RESEARCH REPORT

Migration in the UK Construction and Built Environment Sector

Study prepared by IFF Research Ltd from a commission by CITB.

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Introduction

Background

CITB first commissioned IFF Research and the Institute for Employment Research (IER) in 2017 to undertake 'Migration and Construction: the view from employers, recruiters and non-UK workers.' This explored the nature, scale and demographics of the current labour force in the industry; the future plans of migrant workers; employers use of migrant workers; the role of employment agencies; EU and non-EU immigration policy as it affected construction; the options being considered by the UK government for controlling new EU migration from April 2019 and their potential impact; the likely response of the sector to tighter restrictions on EU migrant workers; and the opportunities for CITB.

Following the success of the 2017 research, CITB commissioned IFF (with IER at the University of Warwick and City-REDI at the University of Birmingham) in 2018 and in 2019 to update and build on the initial study. It retained the same core focus of providing CITB, partners and government stakeholder robust, reliable, up-to-date evidence on the role of non-UK workers in the run up to Brexit.

Brexit has intensified interest in these issues, especially following the announcement of the Points-Based System (PBS) for immigration outlined in a White Paper published in December 2018.[1] The PBS is due to be introduced from 1st January 2021 and will place new restrictions on the supply on migrant labour.

It is in this context that CITB commissioned this 2020 study, to update the previous research conducted and to explore views on, and potential impacts of, the introduction of the PBS.

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[1] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766465/The-UKs-future-skills-based-immigration-system-print-ready.pdf

Research Objectives

The key aims and objectives of the 2020 study were to:

- Assess the scale and nature of migration in the UK construction sector, and how this has changed over recent years, using the latest official data;

- Examine the profile of migrant workers (by such factors as occupation, country of birth, nationality, employment status and a broad range of demographics), again using the latest official data;

- Assess the extent to which EU-born citizens are leaving the UK, and examine the plans of migrant workers, and how this varies, for example by how long they have been working in the UK;

- Examine the characteristics and recent experiences of construction sector employers using migrant labour, and the role played by recruitment agencies;

- Present a detailed picture of immigration policy and its operation in relation to the construction sector, to describe the options being considered by UK government, and to assess the potential impact of these options on the construction sector;

- Examine the likely response of construction employers/the industry to proposed tighter restrictions on recruiting low skilled EU workers, particularly whether they intend to create more PAYE jobs to attract UK workers into the industry; and

- Consider the options that the findings present to CITB as the strategic body responsible for ensuring the sector has access to the skills it needs.

Methodology

A variety of methodologies were used to ensure the study provides a robust evidence base for CITB, government and policy stakeholders. The methodology closely replicated that used for previous studies conducted by IFF Research for CITB in 2019, 2018 and 2017. Results from the 2020 study are compared with those from previous studies, where relevant, throughout this report.

Findings in this report are based on three separate phases of research:

- **Phase 1** consisted of a review of current immigration policy, migration statistics and future immigration policy covering EU and non-EU workers.

- **Phase 2** comprised of qualitative research with a range of audiences, including: employers, employment agencies and other industry stakeholders.

- **Phase 3** involved quantitative research with employers and employment agencies.

Phase 1: Policy Analysis / Review

This phase of the research was conducted by the Institute of Employment Research (IER) at the University of Warwick and City-REDI (Regional Economic Development Institute) at the University of Birmingham. It comprised several elements covering:

- A review of current and future immigration policy covering EU and non-EU workers including:

    - A review and synthesis of migration policy documents from the Home Office and the Migration Advisory Committee (MAC), setting out current and future positions position;

    - A review of commentaries on migration policy, with particular reference to the work of the Migration Observatory and their work on salary thresholds and the PBS, and Home Office announcements or reports published in 2020.

- A review of official migration statistics. This included reviewing published statistical data from the Office for National Statistics (ONS), including the Labour Force Survey (LFS) and updates and advice on data on nationality.

Full findings from Phase 1 of the research have been reported separately and are available from CITB on request.

Phase 2: Qualitative interviews

This phase of the research was conducted by IFF between September and November 2020. It consisted of in-depth qualitative interviews, conducted by telephone or via Zoom, among employers, employment agencies and other industry stakeholders (including construction federations and unions).

Employers

Employers were recruited from the CITB Employer Panel study (a large-scale annual study conducted by IFF on behalf of CITB) and screened to ensure that they had at least 10 direct employees and that they employed a sizeable proportion of non-UK workers (at least 10 non-UK workers or non-UK workers accounted for at least 10% of their workforce).

A total of 12 interviews were conducted among a spread of businesses in terms of size and region. A profile of participating businesses is provided in Table 1.

Table 1: Profile of employers interviewed for the qualitative stage in 2020

	Interviews achieved in 2020
Size (no. of direct employees)	
10-49	4
50-249	7
250+	1
Region based in	
East of England	1
London	3
Northern Ireland	1
South East	7

Employment agencies

Sample for employment agencies was sourced through desk research and screened to ensure that those that participated placed individuals into the construction sector on a regular basis. Interviews were conducted with four agencies in total, and covered a range of specialisms, including placing workers into traditional construction and professional services roles at a range of different levels. Agencies recruited for all types of contracts (from short-term to permanent positions in the industry).

Other stakeholders

Three qualitative interviews were conducted with other stakeholders in the construction industry. One interview was conducted with a construction federation, one interview was conducted with a membership organisation for the self-employed, and one interview was conducted with a construction specialist at a trade union.

Phase 3: Quantitative interviews

Quantitative surveys were conducted with two different audiences: employers and employment agencies. The methodological approach for each audience is outlined below.

Employers

Employers were sampled from the CITB employer Panel, supplemented with sample purchased from Market Location. The sample covered employers in Great Britain, including those operating in traditional construction trades and professional services. Employment of non-UK workers was not part of the eligibility criteria for interview. However, only businesses with five or more direct employees in the UK were interviewed to increase the chances of speaking to enough employers with experiences of employing non-UK workers. Firms based in London or the South East were also oversampled for the research, given that a higher proportion of these businesses employ non-UK workers.

Data was then weighted back to the overall population of construction employers (with at least five direct employees) by size and region, to ensure that findings are representative.

Fieldwork took place in October 2020. A total of 300 interviews were conducted with employers by Computer-Assisted Telephone Interviewing (CATI). Interviews took around 20 minutes to complete.

Table 2 outlines the number of interviews conducted with various types of employer (and hence the base sizes on which results from the employer survey in this report are based); while Table 3 shows the weighted profile of employers by size and geography.

Table 2: Profile of employers interviewed for the quantitative stage (unweighted)

	Number of interviews achieved			
	2017	2018	2019	2020
Size (no. of direct employees)				
5-9	58	65	60	44
10-24	98	113	102	80
25-49	72	92	89	59
50-99	66	61	65	43
100-249	61	41	45	48
250+	46	28	39	26
Type of firm				
Construction	320	352	298	240
Professional services	81	48	102	60
Region based in				
London/South East/Eastern	179	162	119	107
Midlands / South West	88	109	85	92
North of England	79	87	77	58
Scotland	38	109	80	24
Wales	17	14	39	19
Total	**401**	**400**	**400**	**300**

Table 3: Weighted profile of employers

	Number of interviews achieved			
	2017	2018	2019	2020
Size (no. of direct employees)				
5-9	55%	58%	58%	59%
10-49	35%	37%	37%	36%
50-99	6%	3%	3%	3%
100-249	2%	1%	1%	1%
250+	1%	<1%	<1%	1%
Type of firm				
Construction	81%	81%	81%	81%
Professional services	19%	19%	19%	19%
Region based in				
East Midlands	7%	7%	7%	7%
East of England	11%	11%	11%	11%
London	10%	13%	13%	13%
North East	3%	3%	3%	3%
North West	11%	10%	10%	11%
Scotland	9%	9%	9%	9%
South East	15%	15%	15%	15%
South West	10%	10%	10%	10%
Wales	5%	4%	5%	5%
West Midlands	8%	8%	8%	8%
Yorkshire and the Humber	8%	8%	8%	8%

Employment agencies

Employment agency sample was free found using web searches. Agencies that placed very few or no individuals into construction roles were excluded from the research.

Fieldwork took place in October 2020 with a total of 50 CATI interviews conducted. Interviews took around 20 minutes to complete.

About this report

This report summarises key findings from all three phases of the 2020 research study.

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.

Sub-group analysis has been conducted but it is only referred to in this report where statistically significant and relevant.

'Don't know' or 'prefer not to say' responses have not been included in some tables and figures for simplicity, as the proportions were often negligible and did not add to the overall narrative. Consequently, not all figures will necessarily sum to a total of 100%. Figures may also not add to a total of 100% if the response was multi-coded. Where all responses have been included, figures may not sum to exactly 100% due to rounding.

Any significant differences have been tested using t-testing and are significant at a 95% confidence interval.

Whilst the qualitative research aimed to get a wide range of perspectives, its qualitative nature means that findings are not statistically representative of the wider employer, employment agency or stakeholder populations. In the analysis of the qualitative research, the use of words such as ‘most’, ‘many’, ‘some’ and ‘few’ are illustrative of the findings collected in that phase of this study only and do not statistically represent the views of the general population.

It should also be noted that fieldwork for the 2020 study took place during the COVID-19 pandemic. Although construction has not been as acutely affected as some other industries, the pandemic has affected output and the demand for labour in the industry in 2020.[2] This should be borne in mind when assessing results from the 2020 research and how they compare with the results from 2017-2019.

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[2] Construction output in Great Britain - Office for National Statistics

1. Composition of the UK construction workforce

This chapter summarises employment of non-UK workers within the UK construction sector, looking at their profile, the roles they commonly occupy, and their qualification levels. It combines data from the desk research phase (primarily from the Labour Force Survey (LFS) 2019, the latest period for which data was available at the time of the 2020 research) and primary data collection with employers and agencies.

Key points:

- The construction sector is still predominantly British. According to the LFS around 1 in 10 workers in the sector were not UK citizens in 2019 (10.2%, down from 10.7% in 2018). Almost two-fifths of employers (38%) employed any non-UK workers either directly (26%) or indirectly i.e. on a self-employed basis, as labour-only sub-contractors or on the payroll of an employment agency (23%).

- Non-UK workers in the sector are predominantly from EU member states. In 2019, four-fifths of non-UK workers were from EU member states (and they comprise 8.2% of the total construction workforce in 2019), and 80% of employers with non-UK workers said that most or all their migrant workforce were from the EU.

- Non-UK construction workers are much younger than their UK counterparts. The LFS for 2019 indicates that over a third (34%) of those working in the sector that were UK citizens were aged 50-64 compared to just 12% among non-UK citizens.

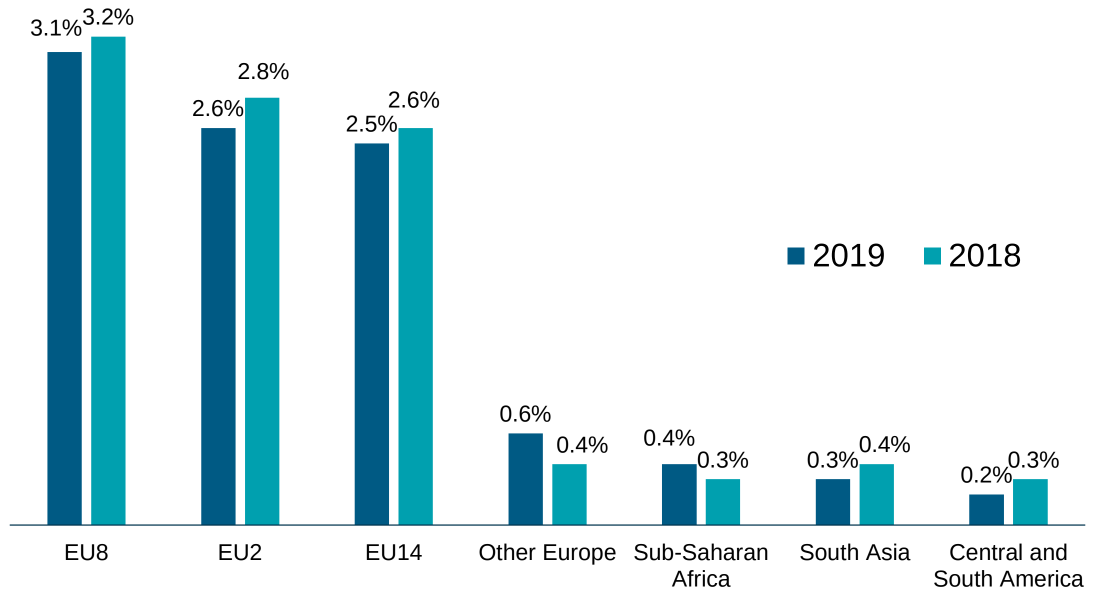
- Employers in London, the South East and the East of England were significantly more likely to make use of migrant workers, as were those who work primarily as subcontractors or for the public sector. The LFS indicates that in 2019 half the construction workforce in London were born outside the UK (49.6%, though this is lower than the 2018 figure of 53.7%)

- Employers who make use of migrant labour either directly or indirectly were more likely to believe that both skilled and unskilled recruitment would become harder in the coming years.

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

The Labour Force Survey shows that in 2019 10.2% of UK construction workers in 2019 were not UK citizens. This has declined since 2018, when 10.7% were not UK citizens. Figure 1.1 shows the change since 2018 in the areas that non-UK workers are citizens of.

