INDUSTRY INSIGHTS AND ANALYSIS

citb

Migration and Construction

June 2023

6TH EDITION

Contents

Section 1

Foreword

James M. Butcher

Director of Policy, National Federation of Builders (NFB)

Chair, Construction Leadership Council's Movement of People Working Group

The UK's departure from the European Union brought with it a number of changes for our country, our economy and our sector and perhaps none more so, than the ending of freedom of movement and the introduction of the Points-Based System (PBS) for migration.

The analysis presented in this report shows that change has been dramatic.

Where many employers might once have employed an EU worker, very few are aware of and understand the new migration system; fewer have engaged with it. Only seven per cent of employers have signed up as a licensed sponsor and they report significant challenges. Cost, complexity and the length of time it takes, all add extra bureaucracy and a burden that is causing construction a headache.

One of the features of construction is that it is a patchwork of diverse companies and a multitude of very small firms. This means that it has comparatively less administrative resource to dedicate to learning and using the new system. This makes the issue more acute for us than for other industries that are recruiting overseas workers.

But the new system is here to stay, and it is our job to make it work. Industry says it needs more people – this is one way to help fill the gap. After over two years of bedding-in, we are ready to learn the lessons of the early adopters to help our colleagues navigate the new system. Equally, we are ready to challenge the Government to use the new-found flexibilities our system has and to make the adjustments required so that the process is easier for employers.

The Construction Leadership Council (CLC), Construction Industry Training Board (CITB) and industry bodies like my own are deeply committed to improving the domestic pool of workers, through encouraging more new entrants, improving educational take-up and improving retention of workers. We will all do what we can to make the UK construction workforce the best and most accessible it can be. Achieving better standards of training and competence takes time and effort from everyone – especially employers. Meanwhile, we will still need the ability to access overseas workers to help alleviate our skills gaps.

Whatever the political context, migration will always be a part of our skills mix. This analysis shows that migration plays an important role in helping construction companies to fill gaps in recruitment, allowing us to respond to fluctuations in demand for construction, which is so sensitive to the economic cycle. Construction employers still think migrant workers are critical to their business: Just over two fifths of firms (43%) employ migrant workers. Of those that employ them directly, over half (55%) say that they are dependent on them.

Employers report skills pressures lead to project delays, reductions in quality and increases in costs and prices, which are harming our economy. Three in five of them believe that the PBS will have a negative impact on construction in the next two to three years. We are listening to and responding to their concerns.

The inclusion of key occupations with critical skills shortages onto the Shortage Occupation List in the Budget is an important step. However, this report makes clear that more needs to be done. Employer engagement with the PBS needs to be ramped up. The cost of using the system needs to be reduced. Support in navigating the system must be improved. Without this support, industry will struggle in to fill skills gaps that cannot be met through the domestic workforce.

This report is the authority on the construction sector's engagement with the new migration system. We'll use this in our work with government to make the case for improvements in the PBS design and user experience. Critical will be the development of a workable solution to ensure self-employed migrant workers can work in UK construction. Self-employment makes up a significant part of occupations for which there are shortages.

On behalf of the CLC, I pledge that we will review and utilise this report, work with CITB and use the findings to do all we can to help support construction businesses access the Points-Based System – providing guidance and advice and pressing for the improvements industry needs to create a dynamic skills system responsive to industry's changing needs.

Section 2

Summary

Introduction

After the referendum decision to leave the European Union (EU), CITB worked with industry to develop an evidence base, looking at how and why construction was using migrant workers, the key occupations they were working in and how employers planned to adapt to the new migration regime.

Together with the Construction Leadership Council (CLC), CITB has worked closely with the Government and related-bodies such as the Migration Advisory Committee (MAC) to develop a shared understanding of the industry's skills needs and how it is adapting to the Points-Based System (PBS).

This is the sixth report and the first since the end of the Pandemic and the introduction of the PBS in January 2021 when the UK formally left the EU.

Section 3

Key Information

01

The Government has responded to evidence from CITB and CLC of skills pressures in construction by widening the range of occupations covered by the Shortage Occupations List (SOL).

