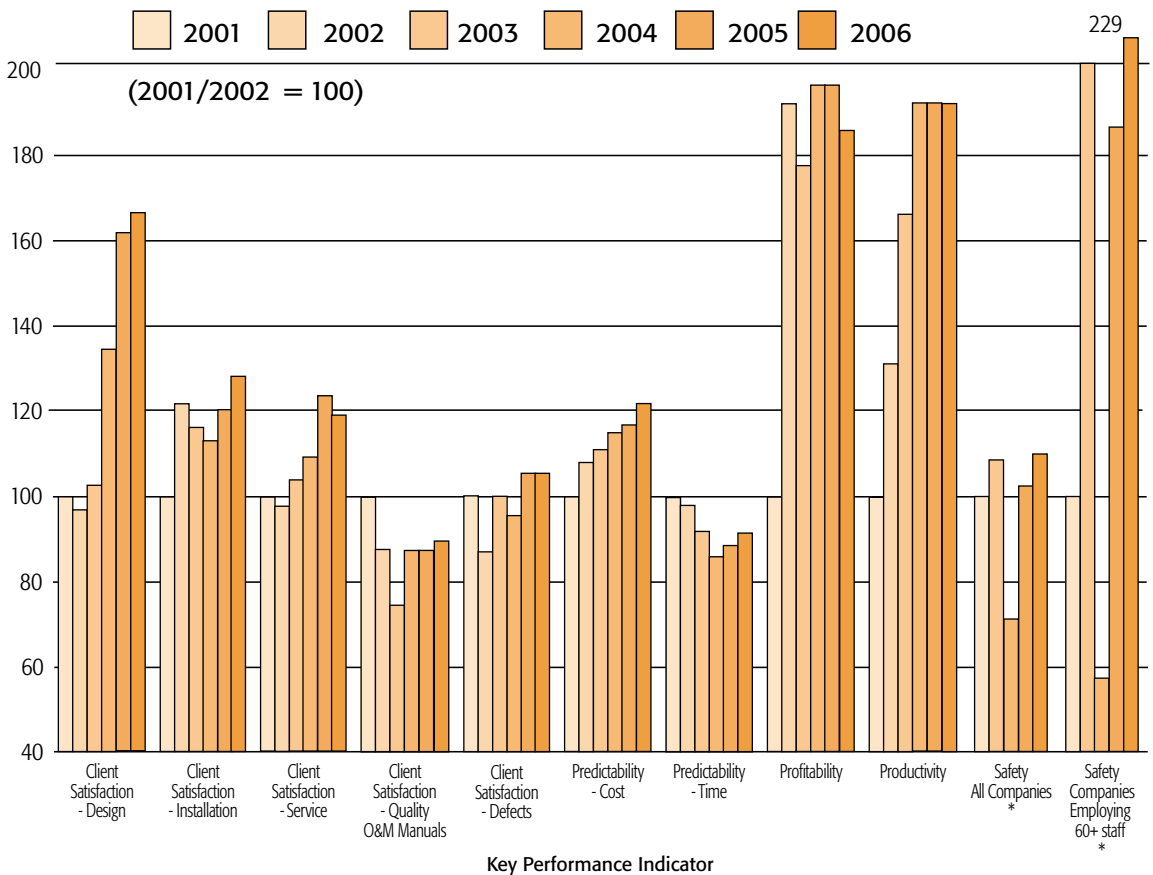
Data from clients and M&E contractors was collated by a BSRIA team with support from DTI.

M&E CONTRACTORS KPIs - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance						Trend	
		2001	2002	2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Design	% scoring 8/10 or better	38%	37%	39%	51%	61%	63%	↑	↑↑
Client Satisfaction - Installation	% scoring 8/10 or better	56%	68%	65%	63%	67%	71%	↑↑	↑↑
Client Satisfaction - Service	% scoring 8/10 or better	56%	55%	58%	61%	69%	66%	↓	↑↑
Client Satisfaction - Quality O&M Manuals	% scoring 8/10 or better	50%	44%	38%	44%	44%	45%	↑	↓↓
Client Satisfaction - Defects	% scoring 8/10 or better	63%	55%	63%	60%	66%	66%	→←	↑
Predictability - Cost	% on target or better	37%	40%	41%	42%	43%	45%	↑	↑↑
Predictability - Time	% on target or better	53%	52%	49%	46%	47%	49%	↑	↓↓
Profitability	Median % profit turnover	2.2%	4.2%	3.9%	4.3%	4.3%	4.1%	↓	↑↑
Productivity	Median value added/employee (£000)	26.0	34.0	43.0	50.0	50.0	49.8	→←	↑↑
Safety - All Companies *	% achieving zero accident incidence rate	-	31%	35%	22%	32%	34%	↑↑	↑↑
Safety Companies employing 60+ staff *	% achieving zero accident incidence rate	-	7%	14%	4%	13%	16%	↑↑	↑↑

* This KPI is based on company annual incidence rates collected in the BSRIA M&E Contractor Survey. From 2002 data has been adjusted for under reporting, therefore, direct comparison with 2001 is not strictly valid.

