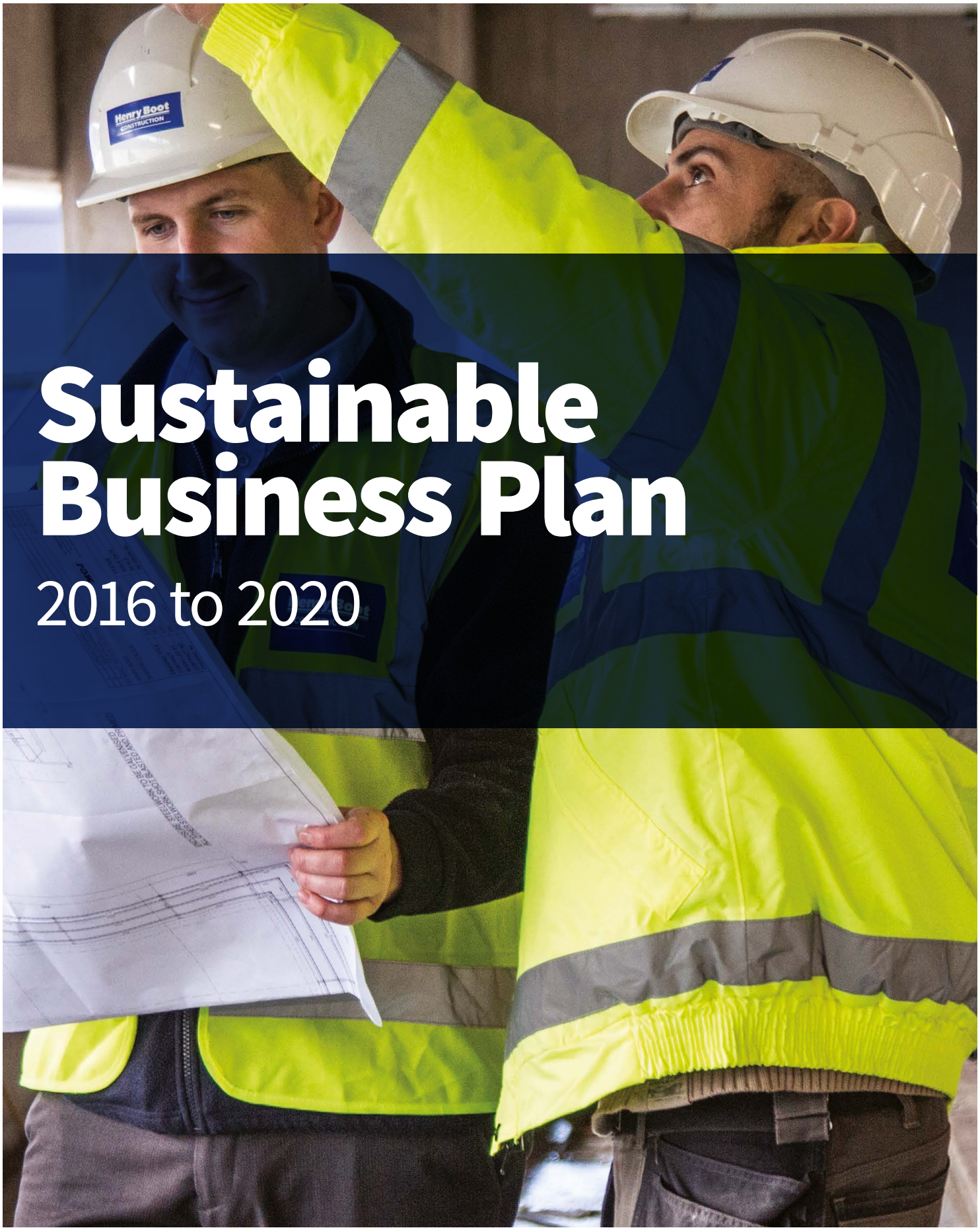
Henry Boot
CONSTRUCTION



Sustainable Business Plan

2016 to 2020

Contents

4. Welcome
5. Overview
5. Consolidated Region
6. Performance of Previous Plan
7. Objectives for 2016 to 2020

Strategic Process
8. **Strategy Formulation Process**
9. **Performance Review**
9. **Managing Director's Working Group**

10. Workload Direction

Sector Analysis:
12. **Housing**
13. **Civil Engineering**
14. **Commercial/Retail**
15. **Education**
16. **Health & Social Care**
17. **Industrial**
18. **Sports & Leisure**
19. **Custodial**
19. **Renewable Energy**

20. Financial Targets
21. Budget
22. External Influences
24. The Business Together
26. Responsible Business
28. Environment
30. People and Communities
32. The Company Integrated Management System
34. Summary of areas which will define our success
36. 2016 Consolidated Operations Company Structure
38. Conclusions and Recommendations

Welcome

I am delighted to be introducing our Sustainable Business Plan Strategy 2016-20, which combines all the value of the sustainable strategy with all the commercial and financial reports. It is pleasing to note that the modernisation process of the company is now integrated into the way we do business.

During a successful past year we have seen confidence continuing to grow in the construction sector, and as it does, we recognise that integrating sustainable value into client projects is ever more important. So it is especially pleasing that many of our most exacting clients are returning to us with prestigious follow-on projects, which we have delivered to the highest quality, all with excellent sustainability credentials delivered as 'normal'.

We have been able to deliver turnover and profit beyond expectations through a combination of efficiency and control while extending our client base for high value capital projects in both the public and private sectors. Underpinning this, in the past year, we have invested considerable effort in embracing the opportunities afforded by Building Information Modelling (BIM), and believe that by enabling better decision making and collaboration it will strongly support more sustainable project outcomes.

Our people remain crucial to achieving success and this year we have continued to focus on making sure that everybody who works for us have the opportunity to achieve their aspirations and fulfil their potential. This ensures we have the right mix of talent and outlook to make us a great company.

In recognition of our efforts we are proud to have not only been awarded the Investors in People accreditation, but that the implementation of our carefully developed diversity and inclusion programme has been rewarded with the Investors in Diversity Stage II award.

As a company, we have always understood that helping to regenerate communities close to where we work brings benefits to all concerned. This year we have focused on creating pathways into our sector for young people through our apprenticeship scheme, work placements and becoming both STEM and CITB Construction ambassadors. We also recognise that women are still under-represented in our industry, bringing both challenge and opportunity, which we have met head-on with some successful and high profile initiatives.

Health & Safety remains of paramount importance, and we are totally committed to actively finding ways of eliminating risks and incidents. We remain in the top 10% of the Constructing Excellence H&S performance index, and in addition to a third consecutive NFB Winner award for Health, Safety & Welfare, in 2015, we received a prestigious RoSPA Gold Medal in recognition of 6 continuous years of Gold Award achievements.

Every project that we embark upon will be assessed at each stage for opportunities to reduce its environmental impact with our project teams and supply chain working collaboratively to advise clients, drive innovation and achieve best practice. We have been recognised numerous times for this work by winning environmental awards over the previous business plan, whilst benchmarking of our in-house environmental performance continues to list us as one of the top companies in the Business in the Community environmental index.

