Research summary

Evidence to help Government and construction employers with skills issues in the run-up to, and following, Brexit. This Green Paper updates our 2017 report *Migration and Construction: the view from employers, recruiters and non-UK workers.*
Executive Summary

“As Brexit approaches, construction employers expect recruitment of skilled staff to become more difficult. However, few employers are making firm plans to address this. Rather their main aim is the retention of their existing migrant employees.”

“This Green Paper presents wide-ranging feedback from employers, agencies and migrant workers on a variety of post-Brexit scenarios. Their views demonstrate a need for construction firms to adopt a twin-track strategy; investing in the domestic workforce whilst also securing the vital talent of migrant workers. With an estimated 158,000 construction jobs to be created between now and 2022 industry needs to collaborate to meet the productivity challenge, raise skills and support the economy.

“In the coming months, we will continue to work closely with employers, the Construction Leadership Council and Government to make this happen.”

Stephen Radley, Director of Policy, CITB
Aim of the research

This research updates CITB’s 2017 report: ‘Migration and Construction: the view from employers, recruiters and non-UK workers’.

Our research updates Labour Force Survey (LFS) data and provides fresh evidence to help Government, construction employers and CITB to make decisions on skills, workforce and training-related issues in the run-up to, and following, Brexit.

This report explores:
- The current and future role of migrant workers in the UK construction workforce.
- The nature, scale and demographics of the construction workforce.
- Employers’ reasons for using migrant workers.
- The role of employment agencies.
- Employers’ and agencies’ views of the future outlook and challenges.
- Responses to possible future EU immigration policies.

Terminology

Throughout the report we refer to ‘migrant workers’ or ‘non-UK workers’. These terms are used interchangeably to refer to individuals who were not born in the UK and do not hold a UK passport.
About this report – Methodology

**Desk research**
- Literature review
- Policy review
- Secondary analysis

**Qualitative research**

- **20 EMPLOYERS**
- **10 NON-UK WORKERS**
- **5 RECRUITMENT AGENCIES**
- **7 STAKEHOLDERS AT ROUND TABLE DISCUSSION**

**EMPLOYERS**
10+ Staff & either non-UK workers account for 10% of their workforce or employ at least 20 non-UK workers. Included professional services.

**NON-UK WORKERS**
Did not hold a UK passport and not born in the UK. Recruited via snowballing from contracts.

**AGENCIES**
All place individuals into the construction sector on a regular basis.
Quantitative research

**EMPLOYERS**

- **400 INTERVIEWS**
  - 20 minutes
  - Eligibility: 5+ direct employees (use of non-UK workers not part of sampling or eligibility)
  - Data weighed in line with employer population

**NON-UK WORKERS**

- **244 INTERVIEWS**
  - 5 minutes
  - Self completed online, mostly onsite (using tablets)
  - 16 sites visited in London and Eastern region
  - Most were working in construction trades (69%), with a minority (10%) in professional services

**AGENCIES**

- **50 INTERVIEWS**
  - 20 minutes
  - Excluded if their organisation placed few or no individuals in construction
  - 24% of agencies specialised in construction placements
  - Most (68%) dealt with a mix of construction trades and professional services
Migrant workers background analysis and key employers’ views

The remainder of the Green Paper is divided into the following headings which analyse the background, role and benefits of migrant workers and offers the views and priorities of employers.

Q & A: Demographics and profile of the construction migrant workforce
Most employers felt that the skill levels of non-UK workers were comparable with UK employees. The benefits of using migrant workers, in terms of meeting employer skills needs and their positive work ethic, far outweighed any drawbacks caused by any temporary knowledge gap.

Availability: the key recruiting issue for employers
As with last year’s findings, employers are not driven by any particular characteristics of migrant worker, e.g. cheaper, more productive, harder working, the key issue is availability.

More firms are seeing Brexit impacts
This year’s figure, 32%, compares to 25% last year.

Employers expect recruitment to get tougher
Although employers expect the recruitment of skilled staff to be more difficult they tend to view this problem as affecting other businesses and not themselves.

Few employers are taking recruitment planning action
Only 8% of employers who have taken actions for Brexit have or will increase training.

Employers’ main priority? Keeping the workers they currently employ
Responses from migrant workers suggest employers have a good chance of doing so (61% expect to work in the UK until they retire).

Four scenarios: caps and transition
Employers and agencies were asked about the likely impact of four different post-Brexit scenarios for their company and the sector. General employer reactions to the scenarios included a feeling that industry is resilient.
Employers’ views of CITB
Views include: CITB improving the status of manual work within construction; expanding support for the delivery of apprenticeships; keeping industry informed about different eventualities.