M&E CONTRACTORS KPIs - PERFORMANCE OVER SIX YEARS TO 2006



Construction Consultants

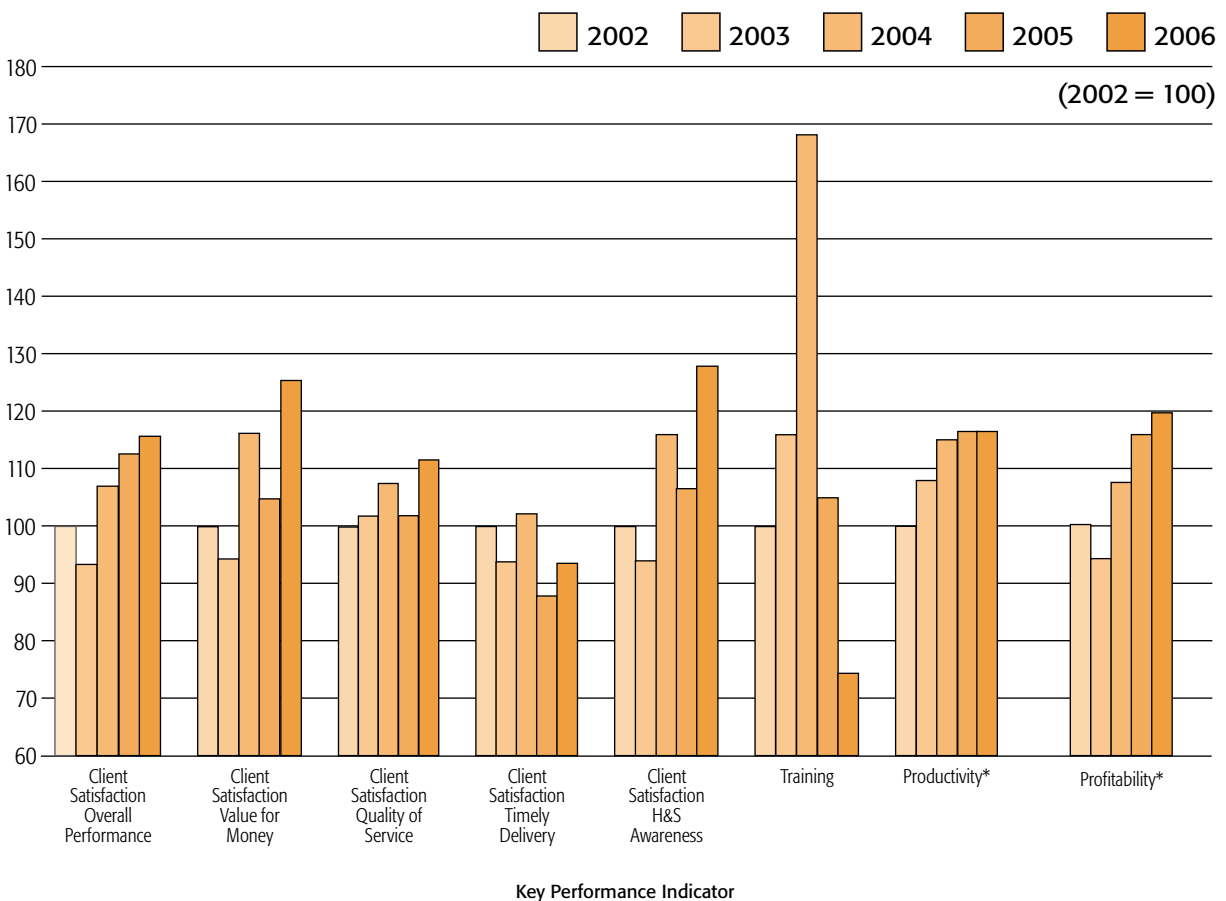
Data from clients and consultants was collated with support from the Association for Consulting and Engineering, the Royal Institution of British Architects, the Royal Institution of Chartered Surveyors, the Institution of Civil Engineers, the Chartered Institute of Building, the Chartered Institution of Building Services Engineers and DTI.

