MIGRATION AND CONSTRUCTION: The view from employers, recruiters and non-UK workers
Full Report – June 2017
The views expressed by research participants are their own and do not necessarily represent those of their employers.

The study should not be regarded as a policy statement by CITB.

© Construction Industry Training Board (CITB) 2017

Copyright and all other intellectual property subsisting in these materials vest absolutely in CITB and should not be copied, reproduced nor passed to any third party without the prior written agreement of CITB.

Research materials are created using data and information provided to CITB by third parties and as such CITB are not able to control or verify the accuracy of this data or information.

Accordingly, CITB does not give any warranty about the accuracy or fitness for any particular purpose of these materials. Furthermore, these materials do not constitute advice and should not be used as the sole basis for any business decision and as such CITB shall not be liable for any decisions taken on the basis of the same.

The reader acknowledges that materials which use empirical data and/or statistical data and/or data modelling and/or forecasting techniques to provide indicative and/or predictive data cannot be taken as a guarantee of any particular result or outcome.
Study prepared by IFF Research Ltd from a commission by CITB.

Mark Winterbotham, Director (IFF Research)
Genna Kik, Associate Director (IFF Research)
Catherine O’Driscoll, Research Manager (IFF Research)
Sam Selner, Research Manager (IFF Research)
Naomi, Morrice, Research Executive (IFF Research)
Anne Green, City-REDI (Regional Economic Development Institute), University of Birmingham
Erika Kispeter, Institute for Employment Research (IER), University of Warwick
David Owen, Institute for Employment Research (IER), University of Warwick
Adam Evans, Research Analyst, CITB

For more information please contact:

Adam Evans, Research Analyst at CITB
adam.evans@citb.co.uk
Contents
Introduction.......................................................................................................................... 5
About the study ..................................................................................................................... 6
Methodology ........................................................................................................................ 7
Phase 1: Policy Analysis/Review.......................................................................................... 7
Phase 2: Qualitative interviews............................................................................................ 8
  Employers .......................................................................................................................... 8
  Recruitment Agencies ....................................................................................................... 9
  Non-UK / migrant workers .............................................................................................. 9
  Stakeholders ..................................................................................................................... 9
Phase 3: Quantitative interviews.......................................................................................... 9
  Employers .......................................................................................................................... 9
  Employment agencies ...................................................................................................... 11
  Non-UK workers ............................................................................................................. 11
Reporting conventions ....................................................................................................... 11
The current picture on the employment of non-UK workers in the UK Construction sector .... 12
  The incidence of non-UK workers in the UK construction sector .................................... 12
  The employer perspective ............................................................................................... 15
  The non-UK worker perspective ..................................................................................... 17
  Employment agencies .................................................................................................... 21
Reasons for using non-UK workers..................................................................................... 23
  Motivations for hiring non-UK workers ......................................................................... 23
  Recent trends in employer demand for non-UK workers ................................................ 26
  Employers’ dependence on non-UK workers .................................................................. 31
Looking ahead...................................................................................................................... 33
  Key points ....................................................................................................................... 33
  Brexit impacts for employers to date ............................................................................. 34
  Brexit impacts over the next five years ......................................................................... 36
  Impacts if number of migrant workers was greatly restricted ......................................... 37
  The employment agency perspective .............................................................................. 40
  Future plans of non-UK workers .................................................................................... 40
Introduction

The British construction workforce has long included workers from outside Britain, most recently those from Eastern European countries, including EU accession states. While broad official data from the Labour Force Survey are available on the percentage of non-UK workers in the sector, more granular information on what roles they perform, their skills, and why employers take them on has been extremely limited.

This has made it difficult for employers, forecasters and policymakers to understand fully the role non-UK workers play in the sector. In the light of Brexit and potential future limitations on labour flows, especially from the EU, CITB has worked with IFF Research and the Institute of Employment Research (IER) at the University of Warwick on this comprehensive study of the role of non-UK workers in construction.

This study is intended to help construction firms of all sizes, policymakers, training providers and construction clients understand the current role of non-UK workers in the sector with a view towards improving workforce planning and skills development.

It shows that while the British construction workforce is still largely home-grown, migrants play a critical role, particularly in London where they make up half the workforce, and in the South East.

The large sample of survey data refutes some commonly held ideas about the role of migrants in construction, for example that they provide cheap labour, that they work only in low skilled or labourer roles, and that they have significantly different skills levels than their UK-born counterparts.

We found that employers don’t have an explicit strategy of recruiting migrants but rather, select from the best applicants, and their common reasons for taking on non-UK workers included availability and skills shortages. Employers and recruiters also said that migrant workers add flexibility, speed of response to skills needs, have a strong work ethic and are often happy to pick up extra work.

Looking ahead to Brexit and possible restrictions on the employment of non-UK workers, just one in six employers said they were very or quite dependent on migrants. This rises to 45% of companies who directly employ migrants, while half of London construction firms say they are dependent on non-UK labour.

Companies in the capital were also most likely to report impacts of Brexit already happening, including a lack of clients, project delays and staff shortages. However, one of the most critical concerns for firms who employ non-UK workers is retaining their existing migrant workforce.

These dynamics could create labour pinch points in future, particularly in London and the South East. And while firms in other parts of the country were less likely to be dependent on migrant labour or to report impacts from Brexit, they could experience knock-on skills shortages in future if the capital and South East draw in workers from around the UK to fill roles currently occupied by migrants.

There will undoubtedly be changes ahead as government outlines its future plans for migration policy and employers decide how best to resource their labour and skills needs as Brexit gets underway. However, most non-UK workers confirmed that they are not planning to leave the UK. Over three-quarters of migrant construction workers expect to stay in the next 12 months, and over half (56%, higher among older workers) say they wish to remain in the UK until retirement.
This creates some useful breathing space for the industry to adapt to potential changes to migration rules, alongside any impacts to their order books and operations stemming from Brexit. And while construction employers work with government on its future approach, CITB will help industry to ensure it has the skills required to deliver the essential infrastructure, homes and other elements of the built environment needed for the country’s future success.

This will include working with employers to attract skilled workers through engaging with education; providing work experience and mapping out career paths; and supporting them to develop the right people through ensuring that they can access the right standards, qualifications and training.

The prospect that access to migrant labour may become more restricted may also spur some employers to accelerate their investment in modern methods of construction. CITB recently highlighted one example of this through its report on offsite construction and will increasingly focus on supporting our industry to develop the skills that will drive up productivity.

In addition, through its research, CITB will continue to monitor the migrant worker issue and share this information with industry, government and anyone else that has an interest in this area.

**About the study**

CITB commissioned this research to investigate:

- The nature, scale and demographics of the construction workforce in Britain, with a particular focus on the size, geography, occupation and skill profile of the migrant workforce;

- Construction employers’ reasons for using, and their reliance on, migrant workers, and the potential impact of tighter restrictions on being able to employ non-UK workers post-Brexit;

- The role of employment agencies in placing migrant workers, their views on recent trends and activity, and their views of likely trends over the next few years in the use of non-UK workers in the sector.