Figure 1.1 Proportion of non-UK citizens working in the construction industry by nationality



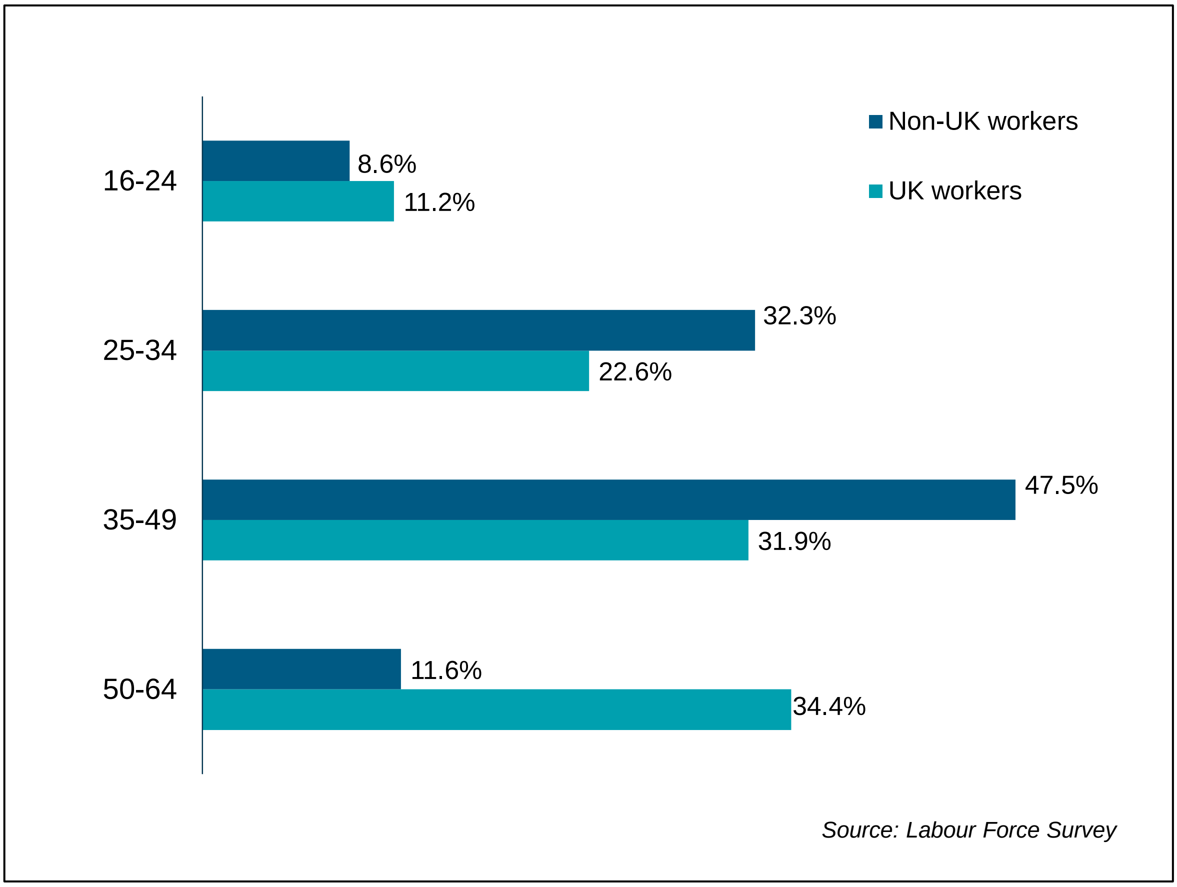
Source: Labour Force Survey

Note: the EU8 countries are the eight eastern European countries which joined the EU in 2004, while the EU2 countries are Romania and Bulgaria. Ireland is included in the EU. Other EU includes Cyprus and Malta. Caribbean countries are included in the North America total. East Asia includes China and Oceania includes Australia and New Zealand. EU28 is the whole European Union, except the UK.

Four-fifths (80.4%) of migrant construction workers in the UK were from the EU (excluding the UK), slightly down from the 2018 figure (81.2%), and they comprise 8.2% of the entire construction workforce.

Non-UK construction workers were far more likely than their UK counterparts to be aged 25-49, as shown in Figure 1.2.

Figure 1.2 The age of UK and non-UK workers in the construction workforce

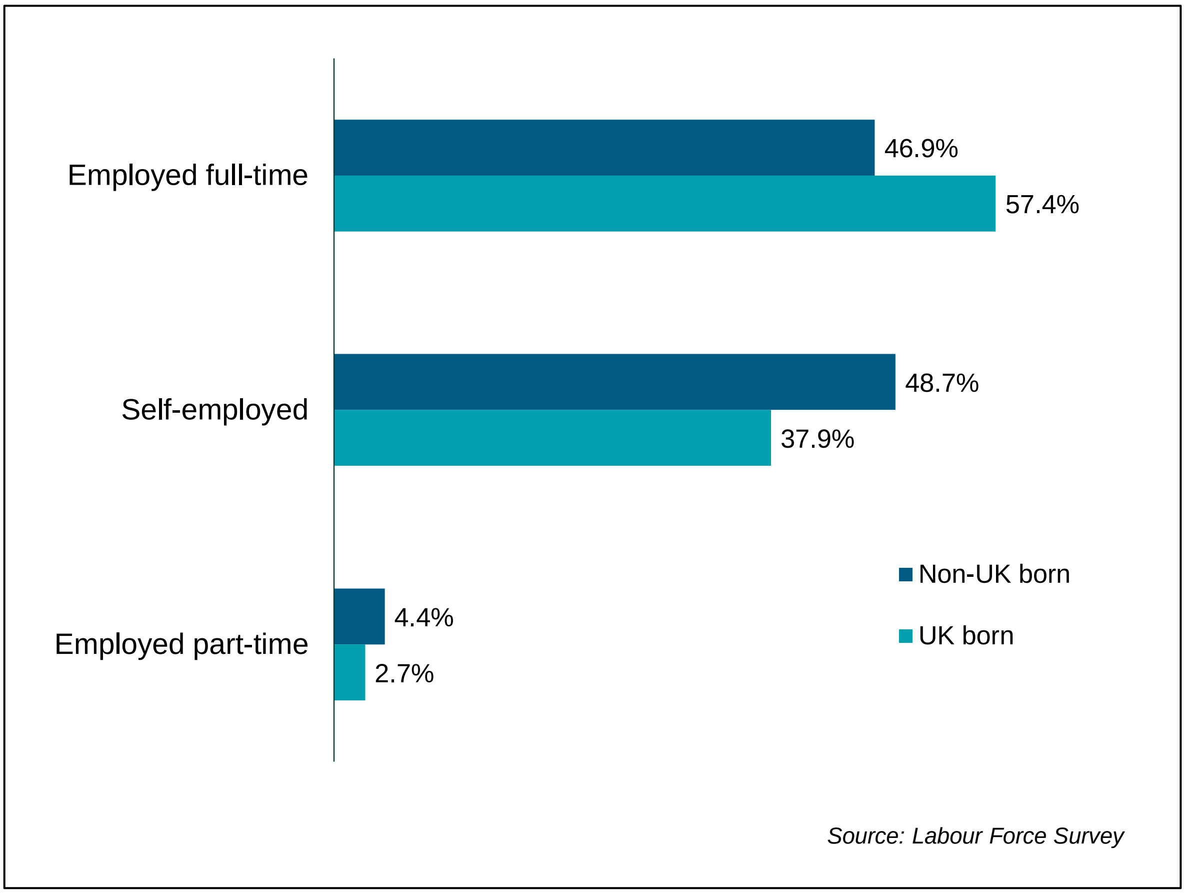


Nearly a third of non-UK construction workers (32.3%) were aged 25-34 compared to 22.6% of UK workers, and nearly half (47.5%) were aged 35-49 compared to 32.9% of UK workers.

The 2019 Labour Force survey also shows that the number of non-UK workers that have been resident in the UK for over ten years has grown over time (this stood at 45.6% in 2007, rising to its peak of 65.2% in 2018 and 65.1% in 2019). This shows that many non-UK migrant construction workers tend to stay in the UK for long periods.

As shown in Figure 1.3, non-UK workers were also more likely to be employed on a self-employed basis - with nearly half self-employed (48.7%) compared to 37.9% of UK-born workers.

Figure 1.3 Employment status of UK and non-UK workers in the construction workforce



The Labour Force Survey also shows that non-UK workers in the construction industry are most likely to live in London. In 2019, the percentage of construction workers who were born outside the UK was highest in London (49.6%, though this is lower than the 2018 figure of 53.7%), followed by East of England (12.1%, compared with 11% in 2018) and South East England (10.9%, compared with 10.6% in 2018). The percentages born outside the UK were lowest in Wales (2.2%) and North East England (2.3%, down from 5.7% in 2018).

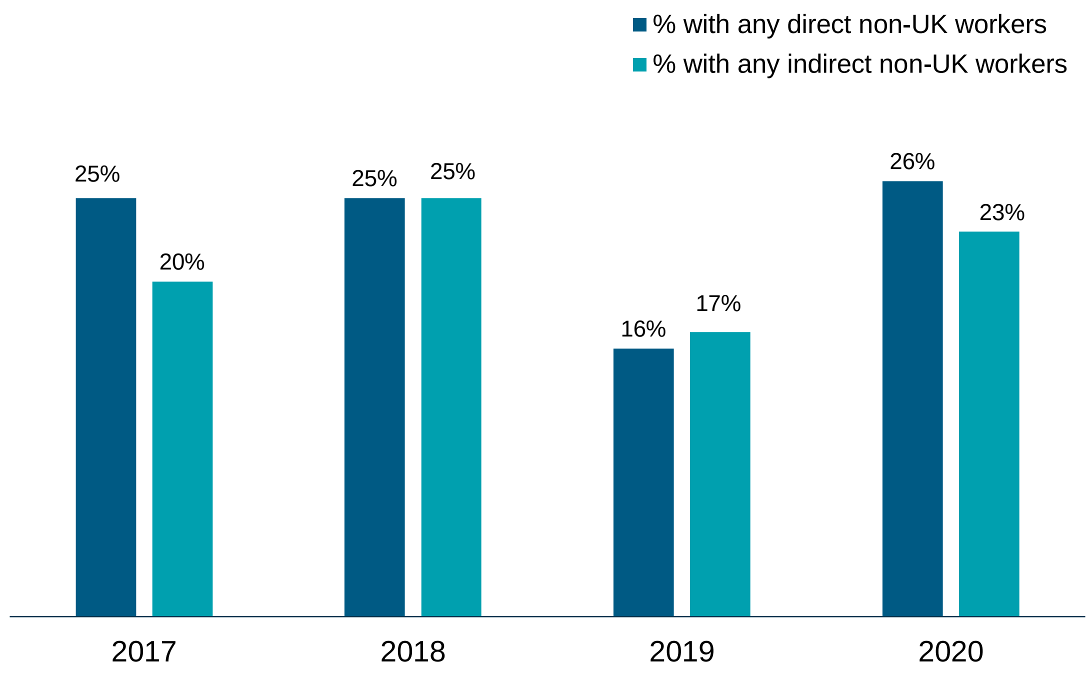
In addition, overseas-born construction workers with non-UK citizenship are more likely than UK-born workers or migrants with UK citizenship to work to a different region to the region in which they live. This percentage is highest in the regions neighbouring London.

Employer perspective

Employment of non-UK workers

Overall, 38% of employers that participated in the 2020 employer survey employed non-UK workers in any capacity. Around a quarter (26%) employed any non-UK workers directly and a slightly lower proportion (23%) employed any non-UK workers indirectly – see Figure 1.4.

Figure 1.4 Summary of employment of non-UK workers



Source: A2A, B3A - IFF Employer Survey
(Base: All – 2017: 401; 2018: 400; 2019: 400; 2020: 300)

As Figure 1.4 illustrates, the proportion of employers with any non-UK workers employed directly increased from 16% in 2019 to levels that were relatively consistent with figures in 2018 and 2017. Similarly, the proportion of employers that employed any non-UK workers indirectly increased from 17% in 2019 to levels seen in 2018 (25%).

Larger employers were more likely to employ any non-UK workers on a direct basis. This was the case for half (50%) of those with 100+ direct employees, compared to three in ten (31%) of those with 10-99 direct employees, and just under a quarter (22%) of those with 5-9 direct employees.

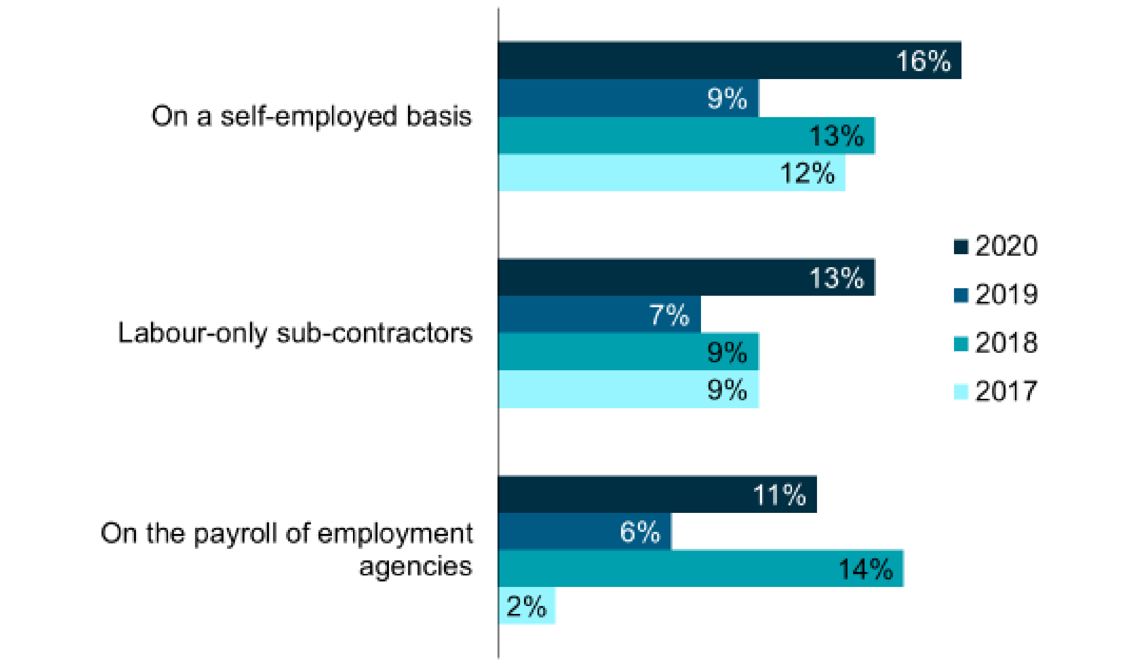
Employers based in London, the South East or the East of England were significantly more likely than the overall average to directly employ non-UK workers (39%, compared to 26% overall), whereas those based in the Midlands or the South West were significantly less likely than the overall average to directly employ non-UK workers (17%, compared to 26% overall).

Construction firms were significantly more likely to employ non-UK workers indirectly compared to professional services firms (25% vs. 12% respectively).

Those who worked primarily as subcontractors and those whose clients were primarily public sector were also more likely to have non-UK workers employed indirectly (43% and 41% respectively) than those working for the general public (8%) or for commercial clients (5%).

The increase in the proportion of employers using non-UK workers indirectly at an overall level between 2019 and 2020 can be attributed to a larger proportion of employers using self-employed non-UK workers (to 16% from 9% in 2019), using labour-only subcontractors (to 13% from 7% in 2019), and employing them via employment agencies (to 11% from 6% in 2019) – see Figure 1.5.

Figure 1.5 Indirect employment of non-UK workers



Source: A2A, B3A - IFF Employer Survey
(Base: All – 2017: 401; 2018: 400; 2019: 400; 2020: 300)

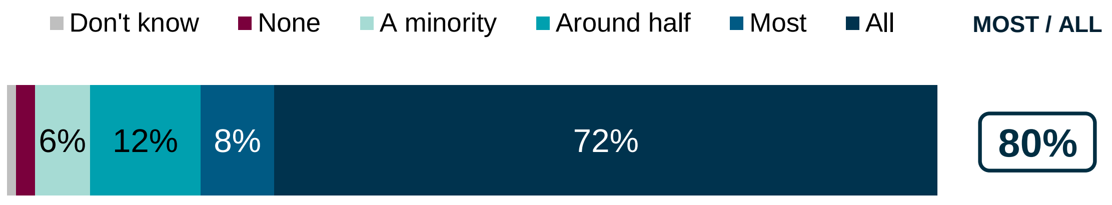
Employment of EU workers

Direct employment of EU workers

Mirroring findings from the Labour Force Survey (which show that 80% of non-UK workers in the UK construction sector are from EU member states), the quantitative survey indicated that most non-UK workers were from the EU.

As Figure 1.6 illustrates, around three-quarters (72%) of employers with direct non-UK workers said all of them were from EU member states and another 8% said that most of the non-UK workers they directly employed were from the EU. Just 2% with direct non-UK workers said they had no workers from the EU (i.e., they only had workers from countries outside of the EU).