CONSTRUCTION CONSULTANTS KPIs - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance					Trend	
		2002	2003	2004	2005	2006	Last Year	All Years
Client Satisfaction - Overall Performance	% scoring 8/10 or better	45%	42%	48%	51%	50%	↓	↑↑
Client Satisfaction - Value for Money	% scoring 8/10 or better	39%	37%	45%	41%	49%	↑↑	↑↑
Client Satisfaction - Quality of service	% scoring 8/10 or better	42%	43%	45%	43%	47%	↑↑	↑↑
Client Satisfaction - Timely delivery	% scoring 8/10 or better	41%	38%	42%	36%	38%	↑↑	↓↓
Client Satisfaction - H & S awareness	% scoring 8/10 or better	42%	39%	49%	45%	54%	↑↑	↑↑
Training	Median annual training days per FTE employee	1.9	2.2	3.2	2.0	1.4	↓↓	↓↓
Productivity*	Median value added per UK FTE employee (£000s)	31.0	33.4	35.6	36.4	36.4	→←	↑↑
Profitability*	Median % profit before interest	8.0%	7.5%	8.6%	9.3%	9.6%	↑	↑↑

* In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

CONSTRUCTION CONSULTANTS KPIs - PERFORMANCE OVER FIVE YEARS TO 2006



Construction Products Industry

Data from clients and product manufacturers was collated by the Construction Products Association with support from DTI

CONSTRUCTION PRODUCTS INDUSTRY KPIs - YEAR-ON-YEAR COMPARISONS

KPI	Measure	Performance					Trend	
		2002	2003	2004	2005	2006	Last Year	All Years
Customer Satisfaction - Product Quality *	% scoring 8/10 or better	97%	57%	73%	80%	74%	↓↓	↑↑
Customer Satisfaction - Delivery Reliability *	% scoring 8/10 or better	80%	68%	64%	63%	65%	↑	↓
Customer Satisfaction - Sales Advice *	% scoring 8/10 or better	65%	53%	55%	63%	55%	↓↓	↑
Customer Satisfaction - After Sales Service *	% scoring 8/10 or better	67%	49%	52%	64%	63%	↓	↑↑
Customer Satisfaction - Value for Money **	% scoring 8/10 or better	-	51%	53%	47%	54%	↑↑	↑↑
Environment - Energy **	Energy consumed KgCO ₂ / tonne of production output - Median	-	74.3	139.7	86.9	11.5	-	-
Environment - Water **	Water used m ³ / tonne of production output - Median	-	0.2	0.2	0.2	0.2	-	-
Environment - Waste **	Tonnes of waste leaving site as a % of tonnes of production output - Median	-	1.3%	2.3%	1.2%	0.8%	-	-
Environment - Transport **	Transport movements number / tonne of production output - Median	-	0.2	0.1	0.1	0.1	-	-
Environment - Packaging **	Tonnes of packaging bought as a % of tonnes of production output - Median	-	0.2%	1.0%	1.0%	1.0%	-	-
People - Safety	Accident Incidence Rate - Mean	2442	2050	2412	1702	1416	↑↑	↑↑
People - Sickness Absence *	Days lost per employee - Median	2.0	6.1	6.1	5.9	6.0	↓	↑
People - Training *	Training days provided per employee - Median	1.3	1.3	1.4	1.6	1.5	↓↓	↑↑
People - Qualification *	Percentage of full time employees qualified to NVQ Level 2 or higher - Median	26%	24%	28%	28%	30%	↑↑	↑↑
People - Equality & Diversity ***	% scoring 8/10 or better	-	-	-	18%	30%	↑↑	-