Whilst we have achieved a great deal towards our goal of making our business a truly sustainable, we are determined to better our performance even further, through making a positive difference to people and the environment while we do good business in the coming years. To this end, our plan for the next 5 years will be to continue our success in all that we do and fully integrate our financial and operational elements into the sustainability strategy. This will ensure we are here for many years to come.

Simon Carr
Managing Director – Henry Boot Construction Limited

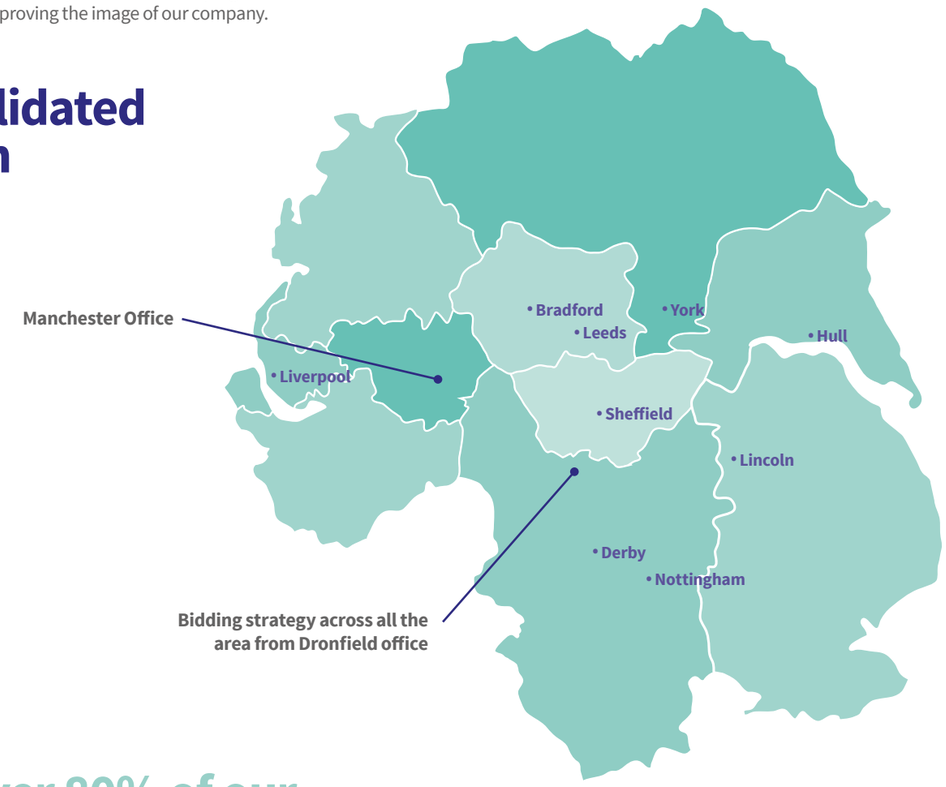
Overview

The success of our business has been to fully understand the market economy and ensure we position ourselves to create value for our stakeholders in the quality of product and services we deliver. We will promote and incentivise employees of the company by giving clear and concise direction of the companies objectives to meet set targets of growth and profit and ensure the sustainability of the company.

We entered the previous business plan in the middle of an economic recession, and although we are still subject to a fragile economy, it required an amount of diversity in projects and working hard to maintain our existing client base. We are starting to move into a period of growth in the economy and this plan reflects our objective to consolidate our business and have a controlled year on year improvement. Just in the last few years we have seen significant growth in digital communication and use of social media which has been fully embraced by our business helping to be "smarter" in delivery and improving the image of our company.

We are now consolidating our operational areas, to ensure we maintain a consistent delivery of quality and safety through a stronger managerial structure. We shall be strategic in operational area and be selective in projects from East to West coast and Leicester to York. The work will now all be overseen by our Operations Director giving a consistent delivery.

Consolidated Region



Over 80% of our business is through repeat clients

Performance of Previous Plan

Henry Boot Construction succeeded in the achievement of the strategic objectives referred to in the Business Plan for the period 2011 to 2015.

Our Target	Our Achievement
Be the safest place to work in the Construction Industry	Our Accident Incidence Rate continues to perform strongly when compared with the industry average score, this is complimented by achieving a RoSPA gold award for 6 consecutive years
Profit to grow to 3% by 2016 (Giving a total financial profit of £7.8m over 5 year period)	We achieved a profit over the 5 year period of £13.84m, a betterment of £6.04m
Turnover to remain static at £52m per annum for 2012 and 2013, and then grow steadily to £64m per annum by 2016 (Total of £284m over 5 year period)	We achieved a turnover of £303m, a betterment of £19m
50% of our workload to be obtained from long term strategic alliances/repeat business	80% of our work has come through frameworks and repeat business in the last 5 years
To increase our private sector work by 10%	We have increased our private sector work by 16% since 2011
Greater company inter trading	We have carried out over £30m of work with our sister companies during the period
Implement and integrate Building Information Modelling systems into the business	We have now rolled a full BIM awareness plan throughout the company
To develop and fully integrate a sustainability policy, and to target future growth in microgeneration and renewable energies	We implemented our sustainable business policy in 2012. The Government changed incentives that operate in this sector, therefore growth has been limited.

Objectives for 2016 to 2020

These objective will define the direction of the company.

To ensure all our stakeholders have a safe and healthy work environment

Profit to return a minimum of 3% margin each year. (giving a total of £12.4m over the 5 year period)

Turnover to grow by £3m per annum to £75m per annum by 2020 (Total of £342m over the 5 year period)

To support our people in realising their full potential in developing skills and leadership

To support the development of the local communities in which we operate

Continue to minimise the impact on the environment from our business operations

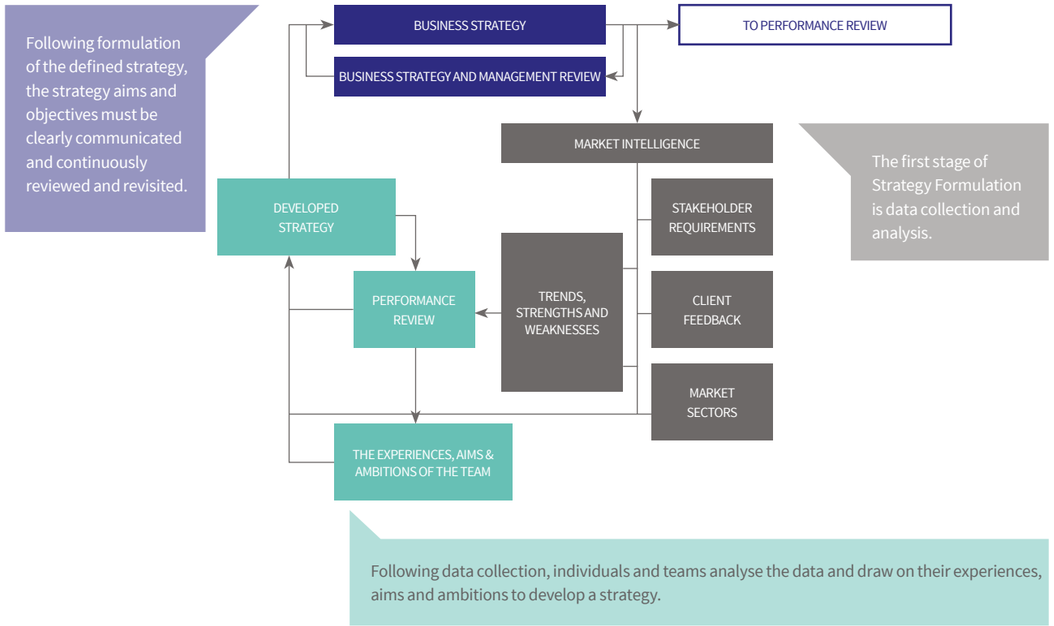
Ensure that our business is underpinned by the latest technology and innovation

To increase efficiency and promote faster delivery through every element of our operations, from concept to life in use

Strategic Process

We will manage the direction of our business using the following process, ensuring we competently follow all the correct policies and procedures leading to a continuing sustainable business.