Figure 1.6 Proportion of directly employed non-UK workers that are from EU member states



Source: A2b - IFF Employer Survey
(Base: Employers with direct non-UK workers: 110)

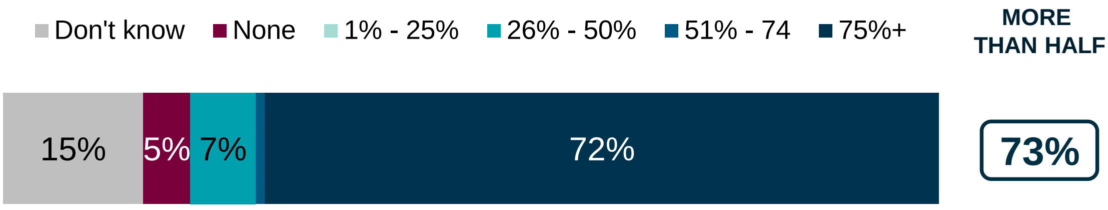
The smallest and the largest employers were most likely to say most or all their non-UK workers of EU workers. This was the case for nine in ten (91%) of those with 5-9 employees and three-quarters (74%) of those with 100+ direct employees, compared to 68% of those with 10-99 direct employees.

Employers in London, the South East and the East of England were also more likely to have a higher proportion of EU workers – with 94% saying all or most of their non-UK employers were from the EU.

Employers with any EU workers were asked how many they employed – the vast majority (88% - equating to 23% of all employers) had fewer than five EU citizens, though this partly reflects the fact that most employers are small (2ee the earlier Table 2).

Employers reported that most of the EU citizens they directly employed had been in post for at least 12 months – see Figure 1.7. Almost three-quarters (73%) of those employing any EU citizens said more than half of their EU workers had been in post for at least 12 months.

Figure 1.7 Proportion of EU citizens employed directly that have been in post for 12 months or more



Source: A8 / A9 - IFF Employer Survey
(Base: Employers that directly employ EU citizens – 2020)

Indirect employment of EU workers

Around a fifth (18%) of employers employed EU workers indirectly (either through employment agencies, or on a self-employed or labour-only subcontract basis). Three-quarters (76%) of these employers with any non-UK workers employed indirectly said that most or all of these were from EU member states. This rose to almost all (95%) of those employers working mainly as a subcontractor for other construction firms.

The vast majority of those that employed EU workers indirectly were unable to comment on the proportion of them had been in post for more than 12 months – more than 90% did not know for each type of indirect employment they were asked about.

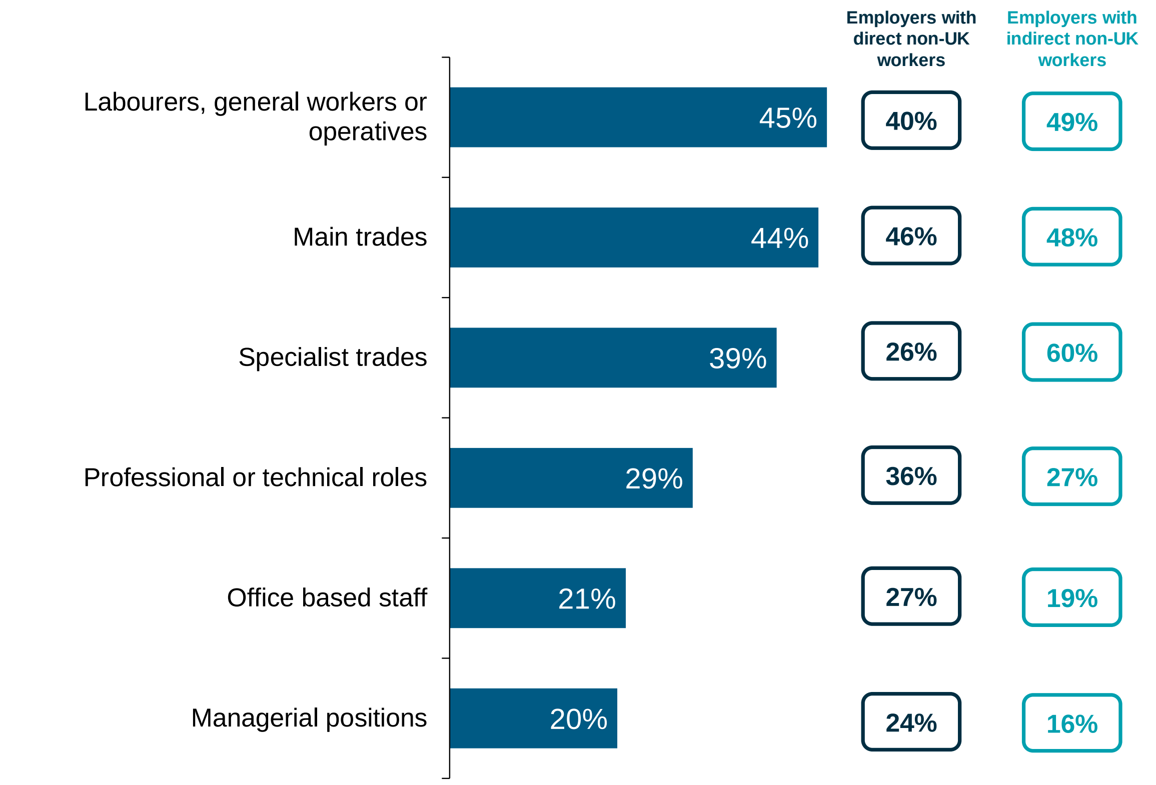
Feedback from the qualitative research suggests this reflects the more transient nature of the indirect workforce.

> *"With the transient indirect workforce we have, you wouldn't know if they have been here for 5 minutes or 5 years, because you just don't have that sort of relationship with a lot of them."*
>
> Medium Employer, London

Roles undertaken by non-UK workers

Employers that employed non-UK workers directly or indirectly were asked which roles these workers had undertaken in the previous 12 months. Results are summarised in Figure 1.8.

Figure 1.8 Roles undertaken by non-UK workers[3]



Source: D4 - IFF Employer Survey
(Base: Employers with any non-UK workers: 152; any direct: 112; any indirect: 89)

As shown in Figure 1.8, employers were most likely to say that any of their non-UK workers had worked as labourers, general workers, or operatives (45%) or in the main trades (44%, i.e., wood trades, bricklayers, plasterers, painting and decorating, electricians, and plumbers).

Those that directly employed non-UK workers were more likely than those that did so indirectly to report that their non-UK workers were employed in professional or technical roles (36% vs. 27% respectively), office-based roles (27% vs. 19% respectively), and managerial positions (24% vs. 16% respectively). On the other hand, those that employed non-UK workers indirectly were more likely to report that their non-UK workers were employed as labourers, general workers, or operatives (49% vs. 40% respectively) or in specialist trades (60% vs. 26% respectively; specialist trades

[3] As in previous years, in 2020 main trades were described to respondents as 'wood trades, bricklayers, plasterers, painting and decorating, electricians, and plumbers'; and specialist trades were described as 'scaffolders, glaziers, floorers, dry liners, roofers, plant operatives'.

were described to respondents as ‘scaffolders, glaziers, floorers, dry liners, roofers, and plant operatives’).

Larger employers were significantly more likely to have employed non-UK workers in professional of technical roles (this was the case for 49% of those with 100+ direct employees compared to just 25% among those with 10-99 direct employees), and in managerial positions (this was the case for 45% of those with 100+ direct employees compared to just 26% among those with 10-99 direct employees). This may just reflect the fact that larger employers are more likely to have these types of positions when compared with smaller employers.

Employers that primarily worked as subcontractors were significantly more likely than the overall average to have non-UK workers in specialist trades (66% vs. 39% overall) and as labourers, general workers, or operatives (61% vs. 45% overall).

Training offered by employers

Employers that participated in the quantitative survey were asked whether they provided any professional training (i.e., that which would lead to a recognised qualification) to any of their workforce in the 12 months prior to the survey, and those that provided training were asked whether any of this training was for qualifications at Level 3 or above.

Nearly three-fifths (58%) of all employers had provided any professional training in the 12 months prior to the survey (also 58% in 2019). Employers with non-UK workers were significantly more likely to have provided professional training than those with none (69% among those with direct non-UK workers, compared to 55% of those with no migrant workers). However, this is likely to be driven by the fact that larger employers are more likely to employ non-UK workers.

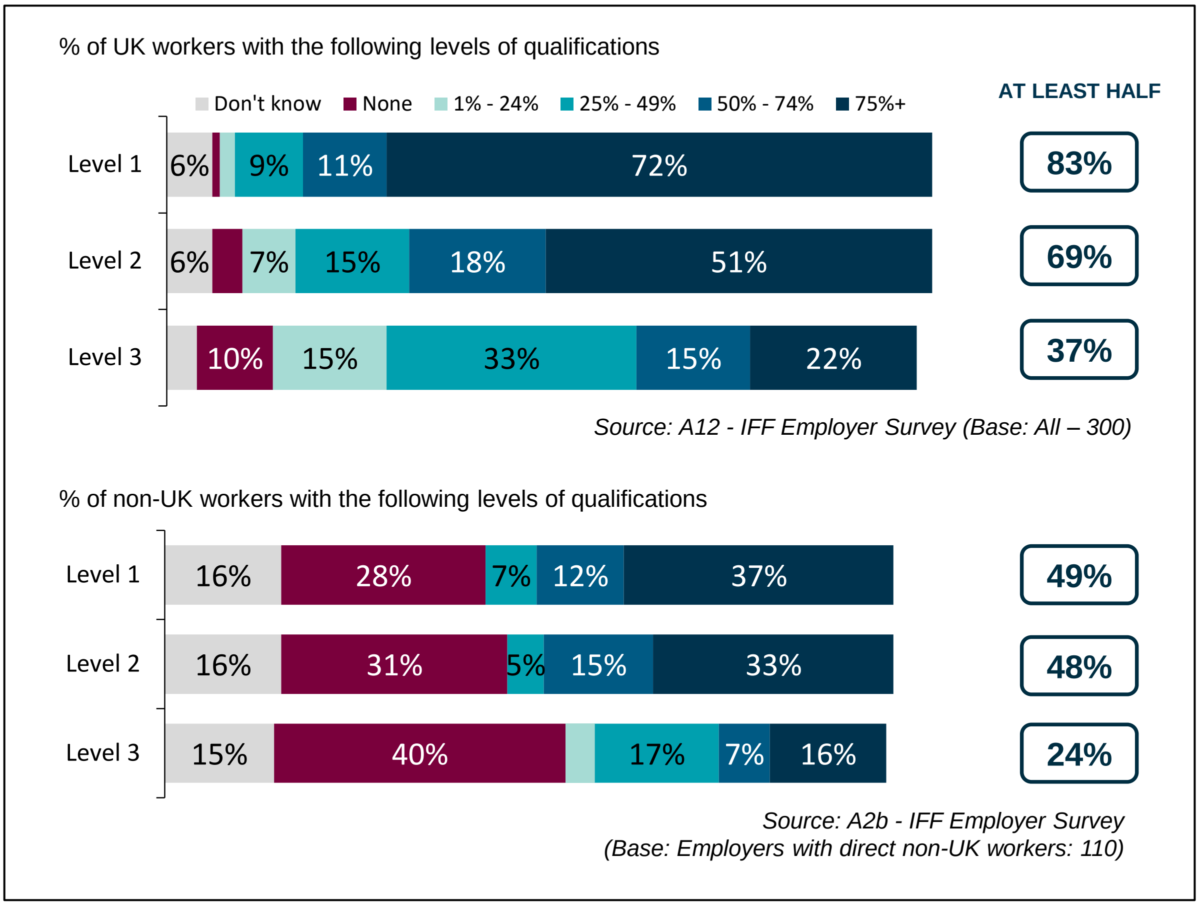
Two-fifths (40%) of all employers had provided training for Level 3+ qualifications in the last 12 months (an increase from 33% in 2019). Again, those who employed non-UK workers directly were more likely to offer this training (52% compared to 37% of those who had no direct migrant workers), but as with professional qualifications, these employers fit the profile of employers who were more likely to provide these qualifications overall.

In the qualitative research, employers generally felt there was no systematic difference in in the training given to their UK and non-UK workers, other than some providing access to English language classes for some of their non-UK workers.

Levels of qualifications held by UK and non-UK workers

Employers were also asked about the levels of qualifications held by their UK and non-UK workers. They reported that a higher proportion of their UK workers held qualifications at Level 1, Level 2, and Level 3 – see Figure 1.9. For example, 72% of employers said at least three-quarters of their UK workers had qualifications at Level 1, compared to 37% saying at least three-quarters of their non-UK workers had level 1 qualifications (though 16% were unsure how many of their non-UK workers have Level 1 qualifications)

Figure 1.9 Levels of qualifications held by UK and non-UK workers



As shown in Figure 1.9, employers were less likely to know about the levels of qualifications held by their non-UK workers. This mirrors findings from the employment agencies survey (discussed later in this chapter) and from the qualitative research conducted with employers.

Larger employers were less likely to know what proportion of their UK workers held Level 3 qualifications – 17% of those with 100+ direct employees responded that they didn't know, which was far higher than the overall average (4%). On the other hand, a third (33%) of those with 100+ direct employees that employed non-UK workers said that at least half of their non-UK workers held Level 3 qualifications (compared to just 15% among those with 10-99 direct employees).

Employers based in London, the South East or the East of England were more likely than the overall average to state that at least half of their UK workers held Level 3 qualifications (51% vs, 37% overall). Similarly, a third (33%) of employers based in those regions said that at least half of their non-UK workers held Level 3 qualifications, whereas this was the case for just 24% of all employers with non-UK workers.

Employment agency perspective

The role employment agencies play in the sector

Employment agencies play a significant role in employment in the UK construction sector, and findings from the 2020 research show a continued reliance on agencies for recruitment over the last 12 months:

- 11% of all employers had non-UK staff working for them via an employment agency at the time of the survey (up from 6% in 2019, similar to the 14% in 2018); and

- A quarter of employers reported having employed staff (whether UK or not) via an employment agency in the last 12 months (25%), rising to 50% of firms with 100+ direct employees.

As in previous years of this study, 50 employment agencies were interviewed as part of the research. Almost half (48%) of these only placed roles in construction (i.e. they did not cater to other sectors), 42% said that construction was a key sector for them but that they dealt with other sectors too and 10% said that although they placed workers in construction roles, it was not a key sector for them.

Almost all (98%) had placed non-UK workers into construction roles in the 12 months preceding the survey (up from 82% in 2019 and 88% in 2018); almost all (96%) had placed EU workers in construction roles in this period and three-quarters (74%) had place non-UK workers from countries outside of the EU.