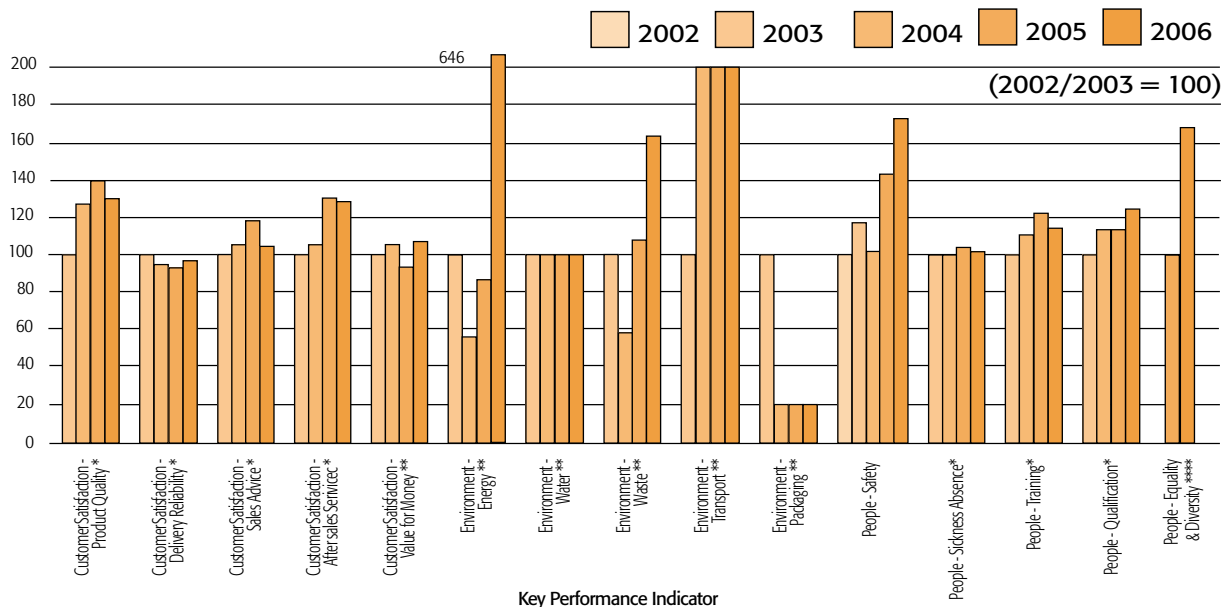
* This KPI was based on a new survey in 2003 comparison with 2002 is not valid.

** This KPI was new in 2003.

*** Data for this KPI was not be available until 2005.

Note: Sample sizes for Environment KPIs have not yet stabilised. Trends, therefore, are not provided as they will, for the time being, be misleading.

CONSTRUCTION PRODUCTS INDUSTRY KPIs - PERFORMANCE OVER FIVE YEARS TO 2005



Financial - All Construction

This section summarises the performance of the Financial KPIs and additional indicators - All Construction.

The table and chart on this page summarise performance of the KPIs and additional indicators. The charts on the following page show the annual trends of the additional indicators.

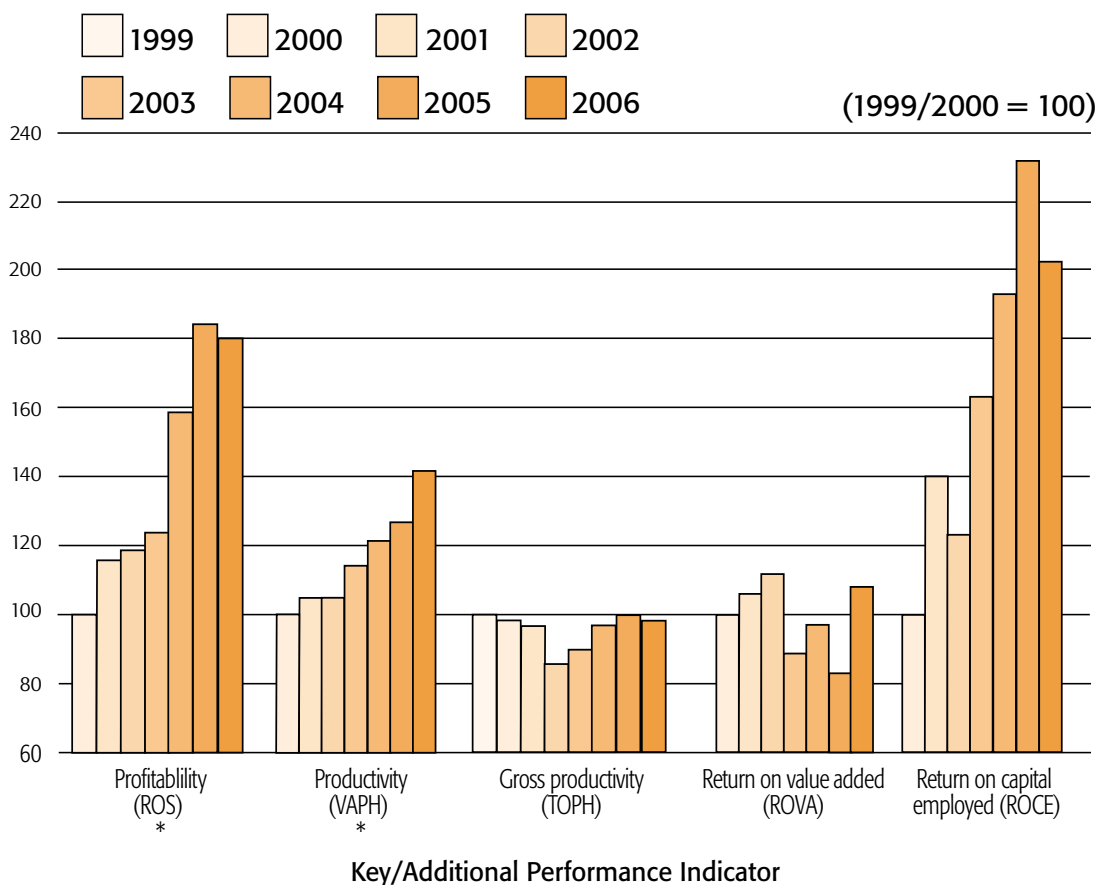
FINANCIAL KPIs/APIs - YEAR-ON-YEAR COMPARISONS

