

Construction contractors to benefit from vital funds released by government action

At last, some good news for construction contractors! Contractors in the construction sector should directly benefit from £13bn of public sector spending on infrastructure and public buildings, which has been brought forward and secured as a result of government action this week.

And contractors working in engineering, support, IT and business infrastructure roles should indirectly benefit as the private firms taking on the work ramp-up their activities to prepare for short-notice project starts.

Projects brought forward

Nearly £1bn of spending on schools modernisation has been brought forward by 12 months in an attempt to sustain jobs in the construction sector, with over 100 local authorities successful in their bids for capital investment.

Although nearly half of the budget is allocated directly to head teachers for smaller scale projects, the remainder is likely to be spent on major capital projects, providing direct opportunities for contractors and construction firms to bid for work.

Total spending on schools for 2009/10 will reach nearly £8bn, a direct reflection of the government's strategy to spend their way out of the recession, and which may help secure contractors' livelihoods until the construction contracting sector is strong again.

Crossrail and London 2012

Further increases in spending across the construction sector are anticipated in the medium term as major infrastructure projects, including [Crossrail](#) and [London 2012](#), gain momentum that will result in further direct contractor opportunities.

With the infrastructure engineering and contracting sectors potentially buoyed by forecast spending on major projects, contractors in specific construction and engineering roles could see their contract prospects improved.

And the ailing housing sector, hit by the private house building slump, could be due for a renaissance as cheaper land prices prompt social housing programmes to get underway.

Updated CV and contract search

Contractors who are currently out of a contract and who read the market right could be looking at an improved future if they can take advantage of the likely contracts on offer from the projects coming on stream.

Now could be a good opportunity to [update CVs](#) and start searching job boards, as well as tapping past agency and client contacts. Competition is likely to be stiffer and rates tighter, but the contracts will start to come through for those contractors who can sweat it out. The newly published [Contractors' Handbook](#) offers construction contractors tips on advanced techniques to find and secure contracts in troubled times.

Where's the money coming from?

Some key infrastructure and public works projects originally commissioned under the Private Finance Initiative (PFI) scheme had stalled because the private consortia behind the winning bids were unable to secure debt finance from the stricken financial markets.

But the government will now, on a short-term basis, provide the debt finance that will allow the projects to get underway. According to the Treasury, the funding will come from right across government, initially using unallocated funds and 'departmental underspends from previous projects', alongside private sector debt and equity finance where available.

Government action

According to Chief Secretary to the Treasury, Yvette Cooper: "These projects will create jobs and support the economy, as well as delivering vital infrastructure that local communities need.

"That's why we're determined to get them moving as soon as possible without extra delays. Where the private markets aren't working properly, it's right that the Government should act to get things moving."

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Yvette Cooper, Chief Secretary to the Treasury

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