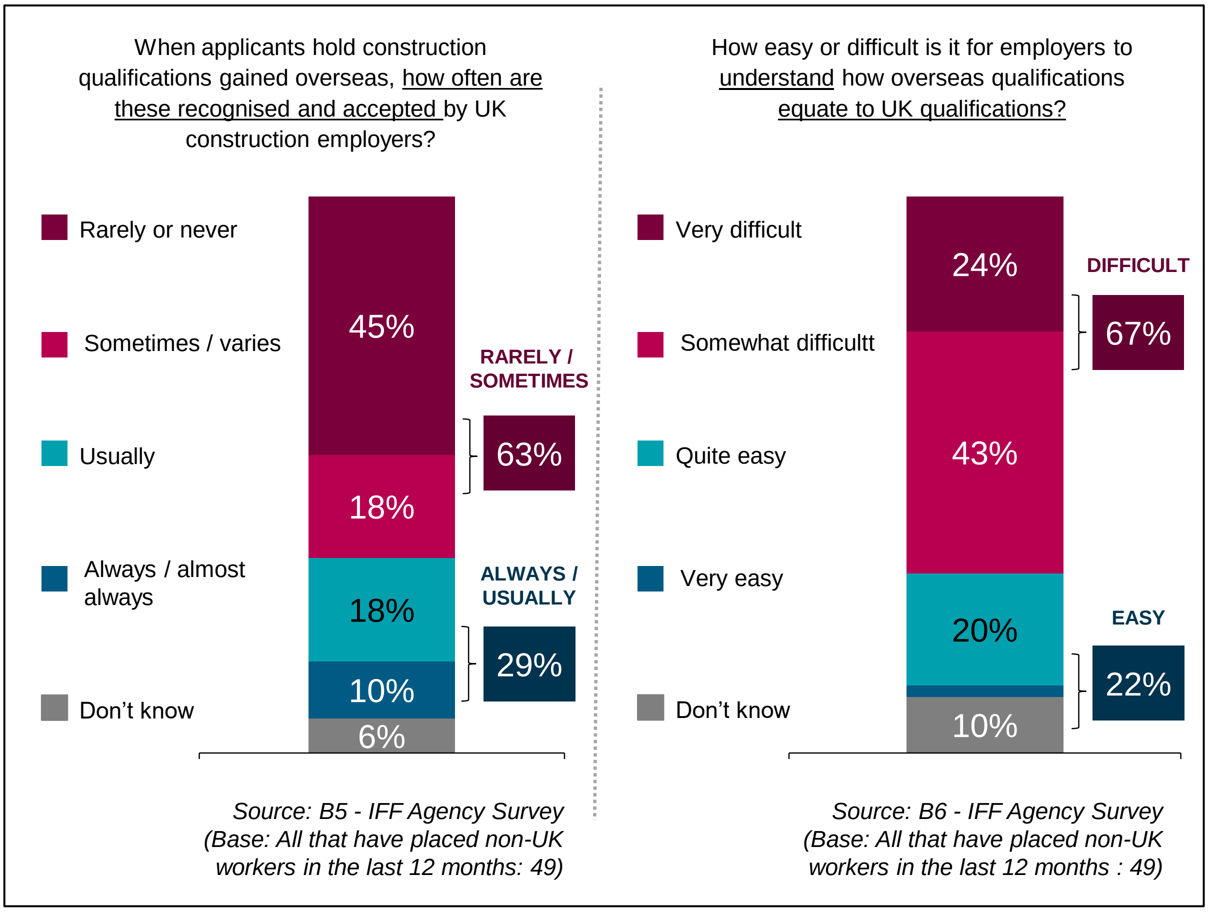
Around half (52%) of agencies placed fewer than 50 individuals into construction per week, whilst 32% placed more than 50 per week (including 6% that placed over 500 per week).

The single most common role that agencies had placed any non-UK workers into in the last 12 months was general labourers (51%), followed by project managers roles (10%), and quantity surveyors (10%) carpentry / joinery (18%), followed by general labouring positions (16%), and project manager roles (12%). These were followed by a wide range of construction and professional services roles, including carpenters and joiners, painters and decorators, engineers, electricians, and support roles such as HR or finance.

Recognition and interpretation overseas qualifications

Employment agencies that participated in the quantitative research were asked how easy or difficult they thought employers found it to understand how overseas qualifications equate to UK qualifications, and the extent to which overseas qualifications were accepted by employers in the sector – their responses are summarised in Figure 1.10.

Figure 1.10 Employment agencies' views on employer recognition and interpretation of overseas qualifications



Nearly two-thirds (63%) of agencies said that construction employers rarely or only sometimes recognise overseas qualifications, and two-thirds (67%) said they thought it was difficult for employers to understand how overseas qualification equate to UK qualifications.

This was supported by feedback from the qualitative interviews conducted with employers, where most said that they rarely take overseas qualifications into consideration. Instead, employers tend to require workers to obtain relevant British qualifications or award positions based on practical assessments / merit, irrespective of their overseas qualifications.

"A lot of the time we find that they are not really up to our standards in terms of construction. They are not always up to the standard they think they are in terms of what their qualifications mean in the UK. So, we get a lot of people new qualifications when they get here, to make sure they are up to scratch."

Medium employer, London

"We wouldn't make [qualifications] a prerequisite for working for us, we'd settle them in at a level that they're presently confident and suggest which way they should be going forward via NVQs or plant-training or whatever."

Medium employer, South East

"[Interpreting overseas qualifications is] probably almost impossible, but the moment they're on site - if they're a carpenter - it's readily observable within minutes. It's normally a practical assessment than a formal one."

Small employer, South East

Despite still emphasising practical assessment, some did mention CSCS cards which show that workers have already met skill requirements.

"Not an issue with tradesmen really. We employ a guy who says he is a carpenter; within a day you are going to know whether they are a carpenter or not. Obviously, you also have the CSCS cards. If they have that they have needed to demonstrate their skills in that sense."

Medium employer, London

A couple of agencies acknowledged that sometimes, this lack of recognition of overseas qualifications means that some workers were overqualified for their role, or that they then had to work towards getting qualifications that would be recognised by UK employers.

"The guidelines say they are unskilled or whatever, but the fact of the matter is a lot of them are - but they don't have the documentation required to show that. They will have been doing the same job in Poland but they don't have the right CSCS card or whatever, so they will come and get those and then get out to work […] There are cases of people who have done a Civil Engineering degree in their own country and they come here and they are working as a labourer or a forklift driver. They may end up working at a level that they are over-qualified for, it is a minority, but because our industry doesn't recognise what they have done in their own country."

Large agency, South East

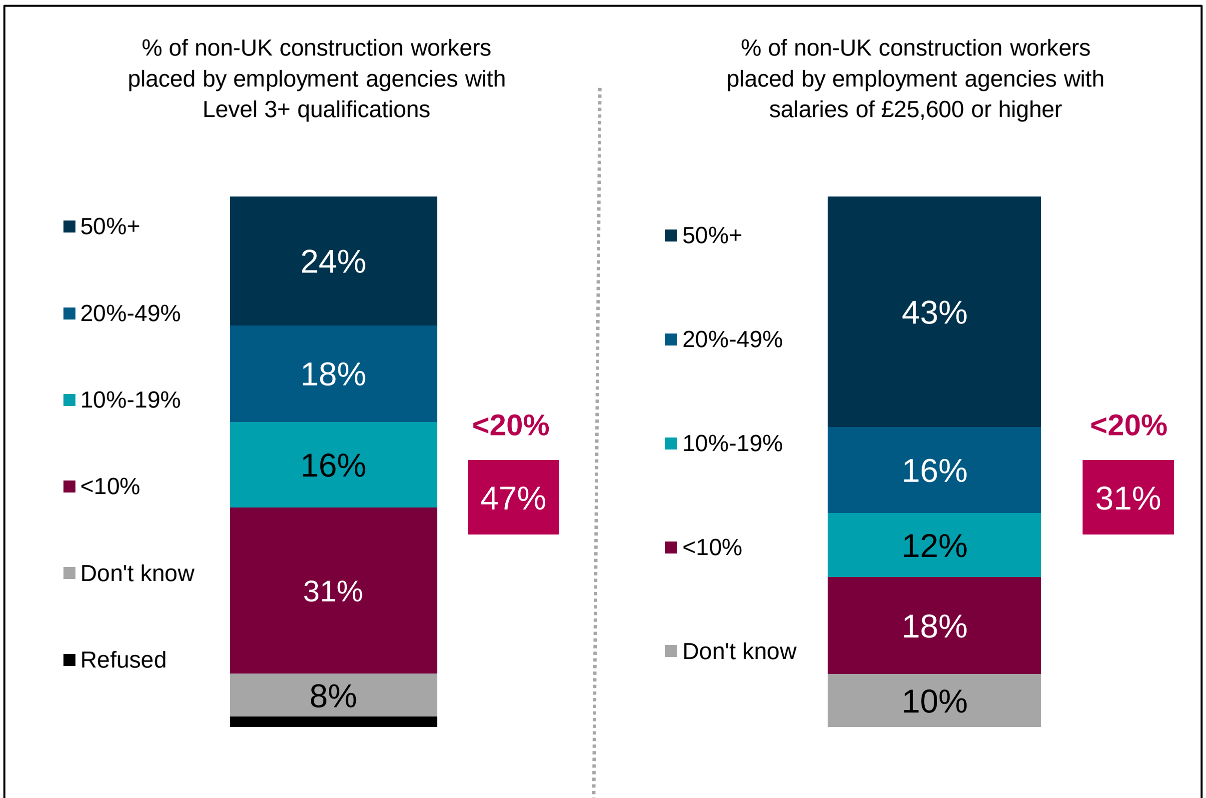
These findings suggest that there may be significant challenges for employers when ensuring potential workers meet skill level requirements set out in the Points Based System for immigration. This is an area where agencies and the CITB may play a role in supporting employers to understand and recognise qualifications held by non-UK workers.

Levels of qualifications and pay of non-UK workers placed by agencies

Under the Points-Based System (PBS) for immigration that will be introduced from 1st January 2021, individuals coming to the UK to work will need to have a job offer from a Home Office licensed employer at the required skills level of Level 3+, and the job offer must also meet the applicable minimum salary threshold which has been set at £25,600 – (see Chapter 3 for more details about the PBS).

Related to this, employment agencies were asked to estimate what proportion of the non-UK workers they placed in the 12 months up to the survey held qualifications at Level 3+ and what proportion were placed in roles with salaries of £25,600 or higher – their responses are summarised in Figure 1.11.

Figure 1.11 Proportion of non-UK workers placed by employment agencies in the last 12 months with Level 3+ qualifications and proportion placed in roles with salaries of £25,600 or higher



Source: B7 - IFF Agency Survey (Base: All that have placed non-UK workers in the last 12 months: 49)

Source: B8 - IFF Agency Survey (Base: All that have placed non-UK workers in the last 12 months : 49)

As shown in Figure 1.11, a quarter (24%) of agencies reported that more than half of the non-UK workers they placed held Level 3+ qualifications, whereas around half (47%) said less than 20% of the non-UK workers they placed held qualifications at that level (this is not too surprising given that most reported placing labourers, general workers or operatives).

Over two-fifths (43%) of agencies said more than half of the non-UK workers they placed in the last 12 months were placed in roles with salaries of £25,600 or more, whereas just under a third (31%) said this was the case for less than 20% of the non-UK workers they placed.

2. Use of non-UK workers

This section examines the reasons which lay behind the employment of non-UK workers, either directly or indirectly, trends in employer demand and their dependence on migrant workers.

Key points:

- Most employers reported employing non-UK workers because they have a better attitude and work ethic than UK workers (59%, higher than in previous years) and a sizeable minority (45%) employed non-UK workers because not enough skilled people from the UK apply when they are looking to recruit. Around a third of employers (32%) were motivated to hire non-UK workers because they are more productive than UK workers. Just a quarter (23%) employed migrant workers because they are better skilled or qualified than UK applicants.

- Around one in eight (13%) employers were quite or very dependent on non-UK workers, comparable with the findings from 2019 (15%), 2018 (13%) and 2017 (15%). Predictably dependence was higher among those employing non-UK workers directly (33%) or indirectly (44%, up from 32% in 2019), and among those based in London, the South East and the East of England (27%).

- The 2020 employer survey suggests a drop in the employment of migrant workers: 13% of all employers mentioned a decrease in their use of non-UK workers (higher than the 5% in 2019), and just 2% reported an increase (lower than at any time in the 2017 to 2020 period). Two-fifths (41%) of those that employed non-UK workers directly said their use of non-UK workers had declined in the previous 12 months, with the most cited reason being employees moving back to their native country.

- The survey of employment agencies also suggest that over the last 12 months (compared with the 12 months before that) there has been an overall net decrease in the number of construction workers placed (58% reported a decrease vs. 16% an increase) and in the number of non-UK workers placed (26% a decrease vs. 10% an increase). However, the balance was also towards a fall in the *proportion* of placements which were non-UK passport holders (30% cited a decrease vs. 6% an increase). This reverses the trend from 2017 – 2010 when more agencies generally reported increases than decreases for these three measures.

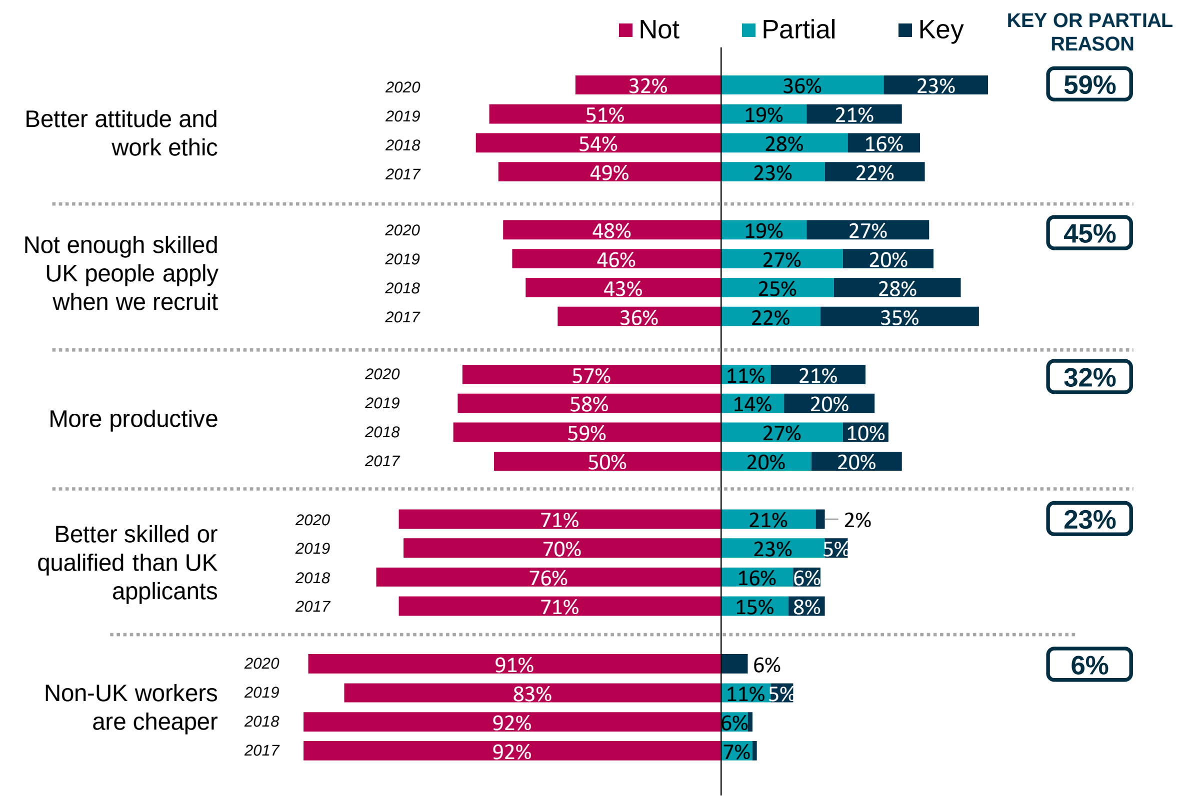
Employer motivations for hiring non-UK workers

During the quantitative survey, employers were presented with a list of five possible motivations for using non-UK workers and asked if each was a key reason, a partial reason, or whether it did not feature at all in their thinking. This question replicates that asked in the three previous surveys to enable comparisons over time.