KPI/API	Measure	Performance								Trend	
		1999	2000	2001	2002	2003	2004	2005	2006	Last Year	All Years
Profitability (ROS) *	Median % profit before interest & tax	-	4.4%	5.1%	5.2%	5.4%	7.0%	8.1%	7.9%	↓	↑↑
Productivity (VAPH) *	Median value added/employed (£000)	-	27.0	28.0	28.0	31.1	32.6	34.2	38.2	↑↑	↑↑
Gross Productivity (TOPH)	Median turnover/employed (£000)	60.0	59.0	58.0	51.0	54.0	58.3	59.7	58.9	↓	↓
Return on value added (ROVA)	Median % PBIT/value added	-	18.9%	20.2%	21.1%	16.8%	18.3%	15.8%	20.5%	↑↑	↑↑
Return on capital employed (ROCE)	Median % PBIT/capital employed	-	17.9%	24.8%	21.6%	28.9%	34.3%	41.3%	36.2%	↓↓	↑↑

In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

* The measure for this KPI was changed in 2000, 1999 data therefore not reported.

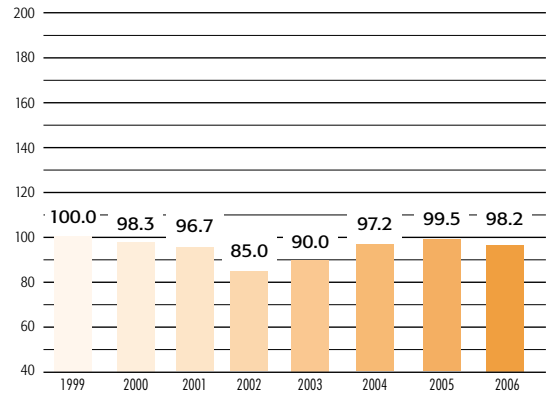
FINANCIAL KPIs/APIs - PERFORMANCE OVER EIGHT YEARS TO 2006



GROSS PRODUCTIVITY (TURNOVER PER EMPLOYEE)⁷

Data on gross productivity (turnover per employee) is obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January relates to financial performance reported in the previous year.

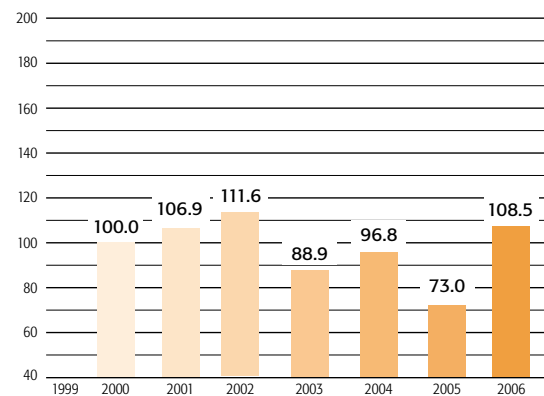
In 2006, the median turnover per employee was £58.9K compared with £59.7K in 2005.



RETURN ON VALUE ADDED⁷

Data on profit before interest and tax (PBIT) and value added is obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January relates to financial performance reported in the previous year. This measure removes the effect of bought-in supplies including subcontracting.

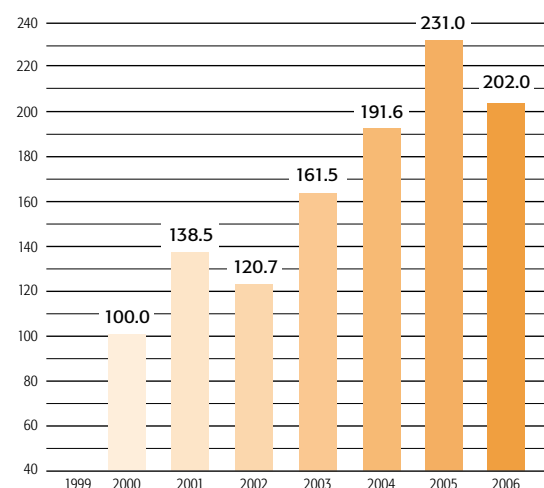
In 2006, the median return on value added was 20.5%, compared with 13.8% in 2005.



