

Submission to the Migration Advisory Committee call for evidence:

Shortage Occupation List

June 2020

This submission has been prepared by the following Federations, supported by the Construction Industry Training Board:

- Construction Products Association (CPA)
- Construction Plant-Hire Association
- Civil Engineering Contractors Association (CECA)
- Chartered Institute of Building (CIOB)
- Association for Consultancy and Engineering (ACE)
- Build UK
- Construction Industry Council (CIC)
- Federation of Master Builders (FMB)
- Home Builders Federation (HBF)

The impact of the coronavirus pandemic on construction and migration

The construction industry is clear in its commitment to recruit and develop a home-grown workforce to meet its skills needs. Despite the coronavirus pandemic, our industry is keen to thrive with these objectives. As with many industries, employment and recruitment levels have fallen heavily in the construction sector. Many employers will now be forced to work at lower levels of capacity, which will impact productivity levels, and with their margins are under extreme pressure.

The impact of COVID-19 will have severe repercussions for the construction industry and the skills base it needs to support its recovery. We are already seeing clear signs that the pandemic is hampering employers' ability to take on and train additional workers. Overall, depressed recruitment and a looser labour market mean that skill shortages are unlikely to be that common in the short-term. However, cutbacks in apprenticeship recruitment and gaps in training provision risks creating a future skills lag.

We expect apprenticeship recruitment to be affected by a reduced apprenticeship levy income and a reduced ability for employers to take on an apprentice. Although the Further Education (FE) system might provide an alternative training solution, it will not replace the demand for work-based learning and true vocational skills. CITB's *Customer Voice* survey data indicates that apprenticeship completions have held up better than expected, but new starts are expected to slump in the short-term. The reduced demand from the recession and the need to adapt training methods will put training providers under pressure.

The Construction Leadership Council (CLC) recently published an ambitious recovery plan, *Roadmap to Recovery*, sets out how the industry could retain, reskill and recruit a talented workforce to recover and reinvent itself. This will be achieved through a mix of economic stimulus, growing apprenticeships in the long term, widening the pool of talent available to industry – particularly from Further Education – and exploiting technological advances.

In order to achieve this goal, industry is equally clear of the continued need for flexible and responsive access to non-UK born workers to bridge any emerging skills gaps that could impact on recovery and growth. Over 14% of the construction sector is currently made up of migrant labour (57% in London). Regular proactive review and update of the Shortage Occupation List (SOL) will be a critical element in bridging future skills gaps across a range of highly skilled and specialist occupations.

The Home Office must work with BEIS to ensure changes to the migration system support the aims set out in the recovery plan. It is vital government departments work with each other throughout the pandemic to support valuable industries such as construction. The sector, while economically vulnerable, has shown itself to be resilient, yet the pandemic has had a massive bearing on future business investment, innovation, productivity and recruitment.

Challenges in responding to this call for evidence during the pandemic

While industry federations, supported by CITB, have been able to produce a response to this consultation, we have been unable to survey the members we represent due to current pressures caused by the pandemic's impact.

This response does provide information on key trade occupations and examples of specialist occupations, which qualify for the Tier 2 General Visa, where there were skills shortages prior to the pandemic. However, pre-pandemic data on shortage construction occupations requested by the Migration Advisory Committee (MAC) will not necessarily be an accurate guide to future industry requirements of the SOL.

Due to this, we hope to work with the MAC and the Home Office on an ongoing basis to develop a SOL that will become flexible and responsive to emerging evidence and insight on our industry's future skills needs as it develops over time.

Recommendations for a Shortage Occupation List responsive to industry's skills needs

We see the below recommendations as critical to ensuring the SOL meets our industry's future skills needs:

1. Include RQF level 3-5 construction occupations experiencing pre-pandemic shortages, crucial to the UK Government's infrastructure, homebuilding and 'net-zero' ambitions, on the SOL.
2. Place certain RQF level 3-5 construction occupations on separate Scottish and Welsh SOLs to address specific skills shortages in these nations.
3. Conduct detailed analysis of specialist occupational shortages across critical growth industries, such as construction, that could significantly impact productivity.
4. Work with key industry skills bodies to regularly review the SOL to ensure the new points-based migration system remains responsive to industry's skills needs.
5. Review, but do not automatically remove, occupations from the SOL based on low immigration levels into an occupation.
6. Ensure that any assessment of how employers are addressing skills shortages in determining whether or not occupations should be included on the SOL are reasonable and agreed in consultation with industry.