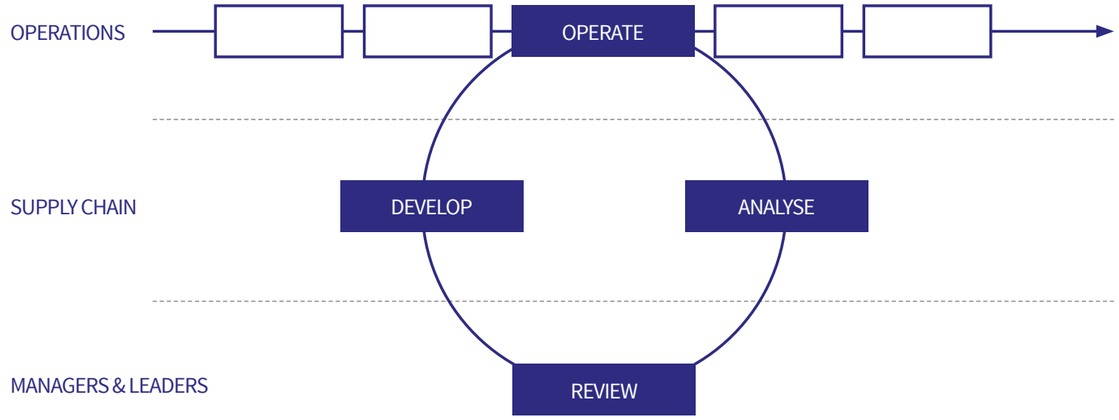
Strategy Formulation Process



Performance Review

Our performance review drives and underpins the whole process.

We shall continue to have monthly management and regular review meetings to ensure we correctly analysis every facet of our business to ensure we eliminate any poorly performing elements and consistently put improvement measures into operation. It is the continuous improvement cycle that keeps the operational delivery at the very forefront of our business.



Managing Director's Working Group

As part of the performance review it is important that we receive input from employees and as a consequence Managing Director, Simon Carr, will be launching next year the Managing Director's Working Group. Simon will set challenges to provide bold, insightful and practical challenges to real issues within Henry Boot Construction and the markets which we operate.

It is an opportunity for employees to grow a network of contacts, interact with senior members of the business and experience some of the challenges of running a leading construction company. We will be seeking applications to this Working Group during 2016.

Workload Direction

We will continue to deliver projects for our key clients within the eight following sectors. These are the clear areas where we have been operating successfully and looking forward, we believe, these will maintain our focus over the next 5 years.

HOUSING

CIVIL ENGINEERING

HEALTH

SPORTS & LEISURE

COMMERCIAL/RETAIL

INDUSTRIAL

CUSTODIAL

EDUCATION

Sector Analysis

Housing

We have started to see a reduction in the spending on social housing refurbishment work, over the last 18 months. This is because of two main factors, firstly the completion of the Decent Homes programme, and secondly, the significant reduction in spending in the public sector.

Housing refurbishment work over the last Business Plan period, has been in the delivery of the Governments Decent Homes Programme. We are seeing a lot of the former ALMO's being transferred back into local authority stock. We will continue to monitor the spending profile to understand the future plans and pipeline of work.

Our presence in the social housing sector continues with long-term frameworks for St Leger Homes in Doncaster, North Lincolnshire Homes in Scunthorpe, ASRA Housing Group, Fusion 21 High Rise framework, City West Framework and the Liverpool and Mutual Housing Trust. We shall also have opportunities through the EN Procurement framework.

For many RSL's, including existing client partners, investment in non-traditional housing stock still forms part of their capital spend, so this be an opportunity for Henry Boot Construction.

Energy efficiency measures are always top of the political agenda, but much of the work has been curtailed due to funding issues or lack of joined up thinking at central level. Again we will continue to monitor the pipeline of work.

However, there is an ever increasing "demand gap" for housing accommodation nationally, and although new house building is not a market sector we are active in, we are seeing opportunities that are complementary to our skill base for construction and management of projects. Due to the points mentioned earlier, we see less activity in the social housing sector, but are seeing an increase in the accommodation sector, both new and refurbishment, private and public.

Going into 2016 we have already secured:

- **St. Wilfrids -** Henry Boot Construction are set to build 20 self-contained flats with communal spaces for Sheffield homeless charity St Wilfrid's. The new flats will be based a short walk from St Wilfrid's existing day centre, with the new project aimed at improving the quality of life for vulnerable people and the homeless.

Opportunities in this sector for Henry Boot Construction Limited include:

- **An overall projected increase in housing accommodation work**
- **Work to create accommodation in existing premises**
- **Opportunities resulting from existing relationships**
- **We continue to seek alliances with major providers and develop relationships with professionals in this housing sector.**

St. Wilfrids

St. Wilfrids

Civil Engineering

We have seen an increase in civil engineering opportunities through our strategic partnership on the 25 year Amey Streets Ahead scheme, where we continue to deliver a significant number of small civil engineering projects, largely on the road system structures throughout Sheffield. We have recently secured a place on the Amey Black and Veatch AMP6 framework with several projects in the pipeline.

It is pleasing to note that we are working with our sister company, Stonebridge Projects Limited, through carrying out the infrastructure work to support their house building operations. We will continue to further develop this relationship over this business plan period, as numerous projects progress are going through the planning process, including a £5m scheme at Stocksbridge in the North of Sheffield.

In addition, we are seeing a steady pipeline of work through the YORCivils framework including the remediation of the former Don Valley Stadium in Sheffield for mixed-use development.

Opportunities in this sector for Henry Boot Construction Limited include:

- **An overall projected increase in infrastructure and public realm**
- **Confidence within manufacturing and an increase in the number of industrial clients coming to market**
- **With HS2 , we are well placed to assist in the relocation of businesses affected by the route**
- **We continue to seek alliances with major developers and house builders to provide infrastructure works.**

"Stonebridge Projects Ltd are delighted to be partnering Henry Boot Construction in developing our prestigious new development at Victoria Gardens, Headingley. Works have commenced on Phase 1 with all blocks of town houses up to floor slab stage. Stonebridge Projects are planning to have the first units completed by the end of this year. Works have begun in a professional manner with regular project meetings being held to establish a good working relationship both at site and management level."

Simon Mellor
Commercial Manager, Stonebridge Homes Ltd

Commercial/Retail

We are successfully delivering construction work at the £35m Fox Valley mixed use development in Stocksbridge for the Stocksbridge Regeneration Company Limited.

