

# CONSTRUCTION

**Our business model in action: Creating regular revenue to enable long-term funding relationships with financial partners.**

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**Simon Carr**

Henry Boot Construction Limited

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**Giles Boot**

Banner Plant Limited

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**Trevor Walker**

Road Link (A69) Limited



## Henry Boot Construction Limited

Henry Boot Construction specialise in serving both public and private clients in all construction sectors, including civil engineering.

After a good start, Henry Boot Construction exceeded targeted profit levels for 2016. It is also pleasing that the business started 2017 with a contracted workload of almost 90% of its forecast activity, the healthiest order position seen in recent years.

Following completion of the £35m Fox Valley retail park at Stocksbridge, we commenced phase one of the £35m Barnsley town centre regeneration scheme. In addition, we are delivering Snowhill Retail Park for Kier Property and a new spa facility at Rudding Park Hotel, Harrogate, which will be completed in the first half of 2017.

Within the civil engineering sector, we commenced work on: the Olympic Legacy Park and the Advanced Manufacturing Park, both for the University of Sheffield; a multi-storey car park for B. Braun in Sheffield; and we continue to be a major supply chain partner on the 25-year, Amey PFI Sheffield Highway Scheme. Finally, we are working with Stonebridge Projects to deliver

infrastructure works on schemes in Leeds and Stocksbridge and are refurbishing the former Leeds Girls High School for residential use.

We are carrying out structural works to six tower blocks for Leeds City Council through the YORbuild framework and were appointed in 2016 to the new YORbuild2 North of England local authority framework. We are also delivering work for Manchester City Council at Piccadilly Gardens, our first project through the North West Construction Hub framework.

In the health and social care sectors we delivered a 60-unit extra care housing scheme for Leeds City Council and a residential block for St Wilfrid’s Charity in Sheffield. In 2017 we will deliver a further 60-unit extra care scheme for Newark & Sherwood Homes and have won a place on the Sheffield Teaching Hospitals NHS Trust framework.

In the education sector, we were awarded the Spine Remodelling project for Lancaster University, the Mappin Street Building refurbishment for the University of Sheffield and phase one of the University of Hull Sports Facility development. We have also

**Profit before tax** **+11%**  
**£11.0m**

16	£11.0m
15	£9.9m
14	£10.1m
13	£9.0m
12	£8.6m



See the **Construction** Case Studies on page 19

completed an over-roof project for the University of Huddersfield, the refurbishment of the Management School for the University of Sheffield and the refurbishment of the Grade II listed St Helena's campus for the University of Derby.

We remain cautious regarding risks to construction activity due to the UK's decision to leave the EU, price pressures on imported materials caused by exchange rate volatility and EU related skilled labour pressures. However, the business has a good blend of both private and public sector clients across a wide range of building and civil engineering sectors, giving us a good base to weather this market uncertainty.

### Health and Safety

Health, Safety and Environmental management remains of paramount importance and we are fully committed to actively finding ways of eliminating risks and incidents. We were, therefore, delighted that for the fifth consecutive year, our construction related accident frequency rate (AFR) for the directly employed workforce was zero. This strong commitment to our health and safety management culture resulted in us winning a prestigious RoSPA Gold Medal Award for seven continuous years of Gold Award achievements.

### Banner Plant Limited

Banner Plant had a very successful year with turnover up 4.4%, net profit up 3.6%, and net margin remaining strong at 11.6%. Confidence in our markets saw capital investment increase, with a 7.8% growth in the hire fleet. Our power tool depot in Ossett, West Yorkshire, successfully

completed its first year of trading and on 3 April this year we announced the acquisition of Premier Plant and Tool Hire Limited (see note 14 on page 116).

All the individual departments contributed to what was a record profit for the business, however, we did see geographical variations in demand. Derby and North Derbyshire saw only modest activity growth, whilst West and South Yorkshire were more buoyant.

The key challenges within plant hire are the higher capital costs resulting from the weaker pound, recent clean engine technology requirements and the recovery, through increased hire rates, of these higher equipment costs.

### Road Link (A69) Limited

The PFI contract to run the A69 trunk road between Carlisle and Newcastle has completed 21 years in operation and has nine years to run. Financially, the contract performed well in the year with traffic volumes slightly ahead of 2015. Weather conditions during 2016 proved to be relatively benign and the road operated normally throughout the year.

### Outlook for 2017 and beyond

The constituents of the Construction segment continue to provide very stable returns from a low level of capital employed. We do not expect that this will change in 2017 and the year has started well. The contractual workload brought into the year is encouraging, the plant business contract count is currently running slightly ahead of 2016 and, at this stage, we expect another solid performance from this segment of the Group.



### External revenue

**£84.4m**

16	£79.4m
15	£79.5m
14	£82.4m
13	£78.5m
12	£79.0m



**Pictured Far Left** Giles Boot (left), Simon Carr (centre) and Trevor Walker (right).

**Pictured Above** A JCB Loadall capable of lifting 4 tonnes, part of our evolving Banner Plant fleet.

**Pictured Left** Our latest project with Sheffield University, 'The Management School'.