A majority of employers with non-UK workers in 2020 indicated they hired these workers because they have a better attitude and work ethic (59%). More mentioned this factor than in the three previous studies. Slightly under half (45%) were motivated by there not being enough skilled UK people that apply; though there has been a small but consistent fall since 2017 in the proportion citing this as a reason.

Around a third of employers (32%) were motivated to hire non-UK workers for their being more productive than UK workers. Just a quarter (23%) of employers said that they employ migrant workers because they are better skilled or qualified than UK applicants.

Figure 2.1 Employers' reasons for using non-UK workers (prompted)



Source: D2 - IFF Employer Survey
(Base: All employers that have non-UK workers – 2020; 152; 2019: 191; 2018: 205; 2017: 216)

Year-on-year, perceptions of non-UK workers primarily being recruited as a cheaper form of labour have been challenged by the findings of this survey. The vast majority (91%) of employers of non-UK workers said this is not a motivation for employing them; just 6% stated that this was a reason.

Findings from the qualitative research generally support the quantitative findings, though perhaps with a more nuanced picture. Some employers observed a more conscientious approach to work among non-UK workers, but it was more common for employers to say they employed non-UK workers because of their availability, and because they have the right qualifications and / or experience to do the job. In contrast, employers cited a relative lack of interest, qualifications and / or experience among the UK population.

"We do find they are more driven, particularly on the unskilled and semi-skilled roles. They are more conscientious."

Medium Employer, London

"Evidently the reason why people have applied, and we have recruited them is because there hasn't been the people with those skills in the UK."

Medium Employer, London

"They have or had the skills appropriate to our need at the time. It's just that they've responded to a need that we have and the ones that we've retained have been useful and productive like any other employee. We wouldn't make a distinction basically. They fill the gap that we wanted filling and they've been good at what they do."

Small Employer, South East

"It's down to their availability as well as a lack of trained operatives in the UK. There is a lack of people coming out of schools and going into the construction industry in the UK in general."

Medium Employer, East of England

"We have a country where nobody wants to be a carpenter or a plumber or a bricklayer or a labourer anymore. The people that do want to do that are being stopped and the people who want to employ the people who want to do those jobs are being penalised. I just think that is ridiculous. The reason you employ these people in the first place is that nobody in the UK wants to do it."

Medium Employer, London

None of the employers or recruitment agencies that participated in the qualitative interviews reported that they actively look to recruit non-UK workers specifically. (Whilst some acknowledged this does happen in the industry, they felt it was more common among some of the larger employers that may have the resource and reach needed to do this).

"The main reason is they are qualified for the job; we do not target them specifically. We put up the advert, they answer it, and they start work. That's it."

Medium Employer, South East

In fact, one employer at the qualitative stage suggested that many other employers in the industry would probably prefer to employ UK workers if they could, but that the use of non-UK workers in the construction industry just reflects levels of supply and demand in the industry.

> *"I think some people in the industry would prefer to employ UK workers if they could. I don't think they need to be incentivised to do that, it is just a case of supply and demand isn't it?"*

Medium Employer, London

Another felt that their use of non-UK workers reflected their use of informal recruitment channels which are prevalent in the industry, and once one or two non-UK workers are recruited it is often the case that this generates further applications from that community via word-of-mouth leads.

> *“It's mostly word of mouth, and quite often there are local communities of workers from other countries who would stay together. That means we have quite a lot of people who know each other and whose families know each other as well.”*

Medium Employer, South East

Linked to the fact that none of the employers reported that they actively look to recruit non-UK workers specifically, very few reported looking for non-UK workers based overseas. Instead, employers generally reported that their non-UK workers had generally been living and working in the UK prior to taking up their post.

> *"Generally, the worker will do a lot of the work themselves. They will come over here and they will find the solicitors and do it themselves. It often takes so long for the government to sort it out, that they often get fed up and find their own lawyer. We have had a lot of Albanians, for example, they got citizenship off their own back. We weren't involved with any of that, we just got involved in the sponsorship. It's not like we got involved to get them to stay or anything. They did it because they wanted to do it."*

Medium Employer, South East

> *"Not really but it's not something that we would ever really do. Because I'm aware that sometimes the huge construction companies will plonk themselves in Poland and try and suck up labour there, but we've managed to meet all of our requirements on the local job market with people that are already here - be they UK or non-UK."*

Medium Employer, South East

As a result, very few employers had experience of Visa system that pertained to non-UK workers at the time of the research. The one employer that did said they were only involved in sponsoring those individuals and that the rest of the process was handled by solicitors appointed by the migrants themselves. In addition, some employers said they would be reluctant to sponsor Visas for any on-UK workers because they never need to do so; and because they would not want to incur additional costs by way of providing sponsorship of the additional cost associated with increased administrative burden.

"We have never had to do it, so we would probably be a bit nervous of what it entails and the commitment. We wouldn't necessarily say no either. In principle I think we would want to avoid it if possible, but we might need to do it if we needed it for something novel and there was no other way of employing someone with the skillset needed."

Medium Employer, London

Employer dependence on non-UK workers

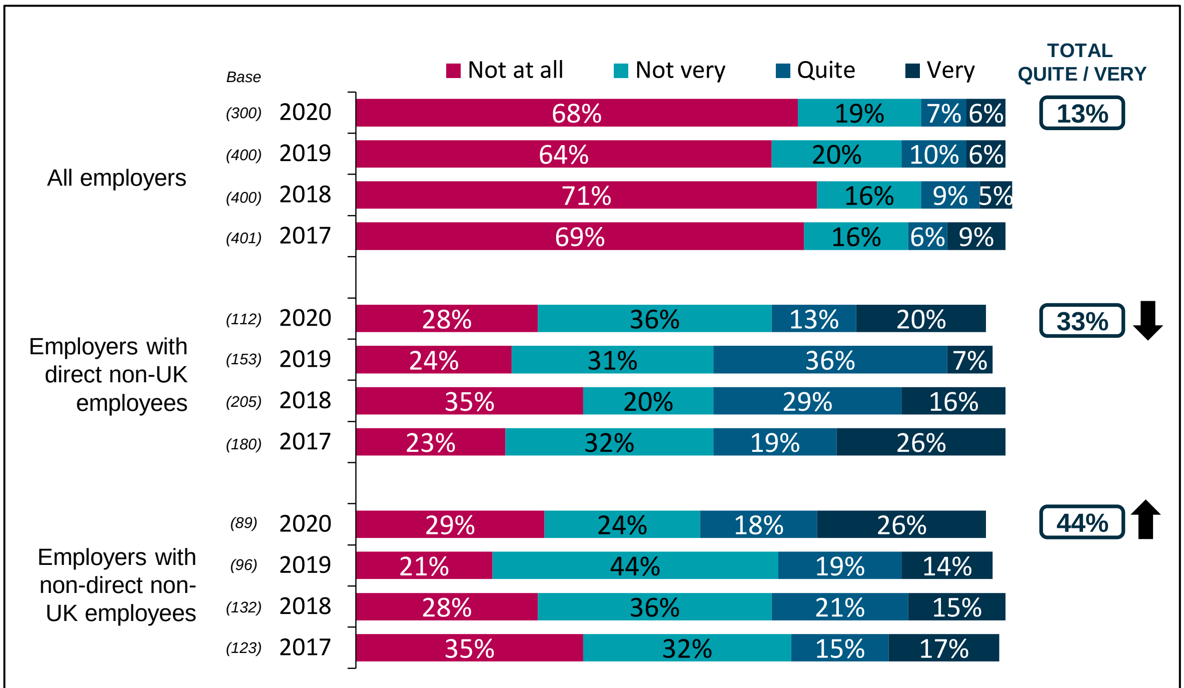
We have seen that almost two-fifths of employers in the survey (38%) employed non-UK workers either directly or indirectly. It is important to understand employer dependence on this pool of workers, particularly as the country moves towards leaving the EU.

Reported dependence on non-UK workers among employers has changed little over the last 4 years of the survey: 13% of employers in 2020 felt that they were very or quite dependent on non-UK workers, comparable with the findings from 2019 (15%), 2018 (13%) and 2017 (15%). Not surprisingly reported dependence is much higher among those employing non-UK workers directly (33% very or quite dependent) or indirectly (44%).

Results are summarised in Figure 2.2. They indicate a slight fall compared with previous years in perceived dependence among those employing any non-UK workers directly (33% were very of quite dependent in 2020, down 10 percentage points from 2019, though the proportion very dependent in 2020 (20%) was higher than in 2019 (7%).

In contrast, employers that employ non-UK workers indirectly reported increased reliance on non-UK workers: in 2020 44% regard themselves as very or quite dependent on non-UK workers, compared with 33% in 2019, 36% in 2018 and 32% in 2017. In addition, the proportion that very saw themselves as ‘very’ dependent on non-UK workers increased from 14% in 2019 to 26% in 2020.

Figure 2.2 Employer dependence on non-UK workers split by those with non-UK workers employed direct and indirect



Source: C4 - IFF Employer Survey

As in previous surveys, larger employers were more likely to be very or quite dependent on non-UK workers: this was the case for 25% of those with 100+ direct employees, compared to 5% of those with 10-99 direct employees.

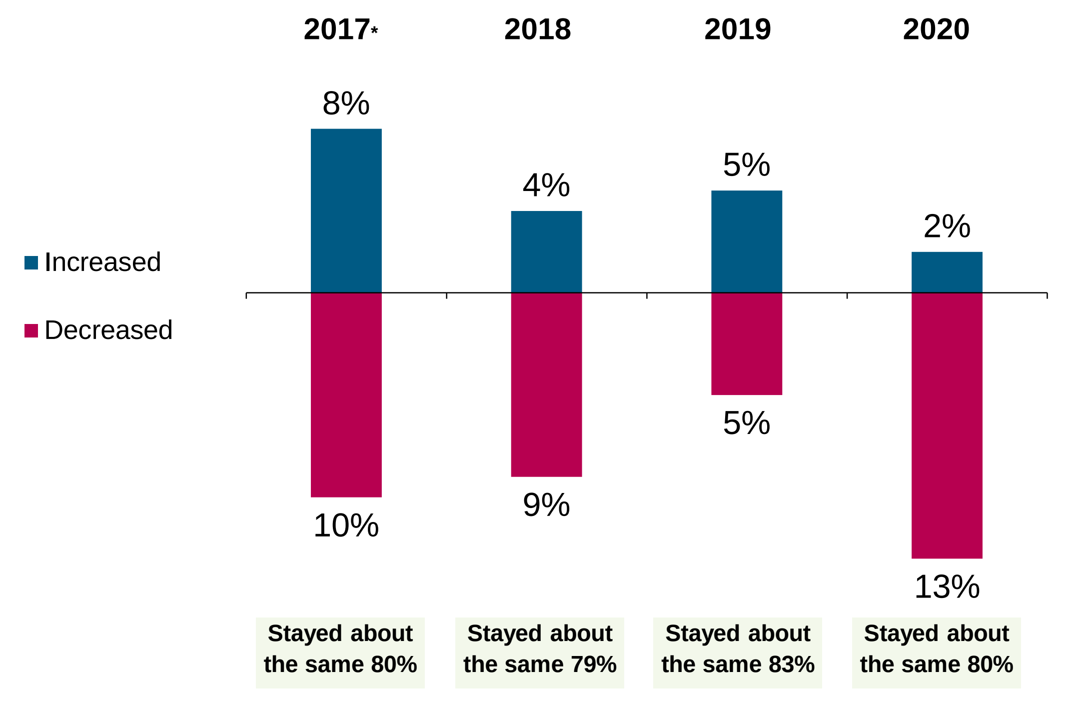
Reflecting the greater use of migrant workers in London, the South East and the East of England, employers in these areas were more likely to say they were very or quite dependent on non-UK workers than elsewhere (27%, compared to 13% overall).

Recent trends in employer demand for non-UK workers

Employer perspective

The 2020 employer survey suggests a drop in the employment of migrant workers: 13% of all employers mentioned a decrease in their use of non-UK workers (higher than the 5% in 2019), and just 2% reported an increase (lower than at any time in the 2017 to 2020 period). This is in line with figures from the Labour Force Survey which highlight the impact of COVID-19 on the jobs market and specifically the drop in the number of foreign-born workers employed in the UK in the past year.[4] Although the results suggest a net fall, most employers (80%) reported that their use of non-UK workers is unchanged over the last 12 months – see Figure 2.3.

Figure 2.3 Changes to employers' use of non-UK workers in the last 12 months



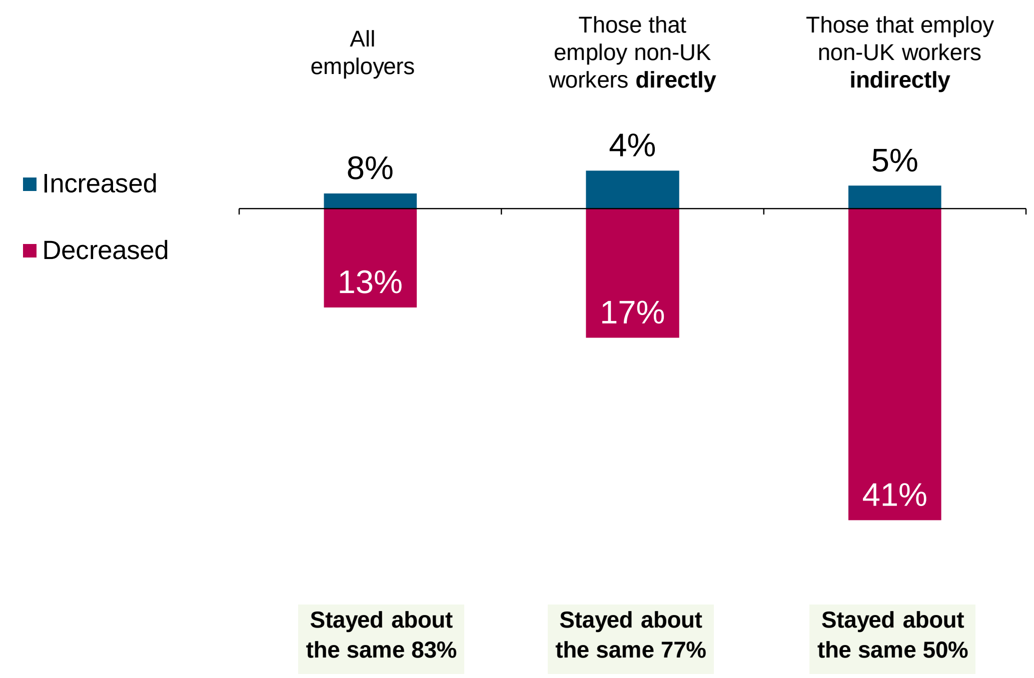
**Wording differs in 2017 - Compared to 2-3 years ago*

Source: C1 – IFF Employer (Base: All employers – 2020: 300; 2019: 400; 2018: 400; 2017:401)

[4] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/november2020

The decrease in employment of non-UK workers was most evident among those employers that are more heavily reliant on migrant workers, namely those who hire non-UK workers indirectly. As shown in Figure 2.4, as many as two in five employers (41%) that hire migrants indirectly reported a decrease, compared with 17% of those that employ non-UK workers directly.