This major project comprises several multi-unit retail blocks, commercial offices and associated civil engineering infrastructure to service the site. These works are on schedule for completion in summer 2016. We are intending to build on our ability to deliver these type of projects and have been shortlisted for the Better Barnsley town centre redevelopment, much of which was built by Henry Boot Construction in the early 1970's. Should we be successful, it may also open up opportunities for our development company as well. We will continue to be active in this sector and have just been successfully appointed onto the Whitbread Contractors Framework, for opportunities refurbishment and new build of opportunities across the Premier Inn hotel network.

Whilst the opportunity for new build has taken a reduction in supermarket growth, with many retailers seeing reduced profit we believe that the refurbishment and extension to premises will significantly increase in coming years.

Opportunities in this sector for Henry Boot Construction Limited include:

- **An overall projected increase in both new and refurbishment in the commercial sector**
- **Increased inter-company working on both the infrastructure and construction**
- **Further opportunities resulting from existing relationships**

Education

The education sector continues to provide good opportunities, with the government committing to 600,000 additional places in both new and refurbished schools. Within higher education we have recently completed the MERI Building Phases 2 & 3 for Sheffield Hallam University. Going in to 2016 work is progressing at the University of Sheffield, Management School.

The new construction centre at Chesterfield College has opened this year for the new intake of new students in September and we have just begun work at St Helena's campus for the University of Derby.

This coupled with an excellent pipeline of higher education work across all Universities and academies throughout the operational area.

Several other County Councils have indicated that they will be establishing Contractor Frameworks for delivery of their education building programmes. These are currently being pursued through our existing client relationships.

Opportunities in this sector for Henry Boot Construction Limited include:

- **An overall projected increase in refurbishment and new extension work in further education due to increase in tuition fees**
- **Work to primary schools to accommodate increased in population and migration trends**

Health & Social Care

The Health sector continues to provide good opportunities with the government committing to 8,000 specialist homes for people with disabilities. We have recently secured the Helipad at the Northern General in Sheffield. Work has also begun at the extra care housing facility at Yeadon for Leeds City Council.

We are currently on the Sheffield Teaching Hospital NHS framework, and expect further opportunities. The current national framework, P21+ is coming to an end and the new framework P22 will be out for tender 2016. We will be seeking alliances through consortiums and JV's. We will also actively develop alternative strategies to secure work which will not be procured through this framework.

Opportunities in this sector for Henry Boot Construction Limited include:

- **Work to Medical Centres and facilities linked through the Private Sector to the NHS.**
- **Further opportunities in extra care both public and private.**
- **We continue to seek alliances with major providers and develop relationships with professionals in this still productive sector.**

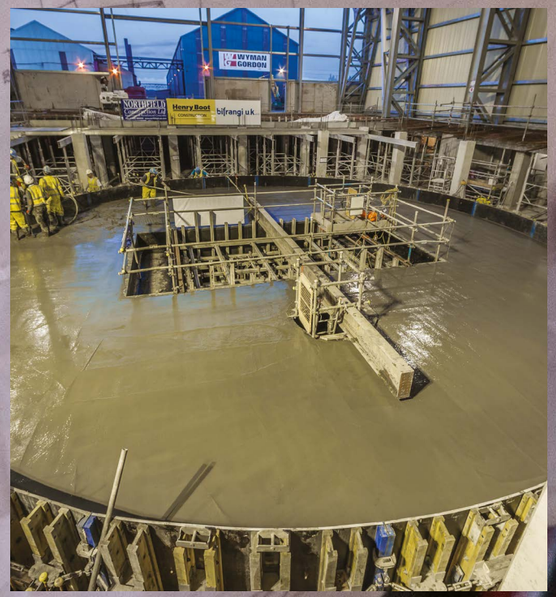
Industrial

With the general optimism increasing we believe that more industrial clients will have the need to increase capacity and or move to larger premises and with our recent expertise gained across a number of projects we should be well placed.

We have just completed Bifrangi's new research and development centre, in Lincoln and further warehouse and processing units at Markham Vale for Ready Egg, and Inspirepac. We expect this trend to continue as the economy grows and we are well placed to pick up any opportunities.

Opportunities in this sector for Henry Boot Construction Limited include:

- **Work to factories and distribution centres.**
- **Work to waste transfer stations.**
- **Car parks and public realm works, are also being considered by local authorities.**



Sports & Leisure

We are actively pursuing opportunities in this ever expanding market. These include both new build and refurbishment with local authorities and private clients including universities.

We have carried out 2 projects for the FA and are pursuing opportunities with the FA for the roll out programme opportunities and any schemes to develop changing facilities nationally.

Opportunities in this sector for Henry Boot Construction Limited include:

- **Work to sports facilities and centres**
- **Working with private operators to develop leisure facilities which is a growing market over the next 5 years**
- **Close liaison with universities as they expand their portfolio of work in both sports and leisure**

Custodial

We continue to carry out works for the Ministry of Justice as part of the Ministry of Justice, Strategic Alliance Agreement (SAA) Framework - Building Works North Contract.

We commenced in April 2012 for a Contract Period of 6 Years through to March 2018, these works consisted of new build and refurbishment, throughout the MoJ North Region for both HM Prison Service (HMPS) and HM Court and Tribunal Service (HMCTS) all under the umbrella of the Ministry of Justice (MoJ). All works are secured by means of a mini tender process. At the start of the year we experienced a lean period mainly due to the general election in May, revised Government department budgets and internal restructuring. There is now evidence of a more encouraging pipeline as we enter the final 2 ½ years of the framework.

We have recently received notification of potential projects at HMP Leeds and HMP Lindholme with a cumulative budget value of circa £8M.

Renewable Energy

Following government intervention, the financial incentives are now no longer available to make the sector viable although, we will maintain a watching brief to see how the renewable sector develops in the future.

Financial Targets

The financial targets we have set are reflective of the current economic forecast of the UK, and our judgement of the current market values of the construction sector and the impact of austerity measures being imposed by the current government. We are optimistic that there will be continued growth and we shall build on the current order book. There will be a continuing trend towards more private sector growth, but there will still be a healthy market, although limited, within the public sector.

Profit Growth

The Directors believe that a target growth in profit over the next 5 years to 3.80% per annum by 2020 is a challenging yet achievable objective. This percentage return is higher than the top 20 construction companies we have recently bench marked.

We are confident that this strategy is the right one for the development of our business. This is set against a track record of prudence, with clear profitability targets for the ongoing business.

Turnover Growth

We have secured turnover of approximately £64 million for 2015 against a budget of £60m and have currently secured £36.5m for 2016. We have projected to grow the turnover steadily over the next 5 years. This will assist with the Company's plans to consolidate without stretching the skills and competences of the organisation. We shall be looking to increase across our operational area portfolio with work through our established contacts. We will be "risk averse" in any new clients and opportunities, and continue to grow with existing clients and repeat business.

