

Creating a Stronger Construction Industry Post-Brexit

Build UK is the leading representative organisation for the UK construction industry. By bringing together Clients, Main Contractors, Trade Associations representing over 11,500 Specialist Contractors and other organisations committed to industry collaboration, Build UK represents in excess of 40% of UK construction.

Introduction

Build UK members have identified their main areas of concern for the industry in leaving the EU as:

1. Secure **project pipelines**
2. Future access to **skills**
3. Impact on material and product **imports and exports**
4. Uncertainty over changes to the **regulatory regime**

This position paper explores the ideal outcome in each of these areas and the actions required by both industry and Government.

1. Secure Project Pipelines

Current Situation

- There is a lack of certainty around the public and private sector investment in construction and project pipelines.
- Slow and inconsistent planning and approval process for major infrastructure and local construction projects limits the potential output of construction.
- The European Investment Bank and Investment Fund have invested around €7.8 billion in UK infrastructure attracting private sector investment and acting as a multiplier.

Opportunity

To agree a construction and investment plan which meets the needs of the UK population including social and economic infrastructure and private development adding economic value to the UK.

Challenge

- Reduced investor confidence in the UK.
- Reduced demand for construction projects from the private sector.
- Reduced levels of public investment due to pressure on public finances.

Desired Outcome

An agreed construction pipeline covering the full range of social and economic infrastructure and private development adding economic value to the UK.

Recommendations for Industry

- Present a joined up view of construction showing the integration and indisputable link between the delivery of 'new homes', modern day workplaces and infrastructure that keeps the UK moving.
- Continue to make the evidence-based case for the economic benefits of investment in construction.
- Demonstrate the ROI of investment in construction projects.
- Demonstrate efficient delivery of construction projects and its potential to increase and deliver prosperity for the UK.

Requests of Government

- Make an ambitious commitment to build a social and economic infrastructure system fit for the 21st Century.
- Provide clarification on the spending plans for construction projects.
- Explore continued participation in appropriate EU funding programmes.

2. Future Access to Skills

Current Situation

- Construction continues to experience difficulties in recruiting appropriate skills at all levels.
- Around 10% of the construction workforce are non-UK nationals and in areas such as London, migrant labour can make up to 50% of the workforce.
- In Build UK's State of Trade survey for Q3 2016, 55% of contractors reported rising labour costs, with a lack of suitably qualified staff a key factor.

Opportunity

To address our skills challenges by recruiting, training and retaining the next generation of home grown talent.

Challenge

Instability and uncertainty over existing EU workers' rights to stay in the UK and on the future immigration system for both graduate and non-graduate labour from within the EU.

Desired Outcome

Ensuring the construction sector has access to a pool of labour to meet its skills needs.

Recommendations for Industry

- Reform CITB.
- Identify the occupations currently being performed by EU nationals.
- Develop clear and consistent routes of entry to construction occupations and careers.
- Ensure a consistent and effective training and qualification structure.

Requests of Government

- Agree a position on the status of EU nationals currently in the UK.
- Set out an immigration policy that:
 - Recognises the need to recruit non-UK skills for both high and lower skilled roles.
 - Enables industry sectors to recruit outside of the UK as necessary.

3. Impact on material and product imports and exports

Current Situation

- The UK imports £4.9 billion more building materials and components from the EU than it exports.
- Around 15% of all manufactured construction products consumed in the UK are imported from the EU which means currency fluctuations have a significant impact on project costs.
- Construction is not a major exporter of goods or services and that is not anticipated to change.

Opportunity

To reduce the industry's trade deficit by 50% and actively support UK manufacturing and supply chains, as set out in Construction 2015.

Challenge

It is not always possible to source construction materials, components and products from inside the UK so non-barrier access to trading with the EU is important.

Desired Outcome

An open trading relationship with Europe that does not significantly increase costs.

Recommendations for Industry

- Identify which construction materials, components and products are imported and why.
- Identify opportunities for the construction industry to source materials and products from manufacturers and suppliers within the UK.

Requests of Government

- Prioritise the negotiation of a new UK-EU relationship over a deal with any other market.
- Seek a trading relationship with the EU which does not significantly increase costs for construction.
- Pursue Free Trade Agreements with non EU countries with minimal tariff and non-tariff barriers.

4. Uncertainty over changes to the regulatory regime

Current Situation

EU legislation covers a wide range of areas affecting the construction industry including;

- Employment
- Environment and climate
- Health and Safety
- Public Procurement

Build UK members have identified construction specific EU regulations or directives, and those which apply to all businesses, which particularly impact the sector.

Opportunity

To retain, update, simplify and repeal legislation and regulations to benefit the UK and business growth.

Challenge

- Losing standardised and harmonised standards across Europe risks application of inconsistent standards across businesses and an inappropriate lowering of standards.
- Uncertainty and confusion as a result of changes to a myriad of legislation at the same time.

Desired Outcome

A regulatory landscape that maintains effective standards and quality whilst also reducing bureaucracy.

Recommendations for Industry

- Seek a greater involvement in influencing EU legislation as the UK exits the EU.
- Consider regulatory or legislative changes which could have a positive impact on the industry.

Requests of Government

- Use the Great Repeal Bill to 'carry over' legislation and provide certainty.
- Ensure construction products are fit for purpose and high quality by retaining CE marking standards.
- In the longer term, engage closely with industry to identify the opportunities for simplifying, updating or abolishing regulation.

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March 2017