

Written evidence submitted by the Chartered Institute of Building (BBP0011)

1. Introduction

The CIOB is the world's largest professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, and we have been doing that since 1834.

Our members work worldwide in the development, conservation and improvement of the built environment. We accredit university degrees, educational courses and training in universities and colleges. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

We are pleased to be able to respond to this inquiry and would welcome the opportunity to provide further information if necessary. We have chosen to limit our response to the areas where we feel our expertise is most relevant.

2. Background

The CIOB's report, [The Real Face of Construction 2020](#), finds that the construction industry accounts for around 6% of the UK's total economic output and provides jobs for 2.3 million people – about 7.1% of the UK total. These figures predominantly account for on-site construction, and with the value added by architects, engineers, surveyors and other professionals working within the built environment, the contribution of the sector is closer to 15.3% of GDP.

The pandemic has had a dramatic impact on sectors across the economy, and the construction industry has been particularly affected. The IHS Markit/CIPS Construction Purchasing Managers' Index (PMI) fell from 39.3 in March to 8.2 in April. This reading was the lowest since records began in April 1997, reflecting a decline in construction outputs due to site closures and shutdowns across the supply chain.

There has since been a sharp rise in new business, with the PMI registering as 53.1 in October, and the latest data release from the ONS showing that construction output increased by 3% in August following a 17.2% rise in July. However, as Barbour ABI data indicates, comparisons on the previous year show that total output is 13% lower than it was in August 2019. Businesses continue to face cost burdens, with higher raw material prices as a result of shortages at suppliers and deteriorating vendor performance. Construction wages have also been restricted, with average weekly earnings in August approximately 3.2% lower than the previous year. The latest UK Construction PMI finds that October reported the weakest rise in construction output since the recovery began in June.

Although these figures indicate a resurgence in construction activity following the easing of the first lockdown, further rolling restrictions and a concerning global economic forecast indicate a difficult

winter ahead. While businesses adapt to new ways of working as a result of Covid-19, the clock continues to count down on an agreement of the nature the future relationship between the EU and UK.

The construction industry has been working tirelessly to prepare for the Britain's departure from the European Union, amidst the challenges thrown up by the Covid-19 pandemic. The Construction Leadership Council (CLC) has undertaken extensive work to assist the industry to get ready for Brexit. Its Brexit Working Group, of which the CIOB is a member, has produced business guidance and information to facilitate business continuity at the end of the transition period, and identify critical issues facing the construction industry in the event of a no-deal scenario. The Working Group is split into four workstreams covering movement of people, movement of goods and materials, standards and alignment, and data adequacy.

While the sector has a leading role to play in helping to facilitate a smooth transition, businesses will need clarity and support to ready themselves for the changes this transition period will bring and deliver the Government's 'Build, Build, Build' agenda. Several unanswered questions remain around access to migrant labour and alignment of standards and regulations, and these must be addressed if businesses are to adequately prepare for whatever eventuality occurs after 31 December.

3. Movement of people

We are particularly concerned about the impact of Brexit on the existing skills shortage in the sector, in terms of both skills and availability. With new immigration rules coming into place on 1 January 2021, the availability of manual construction workers is likely to be significantly affected and will have knock-on effects on project costs and timelines as labour demand outstrips supply and construction materials are subject to new import restrictions. This will be compounded by an ageing construction workforce and a lack of new entrants to the sector.

The UK construction sector employs a significant number of skilled and unskilled foreign workers, which are thought to account for over 14% of the construction workforce. Data from the Office for National Statistics (ONS) indicates non-UK nationals account for 48% (70k) of the construction industry workforce in London, with more than a quarter (28%) from the EU8 and EU2.¹ The All-Party Parliamentary Group for Excellence in the Built Environment in its 2017 report, *Building on Brexit*, found that the five most common non-UK countries of birth of construction workers were Poland (55.5k), Romania (27k), India (19.4k), Lithuania (17.9k) and Ireland (15k).²

Although anecdotal, there are signs that migrant workers either are permanently returning to their countries of origin. In a survey of over 10,500 construction workers by recruitment agency Randstad, over a third of EU nationals reported considering leaving the UK due to Brexit, with many citing complications around visas and a potential drop in projects and jobs.³ Data suggests that there has also been a record annual decrease in the number of EU nationals currently employed in the UK.⁴

¹ Office for National Statistics (ONS), [Migrant labour force within the UK's construction industry: August 2018](#), 23 August 2018

² APPG for Excellence in the Built Environment, [Building on Brexit](#), July 2017

From 1 January 2021, free movement will end and the UK will introduce a points-based immigration system. Anyone coming to the UK to work, excluding Irish citizens, will need to apply for permission in advance. The immigration policy document has made clear the Government's intention to cut the supply of unskilled migrant labour. Furthermore, skilled migrants will represent additional expense to employers, with the Immigration Skills Charge (ISC) for each skilled migrant worker employed through the Skilled Worker and Intra-company Transfer routes. Employers must pay £1,000 per skilled worker for the first 12 months, with an additional £500 charge for each subsequent six-month period, although discounted rates will apply for some charities and small businesses.