Sector Forecast by Year

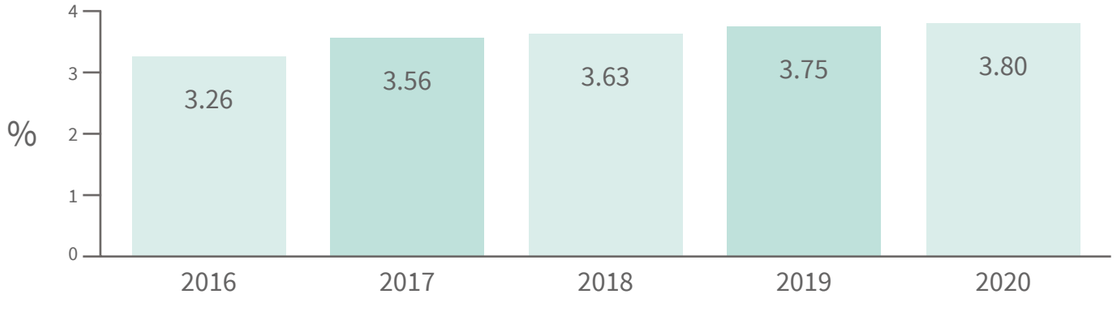
	2016	2017	2018	2019	2020	**Total**
Housing	7	7	8	9	9	**40**
Civil Engineering	8	10	10	11	11	**50**
Commercial/Retail	10	10	11	11	12	**54**
Education	7	7	7	8	9	**38**
Health	5	5	6	7	7	**30**
Industrial	7	9	9	9	10	**44**
Sports and leisure	6	5	5	5	5	**26**
Custodial	12	12	12	12	12	**60**
Per Year	**62**	**65**	**68**	**72**	**75**	**342**

Budget

Financial Summary £'000
5 Year Business Plan 2016-2020

	2016	2017	2018	2019	2020
Turnover	62,000	65,000	68,000	72,000	75,000
Cost Profit %	2,480	2,600	2,720	2,880	3,000
Financial Profit %	4.00%	4.00%	4.00%	4.00%	4.00%
Oncost/Overheads	(2,916)	(3,003)	(3,094)	(3,186)	(3,282)
%	4.70%	4.62%	4.55%	4.43%	4.38%
Oncost Recovery	2,455	2,717	2,842	3,009	3,135
%	3.96%	4.18%	4.18%	4.18%	4.18%
(Under)/Over Recovery	(461)	(286)	(252)	(177)	(147)
Operating Profit	2,019	2,314	2,468	2,703	2,853
%	3.26%	3.56%	3.63%	3.75%	3.80%

Operating Profit



External Influences

Future Construction Spend Strategies

Although there will be future political changes and challenges, we expect that our workload will continue to be substantially from the public sector, and focus on the direction of Government spending profile across the major sectors of housing, health and education.

We now have a settled Government for the next the 5 years which will lead the direction of public sector spend until 2020, albeit, with a target to significantly reduce the national debt.

The Government Construction Strategy 2025 is driven by four key drivers; 33% lower costs, 50% lower emissions, 50% faster delivery and 50% improvement in exports. This will generally filter down through all public expenditure. We will focus our strategy on closely aligning our goals and objectives to meeting these objectives and following the clear vision of People, Smarter, Sustainable, Growth and Leadership. These will be the key drivers for continued success in the construction sector.

We will need to ensure that our business is as lean and efficient as possible and to bring innovative solutions to all our projects.

We shall be more intense on capturing all the good work we do to ensure it can be fully evidenced in our bids. We have brought together people with bidding experience to ensure we showcase all the good work we do. This is reflective of an increasingly intense bidding process, where not only the price, but a significant emphasis on quality and creating extra value for clients will be the basis of success.

Our recent contract awards are still running at 60% in favour of the public sector. Our strategy is to shift this balance towards securing a higher proportion of work with private sector organisations and to minimise the risk of our reliance on the public sector. Our aim is to supplement this by greater inter-company trading.

Future Turnover and Clients

We will continue to pursue the new sectors of our business market and ensure all new clients are carefully selected and approved by the Board, including financial checks prior to any opportunity being accepted.

We will continue to follow the market trends influenced by both national and local government. As the economy continues to grow we will see much more activity in the private industrial and commercial sectors. We will continue to track trusted clients who move to different organisations and build on many of the good relationships we have developed over the years. The continuation of this strategic plan will mean that we will further minimise unnecessary exposure to business risk.

Government Construction Strategy 2025

Lower costs

33%

reduction in the initial cost of construction and the whole life cost of built assets

Faster delivery

50%

reduction in the overall time, from inception to completion, for newbuild and refurbished assets

Lower emissions

50%

reduction in greenhouse gas emissions in the built environment

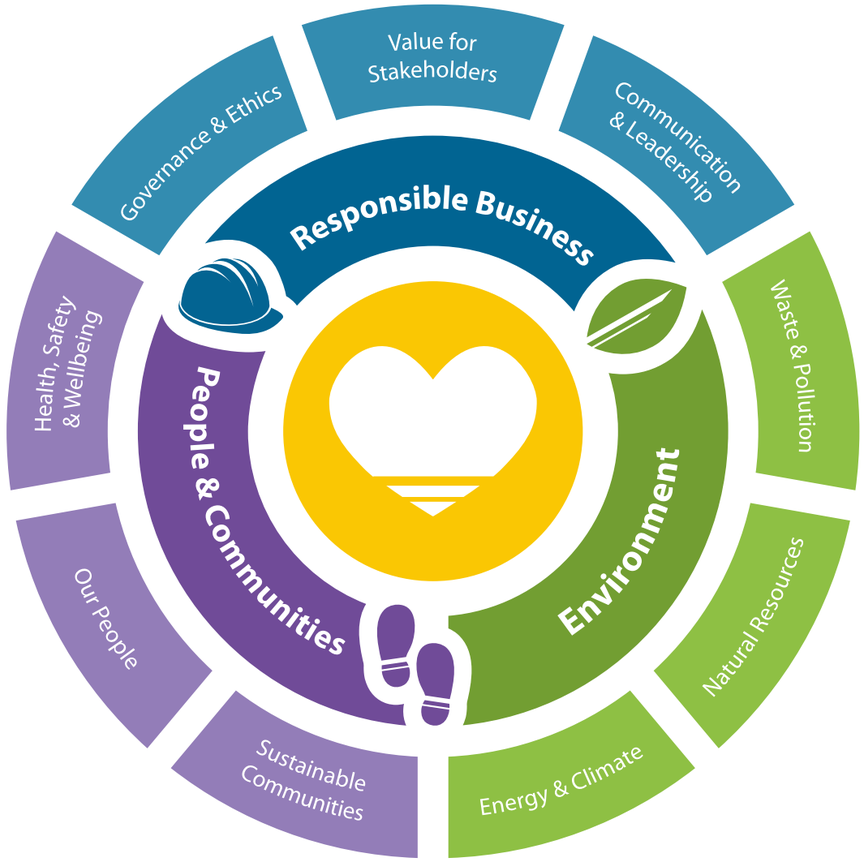
Improvement in exports

50%

reduction in the trade gap between total exports and total imports for construction products and materials

The Business Together

We believe that working together is fundamental to the success of our business and the quality of the services we provide. We are committed to a policy of integrating sustainable ways of working into every aspect of our operations, paying close attention to our impacts on people and the environment, while we manage a robust and responsible business.



We shall continue to monitor all the 9 sections of our business through the following Annual Headline Indicators and Targets.