---

Methodology

A variety of methodologies were used to ensure the study would provide a robust evidence base for CITB and government and policy stakeholders. Broadly the research was divided into three separate phases:

- **Phase 1: a review of current immigration policy, migration statistics and future EU-migration policy**
- **Phase 2: qualitative research with a range of audiences**
- **Phase 3: quantitative research with employers, employment agencies and non-UK workers.**

**Phase 1: Policy Analysis/Review**

This phase of the research was conducted by IER, and comprised of several elements covering:

- A review of current immigration policy and identification of countries which currently supply workers to the UK construction industry, including:
  - A review and synthesis of migration policy documents from the Home Office and the Migration Advisory Committee (MAC), setting out the current position (as at the beginning of 2017);
  - A review of commentaries on migration policy, with particular reference to the work of the Migration Observatory and NIESR’s work on migration.
  - A review of official migration statistics and the benefits of migrant workers, as well as a review of future EU-migrant worker policy.
    - This included reviewing published statistical data from the Office for National Statistics (ONS), including the Labour Force Survey (LFS)
    - A review of future EU-migrant worker policy, including
      - Recent debates and announcements regarding EU-migrant worker policy;
      - Assessing the implications of different options for controlling EU migrant workers.

Full findings from the Phase 1 policy analysis/review have been reported separately, and are available from CITB on request.
Phase 2: Qualitative interviews

In-depth, qualitative interviews were carried out amongst four audiences during February 2017 through a combination of face-to-face and telephone interviews, as detailed below.

Employers

Employers were recruited from the CITB Employer Panel study (a large-scale annual study conducted for CITB by IFF) and screened to ensure that either (1) non-UK workers accounted for 10% of their workforce over the last 12 months or (2) they had employed at least 20 non-UK workers in the last 12 months.

A total of 20 interviews were conducted, covering both the construction trades sector (18 interviews) and professional services employers (2). A spread of business sizes was covered: 11 were undertaken with employers with 10-49 employees, seven with those employing 50-249 staff and two with large employers with more than 250 employees. A full summary is provided in Tables 1 and 2.

Table 1

<table>
<thead>
<tr>
<th>Activity</th>
<th>10-49</th>
<th>50-249</th>
<th>250+</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building completion and finishing</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Construction of civil engineering projects</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Construction of residential / non-residential</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Constructions of roads and railways</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Demolition and site preparation</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Electrical / Plumbing / Installation</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Specialised Construction activities</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Professional Services</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
<td>7</td>
<td>2</td>
<td>20</td>
</tr>
</tbody>
</table>

Table 2 Achieved employer qualitative interviews (by region)

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Midlands</td>
<td>1</td>
</tr>
<tr>
<td>East of England</td>
<td>4</td>
</tr>
<tr>
<td>London</td>
<td>5</td>
</tr>
<tr>
<td>South East</td>
<td>4</td>
</tr>
<tr>
<td>South West</td>
<td>2</td>
</tr>
<tr>
<td>West Midlands</td>
<td>1</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>1</td>
</tr>
<tr>
<td>Scotland</td>
<td>2</td>
</tr>
</tbody>
</table>
Recruitment Agencies

Sample for recruitment agencies was sourced through desk research, and screened to ensure that they placed individuals into the construction sector on a regular basis. Interviews were conducted with five recruitment agencies. All placed reasonable numbers in construction roles, varying from around 5 to 180 a week. Agencies interviewed were of a range of specialisms and whilst one offered only permanent placements, the others recruited for all types of contracts. The area that the agencies operated in varied between specific UK regions (e.g. South of England), up to those with a global presence.

Non-UK / migrant workers

Migrant workers were recruited for interview through a combination of methods, including online advertisements on construction websites and snowballing from contacts. Individuals were screened to check they had been employed or self-employed within the construction sector in the last 12 months and did not hold a UK passport and were not born in the UK.

A total of 12 non-UK workers were interviewed: all were from countries within the EU: seven came from Poland, two from Romania, two from Bulgaria and one from Sweden. Their ages ranged from 24 to 55, although the majority were aged over thirty. Workers had been in the UK for a range of time periods, from less than one year to up to 18 years.

Stakeholders

CITB provided a list of trade bodies/federations and CITB employees to be interviewed for the stakeholder element of the research. Seven interviews were conducted, four with trade federations/associations and three with CITB staff.

Phase 3: Quantitative interviews

Quantitative survey work was undertaken with three different audiences – employers, non-UK workers and employment agencies. The methodological approach for each audience is detailed below.

Employers

Employers were sampled from the CITB Employer Panel supplemented with sample purchased from Market Location. The sample covered employers in Great Britain operating in the construction and professional services strands of the sector. Although employment of non-UK workers was not part of the eligibility criteria for interview, to increase the chances of speaking to a sufficient number of employers with experiences of employing non-UK workers only businesses with 5 or more direct employees across the UK were interviewed, and businesses in London and the South East were oversampled. The final data was then weighted back to the overall construction employer population (of those with five plus staff) by region to ensure findings were representative.

A small-scale pilot (of 13 interviews) was conducted prior to the main stage to test that the language used in the questionnaire was suitable and that the questionnaire flowed smoothly and logically from a respondent perspective. The mainstage fieldwork took place between March and April 2017, and a total of 401 telephone interviews were conducted with employers. Interviews took around 20 minutes to complete.
Table 3 shows the number of interviews conducted with various types of employer (and hence represents the base sizes on which results in the report are based), while Figure 1 shows the weighted profile of employers by size and geography.

### Table 3 Profile of employers interviewed (unweighted)

<table>
<thead>
<tr>
<th>Direct employees:</th>
<th>Number of interviews</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>5-9</td>
<td>58</td>
<td>320</td>
</tr>
<tr>
<td>10-24</td>
<td>98</td>
<td></td>
</tr>
<tr>
<td>25-49</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>50-99</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>100-249</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>250+</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>401</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region where based:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>London/ South East / Eastern</td>
<td>179</td>
</tr>
<tr>
<td>Midlands / South West</td>
<td>88</td>
</tr>
<tr>
<td>North of England</td>
<td>79</td>
</tr>
<tr>
<td>Scotland</td>
<td>38</td>
</tr>
<tr>
<td>Wales</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>401</td>
</tr>
</tbody>
</table>

### Figure 2 Weighted profile of employers

![Weighted profile of employers](image-url)
Employment agencies

Employment agency sample was free-found using company websites and other publicly available sources. Any that were contacted that said their organisation placed very few or no individuals into construction were excluded.

A small-scale pilot of 5 interviews was conducted to test the questionnaire. The mainstage fieldwork with employment agencies took place in April 2017, and a total 50 telephone interviews were conducted. Interviews took around 20 minutes to complete.

Non-UK workers

Due to there being no publicly available database containing non-UK construction workers, this strand of the quantitative research was particularly challenging. A number of approaches were adopted, as follows:

- A sample of construction workers was purchased from Experian, although there was no indication of whether they were non-UK workers or not. From this sample, 13,451 individuals were sent an email inviting them to take part in the online survey if they were a non-UK worker, and given the opportunity to enter a prize draw for their participation.