RETURN ON CAPITAL EMPLOYED⁷

Data on profit before interest and tax (PBIT) and capital employed is obtained from firms filing annual accounts with Companies House. A snapshot of this data taken each January relates to financial performance reported in the previous year.

In 2006, the median return on capital employed was 36.2%, compared with 41.3% in 2005.



⁷ In order to regularise the volatile mix of financial data by company size from year to year, in 2006 a standard method of weighting by number of employees has been adopted in line with other international financial KPIs. This method has been applied retrospectively to past years and, where applicable, their results have been revised.

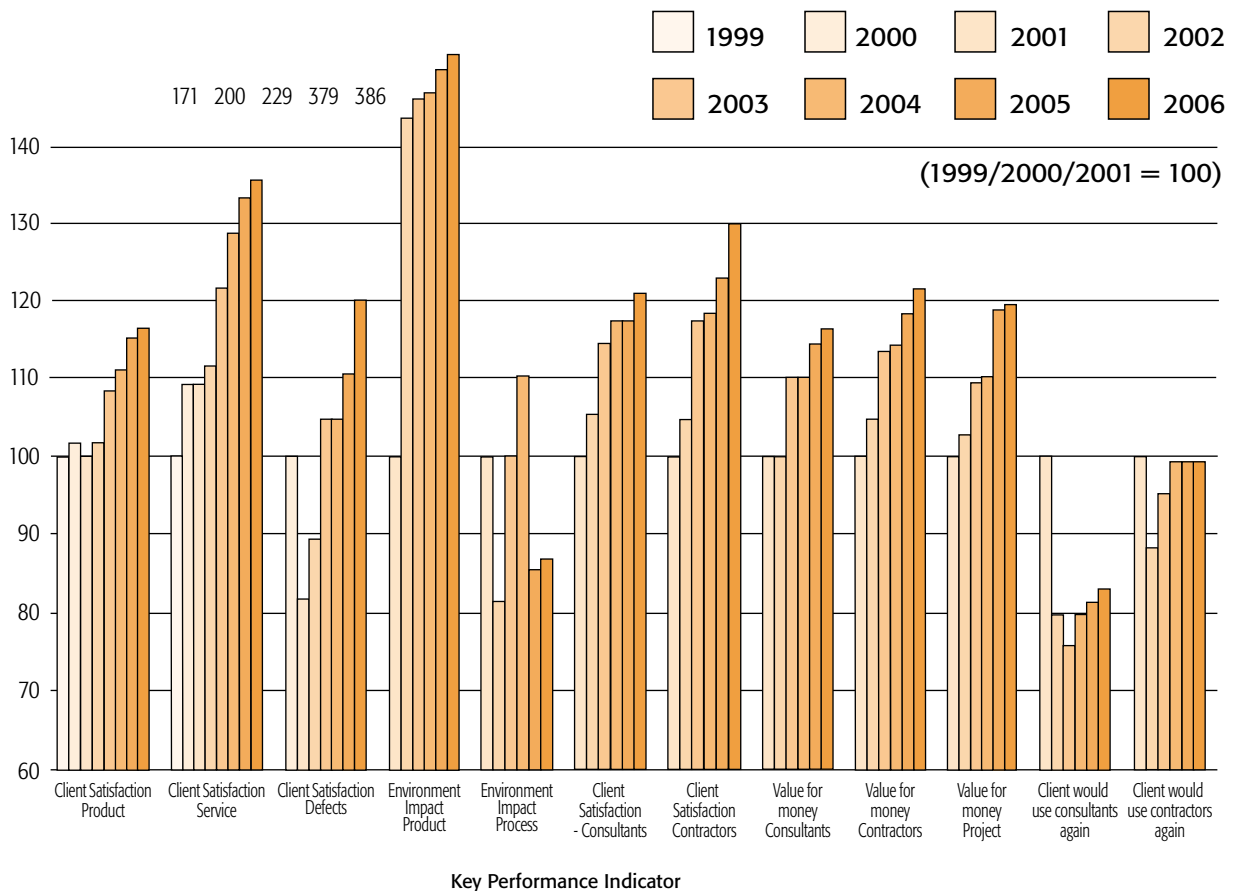
Client Satisfaction - All Construction

This section summarises the performance of the Client Satisfaction KPIs and the additional indicators - All Construction.

