



BREXIT: IS THE MATERIALS SUPPLY CHAIN READY?

Using information from across the supply chain, Build UK and the Chartered Institute of Procurement and Supply (CIPS) have published a [detailed report](#) on the supply of construction materials from 1 January 2021.

The overriding message from all businesses is the need for much earlier engagement across the whole supply chain, along with enhanced forecasting information to anticipate and manage supply and demand issues.

The report will be regularly updated and the latest version on the Build UK website should always be used.

MANAGING SUPPLY RISKS

The report is intended to help the industry understand the materials supply chain, including where goods are manufactured and how they will be affected by changes in regulations, currency fluctuations, transport arrangements and import duties at the end of the Brexit transition period. The availability of supplies will also be influenced by issues such as ports used for imports, the length of supply chains, and the raw materials used. The level of risk will increase as the level of control over an aspect of supply falls.

Whilst discussions around a trade deal with the EU continue, the industry is preparing for the worst case scenario and, in the event of 'No Deal', the estimated increase in duty and other costs ranges from 2% - 8%.

KEY FINDINGS

The CIPS Senior Construction Leaders Group, chaired by Laura Hobbs of the Royal BAM Group, has collated information, identified the top product categories, and RAG-rated the impact of the transition period ending without a deal on the most common materials within each category.

Whilst there are extended lead times on particular materials, including facades, lifts, roof tiles, and timber, **no material is rated 'red' or high risk.**



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Steel quotas for 2021 have been published for [19 imported steel products](#), and import levels in 2021 are expected to be similar to those in 2020. Under a 'No Deal', a tariff of 25% will be applied to the net price of products exceeding the quota. UK steel mill capacity is higher, and overall demand is anticipated to be slightly lower than in previous years, so there is **not expected to be an issue with supply**. However, with a number of HS2 projects starting in the last two quarters of 2021, this will need to be kept under review.

Products imported solely from Europe, such as lifts, facades and cladding, are on the **'watch list'** as they are usually made to order and there is little stock held in the UK. Projects requiring these, particularly any which are specialist or bespoke, should be talking to suppliers and manufacturers, placing orders earlier than usual, importing products ahead of time, and storing them in the UK, particularly in the first quarter of 2021 and where they are on the critical path of any programme.

Timber has been in short supply since March 2020 and a range of timber products continue to be on **longer lead times**. Advance ordering and working closely with supply chains is advised for at least the first two quarters of 2021.

CONCLUSION

Materials suppliers have prepared for the anticipated disruption and delays in the materials supply chain as a result of the end of the Brexit transition period.

In an effort to avoid relying on importing materials in January 2021, the supply chain has already 'stockpiled' for the first month of the year.

Whilst the information available has not identified any materials as 'high risk', longer lead times should be expected.

Conversations with suppliers and manufacturers should be taking place now for projects expecting significant use of imported materials in the first quarter of 2021 and programmes reviewed accordingly.



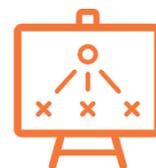
People



Products



Programme



Prepare