02

Only half of employers surveyed indicated that they were aware of the PBS. Only 7% of employers reported that they have signed up as a licensed sponsor.

03

The Government, CLC and industry need to work together to raise employer understanding and awareness of the PBS and to make the system work better for construction.

04

The industry needs to deliver on its commitment to grow and invest in its domestic workforce by tackling long-standing weaknesses in how it attracts, retains and develops its workers skills and capability by raising the levels, quality and relevance of training.

05

This means providing a better, more attractive and flexible work environment, that is easier for everyone to join and feel safe so that we retain workers for longer. The CLC, industry groups and CITB have developed an Industry Skills Plan to tackle these issues and are working with governments to put a range of support in place.

06

The trend towards greater levels of direct employment relative to self-employment is encouraging, given that it tends to be associated with higher levels of investment in training.

Section 4

The Report

4.1 Migrants are an important part of the construction workforce — but numbers are falling

Migrant workers continue to play an important role in helping construction employers meet their skills needs. However, important changes have taken place since CITB's last report.

The most recent Labour Force Survey (LFS) shows that just under one in ten (9.8%) migrant workers were not UK citizens. As before, migrant workers are more highly concentrated in London with almost half (46.1%) of construction workers in London born outside the UK, followed by the East of England (15.9%) and South-East England (12.2%).

The share of migrant workers in the construction workforce has fallen to 9.8% in 2021 (latest year data is available for) from 10.2% in 2020 and 10.7% in 2018. Part of this is down to the impact of Covid-19, which saw some migrants return to their families abroad – something that was seen across the economy. Net migration also fell in line with reduced demand for workers during the recession.

However, the longer-running fall since 2018 is down to a range of other factors. These include the growth in job opportunities in mainland Europe relative to Britain and the introduction of the PBS has prevented anyone from coming to work in the UK unless they have a sponsored job offer. In addition, visa costs are high relative to other countries such as Germany and Canada, which targeted migrant workers with low cost simplified visa schemes.

Despite the slowdown in migration from the EU, almost half of migrant workers (49.3%) are from the EU and a further 10% from other parts of Europe. This reflects the fact that many migrant workers have been in the UK for a long time - the average is just under 12 years – and have the right to remain in the UK through the settlement scheme. Within the EU group, the number from the EU8[1] group of countries that joined in 2004, combined with more recent members – Bulgaria and Romania – is double that of the rest of the EU.

Despite their high visibility in London, migrant workers play a smaller role in construction than in many other industries. The share of workers born outside in the UK for construction is 13.9% - the 13th highest of 19 industry sectors. This is significantly lower than information and communication (27.7%), transport and storage (26.4%) and accommodation and food services (25.2%).

The share of migrant workers in construction peaked earlier for construction and has been falling for longer. Measured on a different basis (covering all workers born outside the UK whether now citizens or not), the share of migrant workers in construction rose from 8% in 2007 to a high of 14.5% in 2016-2017. It then fell slightly from 2018. In contrast, across the rest of the economy, the share has continued to rise gradually.

Indeed, the inflow of workers from abroad into construction has been slowing for some time. Between 2013 and 2015, some 40,000 workers arrived in the UK to work in construction, falling to just over 23,000 between 2016 and 2018 and a little over 10,000 between 2019 and 2021.

More recently, apart from the pandemic, this is also likely to reflect employers adjusting to the new migration regime by focusing more on developing the domestic workforce. Employers report that they are adjusting to the PBS by upskilling UK workers through methods other than apprenticeships, creating more PAYE jobs for UK workers and increasing pay to meet the minimum thresholds of the PBS.

Construction must build on this and seize the opportunity to attract, retain and develop its domestic workforce. It needs to address longstanding weaknesses in creating workplace environments that encourage workers to stay and develop their skills.

The trend towards greater levels of direct employment relative to self-employment, reported in the CITB and CLC submission to the MAC, is encouraging, given that it tends to be associated with higher levels of investment in training. The CLC, Industry Groups and CITB have developed an Industry Skills Plan to tackle these issues and worked with governments to put a range of support in place.