CLIENT SATISFACTION KPIs/APIs - YEAR-ON-YEAR COMPARISONS

KPI/Additional Indicator	Measure	Performance								Trend	
		1999	2000	2001	2002	2003	2004	2005	2006	Last Year	All Years
Client satisfaction - Product	% scoring 8/10 or better	72%	73%	72%	73%	78%	80%	83%	84%	↑	↑↑
Client satisfaction - Service	% scoring 8/10 or better	58%	63%	63%	65%	71%	74%	77%	79%	↑	↑↑
Client satisfaction - Defects	% scoring 8/10 or better	-	65%	53%	58%	68%	68%	72%	78%	↑↑	↑↑
Environment Impact - Product	% scoring 8/10 or better	-	-	14%	24%	28%	32%	53%	54%	↑	↑↑
Environment Impact - Process	% scoring 8/10 or better	-	-	51%	42%	51%	56%	44%	45%	↑	↓↓
Client satisfaction - Consultants	% scoring 8/10 or better	-	-	63%	67%	72%	74%	74%	77%	↑	↑↑
Client satisfaction - Contractors	% scoring 8/10 or better	-	-	60%	63%	70%	71%	74%	78%	↑	↑↑
Value for money - Consultants	% scoring 8/10 or better	-	-	63%	63%	69%	69%	72%	74%	↑	↑↑
Value for money - Contractors	% scoring 8/10 or better	-	-	63%	66%	71%	72%	74%	77%	↑	↑↑
Value for money - Project	% scoring 8/10 or better	-	-	67%	69%	73%	74%	79%	80%	→←	↑↑
Client would use consultants again	% answering Yes	-	-	92%	74%	70%	74%	75%	77%	↑	↓↓
Client would use contractors again	% answering Yes	-	-	87%	76%	83%	86%	86%	86%	→←	→←

CLIENT SATISFACTION KPIs/APIs PERFORMANCE OVER EIGHT YEARS TO 2006



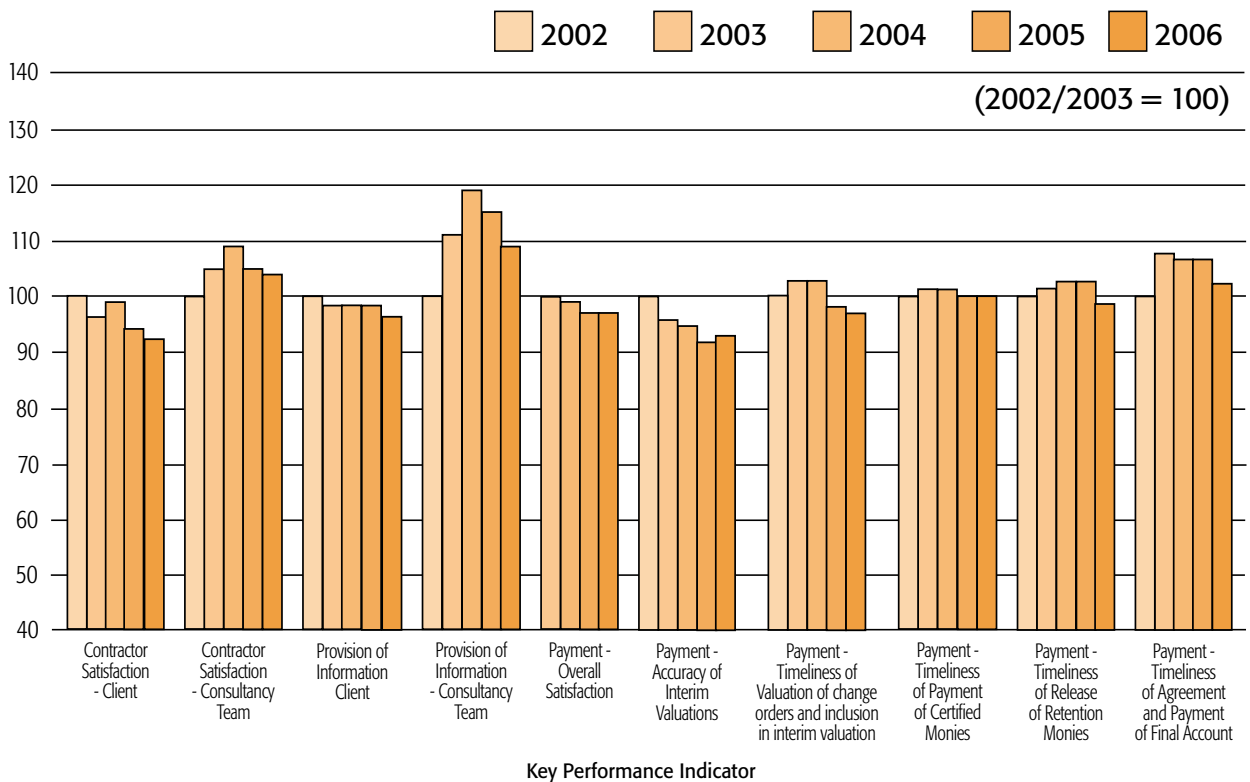
Contractor Satisfaction - All Construction

This section summarises the performance of the Contractor Satisfaction additional indicators - All Construction.