- An open survey link was circulated via CITB’s CSCS card newsletter, via a website for Polish people in the UK, and employers contacted for the qualitative phase of research were asked to distribute the online survey to their employees.

- Due to the low response rates via these methods, efforts concentrated on interviewing at large construction sites, which were free-found online. Seven sites in London and one in the East of England were visited. IFF interviewers handed tablet computers (with internet connectivity) to the site workers to complete the survey during their breaks.

In total, 248 interviews were achieved with non-UK workers (defined as those not born in the UK and without a UK passport or UK citizenship) during March to May 2017.

With all three approaches the survey script was translated into Polish and Romanian versions to encourage wider participation. In total, 25 interviews were completed in Polish and 42 in Romanian. Interviews took around 5 minutes to complete.

*Given the overall sampling approach and profile, results among non-UK workers should be treated as indicative rather than representative of non-UK construction workers in general.*

Reporting conventions

Throughout the report we use the terms ‘migrants’ and ‘non-UK workers’ interchangeably. By these terms we mean those born outside the UK and not holding a UK passport.
The current picture on the employment of non-UK workers in the UK Construction sector

This chapter explores employment of non-UK workers within the UK construction sector, combining data from the desk research phase (primarily Labour Force Survey) and survey data. It looks at the proportion of the workforce that are non-UK, their main countries of birth, and their working patterns.

Key points:

- The workforce is still mainly British. 1 in 8 construction workers is non-UK (rising to half in London), and 1 in 4 employers directly employs at least one non-UK worker.

- Most common countries of birth for non-UK workers are EU states, and EU nationals are more commonly placed by agencies than non-EU workers. This is partly due to speed of response to labour market needs and the lack of paperwork/bureaucracy involved.

- Migrants often work as self-employed, based on entry routes and informal networks; they can move between projects with the ability to flex hours and earn more.

- The migrant workforce is younger with a significant higher proportion aged 25 to 34. To some extent this is masking the issues posed by an ageing construction workforce.

- Non-UK workers cover a range of occupations including labourers, architects, skilled trades, construction directors/managers/supervisors, machine operatives, engineers, quantity surveyors and support roles.

The incidence of non-UK workers in the UK construction sector

According to Labour Force Survey (LFS) data, 2.1 million people aged 16 to 64 worked in construction in 2015. Just over ¼ million (270,653) of these workers were born outside the UK, representing around one in eight (12.6%) of the total workforce.

The proportion of the workforce comprised of non-UK workers has increased consistently from the eight percent in 2007, though with a temporary fall in 2010, most likely in response to the recession.

Approaching half (45%) of the non-UK construction workers (122,094) were born in EU Accession countries², representing 5.7% of the total workforce. LFS data show that in 2015 the most common non-UK countries of birth of construction workers were Poland (55.5k), Romania (27.0k), India (19.4k), Lithuania (17.2k) and Ireland (15.0k), as shown in Figure 2.

² The Accession countries are the 10 countries which joined the EU in 2004, Romania and Bulgaria (who joined in 2007) plus Croatia (who joined in 2013)
While across the UK as a whole the vast majority (87%) of the construction workforce is British, in London LFS data for 2015 showed half the construction workforce (50%) was non-UK. The proportion was next highest in the South East (10%). The proportions that were non-UK born were lowest in North East England and in the countries of the UK outside England.
By sub-sector, the migrant share of the workforce in 2015 was highest in other building completion and finishing, construction of railways and underground railways, construction of water projects, and painting and glazing (each 20-30%). The high proportion of workers in the second and third of these most likely reflect the influence of major infrastructure projects such as Crossrail.

By broad occupational group, LFS data for 2015 shows non-UK workers were more likely than UK workers to be in skilled construction and building trades (49% vs. 39%) and in elementary trades and related occupations, which includes roles such as labourers, hod carriers and groundworkers (10% vs. 7%).

Migrant construction workers tend to be aged 25-34 (36%) or 35-49 (44%). There is a much higher concentration in these age bands than among UK-born construction workers, where the comparative figures in 2015 were 24% (25-34) and 35% (35-49). UK-born workers were much more likely to be aged 50+ (30%) than migrant workers (14%). Clearly migrant workers lower the average of the overall construction workforce. Results are shown in Figure 4.

As well as the age profile of non-UK workers as based on LFS data, we also show the age profile of non-UK construction workers interviewed for this research. These were largely site-based, and concentrated in London: although broadly similar to the age profile of non-UK workers as recorded on the LFS for 2015, they were more likely to be aged 25-34 (45%), which may simply reflect a younger profile of the site-based workforce.

Labour Force Survey data for 2015 also show that non-UK construction workers are far more likely to be self-employed (57%) than UK born construction workers (38%). It is only among non-UK workers aged under 25 where a minority were self-employed (44%), but this is twice the level found among UK-born construction workers of the same age (21%).
Figure 4 Summary comparison of characteristics of non-UK vs. UK construction workers (LFS and survey data)

<table>
<thead>
<tr>
<th>Age</th>
<th>UK born</th>
<th>Non-UK born</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>25-34</td>
<td>24%</td>
<td>36%</td>
</tr>
<tr>
<td>35-49</td>
<td>35%</td>
<td>44%</td>
</tr>
<tr>
<td>50+</td>
<td>30%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Labour Force Survey

The employer perspective

Overall, just over a third (35%) of employers interviewed for our study (note that to qualify employers had to employ at least five people across the UK) employed non-UK workers, either directly (24%), or indirectly on a self-employed, labour-only sub-contract basis or via an employment agency (20%). The proportions of survey employers with any non-UK workers working on a self-employed, via an employment agency or on a labour-only sub-contract basis were each similar (12%, 12% and 9% respectively).

The larger the employer the more likely they were to have any non-UK workers either directly or indirectly employed. professional services firms were more likely than construction firms to have any non-UK workers (47% vs. 33% respectively) or any employed directly (47% compared with 18% of construction firms), but rarely employed any non-UK workers indirectly (8% vs. 23% of construction firms).
Table 4 Incidence of employing non-UK workers by employer size and sub-sector

<table>
<thead>
<tr>
<th></th>
<th>5-9</th>
<th>10-24</th>
<th>25-99</th>
<th>100+</th>
<th>Construction</th>
<th>Professional Services</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base: all</td>
<td>58</td>
<td>98</td>
<td>138</td>
<td>107</td>
<td>320</td>
<td>81</td>
<td>401</td>
</tr>
<tr>
<td>Any non-UK</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Any directly employed non-UK</td>
<td>13</td>
<td>34</td>
<td>43</td>
<td>66</td>
<td>18</td>
<td>47</td>
<td>24</td>
</tr>
<tr>
<td>Any non-UK indirectly employed</td>
<td>14</td>
<td>25</td>
<td>31</td>
<td>35</td>
<td>23</td>
<td>8</td>
<td>20</td>
</tr>
</tbody>
</table>

Use of non-UK workers varied widely by geography, and was predictably highest among firms based in London among whom:

- Three-fifths employed non-UK workers directly (61%)
- Almost half had non-UK workers working for them on an indirect basis (46%)
- Four-fifths (80%) used non-UK workers either directly or indirectly.