This includes:

- CITB support to increase numbers completing apprenticeships and for a range of government measures to address the barriers faced by employers in recruiting apprentices, including the Apprenticeship Levy Pledge
- Measures to make it easier for new recruits to join the industry such as onsite hubs to deliver work experience and initial training, a work experience standard, and an employer-backed pathway from Further Education into employment and training
- Targeted action to address gaps in training provision and to improve its responsiveness to local needs.

It is vital that employers use the support to achieve a significant and sustained improvement in how they bring people into the industry and develop them. At the same time, we need an ongoing effort to ensure that the support available is well understood and easy to access; to identify what is working well and where improvements are needed.

10.7% of migrant workers were not UK citizens in 2018

↓10.2% in 2020

↓9.8% in 2021

1 EU8 refers to the eight east European countries which joined in 2004 - Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia

4.2 Migration becoming more skilled and less EU-focused

The analysis highlights the early impacts of the new migration regime.

This includes:

- Falling numbers entering the UK to work in construction (though this is also partly due to Covid-19)
- A rising share of migrant workers from outside the EU
- New entrants that are more highly qualified than previously.

These impacts reflect the nature of the construction industry. For example, that a high proportion of migrant workers were historically from the EU and tended to be in trade or less skilled roles such as general labourers, often compensating for the lack of domestic workers willing to take these jobs. In addition, construction is dominated by small and micro firms with more limited capacity to comply with the additional costs and reporting requirements of the PBS. They don't have the ability to follow the approach of the care sector, which also struggles to attract UK workers and addresses this by hiring temporary staff from agencies.

2021 LFS data indicates that 70% of non-UK construction workers were from EU member states, down from 77% in 2020. The employer survey showed that in 2022, just over half (54%) of employers with directly employed non-UK workers said that most or all their migrant workforce were from the EU, well down on 80% in 2020. There was a similar size fall for direct employment – in 2022 43% of employers with directly employed non-UK workers said all of them were from EU member states, down from 72% in 2020 (72%). Substantially more agencies reported an increase in the number of construction workers placed in the last 12 months compared with the previous year (54%) than reported a fall (26%). These higher numbers of placements reflect the greater visibility of skills and labour shortages in construction, driven by a range of factors, including EU workers returning during and after the pandemic and UK ones leaving the sector due to ill health and early retirement. However, agencies were more likely to highlight a decrease (30%) than an increase (10%) in the proportion of construction placements that were non-UK passport holders, and in the overall number of non-UK construction workers placed (30% decrease vs. a 22% increase).

The new migration regime is driving up the level of qualifications and earnings of construction workers entering the UK and joining the industry. Previously EU workers without qualifications were free to work in construction but the PBS now requires all workers to be qualified to Regulated Qualification Framework (RQF) Level 3 (equivalent to A-level) and above. The share of construction workers that entered the UK between 1997 and 2018 that were qualified to degree or an equivalent level, fluctuated between 46% and 48%. For the more recent period 2019-2021, this has jumped to two thirds (67%).

Traditionally, construction has tended to recruit migrant workers to trade roles that were below the level of qualifications or earnings (£26,200) required by the PBS. But, the latest survey of recruitment agencies showed that only a quarter (24%) of agencies reported that less than a fifth of those were qualified below RQF3. Only 7% indicated that less than a fifth of them were earning less than the threshold. These workers would clearly be non-UK born workers already based in the UK.