CITB’s role
CITB will continue to provide fresh evidence to industry and coordinate the sector’s response to the skills challenges posed by Brexit.

Q & A: Demographics and profile of the construction migrant workforce

The latest Labour Force Survey data for 2017 reveals that just over 2.25 million people aged 16 to 64 worked in construction in 2017. 14.8% of them were born outside the UK (up from 13% in 2015).

This shows a growth both in the overall number of people working in construction in the UK from 2015-2017, and a growth in the proportion of the workforce born outside of the UK.

Why do migrant workers come to the UK?
Improved pay rates and quality of life were the most common reasons why non-UK workers moved to the UK to work. Some mentioned availability of work, a lack of opportunities in their country of origin, or more development opportunities in the UK as reasons for moving. These are also key motivations to continue to stay.

In some cases, the desire to move to the UK was influenced by the fact that workers already had family living in the UK. A few also saw moving to the UK as an opportunity for ‘adventure’ and character building.

What countries do migrant workers come from?
Over half of non-UK workers in construction now come from the EU Accession Countries.

“As a whole as a country we need to accept these people, if they want to come and work, with open arms because we do have a massive skills shortage and it is only going to get worse.”
Recruitment Agency
The number of Romanian workers has risen rapidly to become the largest national group working in the industry (27k in 2015 to 64k in 2017). The number of Bulgarians has also increased markedly in recent years. Polish workers remain a key group.

Among the employers interviewed they additionally directly employed Spanish, French, Irish, Portuguese and Italian staff.

Few firms directly employed non-EU workers. Of those that did, countries of origin of these workers included: the USA, New Zealand and South Africa.

**What roles do migrant workers undertake in the UK?**

While migrants can be found working across all roles in construction, they tended to be employed mainly in unskilled and semi-skilled professions or trades. Employers using non-UK workers reported a large increase in the number of migrants employed in construction acting as General Labourers (rising from 22% in 2017 to 40% in 2018).

Agencies also noted that EU workers in traditional construction roles tend to come from Eastern Europe, including Poland, Romania and Ukraine. In contrast, workers in professional roles tend to come from countries in Western Europe including Italy, France, Spain and Germany.

**Self-employment vs direct employment**

LFS data found that just over half of non-UK workers are self-employed (55% vs 57% in 2015). Migrants are also more likely to be employed via an agency than last year (14% compared to 12% in 2017). Direct employment at 25% is similar to the proportion in 2017 at 24%.

Migrant workers are also more likely to be self-employed than their UK counterparts (55% non-UK workers vs 36% UK born workers).
How well qualified are migrant workers?

The survey of non-UK workers found the proportion with a qualification at degree level or above had decreased to 5% (down from 18% in 2017).

The survey also found the proportion of non-UK workers with Level 1 qualifications increased to 19% (up from 8% in 2017).

The main occupations of non-UK workers in 2018 are (2017 figures in brackets):
- General Labourer: 20% (12%)
- Carpenter/Joiner: 15% (15%)
- Plumber: 6% (6%)
- Site Supervisor: 6% (5%)
- Multi-trade: 5% (4%)
- Plasterer: 5% (3%)
- Project Manager: 3% (7%)
- Electrician: 2% (5%)
- Bricklayer: 2% (4%).

What age-range are migrant workers?

Migrant workers are more likely to be younger than the domestic workforce. Most are between ages 25-44. Non-UK workers are much less likely to be aged 50+. This demonstrates migration is masking the extent of the challenge that construction faces from an ageing workforce.

What are the benefits of using migrant workers?

Most employers felt that the skill levels of non-UK workers were comparable with UK employees. The benefits of using migrant workers, in terms of meeting employer skills needs and their positive work ethic, far outweighed any drawbacks caused by any temporary knowledge gap (e.g. regarding regulations or working practices), and these gaps were quickly overcome. This was the case in both traditional construction and professional roles.
Availability – the key recruiting issue for employers

In an uncertain industry dominated by small firms, construction’s use of migrant workers is driven by need. As with last year’s findings, employers are not driven by any particular characteristics of migrant workers, e.g. cheaper, more productive, harder working, the key issue is availability.