CONTRACTOR SATISFACTION KPIS/APIs - YEAR-ON-YEAR COMPARISONS

Additional Indicator	Measure	Performance					Trend	
		2002	2003	2004	2005	2006	Last Year	All Years
Contractor Satisfaction - client	% scoring 8/10 or better	71%	69%	70%	67%	65%	↓	↓↓
Contractor Satisfaction - consultancy team	% scoring 8/10 or better	56%	59%	61%	59%	58%	↓	↑
Provision of Information - client	% scoring 8/10 or better	63%	62%	62%	62%	61%	↓	↓
Provision of Information - consultancy team	% scoring 8/10 or better	47%	52%	56%	54%	51%	↓↓	↑↑
Payment - overall satisfaction	% scoring 8/10 or better	-	67%	66%	65%	65%	→ ←	↓
Payment - accuracy of interim valuations	% scoring 8/10 or better	75%	72%	71%	69%	70%	↓	↓↓
Payment - timeliness of valuation of change orders and inclusion in interim valuation	% scoring 8/10 or better	65%	67%	67%	64%	63%	↓	↓
Payment - timeliness of payment of certified monies	% scoring 8/10 or better	68%	69%	69%	68%	68%	→ ←	→ ←
Payment - timeliness of release of retention monies	% scoring 8/10 or better	63%	64%	65%	65%	62%	↓	↓
Payment - timeliness of agreement and payment of final account	% scoring 8/10 or better	60%	65%	64%	64%	62%	↓	↑

CONTRACTOR SATISFACTION APIs - PERFORMANCE OVER FIVE YEARS TO 2006



CONSTRUCTING EXCELLENCE

Constructing Excellence provides a range of services to help implement KPIs:

Helpdesk

A direct point of contact to answer initial enquiries about KPIs. **Tel 0845 605 55 56**

The KPI Pack

A source of comprehensive information for organisations wishing to use KPIs.

The Housing KPI Toolkit

Vital information for using KPIs in the housing sector.

KPIZone

A website dedicated to KPIs. Visit www.kpizone.com for free information on KPIs and benchmarking clubs. KPIZone also has a subscription service from which you can download the information contained in the KPI Pack and Housing KPI Toolkit.

KPI Masterclasses

An introduction to the benefits and use of the Construction Industry KPIs. Each Masterclass explores the importance of measuring performance with the help of practical examples, a step by step guide to their use, and presentations by organisations that have successfully implemented KPIs.

Website

An extensive database of best practice activities, information and resources is available on www.constructingexcellence.org.uk.

At Constructing Excellence we bring distinctive value to our customers' businesses through six core activities:

Innovation and Research:

Members shape and take part in Constructing Excellence's research programme, from major action research projects to working groups and confidential learning clubs.

Measurement and Diagnostics:

Constructing Excellence has led the way in industry performance measurement, with diagnostic tools central to its activities. Members receive:

- Complimentary KPI pack
- Complimentary introductory Explorer Interactive™ business diagnostic session
- 20% discount on KPI Masterclasses.

Tailored Services for Business Improvement:

Constructing Excellence is able to offer members consultancy tailored to their business requirements. This service includes free or discounted access to Constructing Excellence publications, and discounts on facilitation and mentoring services and conferences.

Business-to-Business Networks:

Existing members see real benefits in these networks, meeting with other like minded individuals and companies, building relationships, sharing best practice and developing business contacts.

Showcasing and Exemplars:

One of the key benefits of membership is being able to demonstrate participation to key stakeholders such as customers, employees, suppliers and investors. Constructing Excellence provides members:

- Opportunities to showcase projects
- Opportunities to share and learn from members' exemplars
- Invitations to speak as an acknowledged industry leader at Constructing Excellence events.

Leadership and Influence:

Constructing Excellence works closely with government, strategic partners, firms and influencer organisations to shape the future of the sector. Members have the chance to take an active role in influencing Government priorities and to have input into the formation of future policy at regular forums and conferences.

CONSTRUCTING EXCELLENCE

Warwick House, 25 Buckingham Palace Road, London, SW1W 0PP

0845 605 55 56

(calls charged at local rate)

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