

Rt Hon Alok Sharma MP
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
LONDON
SW1H 0ET

21.07.20 Dear Secretary of State,

PREPARING FOR A POSSIBLE NO DEAL WITH THE EUROPEAN UNION

On behalf of the Construction Leadership Council (CLC) I first wanted to thank you for the support that you and your colleagues have shown the construction industry over the past few months. The Government's unprecedented interventions have undoubtedly helped to save many jobs and businesses. The Government has also listened intently to the feedback from industry, through the CLC, and we are grateful for the strong and effective working relationship that has been secured between us.

As we enter the recovery phase, many of our businesses will remain focused on their survival where otherwise they might have been preparing for the geopolitical changes due at the turn of the year. With the recent passing of the transition period extension request deadline and the current status of negotiations between the UK and the EU, each remaining day before 1 January 2021 becomes ever-more important for businesses in planning and preparing for the possibility of a no deal.

While we believe a deal between the United Kingdom and the European Union is the most desirable outcome for our industry, responsible businesses will be looking to put in place contingencies for a 'no deal' scenario on 1 January 2021. To that end, we are writing to ask that the Government takes steps to provide as much certainty and guidance for the construction industry as possible. We recognise that there will be new-found opportunities in divergence from the EU and the entering into of new agreements with new trading partners, but we also have three overarching areas of concern for any future relationship with the EU which, with a very clear approach from Government, our businesses can prepare for.

Standards and regulations

As an industry, we hold in high regard the standards and regulations in place that protect consumers and ensure high quality, fit for purpose products and materials. We have been reassured by the Government's publication of the Construction Products (Amendment etc.) (EU Exit) Regulations 2019 which ensure regulatory alignment on exit day. However, the Government's advice on the Construction Products Regulation in the event of a no deal was withdrawn earlier this year. We would like to ask that this guidance is updated and reinstated as soon as possible, to allow businesses to prepare for a possible no deal scenario at the end of the year.

We would also like to ask that the Government provides a clear longer-term direction on what it intends to do in relation to the current standardisation of regulation of products and materials with the European Union. We are keen to avoid a situation that leads to inconsistent standards across businesses or a lowering of standards generally, as any divergence will inevitably lead to greater complexity, confusion and ultimately cost for UK businesses. We would like to reiterate the importance of a significant period of consultation before embarking on any divergence in building products and materials regulations and ask for confirmation of when that consultation will take place at the earliest possible stage.

While the Government has announced the creation of UKCA to replace the CE mark, it would be preferable for our industry if we could reach an agreement that achieved mutual recognition of such standards. Without mutual recognition of, for example, testing standards, UK businesses will have to repeatedly test products for different markets, which will add substantial costs and cause delays, damaging UK competitiveness.

Movement and cost of construction materials and products

The UK imports billions of pounds more construction materials and products from the EU than it exports. The nature of construction projects mean that the delivery of materials and products predominantly work on a 'just in time' delivery basis. Keeping construction sites operational and productive will depend on the ability of businesses to efficiently move these goods across the border and through our ports; especially as it is not always possible to source all materials, products and components from inside the UK (around 22% are sourced from abroad). Currently, businesses are unable to adequately predict the prices and costs of materials and goods that originate from the EU after 1 January 2021. Without being able to anticipate their ability to reliably source and cost materials and products when needed will have profound impacts on business planning, site operations, project completion, contractual uncertainty, cash flow and ultimately, business survival. We must therefore significantly ramp up the business information campaigns informing businesses of the likely border arrangements and actions that they should take to prepare for no deal.

Workforce

The UK construction sector employs a significant number of skilled and unskilled foreign workers, thought to account for over 14% of the construction workforce. While the economic effects of the COVID-19 crisis will lead to a number of job losses, which will likely increase the available domestic supply of labour in the short term, in the longer term, we will continue to need access to foreign labour. We welcome the Government's announcement that a number of additional construction trades have now been included in the tier 2 skilled work category, such as bricklayers, carpenters and electricians and that the new entrant route is to include those working towards professional qualifications. However, a number of roles remain outside of the proposed new system such as labourers, dry liners, asbestos removers and some plant operators, despite a clear need for them. The Government's proposal for low-skilled migrant labour is the temporary worker route. However, if this is to work for our sector, the duration of the work permit will need to be extended to two years. We ask that you consider amending the proposed Bill to reflect these concerns; otherwise the industry will be faced with a shortage of labour supply.

The Government has shown steely determination in its resolve to keep construction working throughout the COVID-19 crisis and into the recovery period. Our industry is committed to playing its part at building our way out of recession. If the Government could provide the information and reassurances outlined above, it would aid our businesses in adequately preparing for whatever eventuality occurs after 31 December 2020.

Yours sincerely,



Andy Mitchell
Co-chair
Construction Leadership Council