All targets to be refreshed early 2016

Responsible Business

We have made this the overarching theme in our Sustainable Business Strategy because we believe that good governance, ethics, leadership and communications must run through all our business undertakings while we focus on driving sustainable value for our stakeholders.

Annual Headline Indicators and Targets

Communication & Leadership

Target: To increase our internal sustainability reporting to ensure we have captured all measures.

Our Performance: We are currently monitoring over 85% of our contracts to provide data and analysis to help us manage and improve our sustainability performance.

Commentary: Year on year we have seen an improvement in our reporting levels and a trend towards our target of 100%.

Value for Stakeholders

Target: To increase growth in profit by a minimum of 0.4% each year.

Our Performance: Year on year we have exceeded our profit target.

Commentary: By an increased emphasis on quality and repeat business combined with innovation to create efficiencies throughout our operations, we have widened our margins.

Governance & Ethics

Target: For all our key suppliers to be signed up to our Sustainable Procurement Charter to help ensure we have an ethical and sustainable supply chain.

Our Performance: All key suppliers have either signed our Charter and agreed to abide by its principles, or are implementing an equivalent charter or policy of their own.

Commentary: We will continue to seek collaboration with our suppliers to create and maintain an ethical and sustainable supply chain.

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Henry Boot PLC's profits rise as market recovers

Henry Boot PLC's financial results revealed that the commercial development market had reached its highest rate of activity for six years.

We will achieve a minimum of 0.4% growth in **profit** each year through efficiency and innovation

Environment

We are committed to the highest levels of good practice in environmental management and constantly seek innovation within our clients' projects and our core operations to minimise environmental impacts.

Annual Headline Indicators and Targets

Waste & Pollution

Target: Improve on the 94% waste we currently divert from landfill, and maintain a 100% record of zero pollution incidents.

Our Performance: Year on year we have surpassed our target, achieving a waste recovery rate of 94%, with some projects achieving 100%.

Commentary: Site based diversion of waste from landfill continues to improve, with some slight headroom still remaining. Our emergency response procedure was tested during the single minor pollution incident, and proved to be fully effective and robust, drawing praise from the Environment agency.

Natural Resources

Target: We will continue to maximise the use of recycled aggregates in our operations.

Our Performance: We continue to reduce our reliance on natural resources and have increased opportunities to utilise alternative solutions.

Commentary: We will continue to identify opportunities throughout each project to minimise the procurement of raw materials, drawing on data in previous project sustainability reporting to help our analysis and decision making.

Energy & Climate

Target: We will reduce the energy consumption in our corporate business operations by 5% each year.

Our Performance: Year on year we have continued our trend to achieve a carbon footprint reduction in our corporate operations, whilst also supporting our clients to meet carbon reduction targets throughout the lifecycle of their projects.

Commentary: Climate care remains a high concern and we are committed to investing in technology, know-how and change management to drive our own carbon footprint down, and to help our clients to do likewise. supply chain.

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We will reduce the energy consumption in our corporate business operation **by 5% each year**

Lowest ever carbon footprint

We are excited to report we have achieved our lowest carbon footprint levels in four years, despite an increase in business activity.

Our CO_2 emissions have already been reduced by 37% since 2008 as well as a 23% drop in CO_2 production per £million turnover, from five years ago.

People and Communities

Health and Safety is paramount within our contracting work and remains top of our governance and management agenda. We also seek to enhance the well-being of all our staff and sub-contractors with our progressive occupational health programme.

We recognise that through their skills, commitment and team work our people are the key to our success and good reputation. We work hard to equip and support them through training and development, career pathways and investing in making Henry Boot Construction a great place to work.

Finally, we are committed to making a difference to the people and places where we work, with local value creation embedded into the design and delivery of all projects. We encourage and enable our staff to get involved in local projects and good causes and build community partnerships to help us create a lasting legacy wherever we can.

Annual Headline Indicators and Targets

Health, Safety & Wellbeing

Target: Continue to actively reduce our Accident Frequency Rate (AFR).

Our Performance: We are delighted our construction related AFR for our directly employed staff and operatives is zero.

Commentary: We continued to benchmark our health and safety performance against Constructing Excellence Health and Safety Key Performance Indicator (KPI).

Our People

Target: At least 100% of our employees will have a Personal Development Plan to ensure career fulfilment for individuals and effective succession planning for the company.

Our Performance: Following changes and restructuring of the business we shall continue to plot the new initiative

Commentary: We continue to plan for implementation over the coming 12 months.

Sustainable Communities

Target: We will ensure that at least 80% of our project spend is within the local areas and communities where we work.

Our Performance: We have improved our performance year on year in this area by better engagement with both our supply chain and our own procurement teams on the value of local purchasing programmes

Commentary: Meeting our target is influenced by the nature of the geography where we work and resource availability within it. We seek to use our clients' knowledge to help us better understand local economies that are new to us, and to help find suitable enterprises [suppliers] to work with.

Henry Boot CONSTRUCTION

Case Study
Cathedral Archer Project, Sheffield

Cathedral Archer Project

During 2014, our employees supported the Cathedral Archer Project (CAP) based at Sheffield Cathedral. Established 25 years ago to support the homeless and vulnerable, CAP believes its should be fulfilling and enjoyable and homelessness isn't. CAP supports people to achieve this through helping them to develop their independence, improve their ability to tackle everyday issues, improve their ability to identify and change negative behaviour and improve their wellbeing. On a practical level this includes offering cooked breakfasts, lunches, food parcels, showers and medical support as well as access to a variety of activities and learning. CAP has a team of dedicated support workers to help people make their individual journeys away from homelessness.

In the summer of 2014, Henry Boot PLC encouraged employees to donate to a harvest event in which employees made several visits to the project to deliver the donations. In addition to this several of our employees also donated warm clothing and bedding to the project.

A number of our employees volunteered during this period to assist in organising the goods received into the stores of the charity from other donation points; a worthwhile and enjoyable day was spent by our employees in the cellars near Sheffield Cathedral where the popularity of the project was relieved by the continued stream of deliveries being made by other volunteers who were travelling around Sheffield collecting donations.

Our final involvement with CAP in 2014 was at Christmas when employees of Henry Boot Construction Limited held a bake sale which raised over £900.00. A number of employees volunteered to help out with the serving of Christmas dinner to the clients at CAP, and which allowed our employees to spend time with some of the people the charity helps. Together with sub-contractors, Henry Boot Construction Limited donated over £1,000 to purchase food and other

Henry Boot Construction Limited donated £1,000 for the Christmas Lunch

Henry Boot PLC volunteers helping out in the front bare stores

South Yorkshire Community Foundation

Our employees supported the Cathedral Archer Project (CAP), a 25-year old charity which supports the homeless and vulnerable at Sheffield Cathedral. This included donating food, toiletries, warm clothing and bedding to a harvest event; volunteering to help organise other donations; raising money through a bake sale; and serving Christmas dinner to some of the people CAP helps. Together with sub-contractors, Henry Boot Construction Limited donated over £1,000 to buy food and other items for the charity over the festive period.

We've attained RoSPA Gold Medal in Occupational Health & Safety and we'll continue to strive for excellence

The Company Integrated Management System

The integrated management system will retain third party approval for health, safety, environmental and quality management, developing and evolving to satisfy our changing needs.