Employers confirm the LFS picture of heavy reliance on EU workers where non-UK workers are employed. For example, while a quarter of all employers directly employ non-UK workers (24%), as many as a fifth (20%) directly employ someone from EU member states, and similarly almost all of those indirectly employing non-UK workers (20% of all employers) indirectly employ an EU workers (18% of all employers). Similarly, in terms of the proportion of non-UK workers from the EU:

- Among employers with non-UK workers directly employed, 64% said all these workers were from the EU and a further 9% said most were. This is equivalent to 18% of all employers having non-UK workers directly employed that are all or mostly from the EU.
- Among employers with non-UK workers indirectly employed, 53% said all these workers were from the EU and a further 15% said most were. This is equivalent to 14% of all employers having non-UK workers indirectly employed where all or most are from the EU.

Of those employers interviewed that could give exact figures for their number of employees and of non-UK passport holders, 6% of direct employees were non-UK passport holders, rising to 22% in London. This figure was also higher for professional services employers (11%) within the sector, compared to construction employers (5%).

Figure 5 shows the countries from which employers indicated they had any non-UK staff directly or indirectly employed, all figures based on all employers (not just those with non-UK workers).
Figure 5 shows results for whether employers had any workers from these countries. Employers were also asked for the most numerous single country where their EU migrants came from.

- Employers with directly employed EU migrants said this was most often Poland (34%, though rising to 56% of large firms with 100 or more staff), Romania (13%), Spain (12%) or Germany (10%)

- Employers with indirectly employed EU migrants said this was most often Poland (40%, rising to 60% of large firms with 100 or more staff), Romania (23%) and Bulgaria (9%).

Survey results suggest that around 6% of the directly employed workforce comprises non-UK workers, though this is higher among London-based firms (22%, next highest in the South East at 7%) and among professional services employers (11% compared with 5% in construction). Figures here are based on the 354 employers that could give exact numbers for their overall and directly employed non-UK workforce, including those with no non-UK workers.

The non-UK worker perspective

The vast majority of the non-UK workers interviewed were interviewed at large construction sites in London (one site was in the East of England, and some could have responded to wider publicity about the study). Among our sample of 248 non-UK workers a quarter (27%) came from Romania and one in six (16%) from Poland, with the next highest individual countries being Lithuania and India (both 6%). Four-fifths (81%) were EU (non-UK) passport holders.
The non-UK workers interviewed operated across a range of roles, most commonly as carpenters/joiners and general labourers, though also quite often as civil engineers, project managers and support roles. Results are shown in Figure 6, which also presents findings from the employer survey. Employers that had non-UK workers reported that in the last 12 months the main roles these workers had been employed in were general labourers (22%), and then trade roles such as carpenters/joiners (13%) and plasterers (13%) and bricklayers (11%), though they were also quite often employed as architects (15%).

**Figure 6 Occupations / roles of non-UK workers**

<table>
<thead>
<tr>
<th>Employer survey</th>
<th>Main occupations of non-UK workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>General labourers</td>
<td>22%</td>
</tr>
<tr>
<td>Architects</td>
<td>15%</td>
</tr>
<tr>
<td>Plasterers</td>
<td>13%</td>
</tr>
<tr>
<td>Carpenters/joiners</td>
<td>13%</td>
</tr>
<tr>
<td>Bricklayers</td>
<td>11%</td>
</tr>
<tr>
<td>Painters/Decorators</td>
<td>10%</td>
</tr>
<tr>
<td>Directors, Managers, etc.</td>
<td>9%</td>
</tr>
<tr>
<td>Electricians</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: IFF Employer Survey, Employers with non-UK workers (Base: 216)

<table>
<thead>
<tr>
<th>Non-UK worker survey</th>
<th>Main occupations of non-UK workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpenters/joiners</td>
<td>15%</td>
</tr>
<tr>
<td>General labourer</td>
<td>12%</td>
</tr>
<tr>
<td>Civil Engineer</td>
<td>8%</td>
</tr>
<tr>
<td>Project manager</td>
<td>7%</td>
</tr>
<tr>
<td>Support roles e.g. HR/Finance</td>
<td>6%</td>
</tr>
<tr>
<td>Plumber</td>
<td>6%</td>
</tr>
<tr>
<td>Plant and Machine Operatives</td>
<td>5%</td>
</tr>
<tr>
<td>Site supervisor</td>
<td>5%</td>
</tr>
<tr>
<td>Electrician</td>
<td>5%</td>
</tr>
<tr>
<td>Bricklayer</td>
<td>4%</td>
</tr>
<tr>
<td>Multi-trade</td>
<td>4%</td>
</tr>
<tr>
<td>Architect</td>
<td>3%</td>
</tr>
<tr>
<td>Plasterer</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: IFF Non-UK worker survey (248)
During their time in the UK, the vast majority (84%) had only (56%) or mainly (28%) worked in construction jobs as opposed to other sectors. Although there is general continuity of working in construction, just over half (56%) of the non-UK workers had changed the occupation or role they work in whilst working in construction in the UK.

Non-UK workers had lived in the UK for varying amounts of time. Just over a quarter (27%) had lived in the UK for less than three years, two-fifths (39%) had been here for three to ten years, and a third (32%) had lived in the UK for more than ten years. Those in professional, managerial or back office roles (42%) and those directly employed (42%) were far more likely to have lived in the UK for at least 10 years, twice the proportion found among those self-employed or running their own firm (21%) or those employed through an employment agency (23%).

Half (50%) of the non-UK workers interviewed said that their first ever construction job was in the UK.

Most non-UK workers indicated that they had construction qualifications (70%). This was higher among the self-employed / those running their own firm (76% compared with 66% of those directly employed). It did not differ by how long they had lived in the UK. The broad level of these construction qualifications, as classified by respondents themselves, is shown on the following chart. This suggests that approaching one fifth have degree level construction qualifications, though this is much higher among those in professional, managerial or back-office roles (45%) than among those in trade or manual roles (10%).

Figure 7 Construction qualification level of non-UK workers

<table>
<thead>
<tr>
<th>70% of non-UK workers hold a construction-related qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic (Level 1)</td>
</tr>
<tr>
<td>Intermediate (Level 2)</td>
</tr>
<tr>
<td>Advanced</td>
</tr>
<tr>
<td>Graduate/Post-Graduate</td>
</tr>
<tr>
<td>Don't know level</td>
</tr>
<tr>
<td>None</td>
</tr>
</tbody>
</table>

Source: IFF Non-UK worker Survey (Base: 248)
Almost all (93%) non-UK workers reported that they had received some training in the UK: 90% had received training in UK regulations for working in construction in the UK. Slightly fewer (77%) had received training to help them to develop their skills.