Detailed explanation of recommendations

Recommendation 1: Include RQF level 3-5 construction occupations experiencing pre-pandemic shortages, crucial to the UK Government's infrastructure, homebuilding and 'net-zero' ambitions, on the SOL.

We welcome the expansion of the SOL to RQF level 3-5 in recognition of the importance of these skilled occupations to construction growth and the historic skills shortages they have faced. The MAC reports *Full Review of the Shortage Occupation List (May 2019)* and *A Points Based Immigration System and Salary Threshold for Immigration (January 2020)* highlight critical skills shortages in skilled construction occupations at RQF level 3-5. They further demonstrate the need to include these occupations in the Tier 2 route, and the importance of these roles to the Government's Industrial Strategy.

Prior to the pandemic CITB's report [*Skills and Training in the Construction Industry 2018*](#)¹ found that one in six (17%) construction employers didn't have enough skilled workers. Nearly half (47%) of employers that tried to recruit skilled direct or self-employed staff experienced difficulties in filling positions.

Recruitment difficulties impacted on 92% of construction employers that reported them:

- 61% of employers reported an increased use of overtime and higher workloads for existing staff (compared to 74% in 2016)
- 52% said they had lost business or turned down opportunities to bid for work
- 52% reported an increase in operating costs
- 40% said they had missed project deadlines
- 38% reported they had had to outsource work

Employers in construction professional services have reported difficulties in recruiting staff. A 2019 report from the Chartered Institute of Building (CIOB)² found that 43% of employers experienced some difficulties and 21% experienced severe difficulties in recruiting for the role of construction manager.

CITB's Employer Panel Survey 2019³ of 1,500 employers and self-employed, covering the construction contracting sector and the professional services sector, identified five RQF L3-5

¹ This evidence is based on a telephone survey of 1,091 construction industry employers in England, Scotland and Wales, conducted in 2018. It broadly replicates similar surveys conducted since 2009, so it can provide trend data for some issues.

² <https://policy.ciob.org/wp-content/uploads/2019/01/Shortage-Occupations-in-Construction-A-cross-industry-research-report-January-2019.pdf>

³ Results from the Employer Panel are based on 1,500 structured quantitative telephone interviews with employers and the self-employed, covering the Construction contracting sector and the Professional Services sector. Interlocking quotas are set by sector, geography, and employer size (based on the number of staff employed directly in the UK) with the aim of yielding at least 125 respondents per criteria. Results are then

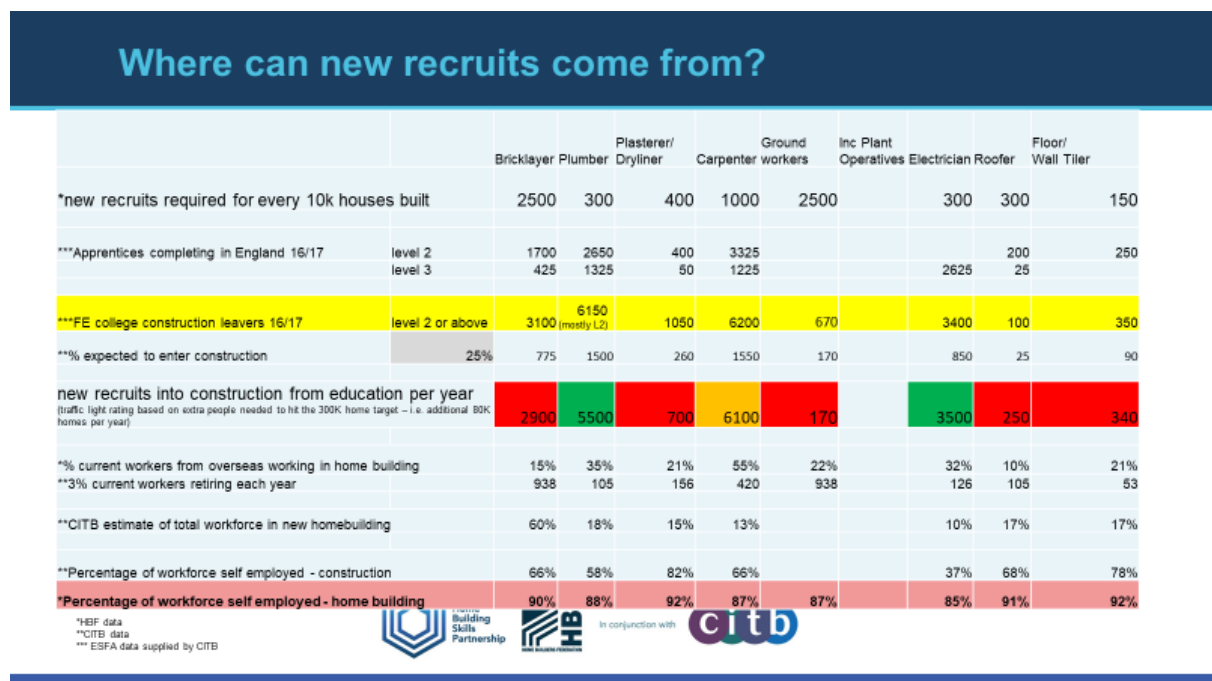
skilled construction trade qualifications where construction employers were reporting significant shortages.