A key part of this business plan is the role of our staff and operatives in safely delivering a quality product, whilst minimising impact on the environment from the construction process.

The Directors of Henry Boot Construction Limited, will set performance improvement targets as part of the annual Management Review, where the performance of the company management systems are reviewed and further improvement targets set.

We will continue to monitor our performance against the Constructing Excellence suite of headline Key Performance Indicators (KPI's). These will be reviewed by the board of directors on a monthly basis.

Management of Health & Safety

We have a record that currently compares well with the rest of the industry but we cannot be complacent.

It is the Boards continuing objective that Henry Boot Construction Limited will be the safest place to work in the construction industry. All reportable injuries will be investigated by the Group Safety Department, Senior Manager or Director, who will ensure that the appropriate preventative actions are taken and that systems are improved and training delivered as required to further improve safety on all of our sites. Staff will be kept well informed about health and safety initiatives, best practice, legislation updates and best practice. The Board is committed to maintaining third party approval to OHSAS 18001 which demonstrates our companies' commitment to providing a healthy and safe working environment. To further demonstrate this top-level commitment, Directors and senior managers' safety tours are routinely carried out.

As a further check to ensure the company processes and procedures are robust and to test our procedures in practice 'Mock Emergency Incidents' will be staged periodically to test the robustness of the current management systems in an emergency situation.
The outcome of these have been positive demonstrating good awareness and robustness of company procedures.

In order to maintain the high profile of Health and Safety within the business, we will continue to showcase our success by continuing to enter related industry awards such as RoSPA, CIOB, NFB, CCS Awards and other industry award applications.

"The quality of our project delivery is the foundation on which our business and reputation is built and the ability to deliver a high quality product, meeting or exceeding production targets safely, whilst minimising the impact on the environment is the foundation of our future profitability"

Henry Boot CONSTRUCTION

Information Technology

The introduction of a fully integrated Information Technology network across all of our activities will assist with improving the operational efficiency of our staff.

They will be able to focus on the construction process to ensure risks are minimised and financial recovery maximised, leading to protected profit margins.

Access to the company IT network server is now available to all of our staff regardless of their location. We intend to fully exploit the use of this network by ensuring that all of our staff receive training to enable the full benefits of our investment in these systems. It is our intention to revise current use of disparate and numerous IT systems and move towards a minimal number of network based, core, integrated and future proof solutions. The Company finance system, Microsoft Navision, is one of this new generation systems that supports all aspects of our accounting procedures and also links with Estimating and Payroll.

The ability of our staff to communicate and collaborate both internally and externally will be greatly enhanced by the use of web based tools such as collaborative web sites. The Company will over the next 5 years seek to use collaborative websites on all contracts where their use will be of benefit to the client, his consultants and our supply chain.

Safety Campaign

To be launched shortly, is our Health,Safety and Environment campaign, 20:20 Vision. This will raise awareness of all involved with our business and keep safety at the forefront of everyone's mind.

20 20 | VISION

Cost Management

Cost will be managed by accurate monthly forecasts prepared by the site teams, with detailed monthly reviews undertaken by senior management in conjunction with each site team.

Using in-house bespoke software, the forecast system forms the primary financial management tool for the business. Monthly cost and value reconciliations (CVR) will also be prepared by the commercial department using the CVR system integrated into Navision. Performance against the annual budget will be monitored and adjusted every quarter in line with actual performance for profit and turnover which will include adjustments made for newly secured work.

With up to 80% of contract expenditure being incurred through our supply chain, we will continue to develop our supply chain to provide the most efficient and cost-effective procurement solution. Whilst we have developed successful long-term relationships with several supply chain partners, we will continue to look for new partners to strengthen our coverage across our operational area.

Summary of areas which will define our success

Control and Review

We will ensure that all our people and supply chain partners support our business objectives.

This will be achieved through investment in our people, both in terms of training and rewards.

We will be benchmarking our performance in all our systems to ensure that we do not deviate from our business goals, whilst monitoring our own position within the construction sector against that of our competitors.

The Strategy Formulation Process will give implementation for control and the Performance Review will validate the business is on track. The full co-operation of all our people and our supply chain will be required in this process which will also be used to re-affirm we all have the same approach to our business, shared goals and strategic ambitions. Our clients will also be consulted as part of this detailed review.

Consolidation – Concentrate on Successful Markets

With the consolidation of our operational area, we will concentrate on delivering our service in a consistent, high quality and safe manner. We believe that the planned consolidation and subsequent modest growth will provide opportunities for our staff to grow and fully develop their true potential, which can only benefit the company and its reputation with clients and the industry.

Oncost Efficiencies

From the 1 January 2016, following the consolidation of the Eastern and Western regions, we shall have increased bid management control and uniformity of process. This will also be reflected in the operational side of the business with more cost effective utilisation of resources both on and off site.

The oncost expenditure will continue to be closely monitored against the budget by the Finance Department and reported at the monthly management meetings. We shall aim to manage our growth in turnover through a minimal additional resources and create a more effective and efficient use of resources.

We shall continue to take full advantage of our investment in Microsoft Navision and continue to set targets for cost management. We continue to measure oncost which is part of our business efficiency and as such will be set a target of turnover. The Finance Accountant will continue to report progress against this target at our monthly management meetings.

Innovation

The Government is driving forward a programme of modernisation within the construction sector, central to which is the adoption of Building Information Modelling techniques – BIM will be at the heart of all government-procured projects by 2016.

We are providing training and support for our people to develop the expertise and experience needed to raise industry standards and deliver improved project outcomes for our valued clients.

Our aim is that projects will be built quicker, more cost-effective and with no on-site clashes through the use of BIM, with ongoing client benefits through the whole life cycle of the asset.

We are able to deliver to BIM Level 2 - Exploiting the benefits of structured digital information. This data is used in a 3D environment, along with time (4D), cost (5D) and facilities management (6D).
We continue to develop our BIM strategy adopting new technologies to keep our business at the forefront of our ever changing industry.

We have appointed a BIM Champion – Kevin Dight - to implement these changes and lead the way on a number of case studies and NFB-sponsored exemplar projects. Kevin also sits on the MoJ special interest group for BIM.

Strategic Alliances and Frameworks

We shall innovate by:

- **Persuading clients to embrace new technology**
- **Support our supply chain to innovate ideas in their business**
- **Joined up solutions with supply chain and client**
- **Continued training**

We will continue to pursue strategic frameworks and we are currently working on two large framework bids, Yorbuild and the North West Construction Hub.

We believe these are two crucial frameworks for our business to procure a significant amount of public sector work in our operational area.
Both will run for the duration of this plan.

These will develop long term strategic alliances with Clients to minimise our risk to the purely competitive open tendering market.

With the Government looking to reduce costs, we need to continue to strategically develop our supply chain. The establishment of long term relationships with our suppliers and subcontractors will enable our Supply Chain to reduce the cost and risk of our works. We will integrate the supply chain within our pre construction activities wherever possible.

Resource efficiency – Reduce Waste Throughout the Business

Environmental focus throughout the construction and operational phases will promote the Company's image and help to improve profitability by reducing wastage of natural resources.