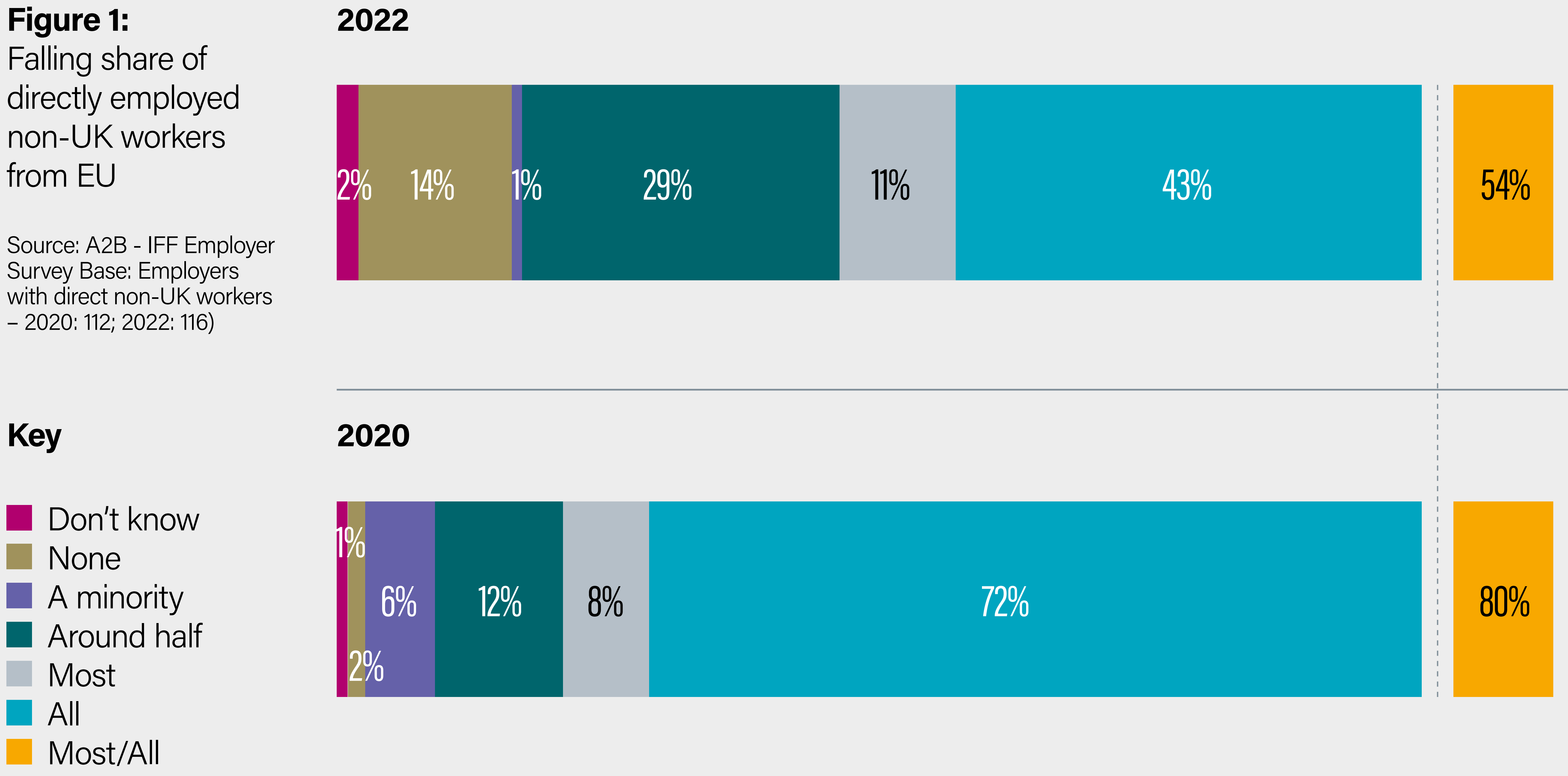
Interviews with migrant workers indicate they are benefiting from the tighter labour market, are seeing work opportunities as plentiful, are planning to remain in the UK and generally within construction.

This is a specific group, in that the workers have settled status and have chosen to remain, but it underlines the point that significant numbers of migrant workers put down roots in the UK and progress to higher paid work in construction.

The challenge for employers is the loss of new entrants to back-fill less-skilled roles, previously often taken by newly arrived migrant workers.

Figure 1: Falling share of directly employed non-UK workers from EU

Source: A2B - IFF Employer Survey Base: Employers with direct non-UK workers – 2020: 112; 2022: 116)



4.3 Migrant workers provide flexibility and plug gaps

Despite these developments, the analysis also shows that migrant workers still play an important role in construction, particularly for trade roles.

One in five of all employers (21%) felt they were very or quite dependent on non-UK workers, up from the 13%-16% range seen in 2017-2020. Not surprisingly, reported dependence was higher among those employing non-UK workers directly (55%) than indirectly (44%). Just under a quarter (23%) indicated that they were very dependent on migrant workers.