Figure 1. Occupations in demand by construction employers across Great Britain (Employer Panel 2019)

Occupation	RQF Level	GB-wide shortages	National shortages
Carpenter	RQF 3	30%	52% in Scotland
Bricklayer	RQF 3	17%	18% in England
Plumber	RQF 3	10%	18% in Wales
Electrician	RQF 3	8%	19% in Scotland
Painter & Decorator	RQF 3	9%	13% in Scotland

This could further slow the rate of recovery as employers struggle to provide apprenticeships or training opportunities when growing the businesses. Evidence from previous recessions demonstrates that training tends to be cut more than falls in output and grows at a slower pace than output in recovery. It is essential that these occupations are placed on the SOL to mitigate against this risk.

Analysis undertaken for home building additionally shows that the domestic training and education system is not producing a sufficient supply of new recruits in a number of key occupations to meet the skills requirements for the further growth in housing output needed to meet the Government’s target of 300,000 homes a year by the mid-2020s. Those RQF Level 3 occupations rated in red in the slide below should be included on the SOL.



weighted to ensure that on these variables survey results are representative, using ONS 2018 Business Population Estimate data.

Making sure businesses have ready access to overseas talent at all levels is critical if the sector is to recover properly. This applies equally to the plant-hire sector. Despite ongoing attempts to address the domestic supply of talent, accessing skilled mechanics, operators and engineers from overseas will be vital if the sector is to recover.

All remaining construction occupations at RQF 3 on the Tier 2 visa should also be considered for inclusion on the SOL based on the MAC's analysis of labour market conditions data sets. We believe that skills shortages in these occupations could, in part, be filled by migrant labour in response to a future upturn in industry skills demand for these occupations in recovery, where shortages have been identified.

Recommendation 2: Place certain RQF level 3-5 construction occupations on separate Scottish and Welsh SOLs to address specific skills shortages in these nations.

Figure 1 reflects the differences in the mix and make up of construction work nationally, and illustrates the differences in national employer demand for specific occupational needs in construction. As seen in this table, there can be large national differences in employer skills demand by occupation. Robust SOLs for Wales and Scotland, including occupations identified as in high demand at RQF L3-5, will enable employers in these nations to effectively respond to national pressures on the construction workforce.

Recommendation 3: Conduct detailed analysis of specialist occupation shortages across critical growth industries, such as construction, that could significantly impact on productivity.

As a result of the pandemic and the high level of furloughing in the sector, we have been unable to collect data on employer demand for certain specialist occupations included in the Tier 2 visa at RQF L3-5, to determine which of these occupations should be placed on the SOL. The existing data we have on employer occupational demand provides only limited insight into shortages in specialist occupations required by certain industry sectors, and highlights the challenge of collecting quantitative data on niche occupations that might be fewer in number, but critical to certain projects or build types. These roles will be vital to ensure the completion of critical construction projects. For example, steel fixers and erectors, building and civil engineering technicians and welding trades are all critical to national infrastructure projects.