In terms of working arrangements:

- Almost all (96%) were working full-time (35 hours or more a week)
- Almost all (93%) worked fairly fixed, similar hours each week. Those working in trade or labourer roles were more likely to report their hours varied than those in professional, managerial or back-office support roles (9% vs. 3% respectively).
- The vast majority (83%) had permanent, open-ended contracts. One in ten (10%) had temporary contracts, while 5% were working on a casual basis with no contract.

Respondents were asked about their weekly take home pay. Among construction employees this was evenly split between those earning less than £550 per week (46%) and those earning more (47%; 9% reported take home pay of £750 or more a week) - 7% preferred not to answer this question. In contrast, among those in professional, managerial or back-office support roles, 28% earned less than £550 per week and 58% earned more than this (indeed 28% reported take home pay of £750 or more a week) – 13% preferred not to answer this question.

The sample was evenly split between those employed directly by their employer (52%) and those either self-employed or running their own firm (34%) or working via an employment agency (12%). Earlier in this chapter we reported LFS data for 2015 which showed that a slight majority of non-UK construction workers were self-employed. Survey results are not directly comparable with the LFS since the bulk of the non-UK workers surveyed for this research were site-based, where a higher proportion of directly employed staff could be expected.

Predictably those in professional, managerial or back-office support roles were far more likely to be directly employed (83%) than those with trade or labourer positions roles (44%), among whom a high proportion were self-employed or running their own firm (41%). There was also a clear correlation with time spent in the UK, with the proportion directly employed increasing over time (from 36% among those living here less than three years, to 52% among those living here 3-10 years, to 68% among those living in the UK longer). The reverse is true for self-employment (49%, 32% and 23% respectively), while the proportion working via an employment agency is relatively flat (12%, 14% and 9%).

Findings from the qualitative stage suggest the high incidence of self-employment are partly due to informal entry routes, as migrant workers join friends or contacts already established in the UK, and because of the increased flexibility self-employment offers, enabling migrants to pick up extra work to earn more, or move from site to site as opportunities arise.

“What you get is a lot of these guys living in the same village and they’ve come and worked for our company and they are told that we treat them reasonably well and they recommend their friends and relatives.”

50-249 employees, construction of residential and non-residential buildings, South East
Employment agencies

Employment agencies play a significant role in employment in the UK construction sector, and we have already commented that:

- 12% of the employers surveyed had non-UK staff working for them via an employment agency at the time of the survey
- 12% of non-UK workers interviewed were working via an employment agency.

Their importance is further evidenced by the fact that:

- Almost a quarter of employers have employed staff (whether UK or not) via an employment agency in the last 12 months (23%), rising to over two-thirds (67%) of firms employing 50+ staff. As one employer commented at the qualitative stage:

  'Employment agencies are key because if we were to employ, say for instance 300 scaffolders, and then the work dies off we will have to sack them; it's a buffer zone and they can come and go as required.'

250-499 employees, Specialised construction activities, London

- Almost half (48%) of all non-UK workers interviewed had worked for an employment agency at some point whilst working in construction in the UK. (As a point of comparison three-fifths (59%) had ever worked on a self-employed basis whilst working in construction in the UK).

Fifty employment agencies were interviewed as part of this research. Most dealt with other sectors as well as construction, but a third specialised (36%). Nearly all (88%) had placed non-UK workers into construction roles in the last 12 months: all of these had placed EU workers (88%) and just over half (56%) had placed workers from further afield in this time.

The agencies interviewed reported placing an average of 18 individuals per week into construction, though this number varied quite widely and one in five (20%) placed over 50 a week and two (4%) said the figure was over 500 a week. On average:

- 30% of these individuals were from the EU; and
- 5% were from outside the EU.

Broadly in line with the LFS statistics, our employer survey, and our non-UK worker survey, agencies most commonly reported that the main EU countries from which they had workers registered with them were Poland (54%), Romania (44%), Bulgaria (26%), Spain (26%) and Lithuania (22%). Romania and Poland were by far the most likely to be mentioned as the single most common for their agency (30% and 22% respectively), though a large proportion were unsure (22%).
The single most common role that agencies had placed non-UK workers into in the last 12 months was general labouring (36%), though this was followed by a number of technical / professional roles, namely quantity surveyors (mentioned by 11% of agencies), project managers (11%), engineering design or consultancy (7%) and project managers for civil engineering (7%). Carpenters / joiners was the most mentioned trade in regard to the single most common role where agencies had placed non-UK workers. (by 7%) The second most common roles were again general labourers (43%), quantity surveyors (16%) and carpenters/joiners (14%). Other roles mentioned include engineers, bricklayers, scaffolders, plumbers, civil engineers, architects, painters/decorators, roofers and plasterers; reflecting the role of agencies in placing non-UK workers into a wide range of different roles in construction.

Employment agencies generally felt that the skills and experiences of non-UK workers were comparable with those from the UK looking for work in the same occupations (59%). The remainder were more likely to feel non-UK workers were less skilled (27%) than more skilled (9%) compared against their UK counterparts. This implies that employment of migrant workers is less about acquiring better skilled workers than it is about meeting a shortage of skills within the UK labour market. This is explored in detail in the next chapter.
Reasons for using non-UK workers

Key points:

- Employers look to find skilled people, and they respond to the applicants on offer rather than actively looking for non-UK workers.

- Common reasons for employing non-UK workers are their availability and skills shortages.

- Non-UK workers can add flexibility, speed of response to skills needs, and are often regarded as having a strong work ethic. They fit into the existing construction labour model.

- Cheaper pay rates are not a common or key factor in why employers recruit non-UK workers.

- Non-UK workers are spread across roles, including skilled trades.

- Migrants’ skills levels are comparable to their UK counterparts. 59% of recruitment agencies say non-UK workers in construction have similar skills levels to UK workers and, as discussed in the last chapter, seven in ten migrants hold a construction-related qualification.

Motivations for hiring non-UK workers

We have seen in the previous chapter that around a third of employers (35%) employed non-UK workers directly or indirectly. Employment of non-UK workers in the construction industry has occurred mainly organically for almost all these employers: 94% said that they had recruited non-UK workers as a matter of course, with just 1% of employers saying that they specifically sought to recruit non-UK workers, though rising to 7% of those with 100 or more staff that employ non-UK workers. This suggests few have a specific strategy of recruiting migrants. There were no observable differences by region or subsector in terms of employers who were more or less likely to report deliberately recruiting non-UK workers.

Recruitment agencies presented a slightly different perspective on this issue as one in five (20%) stated that they sometimes encountered construction employers who expressed a preference for non-UK workers, with 4% saying that this occurred frequently. More than half of agencies (54%), however, said that construction employers sometimes (34%) or frequently (20%) express a preference for workers who are UK passport holders.