It also paints a mixed picture of the roles that migrant workers are filling.

Among the key trends are:

- A large rise in the share of employers employing migrant workers in managerial roles from 20% in 2020 to 37% in 2022
- An increase over the same period in the proportion of employers with workers in technical and professional roles from 29% to 36%
- A contrasting fall in the share of firms employing workers in specialist trades (down from 39% to 33%) and the main trades (44% to 40%)
- A rise in the proportion of companies employing labourers, general workers and operatives from 45% to 55%.

The evidence indicates that migrant workers play two key roles in helping the industry meet its skills needs:

1. By meeting the gap that the industry faces in attracting sufficient workers in key occupations

Many migrant workers have been with their employers for a long time, and are highly regarded for their work ethic, as individuals who have left their country of birth to look for work tend to be. In the latest survey, 44% of employers stated that the lack of skilled UK people was a partial or key reason for employing migrant workers, followed by a better attitude or work ethic (38%), and more productive and better skilled or qualified (both 31%). In contrast, only 16% of firms saw migrant workers being cheaper to employ as a factor.

Employers understand that they need to do more to develop their domestic workforce but migration helps to meet the gap while we await the results from the steps employers are taking. These include upskilling their workforces, creating more direct employment and raising pay to meet PBS thresholds. However, making these changes and making the education system more responsive to employers' needs will take time. At the same time, employers are coping with the loss of 120,000 migrant workers who returned home during the pandemic, with many of them not coming back to the UK.

2. Giving employers the flexibility to access key skills when they need them for particular projects or when the volume of work is high

There is some tentative evidence that this factor is becoming more important. The survey suggests that migrant workers are becoming more thinly spread and are more likely to be employed indirectly. This suggests more employers are seeking flexibility from employing them, as and when they are needed. While the number of migrant workers is down a little, the share of employers employing non-migrant workers rose from 30% in 2019 to 38% in 2020 and 43% in 2022. For the first time since the survey started in 2017, there was a clear lead of indirect over direct employment.

44% of employers cited a lack of skilled UK people as a reason for employing migrants

16% of firms saw migrant workers being cheaper to employ as a factor

38% cited that migrant workers had a better attitude or work ethic

31% of employers stated that migrant workers are more skilled and qualified

Figure 2: Roles undertaken by non-UK workers in the previous 12 months

Role		Employers with direct non-uk workers	Employers with indirect non-uk workers	2020 (Overall)
Labourers, general workers or operatives	55%	64%	59%	45%
Main trades	40%	42%	52%	44%
Managerial positions	37%	40%	45%	20%
Professional or technical roles	36%	38%	33%	29%
Specialist trades	33%	30%	39%	39%
Office based staff	18%	26%	16%	21%

Source: D4 – IFF Employer Survey. Base: Employers with any non-UK workers – 2022: 154; any direct: 116; any indirect: 89; 2020: 152)

4.4 The new regime is one of several factors creating a tighter labour market

These trends in employment of migrant workers are taking place against a backdrop of what many employers see as a difficult labour market. The change in migration rules is just one of the factors that have contributed to this, and most employers are not reporting a direct impact. However, there has been a reduced flow of workers in the roles – trades and general labourers – where the shortages are most acute. Vacancies in construction are running at just over 40,000, down from the record high of 49,000 in August-October 2022, but well above the levels of about 20,000 seen in much of the last decade.

The research with employers confirms what a range of industry surveys and anecdotal reports have been saying for the past year. Even in the early stages of recovery from the pandemic, and despite modest growth in output, over half (55%) of employers indicated that they have faced recruitment difficulties over the past two years. Almost a quarter (23%) of firms reported that recruitment had been very difficult. These problems have been greatest for larger firms employing more than 100 people (76% of employers) and in London, South-East and East of England (62%).

More than half of employers report recruitment difficulties

CITB's Construction Skills Network suggests that the greatest areas of need will be in professional roles (with an annual additional recruitment requirement of 2.5% of 2022 employment levels) roughly double the comparable rate for trades of 1.2%. In one sense therefore the PBS rules and recent trends in recruitment of migrant workers reflect the future direction of construction. However, specific trades are expected to face greater pressures, particularly bricklayers, roofers, carpenters and other wood trades, plasterers, electrical trades, plant operatives and other supporting occupations including labourers.