Figure 2.4 Changes to employers' use of non-UK workers in the last 12 months among those that employ them direct and indirect



Source: C1 - IFF Employer Survey
(Base: All employers: 300; Those that employ any non-UK workers direct: 112; Those that employ any non-UK workers indirect: 89)

There were also variations in the changing use of non-UK workers by region in the last 12 months, with firms based in areas which are more heavily dependent on migrant workers most likely to report a decrease; notably those based in London, the South East, or the East of England (24%), compared with those based in the Midlands and South West (1%).

The most cited reason for a decrease in use of non-UK workers in 2020 was employees moving back to their native country. This was mentioned by 44% of employers that cited a decrease (while employers have consistently highlighted this as a reason for a decrease in the workforce since 2017, the proportion doing so in 2020 is far higher). An additional 16% said non-UK workers had left their firm but that they were unsure whether they had returned to their native country, and one in ten (10%) cited a change in their recruitment strategy. A quarter (24%) did not know why their use of non-UK workers had decreased.

This issue was highlighted in the qualitative research, with employers and employment agencies suggesting that COVID-19 and Brexit has resulted in a loss of non-UK workers in the preceding 12 months.

> *"Some of our contractors are still suffering where they have gone home before the first lockdown and then they haven't come back due to travel bans. COVID may have been the reason they left but Brexit may well be the reason they don't bother to return."*
>
> Medium Employer, London

> *"We've lost 150 or so workers over the Covid-19 period. We came to a grinding halt in March and we've built back up since then, but it's been very gradual. That was based partly on choice, but primarily on skill sets which was dictated by which sites were available and open. [The people lost] were the lads dealing with more general groundwork. Drain laying is very skilled, driving the machines is very skilled, so they would probably be the people we would clasp to our chest. But because of the volume of work, we had pre-COVID-19, we had a fair number of agency workers and it was the agency workers who took a hit."*
>
> Medium Employer, South East

> *"Yes, our use of EU workers has changed massively over the last 12 months. They're going back home because they don't know what's happening here and it's my understanding that the work in Poland is quite good. We had probably between 10 and 15 Polish workers at any one time before but now it's down to two."*
>
> Medium Employer, East of England

Applications from non-UK citizens

Just over half (54%) of employers in the survey had recruited new staff over the past 12 months. Of these, a minority (38%) had received applications from people that were not UK citizens during that period, though the figure was much higher among large firms that had recruited (70% among those with 100+ direct employees compared with 40% among those with 10-99 employees).

For the majority (67%) there had been no change in the number of applications received from non-UK citizens, while equal proportions highlighted either an increase (15%) or decrease (16%) compared with the 12 months previous.

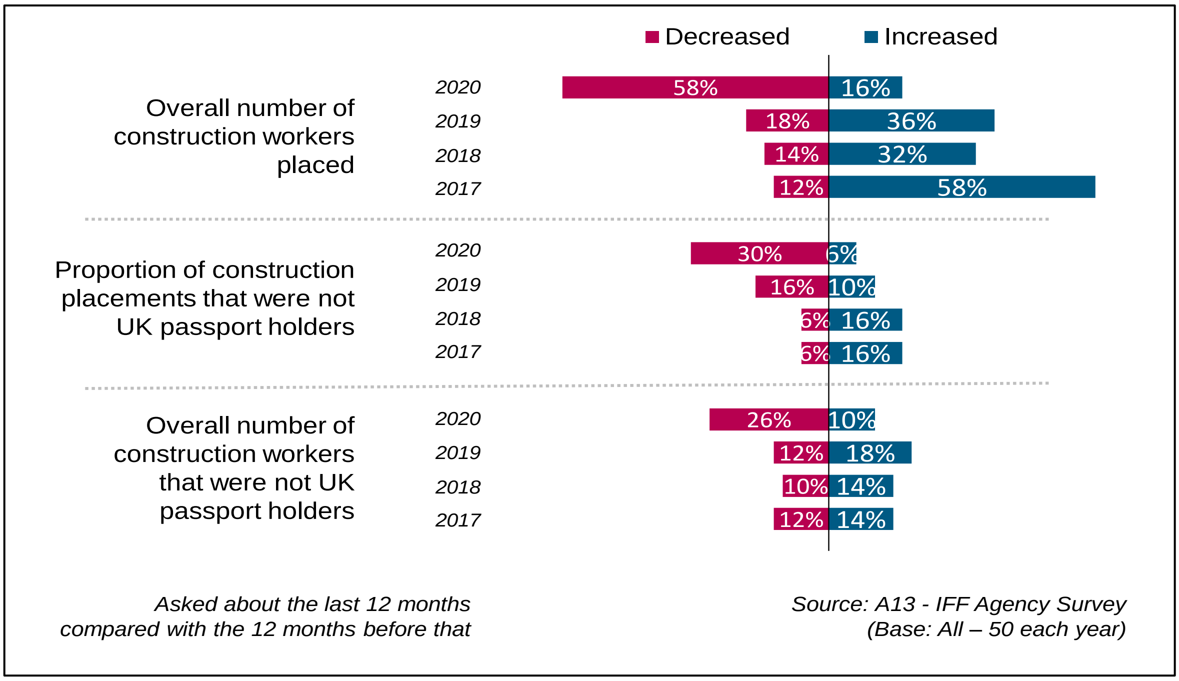
Employers that had observed a decrease in the number of applications received per vacancy from non-UK citizens were asked to consider the impact this might have had on their business. Although a low base of 18 survey respondents, results suggest the most common outcome was the need to turn down work, followed by wages and cost increases, restricted company growth and a skill shortage.

Agency perspective

The findings from the survey of employment agencies also suggest an overall net decrease in the number of construction workers placed in the last 12 months compared with the 12 months before that: almost three-fifths (58%) reported a decrease compared with one in six (16%) an increase. Prior to 2020, the reverse pattern existed with many more each year reporting increases than decreases, as shown in Figure 2.5.

Agencies were also more likely to highlight a decrease in the proportion of construction placements that were non-UK passport holders (30% vs. 6% an increase) and in the overall number of construction workers that were not UK passport holders (26% vs. 10% an increase). Those reporting decreases in these two measures was far higher than in the 2017-2019 period.

Figure 2.5 Changes in the number of construction workers placed



This decrease was reflected in the qualitative research, in which agencies indicated that their placement of non-UK workers had decreased since March, mainly due to COVID-19.

> *"We have seen a bit of a microcosm of it in the last few months. After lockdown, we have had a candidate shortage and it has possibly been the worst candidate shortage in the run up to the schools going back that I have seen in 25 years. We are paying rates that are the highest we have ever paid because of that. You'd actually expect those to go down, but they haven't."*

Large Employment Agency, North West

“Because of what we're going through with COVID, it's doubled the effect [of any changes], so hiring pretty much froze through March to June.”

Medium Employment Agency, South East

"Lockdown came in on 23rd and on 24th March we had two people working on site on a temporary basis. Demand went overnight."

Large Employment Agency, South East

Employment agencies who had placed migrant workers in the last 12 months were also asked to consider how the skills and experience of the non-UK workers on their books who were looking for construction roles compared with those of non-UK workers that they had on their books in the 12 months before that. While most agencies (69%) reported little difference, slightly more reported an increase in the skills and experience of the non-UK workers on their books (14%) than felt there were less skilled (8%).

3.The Points-Based System (PBS) for immigration

From 1 January 2021, free movement of labour within the EU will end, and the UK will introduce a Points-Based System (PBS) for immigration. The new system will treat EU and non-EU citizens equally. Anyone from outside the UK, excluding Irish citizens, will need to apply for permission to work in the UK in advance of them coming to the UK.

Under this PBS, individuals coming to the UK to work must meet a specific set of requirements for which they will score points. Visas will be awarded to those that gain enough points.

As part of this, anyone coming to the UK to work must demonstrate that:

- They have a job offer from a Home Office licensed employer;
- The job offer is at the required skill level of Level 3 or above (i.e., A Level or equivalent); and
- They speak English to the required standard.

In addition to this, this job offer must meet the applicable minimum salary threshold. This is the higher of either:

- The general salary threshold set by Her Majesty's Government on advice of the independent Migration Advisory Committee at £25,600, or
- The specific salary requirement for their occupation, known as the "going rate"

All applicants will be able to trade characteristics, such as their qualifications, against a lower salary to get the required number of points. If the job offer is less than the minimum salary requirement, but no less than £20,480, an applicant may still be eligible if they have:

- A job offer in a specific shortage occupation
- A PhD relevant to the job
- A PhD in a STEM subject relevant to the job

There are different salary rules for workers in certain health or education jobs, and for "new entrants" at the start of their careers.[5]

[5] The UK's points-based immigration system: an introduction for employers (accessible version) - GOV.UK (www.gov.uk)

This chapter covers levels of awareness and understanding of the PBS in the industry, views on the potential impacts of the new legislation and what employers might do in response to its introduction.

Key points:

- Seven in ten employers (71%) had heard of the PBS. Awareness rose to 95% among those employers that reported being quite or very dependent on non-UK workers, whereas this was the case for around two-thirds (68%) of those not dependent on non-UK workers despite employing them.

- The majority of those aware of the PBS rated their knowledge as poor (57%), a third (33%) rated it neither good nor poor and only around one in eight (13%) rated it good. This means that only 9% of all employers felt they had a good knowledge of the legislation, and the proportion was only slightly higher among those that employed any non-UK workers directly (14%) or indirectly (16%).

- Reasons for employers not having spent greater time familiarising themselves with the PBS included: COVID-19 being their primary focus, continued uncertainty surrounding Brexit (which has meant they have been reluctant to devote any time or resource into looking into the PBS), and the view that the PBS won't impact on their firm directly (either because they employ few non-UK workers, that their non-UK workers have settled status, or given that they anticipate doing minimal recruitment going forward).

- Only 16% expect the PBS to have some impact for their firm (4% expect a serious impact), typically difficulties recruiting and skills shortages, but most employers (72%) expect it to have an impact on the sector (27% think it will have a serious impact). Employment agencies are even more likely to expect impacts on the sector (50% expect serious impacts).

- Results suggest most employers are not responding to the PBS in a proactive manner, preferring to wait to react to the new system once it has been introduced and the impacts of it are clear. Employers generally reported that they were unable to plan how they might respond to the PBS due to the uncertainty caused by the COVID-19 pandemic.

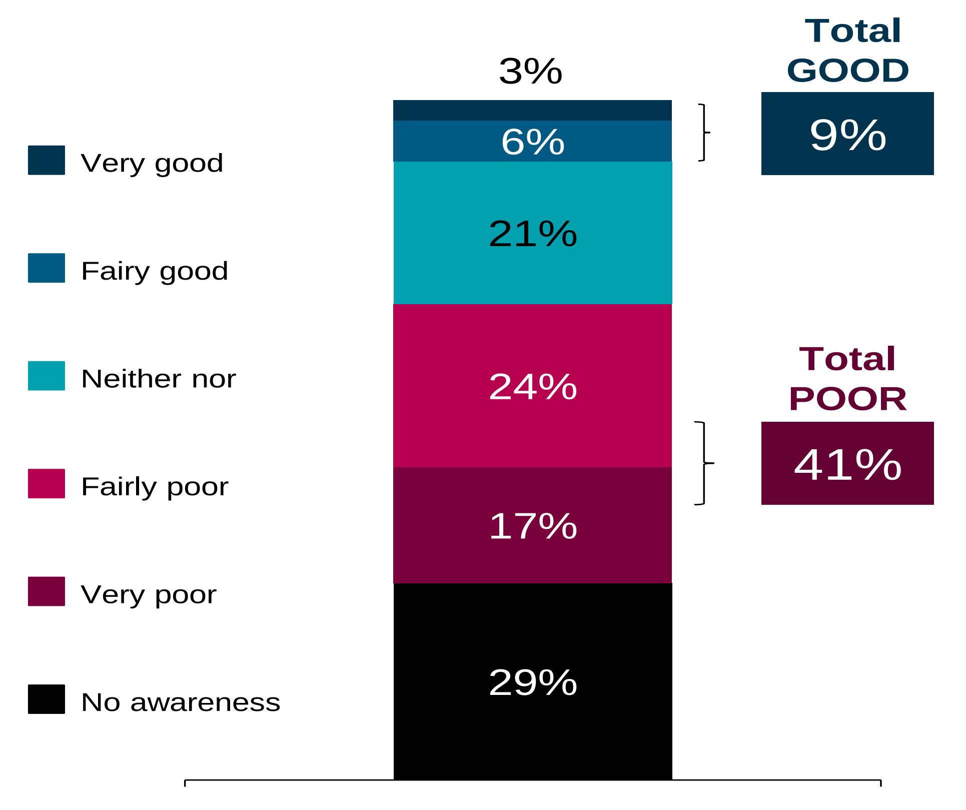
Awareness and understanding of the PBS

Employers

Seven in ten employers (71%) had heard of the PBS. Awareness rose to 95% among those employers that reported being quite or very dependent on non-UK workers, whereas this was the case for around two-thirds (68%) of those not dependent on non-UK workers, despite employing them.

Employers that were aware of the PBS were asked how they rated their knowledge and understanding of the legislation and how it would impact on the rights of workers to live and work in the UK. The majority of those aware of the PBS rated their knowledge as poor (57%), three in ten (30%) rated it neither good nor poor and only around one in eight (13%) rated it good. This means that only around one in eleven (9%) of all employers felt they had a good knowledge of the legislation – see Figure 3.1, which illustrates levels of awareness and knowledge of the PBS among all employers.

Figure 3.1 Awareness and rating of knowledge of the PBS among employers



Source: I2 - IFF Employer Survey
(Base: All – 2020: 300)

As shown in Figure 3.1, a sizeable minority (41%) of all employers had heard of the PBS but had a poor knowledge of it prior to the research. Moreover, this was 46% among employers that reported being very or quite dependent on non-UK workers.

Despite being higher than the overall average (of 9%), the proportion of employers that rated their knowledge of the PBS as good was only slightly higher among those that employed any non-UK workers directly (14%) or indirectly (16%).

These findings clearly demonstrate a lack of understanding of the PBS, even among those employers to whom it is more likely to have a direct impact on.

Mirroring the findings, employers in the qualitative interviews often had limited prior knowledge of the PBS. Reasons for employers not engaging with the PBS included: COVID-19 being their primary focus, continued uncertainty surrounding Brexit (which has meant they have been reluctant to devote any time or resource into looking into the PBS), and the view that the PBS would not impact their firm directly (either because they employ few non-UK workers, that their non-UK workers have settled status, or given that they anticipate doing minimal recruitment going forward).