Often only limited and expensive training provision exists to support the skills needs of construction employers across these occupations. Colleges and other further education providers now face significant financial pressure, as a result of the pandemic. High cost, low volume training is most at risk. Some providers may be unable to continue training in certain specialist occupations leaving gaps in provision. Industry is working with the Department for Education and provider networks to identify and protect existing critical specialist training where possible. However, gaps in specialist provision are likely to appear. Access to migrant workers through the SOL can fill these skills gaps.

The SOL needs to respond quickly to emerging skills shortages across these occupations, especially where demand for a particular occupation is expected to increase. To do this, the MAC should work with CITB and industry to conduct further detailed analysis of the supply and demand for more specialist occupational skills eligible for the Tier 2 visa. Any one of these occupations with a significant mis-match between training demand and supply should be included on the SOL. However, this should only happen when industry and government demonstrate that domestic training interventions will not be able to meet employers' skills demands across these occupations.

Recommendation 4: Work with key industry skills bodies to regularly review the SOL to ensure the new points-based migration system remains responsive to industry's skills needs.

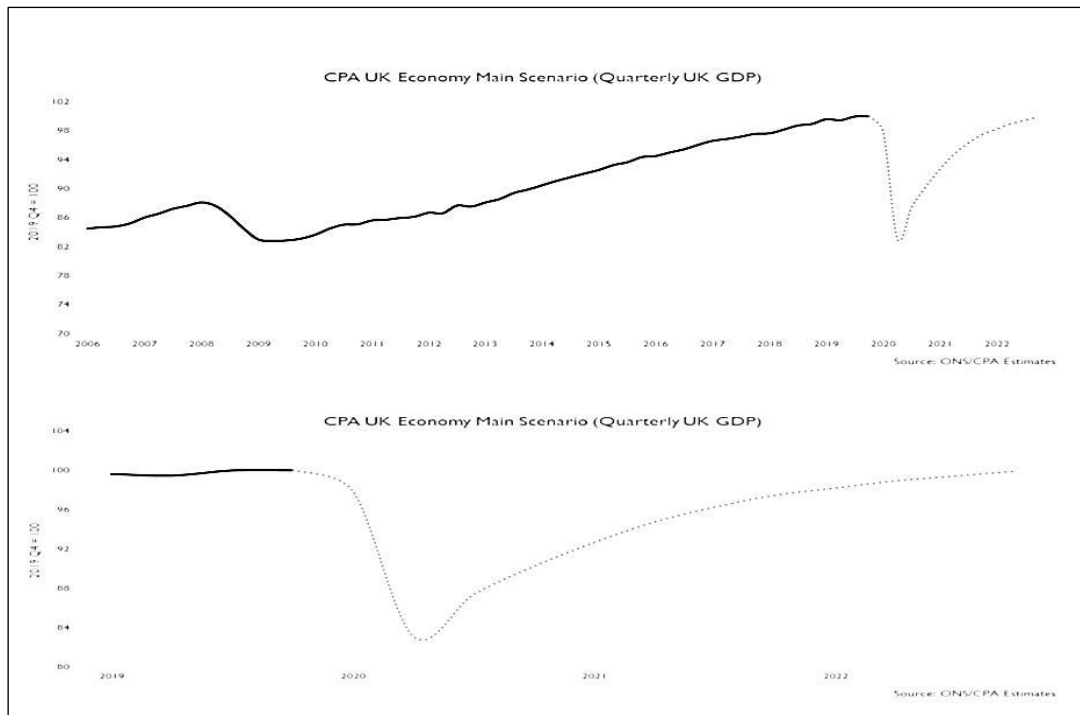
Across industry there is broad agreement on the need for a responsive, dynamic and regularly updated SOL to ensure the migration system is able to respond appropriately to the changing skills needs of the economy. The industry welcomes the Home Office's commitment to a SOL that is responsive to these needs. Industry is keen to work with the MAC to supply any further evidence they need and to provide real industry perspectives.

The MAC should provide detailed guidance on how it seeks to work with industry going forward to regularly review the SOL and build a greater level of understanding on the changing skills needs of industry. CITB publish the [Construction Skills Network](#) labour market intelligence on an annual basis to provide a five year forward look at construction output and associated occupational skills needs across Great Britain and within the nations. This research is further supplemented by CITB's Employer Panel Survey, updating employer skills demands across different occupations and regional analysis of skills needs. Combined with more detailed analysis of skills demand across specialist occupational areas in consultation with key industry federations, the MAC should be able to form a robust view of those construction occupations that should be included on the SOL.