The CLC's response to the Review of Shortage Occupations in Construction by the Migration Advisory Committee (MAC) highlighted shortages in a variety of construction sectors across a range of occupations.

For example, a long running survey by the Civil Engineering Contractors Association reported record levels of dissatisfaction with the availability of skilled workers. These shortages across construction are causing project delays, rising costs, and problems with quality – bad outcomes for customers and the economy overall. When probed for the reasons behind their recruitment problems, employers tended to report wider and longstanding issues ahead of tighter recruitment from the EU.

The top two factors cited were candidates lacking the required skills and shortage of staff across all/many sectors (29% and 28% of employers respectively). Employers also pointed to the lack of young people interested in construction (19%).

In addition, shortages of workers in other sectors such as hospitality and retail have seen substantial increases in pay for entry level roles, which compete with construction for new recruits. On top of this, the requirements associated with the PBS have been an additional factor reducing the availability of construction workers, particularly in the trade and labourer/operative areas where they were already in short supply. Brexit and harder recruitment from the EU came behind these three factors (as well as the hopefully fading one of Covid-19 at 16%).

This is not surprising as most employers in construction employ few or no migrant workers. However, the end of freedom of movement from the EU has combined with a range of factors to drain the pool of workers available to them. These challenges are not unique to construction but are greater than in other sectors. The construction workforce remains below its pre-pandemic levels, driven by a loss of self-employed workers. Significant numbers of workers in their 50s have been lost to ill health or early retirement, while Covid-19 accelerated the loss of workers from the EU.

The following comments from employers and recruiters are typical:

"[It's] harder to recruit generally and one of the reasons is because we are starting to see the effects of the change in freedom of movement impact. This is putting a great pressure on the remaining talent pool because there are more and more people searching for fewer and fewer workers."

Recruitment Agent

"If I had to guess, I would imagine that Brexit and the end of COVID, which allowed them to stay in the UK for longer, are the reasons that they had to go back home."

Scaffolders, 10-49 employees

4.5 Recruitment to remain difficult

Looking forward, a balance of employers expected recruitment to remain difficult, even though they were also pessimistic about growth in the industry. This indicates that without a change in approach both by industry and by government, construction will continue to face significant skills problems. The recent moves on the Shortage Occupations List (SOL) (see below) will help but it will also require a concerted and coordinated effort by both groups.

Just four in ten (43%) of employers expect the sector to contract over the next two to three years compared with about a quarter (26%) who are projecting growth. Despite this, some 40% of employers expect it to become harder to recruit skilled staff in the next two to three years, more than double the proportion that forecast it to become easier (18%). Around a quarter expect it to get harder to recruit semi-skilled or unskilled staff (27%), compared to 20% that expect it to get easier.

One of the reasons for the industry's concern is the introduction of the PBS. Over half of employers (52%) see this as negative for construction now and, looking forward to the next two to three years, a similar proportion (57%) is concerned about the industry impact. However, just 12% feel that is affecting them directly and only a fifth expect it to in the future.

A substantial minority (20%) of employers was unable to express an opinion on the current situation, reflecting typically low levels of understanding of the PBS. Employers that expected to be impacted by the PBS thought it would lead to greater skills shortages and recruitment difficulties, but a minority also pointed to it limiting company growth, increased costs and lower turnover.

Understanding the PBS

The introduction of the PBS in January 2021 has had a sizeable impact on recruitment of migrant workers across the economy but particularly in sectors such as construction, where it has historically been concentrated on trade and operative roles. It requires potential migrants to meet specific criteria to work or study in the UK, for which they accrue a number of points. 70 points are needed to be able to apply to work in the UK.

Table 1 shows how these are allocated. Applicants must meet the mandatory requirements to gain their first 50 points, and then can secure an additional 20 points through the tradeable characteristics on the right.