> *"I haven't investigated it because it is not a priority for us. What is the point of preparing for it until it has all been finalised and it all happens?"*
>
> Medium Employer, South East

However, the qualitative discussions also suggested a lack of clarity among some employers that *had* investigated the PBS and how it might impact their firm. Employers that demonstrated a better level of knowledge about the legislation raised some concerns about the clarity of the legislation, and how some aspects of it (i.e. salary thresholds and the offer of employment) would work in practice.

> *"I've had a go, I've read it… It looks unnecessarily complicated. When we're so used to freedom of movement, to be fair anything is going to look more complicated. I think the lack of clarity about the entry level, whether it's on salary or skill, or a combination of both, is a potential issue. It doesn't seem to be clear, concise and consistent."*
>
> Large Employer, South East

> *"For us, the biggest concern would be how to become licensed and what that might involve. Is it going to result in a considerable cost to us to become licensed? The other main issue would be us being prepared to offer a job to someone without being able to interview them. Though, I think that the current situation has shown that remote interviewing might not necessarily be the end of the world. Again though, it could result in additional costs to our business."*
>
> Small Employer, London

Employers and employment agencies that participated in the qualitative research were also specifically asked about their views on the immigration skills charge and its expansion to cover workers from EU countries under the PBS. Their awareness of the charge was mixed, with some not aware of that rule prior to the research. Participants were also generally unsure as to whether the immigration skills charge would apply to their existing EU workers. Reactions to the extension of the immigration skills charge were overwhelming negative. Employers felt it would just add to their existing overheads and expressed concern about this considering financial difficulties caused by COVID. In addition, some said this would be especially challenging in 2021 as they anticipate that there will be a recession, increased pressure of their margins and increased competition for labour.

> *“Is that £1,000 per person for each non-UK worker? I think that will go down like a lead balloon to be honest. Does it apply to people from EU countries that we already employ?”*

Medium Employer, South East

One employer labelled the immigration skills charge a ‘stealth tax’ and ‘ridiculous’ because employers generally have no choice but to use non-UK migrant labour given the dearth of skills and experience in the UK.

> *"We have a country where nobody wants to be a carpenter or a plumber or a bricklayer or a labourer anymore. The people that do want to do that are being stopped and the people who want to employ the people who want to do those jobs are being penalised. I just think that is ridiculous. The reason you employ these people in the first place is that nobody in the UK wants to do it. Either spend another £1,000 or leave the post vacant, which you can't really do. It's just another stealth tax really."*

Medium Employer, London

Another employer suggested that they might consider paying their EU workers a lower salary to cover this additional cost.

> *"Obviously, this is just not as good as the current system. It may mean we have to consider having to pay them less to actually cover this skills charge.”*

Small Employer, London

Recruitment agencies reported that the extended immigration skills charge will have a negative impact on their business because some of their clients might expect them to cover these additional costs. One recruitment agency said they might consider trying to sponsor non-UK workers themselves, but they were unsure whether this would be possible; and they felt that how this might impact on their margins (especially for unskilled or semi-skilled positions) would not be worthwhile financially.

"We have had conversations with construction employers about this and it is just not something they are going to enter into. Perhaps the big players might be able to. But I can't see it happening for the smaller firms? They won't care. They will just come to us and want someone to do the job. So that will impact on our business. I don't know whether agencies can be sponsors to help with that. That would also be very difficult to do financially. In a year with a labourer, your margin would be £3,500 so if you are paying out £1,000 for sponsorship and an extra £500 after that it's not viable really."

Large Recruitment Agency, South East

A minority (38%) of those with EU workers said that they had discussed the PBS and the EU settlement scheme with their workers – rising to 71% among those that reported being quite or very dependent on migrant labour. Those with 100+ direct employees were also far more likely to have discussed the PBS and the EU settlement scheme with their employees from the EU than those with 10-99 employees (64% vs. 25% respectively).

Employers that participated in the qualitative research gave mixed feedback when asked whether they had discussed the EU settlement scheme with their EU workers. Some had discussed the scheme and suggested their EU workers investigate it further, but few appear to have provided much support beyond that. Most were unsure how many of their EU workers had applied for the EU settlement scheme and how many were planning to. This lack of certainty was also raised as a particular concern for one of the employment agencies that participated in the qualitative research.

"We're adopting a head in the sand technique to it. The bulk of our non-UK workers have been with us for long enough to apply for settled status so the impact will be minimal."

Medium Employer, South East

"There is a concern that some of our workers from the EU haven't applied to stay via the EU settlement scheme, but we will be asking them again if they intend to or not."

Small Employer, London

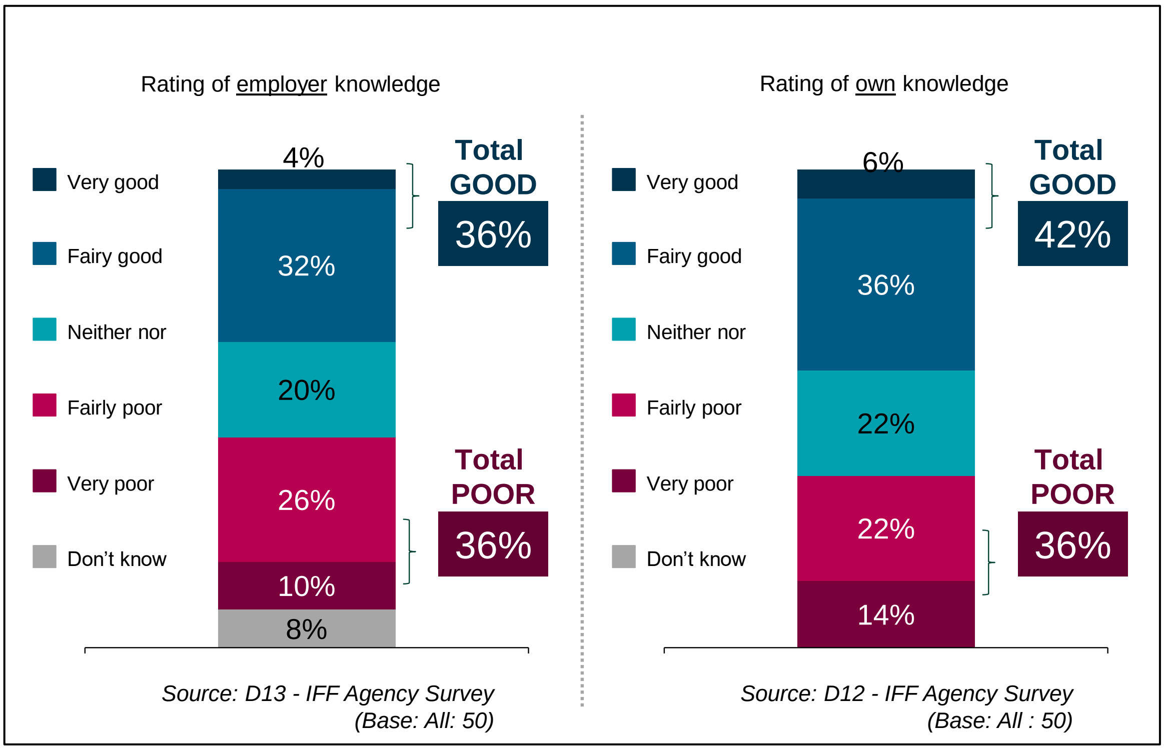
"There is a hell of a lot of people who just haven't done it and I don't think they will. They may well do - particularly those that are more settled. Then again, that doesn't even mean they'll necessarily stay here, it just means they have the option to. You also have people who have been here for years who have no intention of doing it and will just decide to go somewhere else. In the rest of the EU there is still free movement of labour."

Large Employment Agency, North West

Employment agencies

While employment agencies generally had better understand of the PBS than employers, still almost as many rated it poor (36%) as good (42%). Agencies were evenly split on how well they felt employer understood the PBS: 36% said the employers they deal with had a good understanding of the PBS; the same proportion rated employer understanding as poor.

Figure 3.2 Agency understanding of the PBS and their views on the understanding of the employers they deal with



Employment agencies that participated in qualitative interviews tended to demonstrate detailed knowledge of the PBS legislation, but raised similar concerns to employers about how some aspects of it would work in practice.

A few agencies were particularly concerned about how PBS salary thresholds would work in practice given that a large proportion of the construction workforce works on an hourly or daily rate and is not salaried. This was cited as being particularly problematic for those employed via agencies and for those in unskilled and semi-skilled roles and those in trades-related roles (both main trades and specialist trades). Some felt this was compounded by the seasonal / cyclical nature of supply and demand in the construction industry.

> *"It's quite tricky because they are on an hourly or a daily rate mostly. The market is not salaried. They may not work full time in January or February. I know the new system is designed to work on a salary basis, but these guys are not salaried. The government are going to want evidence to prove it, CIS returns could be used, but I don't know how this is possible prior to actually doing the job."*

Large Recruitment Agency, North West

Agencies also felt the new rules do not accurately reflect how most employers tend to recruit non-UK workers. They felt that it is unlikely that any employers will offer a job to a non-UK migrant worker without having met them. In addition, they reported employers often want workers for short periods of time at short notice. They suggested most employers are incapable of planning so far in advance as to bring non-UK migrant workers overseas in advance of needing them (especially when filling unskilled or semi-skilled roles).

> *"Most of the rules are fine and make sense. The offer of employment isn't. To think employers will give non-UK workers an offer of employment before they have left their own country, it's unfathomable in the construction industry. There is no company that will offer a job and be a sponsor of someone that they have never even met. Construction is not the most progressive of industries anyway. An employer will phone me, they will want a forklift driver from Monday, and they will want them for 12 months if they have a CSCS card and they don't crash into anything. I don't envisage them being able to forward plan them bringing over someone from overseas. Also, the amount of time and effort that would take is prohibitive. There's no way they would plan that far ahead."*
>
> Large Recruitment Agency, South East

Perceived impacts of the PBS

Employer perspective

During the employer survey, the following text was read out to participants to ensure that those that had never heard of the PBS prior to the research had some information about it, and to ensure that those that had heard of the PBS had the correct information about it.

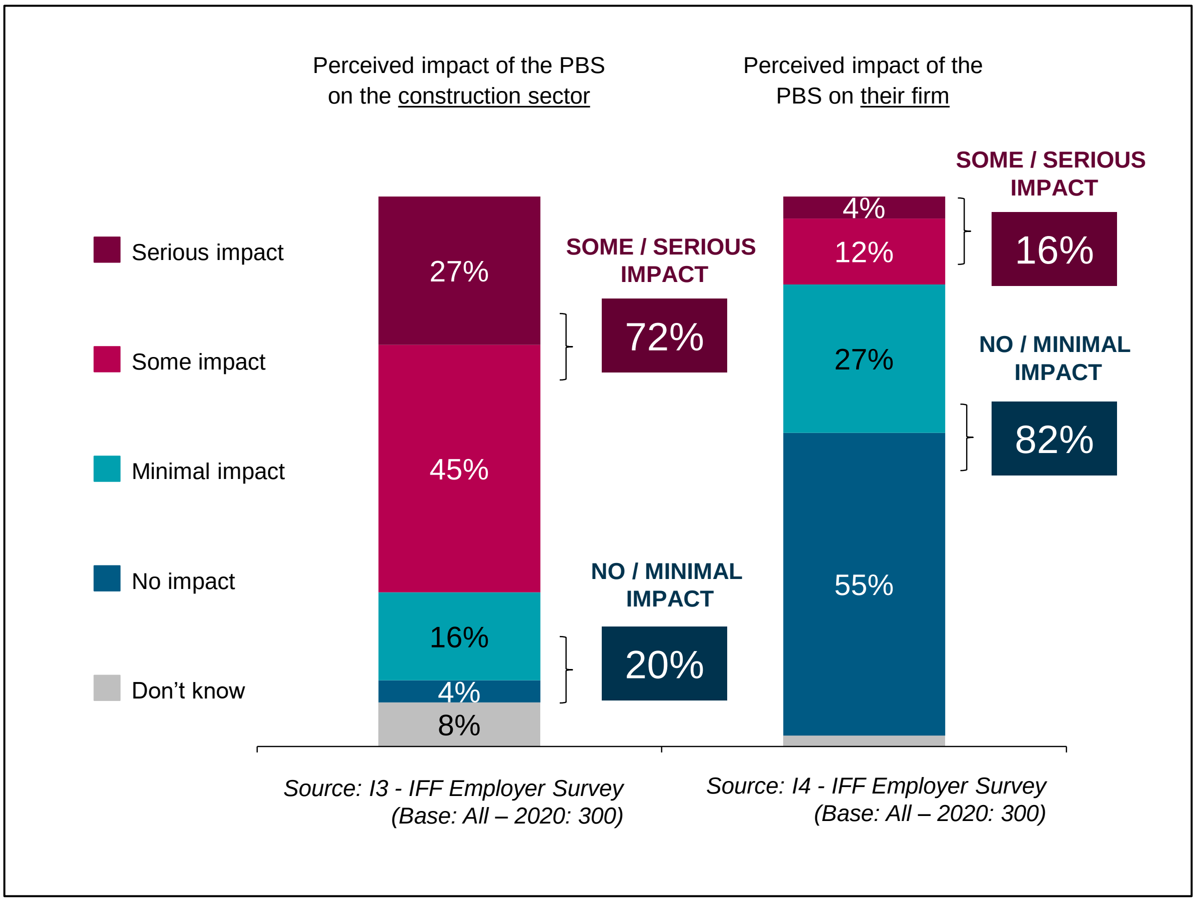
> ***The Points Based System will include a route for skilled workers who have a job offer from an approved employer sponsor. From January 2021, the job will need to be at a skill level of level 3 or above, equivalent to A level. The person will need to be able to speak English, and to be paid either £25,600 annually or the going rate for the job, whichever is higher. If the salary is less than this - but no less than £20,480 - the worker may still be eligible by 'trading' points on specific characteristics against other elements for example if the job is in a shortage occupation.***
>
> ***The new system will not apply to EU citizens living in the UK by 31 December 2020.***

This was done to help ensure employers that participated could give better-informed responses to subsequent questions in the survey.

Employers in the quantitative survey were then asked what impact, if any, the PBS would have on their firm, and the construction sector, over the next 2-3 years.

As Figure 3.3 demonstrates, 16% of employers expect the PBS to have at least some impact on their firm (including 4% that expect a serious impact); but 72% expect it to have at least some impact on the sector as a whole (including 27% that think it will have a serious impact).

Figure 3.3 Employer views on how the PBS might impact on their firm and the construction sector as a whole



Predictably, responses to this question were driven employer use and dependence on migrant labour. Employers with no non-UK workers were more likely to think that the PBS would have no impact on their firm than those with any (69% vs. 34% respectively).

Given that they were less likely to employ non-UK workers, smaller businesses were most likely to expect the PBS to have no impact on their firm. This was the case for over half (55%) of those with 5-9 employees and two-thirds (65%) of those with 10-24 direct employees, compared to just one third (34%) of those with 100+ direct employees.