Our survey found that employers take on non-UK workers for a range of reasons, with their availability (42%), their helping to meet skills shortages (39%) and their having a good work ethic (26%) the three most commonly spontaneously cited reasons. The next most common response was that there was no particular reason for their employment (4%). Just 1% mentioned preferable pay rates.
These findings are supported by the themes that emerged from the qualitative research, with employers drawing on whichever workers were available in the labour market with the skills that they required, rather than seeking out non-UK workers.

“There’s always a shortage of skilled labour so it’s a question of what labour is out there to engage in. We’re not in any way looking at what the nationality is, it’s purely who is available.”

250-499 employees, Building completion and finishing, East Midlands

“I’m sure the skills do exist in the resident labour market, but I find the UK people less reliable if I’m honest. If they (non-UK workers) say they will be there at a time, I know they will be and they work hard whereas my experience with UK born plasterers and plumbers is they are unreliable and work shy.”

10-49 employees, Construction of residential and non-residential buildings, London

Construction sector employers (with non-UK workers) were more likely than their professional services counterparts to say that they employed non-UK workers for reasons related to their perceived better work ethic (32% compared with 11%). Professional Services employers, on the other hand, were more likely than those in construction to cite reasons related to skills shortages (58% compared with 33%).

Employers’ main reasons for their use of non-UK workers were confirmed when prompted with a number of possible motivations for employing non-UK workers (Figure 9). Over half (57%) agreed that a lack of skilled UK applicants was at least a partial motivation (35% said this was key), and approaching half (45%) also said that migrants having a better attitude and work ethic, and being more productive than UK workers in equivalent roles (40%) were reasons.
Better productivity was particularly likely to be considered key by firms that operate in South East, East of England or London (25%, compared with 14% of employers in the North of England and 10% of employers in the Midlands or South West employing non-UK workers).

Larger firms (those with 100 or more staff) were more likely than average to say that non-UK workers’ better skills or qualifications compared against UK applicants was a motivation for their employment (36%).

Perceptions that non-UK workers may be primarily employed as a cheaper form of labour than UK workers are not borne out by the findings. 92% of employers of non-UK workers stated that this was not a motivating factor, and just 1% said this was a key reason. One employment agency interviewed at the qualitative stage commented that:

“The idea that Eastern European workers are cheap labour belongs back in 2008.”

Recruitment agency, Global

However, those who described their company as “very” or “quite” dependent on non-UK workers (discussed in a separate section later in the chapter) were slightly more likely to consider wage costs as a factor; 12% of this group said non-UK workers being cheaper to employ was at least a partial reason for their use, compared with 4% of those who said they were not very/at all dependent on non-UK workers.

Although a lack of skilled UK workers is a factor in employing non-UK workers, it is rarely felt that non-UK workers are more highly skilled than their UK equivalents. This is evidenced by the fact that while 35% of employers with non-UK workers said not having enough skilled UK workers was a key reason for employing migrants, just 8% said non-UK workers being better skilled or qualified than UK workers...
was a key reason. This suggests that an insufficient supply of UK workers with the right skills drives employers to take on migrants, rather than migrants necessarily offering superior skills levels.

Most employment agencies (59%) said that the migrant workers they placed tended to have very similar skills to UK workers (and the remainder were more likely to say non-UK workers were less skilled and experienced than those from the UK looking for work in the same occupations (27%) than described them as more skilled (9%).

Figure 10 Recruitment agency opinions of skills levels of non-UK CBE workers compared with UK workers

Some agencies suggested during the qualitative interviews that non-UK workers were skilled across a wider range of construction activities in general.

“If you were to take a worker from East Europe, he’s probably done everything from foundations to tiling.”

Recruitment agency, Global

The possible drawbacks or challenges of employing non-UK workers were also explored with businesses with at least one non-UK worker. Almost half (47%) said that they did not believe there were any drawbacks or challenges; however a third (33%) mentioned that language or cultural barriers can prove difficult. Smaller proportions cited health and safety related concerns (9%), relocation or resettlement issues (5%), a lack of the qualifications or skills required for the role (4%) or problems relating to visa and sponsorship (4%).

Recent trends in employer demand for non-UK workers

The vast majority of employers (80%) said that their use of non-UK workers had not changed in the last 2-3 years, with the others relatively evenly split between those reporting increased use (8%) and those saying it had decreased (10%).
Those with any current non-UK workers employed directly or working for them indirectly were more likely to say their use of these workers had changed over the last 2-3 years (18% reported an increase vs. 13% a decrease), though still most (68%) reported no change.

Larger employers with 100 or more employees were more likely than average to report that their use of non-UK workers had increased in recent years (20% compared with 11% of those with 10-99 employees and 5% of those with 5-9 employees). Decreased use of non-UK workers in the last 2-3 years was more common amongst professional sector than construction firms (20% vs. 8%).

By geography, firms based in the South East, East of England and London were the most likely to report an increased use of non-UK workers in recent years (14%) but a similar proportion reported a decrease (12%). A balance towards a decrease was highest in the Midlands / South West (where 18% reported a decrease and just 4% an increase).

Increased use tended to reflect employers’ business circumstances or market conditions, including business growth (23%) and high demand for workers (21%). It was also quite commonly a result of a high number of non-UK applicants (22%). Relatively few put it down to increasing their use of non-UK workers because they are highly skilled (12%).

Decreased use tended to result from fewer non-UK applicants or non-UK workers leaving their company (sometimes specifically to return to their native country)³.

³ Proportions not reported due to small base size (25)
Employers who had not used non-UK workers in the previous 12 months stated (unprompted) that this was because they had not recently recruited any workers (37%), no non-UK workers had applied for positions (37%) or because those that did apply did not have the necessary skills or qualifications for the role (21%).

When prompted with factors that may have been reasons not recruiting non-UK workers, three-quarters (77%) agreed that they had not done much or any recruitment in the last 12 months, and two-thirds (66%) said no or very few non-UK passport holders had applied for positions. One in five (20%) expressed a preference for UK workers when prompted about this motivation.

Like employers, employment agencies provided a mixed picture in regard to the pattern of placement of non-UK workers into construction roles. Slightly more felt the number had increased than decreased (14% vs. 12% respectively), but most felt the number had not changed or were unsure. On the proportion of their placements which were non-UK workers in the last 12 months, slightly more felt this had increased than decreased (16% vs. 6% respectively), though again most felt there had been no change or were unsure. Where there was more of a consensus was in the overall number of construction workers placed, whatever their nationality, with a majority (58%) saying the overall number had increased in the last 12 months (compared with 12% reporting a decrease), indicating a quite buoyant labour market in the sector.
Agency responses did indicate some variation in demand for non-UK workers by region; a third (34%) of those that had placed any non-UK workers in the last 12 months specified that demand was particularly high, or growing, in London (Figure 14).
Figure 14 Recruitment agency perspectives on regions where demand for non-UK workers is particularly high or growing over the last 12 months

Base: Agencies that have placed any migrant workers in the last 12 months (44)
Employers’ dependence on non-UK workers

Around one in six employers said they were very (9%) or quite (6%) dependent on non-UK workers. Among those directly employing any migrants, this rose to almost half (45%), with a quarter (26%) very dependent on these workers (Figure 15).