Availability drives use of non-UK workers

PROMPTED REASONS FROM EMPLOYERS

<table>
<thead>
<tr>
<th>Reason</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are not enough skilled UK people that apply when we recruit</td>
<td>43%</td>
<td>36%</td>
</tr>
<tr>
<td>They have a better attitude and work ethic</td>
<td>54%</td>
<td>49%</td>
</tr>
<tr>
<td>More productive</td>
<td>59%</td>
<td>50%</td>
</tr>
<tr>
<td>Better skilled or qualified than UK applicants</td>
<td>76%</td>
<td>71%</td>
</tr>
<tr>
<td>Non-UK workers are cheaper</td>
<td>92%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Key:
- **Key**: Non-UK workers are cheaper
- **Partial**: Better skilled or qualified than UK applicants
- **Not**: They have a better attitude and work ethic

Base: All employers that have non-UK workers (2018: 205; 2017: 216)

The demand for non-UK workers remained stable between 2017 and 2018.
More firms are seeing Brexit impacts

The last year has seen stronger growth in the EU, a construction slowdown in the UK and greater evidence of the complexity and uncertainty surrounding Brexit.

More firms are seeing some impacts from Brexit – 32% this year compared to 25% last year.

But from employers and agencies, there is limited evidence of change in recruitment of migrant workers.

In London, 51% of firms have seen impacts from Brexit.
“It wouldn’t be an impact on us personally, but the impact is on the workflow coming through the door. If things are getting held up in planning or delivery because they don’t have the workforce, that affects us.”

10-49 employees, Professional services, UK wide

Employers expect recruitment to get tougher

Employers are relatively upbeat about the economic outlook for construction. However, more expect to see Brexit impacts than last year. Employers think it will get harder to recruit staff, particularly skilled ones, as do the balance of recruitment agencies.

If there are caps on migrant workers employers foresee skills and staff shortages and higher wage costs.

However employers tend to see this affecting other businesses and not themselves which could be reflected in the lack of planning for the post-Brexit landscape.

EXPECTED BREXIT IMPACTS MAINLY NEGATIVE

- Lack of clients/investment: 15%
- Staff shortages: 8%
- Supply chain costs will go up: 8%
- Positive effect: 5%
- Economic downturn: 5%
- Depends on implementation of Brexit: 4%
- Increased import/export costs: 2%
- Any impact: 45%
- No impacts: 44%

Base: All employers (2018: 400) Base: All employers that taken planned actions (69)
Tougher recruitment outlook predicted

Almost half of employers expect that it will get harder to recruit skilled staff in the next 2-3 years vs 4% thinking it will get easier.

Employers expect to have more difficulty recruiting skilled staff over the next 2-3 years. 45% think will get harder (just 4% think it will get easier).

It is a similar but less extreme story for semi and unskilled staff, 27% anticipate it getting harder, and 10% think it may get easier.

Few employers are taking recruitment planning action

The research found that many firms think they need to take action but very few have firm plans. This is not surprising given the uncertainties surrounding Brexit and the fact that most firms are small. Underlining this, large firms are much more likely to regard the transition period as important, as are agencies.
Employers believe that they will need to do more training but few of them have plans to achieve this. Only 8% of employers who have taken actions for Brexit have or will increase training. This is despite 46% of all employers surveyed (both those who have started planning and those who have not) expecting to have to do more in the future as a result of Brexit.

**Employers’ main priority? Keeping the workers they currently employ**

Retaining the workers they currently employ is the most important aim for employers in the run-up to Brexit.

Responses from migrant workers suggest employers have had a good chance of doing so (61% expect to work in the UK until they retire), although a range of economic and personal factors influence this, including clarity on future rights. Just 22% expect to definitely leave the UK to work at some point.

Nearly two-thirds were aware of EU workers’ rights to remain following Brexit. Of those who were not aware, 60% said they were more likely to stay in the UK as a result of this.

A regional breakdown of English regions’ dependence on non-UK workers shows a large fall in dependence in the South East and Yorkshire; a rise in the East Midlands and North East. London remains the most dependent area in the UK.
LONDON FIRMS MUCH MORE DEPENDENT ON NON-UK WORKERS

DEPENDANCE ON NON-UK WORKERS BY REGION (VERY/QUITE)

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>East of England</td>
<td>16%</td>
<td>25%</td>
</tr>
<tr>
<td>East Midlands</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>North East</td>
<td>9%</td>
<td>1%</td>
</tr>
<tr>
<td>West Midlands</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>South West</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>South East</td>
<td>4%</td>
<td>17%</td>
</tr>
<tr>
<td>Yorkshire and Humber</td>
<td>3%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Base: All employers (2018: 400; 2017: 401)
Four Scenarios: caps and transition

New discussions have been added to the 2018 qualitative work, compared with the 2017 study addressing the implications of a number of different scenarios based around caps, or not, on skilled labour allowed into the country post-Brexit, and there being a transition period.