Recommendation 5: Review, but do not automatically remove, occupations from the SOL based on low immigration levels into an occupation.

It is difficult to predict how long it will take industry to recover from this pandemic. Figure 2 details the expected recovery of the industry over the next c2 years.

Figure 2: ONS/CPA scenarios on quarterly UK GDP



We can assume that the gradual recovery period indicated will lead to a reduced construction skills demand over this period and increased unemployment levels across the industry. However, as industry recovers it will need reliable access to a skilled workforce at short notice. The time it takes from recruiting a new worker through to them being fully qualified can sometimes take up to four years, thereby extending the skills lag.

Employer familiarity with the new migration system and the associated costs of using the Tier 2 visa route may further reduce employer demand for the use of the Tier 2 route, including occupations on SOL, in the shorter term at least. CITB [Migration and Construction \(2019\)](#) research found that only 3% of employers have supported a worker from outside of the EU to apply for a visa to enable them to work in the UK. This rises to 19% amongst employers with over 100 employees, and to 12% amongst professional services employers. Over 98% of our industry is made up of SMEs and micros who will find it difficult to access the new Points Based System.

Based on this, it is important that any future review of construction occupations on the SOL does not lead to the early removal of occupations where there are low immigration numbers. It will take time for skills demand to pick up as a result of the pandemic. It will be difficult to raise awareness and encourage engagement of small and micro construction employers with the new migration system. Any removal of an occupation from the SOL should only be done after thorough consideration with relevant parts of the industry.

Recommendation 6: Ensure that any assessment of how employers are addressing skills shortages in determining whether or not occupations should be included on the SOL are reasonable, agreed in consultation with industry and employers, and regularly reviewed.

Industry will also need clear guidance from the MAC on how employers and industry will be assessed on whether they have taken all required measures to meet skills shortages amongst the domestic workforce, before an occupation is included on the SOL.

Prior to the pandemic, industry was taking a proactive approach to increase skills in the domestic workforce. The [Building After Brexit](#) action plan, published by the CLC and CITB, outlined industry's plans to develop a high-quality construction workforce. Measures included presenting construction as a more attractive career; increasing apprenticeships, developing more relevant qualifications for employers, such as T levels; ensuring better pre-employment routes; and supporting those not in employment to enter industry.

The MAC criteria to assess whether it would be sensible to address a skills shortage through migration in different occupations look robust. This includes assessment of the availability of resident labour, impact on investment of having migration, impact on the wider labour market and the public value of including an occupation on SOL in deciding if an occupation should be included on the SOL. However, assessment of these criteria needs to be transparent and conducted in partnership with key federations, the CLC and CITB for construction roles. The assessment must also address future as well as current skills needs, through high-quality labour market information (LMI).

Crucially on LMI we would caution about any over-reliance on purely volumetric or statistical data. We recommend that the assessment of LMI includes both qualitative and quantitative data collection and analysis methods. Particularly given that some occupations might be relatively small in number, meaning they are not necessarily picked up in national data, but are absolutely critical to the delivery of some projects and build types. This also applies to the fairly unique structure of the sector where 40% of the workforce is self-employed, around 60% of firms use labour-only subcontractors, and temporary contracts are commonplace.

The sector's perception of a skills shortage is not always consistent with that conveyed by several national skills surveys, including the Employer Skills Survey (ESS). In such survey's vacancies are regarded as a skills shortage vacancy if there are a low number of applicants with the required skills; applicants lack work experience; and applicants lack qualifications. However, it is often the case that when construction industry employers refer to skills shortages they actually mean quite specific and short-run recruitment difficulties. These often include not being able to get a particular trade on-site on a given day rather than not being able to recruit an actual vacancy. Again the nature of contracting arrangements are poorly reflected in skills surveys, which tend to focus on workers in direct employment, and perhaps fail to capture the dynamic nature of construction employment. Such insight is only available from those with specific sector expertise.

Annex 1: Migration and construction

The MAC has also asked a range of questions on migration across construction. CITB's annual Migration and Construction (2019) research on the view from employers, recruiters and non-UK born construction workers found that:

How dependent on non-UK born construction workers are construction employers?

One-sixth of employers said that they were very or quite dependent on non-UK born workers (16%). Among those directly employing any migrant workers, this rose to slightly over one-third (37%).