Many of the construction sector's skilled foreign workers are employed by agencies, for which there is still a lack of clarity. These organisations act as intermediaries for vast numbers of staff and a £1,000 fee per head is unlikely to be economically viable.

The Government has also ruled out any exemption for unskilled or low-skilled workers who are vital for the continued operation of construction sites. The Home Secretary has set a £26,500 salary threshold below which migrant workers will be refused entry. Those who earn less than the going rate (but above £20,480) may still be able to enter by trading points, for example, if the job is listed as a shortage occupation.

The CIOB, in alignment with other construction trade federations in the built environment, has made a joint submission to the Migration Advisory Committee's review of the Shortage Occupation List (SOL), highlighting certain trades, occupations and skills that are in demand.⁵ This submission calls for the SOL to be responsive to the industry's skills needs while we leave the EU and recover from the pandemic in order to prevent any future skills gaps or shortages.

We welcome the Government's announcement that a number of additional construction trades have now been included in the tier two skilled work category, including bricklayers and masons (SOC code 5312) and electrical and electronic trades (SOC code 5249), and that the new entrant route is to include those working towards professional qualifications. However, a number of crucial roles remain outside the new system, including steel erectors (SOC code 5311), construction and building trades n.e.c. (SOC code 5319), construction project managers (SOC code 2436), and construction and building trades supervisors (SOC code 5330).

³ Randstad, [Brexit – are construction workers leaving or leaving their options open](#), 7 February 2019

⁴ See Figures 6 and 7: ONS, [Employment in the UK: November 2020](#), 10 November 2020

⁵ CITB and other Professions and Trade Federations in the Built Environment, [Submission to the Migration Advisory Committee call for evidence on the Shortage Occupation List](#), June 2020

We are extremely concerned that the Home Office has chosen to reject all recommendations made by the MAC. A significant number of 'low-skilled' migrant workers will be ineligible for entry into the UK via the skilled worker route. The Government's refusal to consider the importance of these

"My continued concern is the sudden lack of access for skilled trades from across Europe which for so long have propped up our skills shortage within construction in the UK. With a toughening stance on immigration the UK construction industry faces a real shortage of skilled workers which cannot be topped up or safeguarded against through new recruits. The increase in Modern Methods of Construction and Design for Manufacture and Assembly will provide long term solutions to the skills gap, but despite the timescales these approaches still seem in their infancy to create any real change."

A Fellow of the Chartered Institute of Building (CIOB)

workers to the construction industry's labour force is a blow to a sector which is extremely vulnerable to economic cycles and has historically suffered from chronic skills shortages. In practical terms, a future skills shortage as a result of changes to immigration laws will mean delays to projects, increased costs, limited ability to develop low-carbon skills and a levelling up agenda that is pushed out of reach.

Without access to legal sources of labour, we risk exacerbating informal unemployment in a sector with well-documented difficulties battling unethical employment practices. Focus on Labour Exploitation (FLEX) found that half of all workers employed in the London construction industry do not have a written contract.⁵ A rise in informal employment risks leaving workers vulnerable to exploitation via lack of formal employment rights and migrant status, further endangering those in precarious situations and fuelling modern slavery.

We recommend that the Government:

- Work with industry to highlight the opportunities in the built environment for young people and improve vocational education so that it is given parity of esteem with academic routes.
- Extend the duration of the work permit for those going through the temporary worker route to two years to avoid shortages of labour supply in the construction sector.

4. Alignment of standards and regulations

As a sector, the construction industry and wider built environment holds the standards and regulations in place that protect consumers and ensure high quality products and materials which are fit for purpose. The marketing of construction products in the UK is regulated by EU law.

We are pleased to see that the Government has finally updated the Construction Products (Amendment etc.) (EU Exit) Regulations 2020. The regulations will amend existing construction products regulations in the United Kingdom using the powers in the European Union (Withdrawal) Act 2018. They will ensure that EU construction products legislation continues to apply in Northern

Ireland, in accordance with the Northern Ireland protocol. They will also amend the remainder of the United Kingdom regime so that it applies to Great Britain only.

The Construction Products Regulation (CPR) lays down harmonised rules for the marketing of construction products in the EU. The Regulation provides a common technical language to assess the performance of construction products. It ensures that reliable information is available to professionals, public authorities, and consumers, so they can compare the performance of products from different manufacturers in different countries.⁶

We ask that the Government provides a clear longer-term indication of its intentions towards the current standardisation and regulation of products and materials with the EU. We are keen to avoid a situation that leads to inconsistent standards across businesses or a lowering of standards generally, as any divergence will inevitably lead to greater complexity, confusion and ultimately cost for UK businesses. It is vital that a significant period of consultation is undertaken at the earliest possible stage before embarking on any divergence in building products and materials regulations and we urge the Government to provide confirmation of the timelines for this consultation process.

We recommend that the Government:

- Provides a clear longer-term direction of what it intends to do in relation to the current standardisation of regulation of products and materials with the European Union.

November 2020

⁶ European Commission, [Construction Products Regulation](#)