Over the last five years we have the targets set in the 'Halving Waste to Landfill' initiative developed by WRAP (Waste & Resources Action Programme). Henry Boot Construction have now signed up to the 'Built Environment Commitment', which has been developed to deliver a resource efficient, low carbon built environment. The initiative, developed by the Green Construction Board, supports the Governments 'Industrial Strategy Construction 2025'. By taking part in the industry-wide initiative we are contributing with others towards the goal of halving greenhouse gas emissions by 2025. This policy meets the ethos of the Company's policy to care for the environment.

Women in Construction

Meg Munn, former MP for Sheffield Heeley, has taken part in a site tour of the Fox Valley development in the north of the city – the visit was organised ahead of an event in Westminster focussing on the issue of women in the construction industry.

Henry Boot Construction invited the MP to view the ambitious 15 acre former industrial site which will bring a new retail, office and housing development to Stocksbridge with direct access to the A616 Sheffield to Manchester Road. Work started on the development earlier this year.

During the visit Ms Munn was given the opportunity to find out more about the £35 million development as well as meeting some of the women who are working on the Fox Valley site as part of the Henry Boot team.

Megg Munn is keen to see the number of women taking up careers in construction rise from its current level of 11 per cent. She is the editor of the Smith Institute's recent report, 'Building the Future: Women in Construction' which examines why the industry needs more female workers.

Living Wage

We are continuing to lead the way by ensuring that all our employees are paid the minimum of the living wage. Good for living, good for families, good for society.

People - Our Greatest Asset

We shall continue to operate successfully if we are correctly resourced and have an appropriate skill base to continue to grow the business. Henry Boot Construction will only operate successfully if our people are sufficiently motivated.

We have seen a number of our long standing employees retire and we have had a considered recruitment drive to establish key positions within the company and also new positions within our bidding teams to ensure we have a robust bidding strategy. It is important that our succession planning continues to address the issue of training as well as development in new technologies. Having the adequate skilled, competent, and motivated people will be the vital to our success.

People are a company's greatest asset and we will continue to:-

- **Develop a people / focused environment**
- **Improve the attractiveness of construction**
- **Increase apprenticeship recruitment**

Short Term Plan:

- **Identify employees that have the potential for key positions in the future**
- **Review existing training plans**
- **Review existing apprentice recruitment plan**

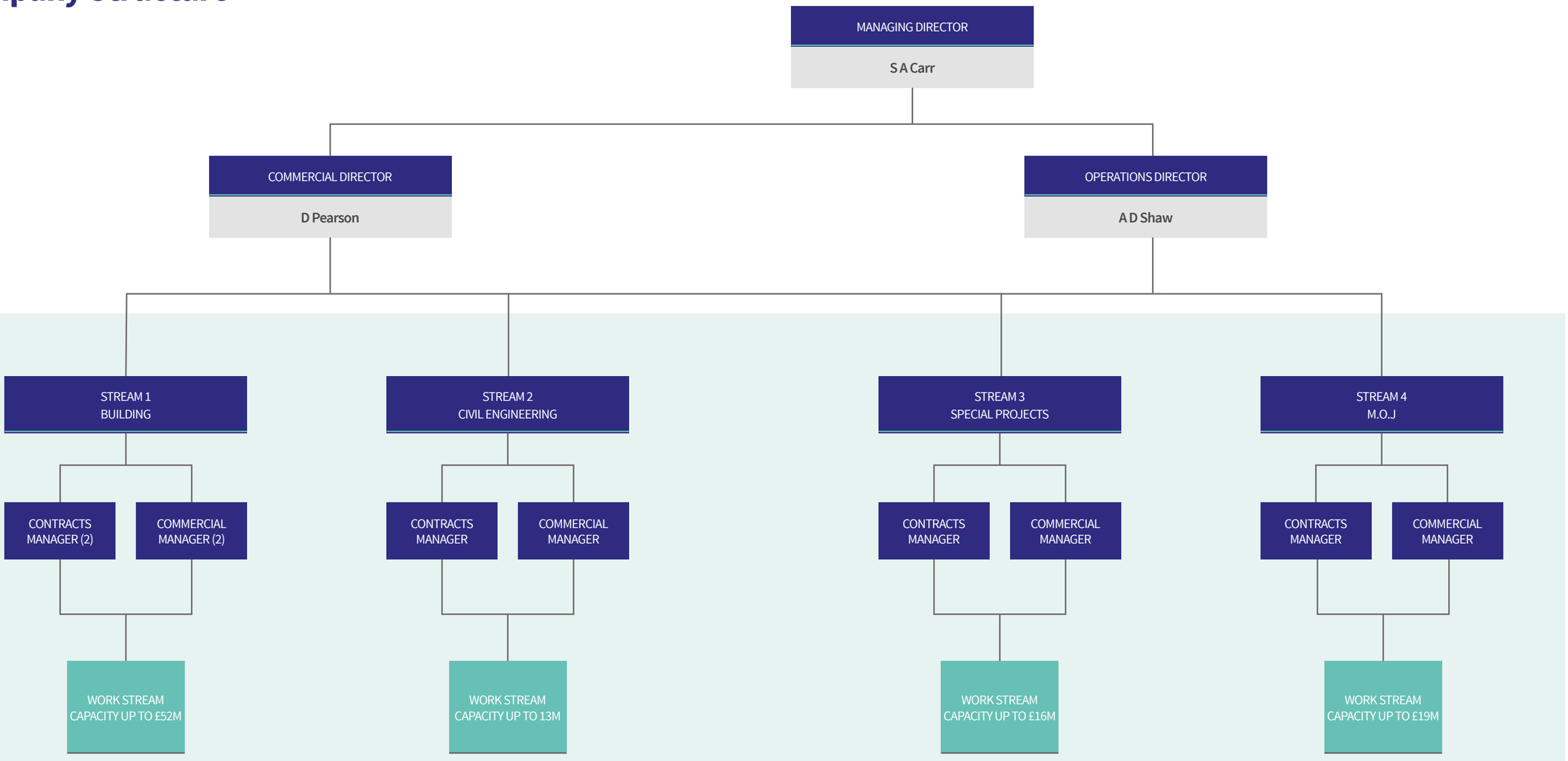
Long Term Plan:

- **Benchmark pay levels against our competitors on an annual basis**
- **Through the Managing Director's Working Group, appropriate action is taken to address key issues**
- **Develop challenging training plans for key employees**
- **Succession Planning**

Working Outside Operational Area

It is the intention of the board to maintain the links with trusted clients and sister group companies to work outside the operational area, should the opportunity and financial rewards be favourable. All subject to vetting by both Henry Boot Construction and PLC Directors.

2016 Consolidated Operations Company Structure



Conclusions and Recommendations

Taking into account our current performance levels and the predicted levels of construction activity, this business plan will enable the company to achieve increases in efficiencies across all its operations whilst providing financial stability to satisfy all stakeholders.

It is vital that a system of continual review and monitoring as described above is maintained. A process of continual improvement and ability to embrace change will be required to achieve long-term strategic objectives and maintain a competitive advantage.

The Directors of Henry Boot Construction Limited recommend this updated business plan and seek the full support and acceptance of the Group Main Board in its immediate implementation.

S.A. Carr
Managing Director

A.D. Shaw
Director

D. Pearson
Director

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