Why do construction employers use migrant workers?

47% of construction employers said a lack of skilled UK applicants was at least a partial motivation for using migrant workers. 40% were motivated by migrants having a better attitude and work ethic, with 34% of employers interviewed saying they were more productive than UK workers in equivalent roles.

What construction jobs do non UK-born workers do?

The majority of non-UK born workers are employed in skilled occupations, with 89% in roles such as plasterer, carpenter/joiner, plumber, site-supervisor, bricklayer, and project manager.

How many non-UK born workers are directly employed?

The survey of employers found one in six (16%) were directly employing at least one non-UK born worker, a decrease of 9% percent from the 25% found in 2018's survey.

What is construction industry employers' experience of the visa system?

Construction industry employers have limited experience with the existing visa system, and may struggle to effectively engage with the new points-based visa system.

How long do migrant construction workers stay in the UK?

The majority of employers (73%) said that three-quarters or more of their EU workers had worked with them for more than 12 months. Non-UK born workers were asked how long they had lived in the UK. Nearly three-fifths had lived in the UK between three and 10 years (56%), and a further 12% had lived in the UK for more than 10 years.

What age are UK construction migrant workers?

Non-UK born construction workers are younger than their domestic counterparts. The LFS for 2018 shows that while 32% of those working in construction were aged 50 plus, among the non-UK born workforce the comparative figure was just 23%.

See CITB's [Migration and Construction](#) research for more details.

Details of the organisations submitting this response

The Construction Industry Training Board (CITB)

CITB is the industry training board for the construction sector in England, Scotland and Wales. We support the skills need of British construction. We attract talent to the construction sector, so employers have an adequate pool to recruit from, and encourage employers of all sizes to access the training necessary to grow and transform their businesses. We are an executive non-departmental public body in charge of our budget and activities. Sponsored by the Department for Education, we are also accountable to government ministers, and ultimately Parliament.

The Civil Engineering Contractors Association (CECA)

The Civil Engineering Contractors Association is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the UK's transport and utility networks.

With more than 300 members throughout England, Scotland and Wales, we represent firms who together carry out up to 80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and water.

Our members include some of the largest construction firms as well as a range of small specialist and regional contractors. Our industry supports the employment of over 200,000 people in the UK with annual activity worth £25 billion.

The Association for Consultancy and Engineering (ACE)

ACE is the association for the UK's professional consultancies and engineering companies operating in the social and economic infrastructure sectors. ACE champions infrastructure to government and other stakeholders, representing the views of around 430 members. Their members employ over 60,000 in UK and 250,000 worldwide, contributing more than £15 billion to the UK economy. They have worked on some of our most high-profile infrastructure to date: Crossrail, Thames Tideway, HS1 & 2, the Queensferry Crossing and Heathrow Terminals 2/3 and 5.

The Construction Plant-hire Association (CPA)

The Construction Plant-hire Association (CPA) is the leading trade association for the plant hire sector in the UK. The CPA has over 1,700 members, who supply 85% of hired plant to the construction industry. The organisation is the UK's principal point of contact for all issues relating to the use of construction plant. The CPA works with government departments and agencies, local authorities, construction clients, private companies, other trade associations, and third sector organisations, on issues including employee health and safety, machinery standards and emissions control, public safety and road transport, skills and employment.

The Construction Industry Council

The Construction Industry Council (CIC) is the body representing the built environment professions. Formed in 1988, the CIC has around fifty member organisations, mostly professional institutions, consultancy and specialist business associations and research

associations, which collectively represent around 500,000 people and some 25,000 consultancy businesses

The Chartered Institute of Building (CIOB)

The Chartered Institute of Building (CIOB) is at the heart of a management career in construction. We are the world's largest and most influential professional body for construction management and leadership representing 45,000 members who work within the built environment. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment. We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and authorities who procure built assets.

Federation of Master Builders (FMB)

The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry, representing thousands of firms in England, Scotland, Wales and Northern Ireland. Established in 1941 to protect the interests of small and medium-sized (SME) construction firms, the FMB is an independent, non-profit organisation, lobbying for members' interests at both the national and local level.

Build UK

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

Providing influential and dynamic leadership, Build UK ensures a joined up approach and presents a single voice for construction to industry stakeholders.

The Home Builders Federation (HBF)

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.