Employers and agencies were asked about the likely impact of four different post-Brexit scenarios for their company and the sector. The four scenarios were:

- **Scenario 1:** After a *two-year transition period* (i.e. between 2019 – 2021), restrictions are placed on the movement of EU migrant workers which makes it more **difficult to recruit migrant workers with lower skill levels** (e.g. labourers), but there are **no caps** on the number of EU migrant workers allowed to work in the UK.

- **Scenario 2:** As of 2019 (i.e. *without a transition period*), restrictions are placed on the movement of EU migrant workers which makes it more **difficult to recruit migrant workers with lower skill levels** (e.g. labourers), but there are **no caps** on the number of EU migrant workers allowed to work in the UK.

- **Scenario 3:** After a *two-year transition period*, restrictions are placed on the movement of EU migrant workers, which makes it more **difficult to recruit migrant workers with lower skill levels**, and, in addition, there is a **cap on the total number of migrant EU workers** allowed to work in the UK.

- **Scenario 4:** As of 2019 (i.e. *without a transition period*), restrictions are placed on the movement of EU migrant workers, which makes it more **difficult to recruit migrant workers with lower skill levels**, and, in addition, there is a **cap on the total number of migrant EU workers** allowed to work in the UK.
General employer reactions to the scenarios

• First, there was a sense that changes to immigration restrictions would not impact the individual employer’s own business because they already employed the skilled non-EU workers that they need. “Personally, as long as the guys we’ve got can stay, I don’t see a problem immediately … we should be ok.” Building completion and finishing, London and South East.

• Secondly, there was a feeling that the industry is resilient, having faced difficult times (particularly the last recession) in relatively recent years, and that if necessary vacancies for unskilled workers could be filled by the UK labour market. “Year-on-year there’s always shouts of ‘there’s a shortage of skills within the construction industry. We get by, we adapt, we survive, we innovate.” Building completion and finishing, London and South East.

• Of concern to these employers was their future ability to fill roles that were seen as less desirable, such as those involving extended working hours, or periods spent travelling within the UK with the requirement to spend time away from home whilst completing projects. “We would work more locally because British workers won’t live in caravans...[UK] people don’t want to do these jobs.” Construction of roads and railways, UK-wide.
Employers’ views of CITB

Views on the role of CITB did not tend to be scenario specific, but rather bridged the variety of possible circumstances. The main themes were:

- **CITB should work to improve the status of manual work within construction.**
  Employers felt that UK workers do not want to take low skilled roles such as labouring, and feel there's potential for CITB to 'dispel myths' about the industry. Employers did state that there is always a need for unskilled or lower skilled workers though, and these roles will be challenging to promote.

- **CITB should expand support for the delivery of apprenticeships.**
  Several employers mentioned that the transition period would be a good opportunity for them to develop the skills of their ‘home grown’ workforce, but that currently there was not a framework in place for an apprenticeship in their specialism (for example for wind turbine technicians), or that the current rules governing apprenticeships were too restricting.

- **CITB should keep the industry informed to help them to prepare for different eventualities.**
  Many employers voiced concern about the current uncertainty surrounding Brexit, and felt unable to plan without a better concept of the likely outcomes. There was a desire for CITB to support the sharing of information around impacts for the sector.
CITB’s role

Respondents also reiterated ideas expressed in the previous wave of research, with support for CITB to continue and expand their work in schools, and to promote working in the sector amongst women and other underrepresented groups.

• Continue to provide evidence to industry, Government and other relevant organisations on construction’s need for migrant workers.

• Coordinate an industry response to the skills challenges posed by Brexit.

• Bring construction together to agree what our industry can do differently to ensure the sector continues to grow and deliver for the economy’s needs post-Brexit. CITB is working with employers to develop a strategy that will outline what the sector must do to recruit and train more of its workforce domestically and raise productivity.

• Support industry to discuss with Government its future approach to migrant workers.
About the Construction Industry Training Board (CITB)

CITB is the Industrial Training Board (ITB) for the construction industry in Great Britain (England, Scotland and Wales). CITB ensures employers can access the high quality training their workforce needs and supports industry to attract new recruits into successful careers in construction.

Using its evidence base on skills requirements, CITB works with employers to develop standards and qualifications for the skills industry needs now, and in the future. CITB is improving its employer funding to invest in the most needed skills and by making it easier for companies of all sizes to claim grants and support.

CITB Research

Report prepared by IFF Research from a commission by CITB.

CITB GREEN PAPER

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