Applicants meeting the criteria on the right can gain a visa to obtain the right to work within the UK, if they can speak English to the required standard (intermediate level B1 on the Common European Framework for Reference for languages).

They will also need a job offer:

- From a Home Office licensed sponsor
- At the Regulated Qualifications Framework 3 or above, (equivalent to A Level)
- Subject to the minimum salary threshold, set at the higher of either:
  — the general salary threshold of £26,200, or
  — the specific salary requirement for an occupation, known as the 'going rate'.

Each skilled migrant employed by UK employers is subject to an immigration skills charge. The charge for small sponsors is £364 for the first 12 months, and £182 for each additional six months, rising to £1,000 for the first 12 months and £500 for each additional six months for medium or large sponsor.

Whether a role is included on the Government's Shortage Occupations List (SOL) has an important impact on a workers' prospect of meeting the criteria. If it is on the SOL, it allows employers to bring in key staff on a lower salary threshold of £20,960, compared with the "skilled worker" salary threshold of £26,200, or at 80% of the going rate for the occupation, whichever is higher. There are also lower visa fees.

Table 1:
Requirements for candidates applying for work in UK under skilled worker route

Characteristic	Mandatory/ Tradeable	Points
Offer of job by approved sponsor	Mandatory	20
Job at appropriate skill level	Mandatory	20
Speaks English at required level	Mandatory	10
Salary of £20,960 to £23,579 or at least 80% of the going rate for the profession (whichever is higher)	Tradeable	0
Salary of £23,580 to £26,199 or at least 90% of the going rate for the profession (whichever is higher)	Tradeable	10
Salary of £26,200 or above or at least the going rate for the profession (whichever is higher)	Tradeable	20
Job in a shortage occupation as designated by the Migration Advisory Committee	Tradeable	20
Education qualification: PhD in a subject relevant to the job	Tradeable	10
Education qualification: PhD in a STEM subject relevant to the job	Tradeable	20

4.6 Employers make limited use of PBS and expect to increase domestic recruitment training

The latest research suggests that most employers recruit non-UK workers from those who already have settled status rather than sponsoring workers through the skilled worker route.

Only 7% of construction employers have signed up as sponsors. A further 5% were planning to sign up. Employers with fewer than five employees were least likely to be signed up to the scheme (2%, compared to 14% of employers with 10-99 employees and 13% among those with 100 or more employees).

This is not surprising given that there is a large pool of migrant workers already in the UK, most with settled status and that many smaller firms are unlikely to have the resources to comply with the PBS or can afford the fees.

At the same time, given the skills pressures facing construction, improving employers' awareness, understanding and use of the PBS will be critical if it is to meet its skills needs.

Overall, two-fifths of employers, who are aware of the PBS, had made any changes in response to its introduction. Given that not all employers are aware of the PBS, this is equivalent to one in five of all employers. The focus of these changes is upskilling UK workers through methods other than apprenticeships (30%), followed by creating more PAYE jobs for UK workers (26%) and increasing pay to meet the minimum thresholds on the PBS (24%).

These approaches are both in line with the aim of government policy and a more sustainable way of meeting construction's skills needs. But given the extent of skills pressures, it is important to look at how industry and government can collaborate to make the PBS work better in construction.

Only 7%

of construction employers have signed up as sponsors

4.7
PBS can play an important role in meeting construction's fluctuating skills needs if challenges are addressed

In the March 2023 Budget, the Government announced that it was expanding the range of construction occupations on the Shortage Occupations List (SOL) to include the following roles:

- bricklayers and masons
- roofers, roof tilers and slaters
- carpenters and joiners
- plasterers
- construction and building trades not elsewhere classified.

This is a step forward in helping construction meet its skills needs as part of an overall strategy to attract and invest in its workforce. It also offers a way forward on how the industry can work with the Government, including the MAC.

The MAC's recommendations were based on a review of the evidence presented by CITB and CLC of the industry's skills needs and its plans to meet them through investing in the domestic workforce. It is vital that employers, CITB, the CLC and industry groups work closely to build on the existing support to make these plans a reality.