Figure 15 Employers’ rating how dependent their company is on non-UK workers

Reflecting greater use of migrant workers in the capital, half of employers in London said they were very (34%) or quite dependent (16%) on non-UK workers. In terms of sub-sector, businesses in the electrical, plumbing and installation sectors were far less likely than average to be dependent on non-UK workers; just 3% said they were either very (2%) or quite (1%) dependent on them. There was no clear pattern by size of firm.
Figure 16 Proportion of employers who rate their business as very or quite dependent on non-UK workers by size and region

Among those employing non-UK workers directly or indirectly, construction sector employers were more likely than professional services firms to be very dependent on these staff (25% vs. 12% respectively), as were mid-size companies with 50-99 staff (29% very dependent).

Dependence on non-UK workers was voiced by participants in the qualitative research too, reflecting the findings referenced above on motivations for use:

“*It’s basically the best candidate that comes through the door and there’s not enough UK candidates of the right quality. I think if all the EU workers had to go back we’d have a real problem.*

*50-249 employees, Professional Services, London*
Looking ahead

This section explores how the UK’s decision to leave the European Union is likely to impact on the construction industry, considering both the views of construction sector employers but also the industry-wide perspective of employment agencies. Furthermore, we explore non-UK workers’ plans for the future, particularly in terms of whether they are likely to leave the UK construction sector (or the UK altogether).

Key points

- A quarter of employers had been impacted by Brexit, with the impact most commonly reported being rising costs (12%). Over the next few years 1 in 8 expected a slowdown in the economy and 1 in 10 expected increased costs as a result of Brexit.

- Whilst almost four-fifths of employers expected no impact from potential restrictions on the number of migrant workers, this decreased to half of those with any non-UK workers.

- Employers are particularly concerned about retaining their existing non-UK workforce.

- Agencies are more concerned about future access to non-UK workers than employers, possibly due to their broader view of the labour market. Two-fifths of agencies are expecting staff shortages.

- There could be labour pinch points, particularly in London and the South East. Some 50% of London firms say they are dependent on non-UK labour and London companies are more likely to already report impacts of Brexit including a lack of clients, project delays and staff shortages.

- Employers outside London could experience a knock-on effect of skills shortages if reduced access to non-UK labour means the capital and the South East draw in workers from the rest of the UK.

- Most current non-UK construction workers aren’t planning to leave. Only 1 in 20 intends to work in construction abroad, while 56% expect to stay in the UK until they retire.
Table 5 Impacts of Brexit to date and expected impacts in the future

<table>
<thead>
<tr>
<th></th>
<th>Any impacts to date</th>
<th>Any Brexit impacts in next 5 years</th>
<th>Any impacts if greater migrant worker restrictions</th>
<th>Any impacts in supply chain if greater migrant worker restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>All employers</td>
<td>25%</td>
<td>34%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Employing any non-UK workers</td>
<td>24%</td>
<td>42%</td>
<td>48%</td>
<td>31%</td>
</tr>
<tr>
<td>Not employing non-UK workers</td>
<td>26%</td>
<td>29%</td>
<td>7%</td>
<td>19%</td>
</tr>
<tr>
<td>Directly employing any non-UK workers</td>
<td>32%</td>
<td>40%</td>
<td>47%</td>
<td>30%</td>
</tr>
<tr>
<td>Directly employing 5+ non-UK workers</td>
<td>45%</td>
<td>50%</td>
<td>76%</td>
<td>27%</td>
</tr>
<tr>
<td>Directly employing any EU workers</td>
<td>35%</td>
<td>39%</td>
<td>44%</td>
<td>30%</td>
</tr>
<tr>
<td>Directly employing 5+ EU workers</td>
<td>45%</td>
<td>51%</td>
<td>78%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Brexit impacts for employers to date

Employers were asked a series of questions exploring what impacts Brexit had had on their business to date, the impacts they expected Brexit to have in the next five years, and more specifically the impacts restrictions on migrant worker numbers were expected to have for their own business and for other businesses in their supply chain. The results are summarised in Figure 17.

One-quarter of employers (25%) reported at least one impact to date of Brexit on their company. The most common impact was increased costs (12%; this was mentioned by 14% of Construction firms but none in the professional services sector), followed by project delays due to uncertainty (7%) and a lack of client investment (6%); both the latter were more common amongst professional services firms (21% and 13% respectively). Just one per cent of employers spontaneously mentioned Brexit having had a positive impact on their business.
Qualitative research corroborates these findings that only a minority of the industry had experienced impacts, mainly due to the current uncertainty around what the implications of Brexit will be. This was mentioned by both employers and employment agencies.

“We are still waiting for it to unfold; it seems to be taking a long time for terms of what Brexit actually means to become reality.”

10-49 employees, Specialised Construction Activities, Yorkshire & The Humber

“Essentially, the way I see it is nothing has happened and they are still trying to work out what happens when they push the button on Brexit so we are still in the status quo at the moment.”

Recruitment agency, South of England

Evidence suggests that Brexit was more likely to have impacted businesses with directly employed EU workers (35%). This was largely determined by the scale of their employment on EU workers; approaching half (45%) of businesses with five or more directly employed EU workers reported Brexit impacts compared with only three in ten (30%) with fewer than five directly employed EU workers. Similarly, businesses with five or more directly employed non-UK workers were more likely than average to report any impacts (45%).
Businesses operating in general construction and development (37%) were more likely to report impacts, while specialist or demolition construction firms were far less likely (17%). By region, firms in the South West (44%) and London (42%) were more likely to have experienced impacts from Brexit to date. South West firms were more likely to report increases in supply chain costs (17%) and an economic downturn (12%), while firms in London mentioned a lack of client investment (23%), project delays (19%) and staff shortages (13%).

Brexit impacts over the next five years

Looking ahead to the next five years, a third of employers (34%) expected specific impacts as a result of Brexit, and a similar proportion (39%) were unsure what the exact impacts would be, leaving just over a quarter (27%) anticipating no impacts. Businesses operating in building completion and finishing were more likely than average to anticipate impacts (45%), while civil engineering firms were less likely (12%), although this was predominantly because the majority of these firms were uncertain or unsure about what the impacts would be (59%).

Businesses with non-UK workers were more likely to anticipate Brexit impacts over the next five years; two-fifths mentioned at least one anticipated impact (42%), compared with around three in ten of those without non-UK workers (29%), and this rises to around half (51%) amongst employers with five or more directly employed non-UK workers. These results were further evidenced in terms of self-reported reliance on UK workers; businesses that said they were either very or quite reliant on non-UK workers were more likely to report impacts (54%) than those who did not consider themselves reliant on the non-UK workforce (30%).

The impacts expected over the next five years were most often a slowdown in the economy (12%; rising to 19% amongst professional services firms), rising costs (10%; including 6% who mentioned rising supply-chain costs) and reduced client investment (10%). Around one in twenty firms (5%) expected staff shortages over the next five years, though this was far more common amongst businesses with 100 or more employees (18%).

