

The Rt Hon Anne-Marie Trevelyan, MP
Minister of State for Business, Energy, and Clean Growth
Department for Business, Energy and Industrial Strategy
House of Commons
London
SW1A 0AA

16 June 2021

Dear Anne-Marie Trevelyan,

Tackling the labour crisis in construction

Thank you for taking my question on the Construction Leadership Council (CLC) call on Monday 7 June regarding the labour shortages and wage inflation that the concrete structures sector is currently experiencing.

CONSTRUCT Concrete Structures Group is the leading representative body for the concrete structures industry, and our members undertake approximately 80% of all concrete frames built nationwide.

As discussed on the CLC call, all of CONSTRUCT's members that responded to our recent survey, stated that they were facing a labour shortage and wage inflation, with 56% stating that this shortage was 'extreme'. This is across all occupations, including skilled works in formwork, steel fixing, ground works, and plant machinery operation, which are the staple occupations of the concrete structures sector. We are also facing shortages of general labourers.

The demand for labour in the UK is outstripping supply, that this is causing significant wage inflation, with our members reporting an average of 20% increase in self-employed wage rates, which some reporting extremes of 35%. These wage rates are not sustainable, and will likely result in contractual disputes due to increased delivery costs and delayed schedules. At worst, it could cause companies to enter administration.

The bulk of the concrete structures sector's current operatives are skilled and qualified, although usually to a Level 2 qualification. This poses difficulty for the sector to recruit from abroad due to the Level 3 requirement within the new UK visa regime.

Our members believe there is a cohort of self-employed labour – around a third – that are taking advantage of the Government's Self-Employed Income Support Scheme, despite there being sufficient work in construction. Some are foreign nationals that were working in the UK before the pandemic, have also returned to their home countries and are still claiming these payments, with many never planning to return to the UK to work.

Our members are committed to shifting to train more domestic talent to join our industry. We are aligned with the CLC and the Construction Industry Training Board (CITB) initiatives that help promote and bring in the next generation of construction workers, while keeping talent in the sector that may have been displaced through redundancies or otherwise, by placing workers in other roles in the construction industry.

Training new entrants from scratch takes significant time and resources, with 2 to 3 years for a worker to reach full qualification and develop the necessary skills and abilities. The industry needs short-term measures that allow it to continue to meet demand.

As such, we have two asks of Government:

1. Immediately stop the Self-Employed Income Support Scheme payments for construction workers, increasing the labour pool available, curtailing wage inflation, and giving us a clearer idea of how many workers abroad intend to return to the UK.
2. Allow temporary workers to be brought in from abroad that are not subject to the Level 3 requirement for qualification, while the industry takes time to train the next generation of talent in the medium to long-term. A similar temporary worker scheme could be implemented like those arranged for 'fruit picking' in the UK farming industry. We accept that this type of arrangement could not be permanent, but would help ease the labour shortage in the short-term, while we boost the pool of domestic labour through training.

CONSTRUCT and the wider industry are truly grateful for the consistent support the construction sector has received from Government throughout the pandemic, including your regular communications with us through the CLC, and championing our work to help the country 'Build Back Better'.

I hope that you will consider our proposals and I would be pleased to provide further information or answer any questions you may have.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D. Campbell', with a long horizontal line extending to the right.

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cc. Stuart Young, Covid19 Construction Sector Relationship Manager, BEIS