At the same time, we need to see progress in addressing the barriers the industry faces in using the PBS. The evidence from other sectors and from the latest CITB research suggests that this can be done but also that significant challenges for industry and government remain. Looking beyond construction, Home Office figures have shown a big increase in visa sponsorships in occupations such as care workers, nurses, chefs and butchers. These have taken place in sectors where small firms play a significant role, suggesting that employers in construction can also take advantage of the widening of the SOL.

An important difference between the care sector and construction is the high proportion of self-employment in construction. Migrants can only work in the UK through the PBS when sponsored by an approved employer, so not on a self-employed basis. CITB analysis of LFS data shows that the majority, some 57% of construction trade occupation workers are self-employed. This varies by occupation with 82% plasterers, 76% of bricklayers, 70% carpenters and joiners and 66% roofers self-employed. Further 99.8% of businesses in construction are small employers, having less than 49 employees.

This high level of self-employment and proportion of small businesses mean additional barriers for potential migrants to the UK.

The employer survey also shows that just over half (54%) of licensed employers aware of it indicated that the PBS scheme was working well compared with a fifth saying that it was not. This is a small and potentially self-selecting group in that other employers will have looked at using the system and decided not to proceed with it. However, it suggests that there is something to build on, provided that other challenges can be overcome.

These include improving employer awareness and understanding of the PBS. In an industry dominated by small employers that are unlikely to use the PBS, it is unrealistic to expect full awareness or understanding. Nonetheless, it is concerning that only half of employers surveyed indicated that they were aware of the PBS. Even amongst larger employers (those with 100 or more workers), some 19% suggested that they were unaware of the PBS.

50%
of all employers aware of the PBS

19%
large employers (≥100 employees) unaware of the PBS

4.7 (Continued) PBS can play an important role in meeting construction's fluctuating skills needs if challenges are addressed

Of the half of employers that claimed awareness, 48% suggested that they had poor knowledge of it and only 28% reported a good understanding. Even amongst employment agencies, almost as many reported a poor understanding (30%) as a good one (34%). The commitment of the CLC to work with the Home Office to support government engagement with industry on the system will therefore be important. Among employers that had either considered the PBS or had used it, the view was that it was too time-consuming, slow-moving and expensive.

Employers looking to recruit workers from abroad will need to invest greater time and money than in the past with the end of Freedom of Movement of workers from the EU. The evidence from other sectors with occupations that meet the PBS criteria suggests that it can also work for construction and that, supported by industry groups and government groups, employers will need to improve their understanding of the system.

Employers using the PBS we spoke to also identified a range of improvements to encourage its further use by them and other employers. These include their capacity to cope with its costs and administrative requirements, their inability to plan their forward recruitment and their absence of experience of using a visa system previously.

The quotes below were typical of what employers and industry groups reported.

"There is no way, at the moment I can't see us sponsoring anybody. The costs involved in sponsoring anybody at the moment when you are able to obtain labour, I think it would have to get a lot worse."

Specialist construction, 50-249 employees

"It was a long process, it was very challenging trying to get a start date because all the i's weren't dotted and the t's weren't crossed, which delayed it by about seven to eight weeks."

General builders, 250+ employees

48% of employers aware of the PBS suggested that they had poor knowlege of it

28% of employers aware of the PBS reported a good understanding of it

4.8 Migrant workers can only be part of the solution to construction's skills needs

The recent expansion of the SOL, the commitment to improve employers' awareness and understanding of the PBS and the potential to make it work for employers, particularly smaller ones, will all help to address construction's immediate skills pressures, but they will only ever be part of the solution.

Our research shows that 41% of construction employers aware of the PBS have looked to invest in their workforce as a response to its introduction. This means making construction more attractive to work in, easier to join and raising the levels, quality and relevance of training. It is vital that construction, the organisations supporting it and government rise to support this challenge.

Section 5

Methodology

This is a summary of a much larger research report – *Migration and construction: the view from employers, recruiters and non-UK workers in 2022 and 2023.*

It is based on analysis of migration statistics and policy, quantitative research with employers and employment agencies and qualitative research with these groups and also migrant workers and other industry stakeholders.

For more information contact:

Adam Evans
Analyst, CITB Industry Analysis & Forecasting
adam.evans@citb.co.uk