Employers using non-directly employed non-UK workers were also more likely to expect staff shortages (18%). In particular, those using LOSC staff (33%) and self-employed workers (28%) were more likely, although those who sourced these workers from employment agencies were less likely to in comparison (6%).

The prevalence of non-UK workers in London also influenced the extent to which employers expected Brexit to impact them in the future, with three in five (61%) London firms expecting at least one impact. In particular, London firms anticipated economic slowdown (21%), staff shortages (20%), a lack of client investment (19%) and skills shortages (16%).
Impacts if number of migrant workers was greatly restricted

Employers were asked specifically what impacts there would be for their business if the number of migrant workers allowed to work in the UK was greatly restricted. Reflecting the fact that most do not employ migrant workers, over three-quarters (77%) felt this would not impact their firm.

The impacts most often anticipated were: it becoming more difficult to recruit (12% of all employers), skills shortages (7%) and increased costs (4%). Those directly employing any non-UK staff were more likely to mention recruitment difficulties and skills shortages (27% and 19% respectively). These impacts were also mentioned in qualitative discussions, where employers often felt that an increase in skills shortages would increase operating costs, due to general wage inflation caused by having to pay a premium for suitably skilled staff.

“The impact would be that we won’t have that supply of qualified, suitable labour and so the competition for the good ones will increase. So maybe we will have to consider increasing our permanent staff, but that will obviously have a cost implication.”

50-249 employees, Demolition and site preparation, South East
Employers with non-UK workers were more likely to anticipate impacts from potential restrictions on migrant labour; nearly half of these businesses (48%; or 47% of those directly employing non-UK workers) mentioned at least one impact, compared with just seven per cent of businesses without non-UK workers. Expectation of any impacts from this scenario was highest amongst employers with five or more directly employed EU workers, which is perhaps unsurprising, given that this group will be most affected by these restrictions. Nevertheless, qualitative interviews suggested that for some employers who employed non-UK workers, Brexit was not perceived to be too problematic if the deal limited new EU workers from entering the UK to work; they were more concerned about the implications for their current migrant workforces.

"We've assured all our permanent staff that regardless, we are committed to keeping them as employees. However, what the future holds I don't know and we have no intention of losing the staff that we currently have."

50-249 employees, Demolition and site preparation, South East
By virtue of being more likely to employ non-UK workers, larger employers were also more likely to expect impacts if these restrictions were put into place (37% of those with 100 or more employees). When asked to consider the impacts of greater restrictions on the use of migrant workers for businesses in their supply chain, roughly the same proportion of employer stated at least one impact (24%) as they did when thinking about impacts for their own business (22%). The main impacts mentioned were it being more difficult to recruit (12%), skills shortages (7%) and cost increases (4%).

Comparing against what employers reported in terms of impacts for their own business, fewer (50%) said there would be no implications (compared with 77% reporting this for their own business), although a higher proportion said they were uncertain what the impacts would be, if any (26% vs. 2%).

Larger companies with 100 or more employees were more likely to expect impacts for businesses in their supply chain (37%), as were firms based in London (69%).

When prompted with the likelihood of three possible impacts of restricting the use of migrant workers (see Figure 20), the majority of employers still felt that each was unlikely to have an impact on their business. Around three in ten (31%) said it likely it would lead to wage inflation and higher costs, and around a quarter felt it would lead to increased skill shortages (27%) or would mean that they needed to spend more on training (23%). Each of these was considered to be more likely among firms in London and those who employ non-UK workers.

**Figure 20 Expected impacts on businesses if the number of migrant workers was greatly restricted (prompted)**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Not at all likely</th>
<th>Not very likely</th>
<th>Fairly likely</th>
<th>Very likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage inflation and higher costs</td>
<td>39%</td>
<td>24%</td>
<td>22%</td>
<td>9%</td>
</tr>
<tr>
<td>Increased skills shortages in the short and medium term</td>
<td>47%</td>
<td>24%</td>
<td>19%</td>
<td>8%</td>
</tr>
<tr>
<td>We will need to spend more on training</td>
<td>48%</td>
<td>25%</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Evidence from the employer survey suggests there are particular occupations that would be more at risk of shortages if the number of migrant workers coming to the UK was greatly restricted. Employers using non-UK workers (directly or indirectly) reported being most reliant on non-UK workers to fill roles as architects (15%; rising to 47% amongst professional services firms), general labourers (7%) and the following trades roles: plasterers, plumbers, glaziers, carpenters/joiners and electricians (each mentioned by 4% – 6% of these employers).
The employment agency perspective

Employment agencies were asked whether they expected the number of EU workers they place into construction to change in the period up to when the UK leaves the EU. Although they commonly felt there would be no change (44%), more expected the number to decrease (38%) than increase (6%). The occupations they felt were most likely to be affected were labourers (20%), carpenters and joiners (14%) and engineers (10%), while 8% felt occupations would be affected across the board.

Perhaps due to their broader perspective of the construction industry and the labour market, employment agencies were more likely than employers to think a reduction in migrant labour would impact the construction industry (64%). Nevertheless, they corroborated the employer view that general staff shortages (42%) and skills shortages (24%) were the most likely impacts if the number of EU migrants allowed to work in the UK were greatly restricted.

Future plans of non-UK workers

Evidence shows that most non-UK construction workers are planning to stay in the UK in the next 12 months (79%), and most are also planning to continue in construction (77%). Although there was some evidence of uncertainty (15% were unsure of their plans), only one in twenty (5%) reported that they definitely intend to leave the UK in the next 12 months.

Those with construction qualifications (82%) were more likely than those without them (67%) to say they would continue to work in UK construction in 12 months’ time, as were older workers aged 45 and over (93%), and those who had already lived in the UK for more than 10 years (85%).

Figure 21 Plans of non-UK workers over the next 12 months

<table>
<thead>
<tr>
<th>Plan</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work in construction in the UK</td>
<td>77%</td>
</tr>
<tr>
<td>Work in construction but not in the UK</td>
<td>4%</td>
</tr>
<tr>
<td>Work in another sector not in the UK</td>
<td>2%</td>
</tr>
<tr>
<td>Working in another sector in the UK</td>
<td>2%</td>
</tr>
<tr>
<td>Don't know/no definite plans</td>
<td>15%</td>
</tr>
</tbody>
</table>

Base: All non-UK workers (248)
Longer term, most non-UK construction workers (56%) said that they plan to work in the UK until they retire, compared with a fifth (21%) who said they definitely plan to leave at some point. Around a quarter had no definite plans (23%). Predictably the older the worker, the more likely they were to plan to work in the UK until they retire (the figure rises to 85% of those aged 45 plus). Furthermore, non-UK workers who had been living in the UK for more than 10 years were also more likely to report this intention (78%).

It is also interesting that those qualified to graduate level were far less likely than average to plan to work in the UK until they retire (41%), and more likely to be undecided (32%), suggesting they have more options around their work mobility.