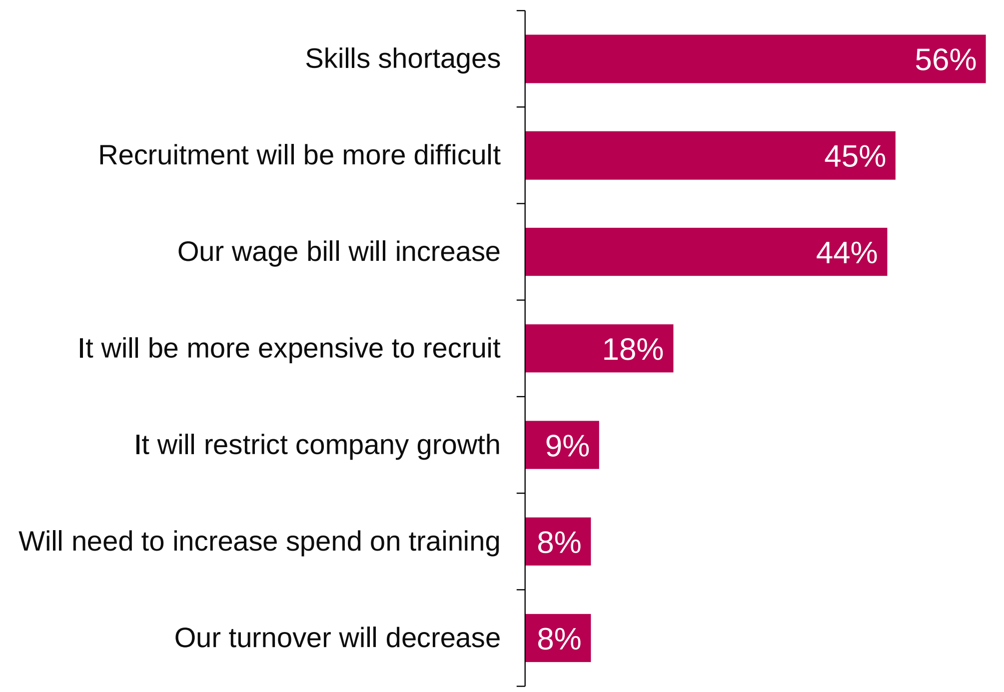
On the other hand, the following types of employers were more likely than average to expect the PBS to have some or a serious impact on their firm:

- Those that were very / quite dependent on migrant labour (68%);
- Those with 100+ direct employees (31%);
- Those with any non-UK workers employed direct (34%);

- Those employing any non-UK workers indirectly (44%); and
- Those based in the East of England / South East England / London (23%).

The 16% of employers that expected the PBS to have some or a serious impact on their firm were asked what impacts they anticipated – see Figure 3.4.

Figure 3.4 Impacts that employers expect the PBS to have on their firm (unprompted)



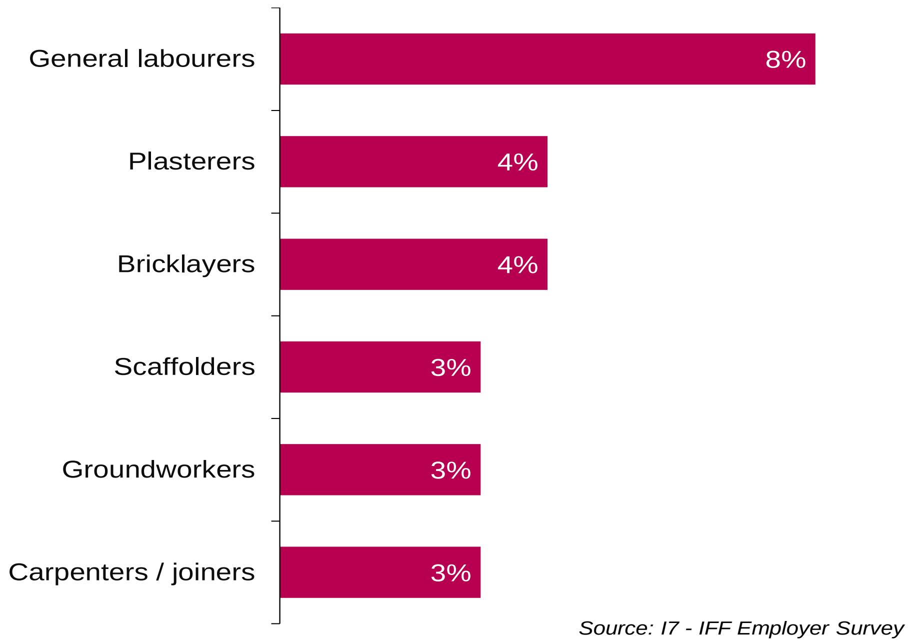
Source: I5 - IFF Employer Survey
(Base: Employers that think PBS will impact their business: 65)

As Figure 3.4 illustrates, employers generally felt that the PBS will impact on their firm by creating skills and recruitment difficulties. Over half (56% of those that think it will have some or a serious impact on their firm) expect that it will lead to skills shortages within the firm, 45% think it will make recruitment more difficult or that it will result in recruitment taking longer, and 18% said it make recruitment more expensive. A sizeable minority (44%) of employers that think the PBS will have an impact on their business expect their wage bill to increase due to the PBS, one in ten (9%) think it will restrict the growth of their firm (presumably through their inability to recruit / the fact that recruitment will become more difficult) and a similar proportion (8%) expect their turnover to decrease in light of the PBS.

Even though 16% of employers said they expect the PBS to have some or a serious impact on their firm, a quarter (26%) of all employers expect it to create skills shortages or to make it harder for them to recruit specific occupations. Again, employers that relied more heavily on non-UK workers were more likely to anticipate that the PBS would make it more difficult for them to recruit. This was the case for: 71% among those that were very or quite dependent on migrant labour, 63% among those that employed any non-UK workers indirectly, 43% among those that employed any non-UK workers directly, and 43% among those based in the East of England / South East England / London.

The occupations most commonly thought to be affected by PBS in this manner included those that relied more heavily on non-UK workers, including: general labourers (cited by 8% of all employers), plasterers (by 4%), bricklayers (4%), scaffolders (3%), groundworkers (3%) and carpenters / joiners (3%) – see Figure 3.5.

Figure 3.5 Occupations expected to be affected by skills shortages / difficulties recruited caused by PBS (top 5 mentioned unprompted)



Source: I7 - IFF Employer Survey
(Base: All: 300)

Linked to the fact that one in four (26%) expect the PBS to make it harder to recruit specific occupations, **employers were four times more likely to expect the number of non-UK worker they employ to decrease in the next 12 months (16%) than they were to expect them to increase (4%),** though most (79%) expect it to stay about the same. The few that expected it to increase felt that would be the case because their business is expanding. Those expecting a decrease usually said this was because fewer non-UK workers will be eligible to work in the UK after Brexit (cited by 78% of employers that expect the number of non-UK workers they employ to decrease), and because they expect fewer to want to come the UK after Brexit (cited by 14%).

These views were mirrored by employers that participated in the qualitative research. Those with fewer non-UK workers were generally less likely to perceive that the PBS would impact on their firm directly. Employers were also less likely to think that the PBS would have a direct impact on their firm if their non-UK workers had been employed with them for a long period of time, especially when in skilled roles commanding higher salaries, if most of their EU workers had acquired settled status, and if they felt it was unlikely that they would need to recruit new workers in 2021.

However, some did acknowledge that the PBS could have an impact on other employers in the industry – especially those that employed non-UK workers indirectly in unskilled and semi-skilled roles, and main and specialist trades. Some suggested there could be shortages in carpentry / joinery, plumbing, drylining, bricklaying, electrical installation, and general labouring as a result.

> *"Our workforce is 100% dependent on migrant labour, but this will have a limited impact on us because all of our workers earn more than the minimum threshold. However, it could end up being a major issue for the big businesses that we contract for, specifically in terms of impacting on their ability to get lower skilled operatives to work on site."*
>
> Small Employer, London

> *"I've spoken to colleagues from other companies who are dreading it. A lot are seeing problems retaining existing staff and with these changes there will potentially be a big impact in terms of skilled labour being available."*
>
> Medium Employer, London

Employers suggested that the new PBS could exacerbate existing skills shortages in these unskilled and semi-skilled occupations because those undertaking these roles were more likely to be employed on a flexible nature and less likely to hit the minimum salary threshold rules in some areas of the country. Some suggested this will be an issue in occupations that heavily rely on non-UK migrant labour such as carpentry and dry lining. These employers predict that there will be increased competition for labour due to this, and hence wage inflation. More generally, they anticipate that the industry will slow down as there will be fewer non-UK workers available.

On the other hand, some employers predicted that the potential impacts of PBS on the industry may be softened due to COVID-19. They predicted that more UK workers will be looking to work in the industry or get back into the industry following the pandemic.

> *"So many people are out of work now so we don't think it will be an issue in terms of stopping us to get people working. We have always had migrant workers. People come here and they get jobs. After Brexit there will still be jobs and there will still be people who will want a job. A lot of people left the industry in the past, maybe this [the pandemic] will encourage them to come back."*
>
> Medium Employer, South East

One employer, for example, had noticed a marked improvement in the quality of 'local' applicants in the last few months, and thought this was because of COVID-19, jobs being scarcer, and construction being seen as offering good prospects in these times.

In addition, some employers suggested that COVID-19 will result in a general downturn in the industry which will mean that skills shortages will not be as much of an issue as they might have been had there been no pandemic.

"To be honest, I have not looked at it. What is the point until it has all been finalised and it all happens? We have always had migrant workers. People come here and they get jobs. After Brexit there will still be jobs and there will still be people who will want a job. A lot of people left the industry in the past, maybe this [the pandemic] will encourage them to come back."

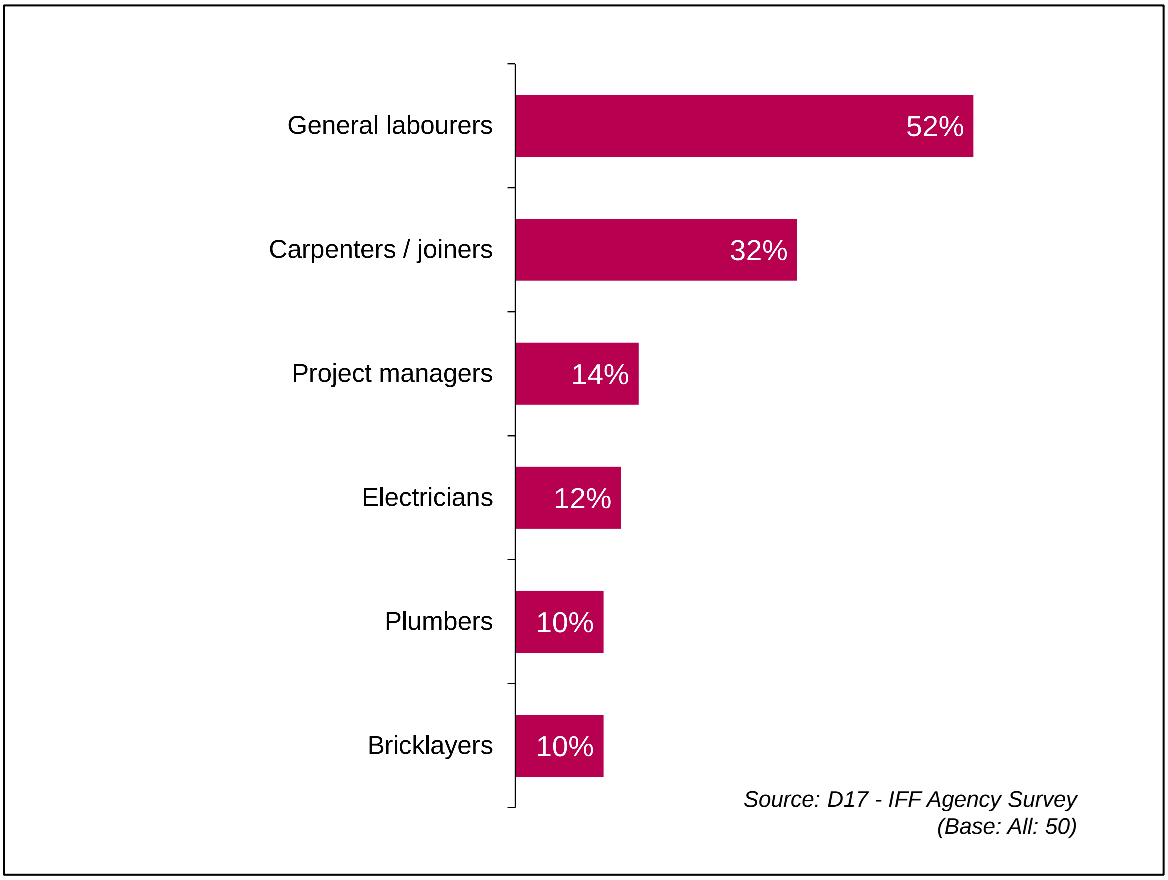
Medium Employer, London

Employment agency perspective

Employment agencies were more pessimistic about the potential impacts of the PBS on the sector, with four in five (80%) expecting it to have at least some impact (including 50% that expect it to have a serious impact). As with employers, agencies feel that the PBS will most likely impact on the sector by causing recruitment issues. Over half (55%) of those that said the PBS will have some or a serious impact anticipate that it will create skills shortages, around three in ten (28%) said it will result in fewer low / unskilled workers coming to the UK, two-fifths (18%) said it will make it generally make it harder or take longer for employers to recruit and just under one in ten (8%) predict it will result in wage inflation.

Three-quarters (74%) of employment agencies expect the PBS to create skills shortages or make it harder for construction employers to recruit specific occupations. As with employers, agencies felt unskilled roles and traditional trades will most likely be the types of occupations affected – see Figure 3.6.

Figure 3.6 Main occupations that agencies expect to be more difficult to recruit / will encounter skills shortages due to the PBS



As shown in Figure 3.6, employment agencies felt that the PBS would create recruitment difficulties / skills shortages in the occupations that are most heavily reliant on migrant labour (i.e., general labourers, and the main and specialist trades).

One recruitment agency that participated in the qualitative research said they expect to face skills shortages in the key occupations that have been integral to the growth of their business; and, more widely, the construction sector in the North West – due to the introduction of the PBS.

> *“Basically, a lot of our growth has come from our ability to be able to use migrant labour in areas where we have traditionally had shortages – they have been invaluable due to that. Those occupations will be hit hardest. Retail and interior fitouts. Joiners and dry liners will be hit most and that will then impact on high-rise apartments too. They have been the key areas of growth for us - driving the idea of the northern powerhouse - and they are likely to be hit most.”*

Large Employment Agency, North West

Most employment agencies (58%) expect the number of non-UK workers they place in construction roles to decrease in the next 12 months, compared with around one in seven (14%) that expect it to increase and 28% that expect it to remain about the same.

Those that expected it to increase generally stated this was the case because COVID-19 meant they were starting from a low base and that they anticipated an upturn in activity due to this.

Almost all (97%) of those that expect their number of non-UK workers to decrease said that this was at least in part due to changes in the immigration system. As with employers, agencies generally felt the PBS would result in fewer non-UK workers wanting to work in the UK (cited by 54% of those that expect a decrease at least in part due to changes to immigration legislation) and due to fewer non-UK workers being eligible to work in the UK (cited by 39%).

As with employers, employment agencies that participated in the qualitative research suggested that the PBS could exacerbate existing skills shortages (especially among the occupations already mentioned), resulting in increased competition for labour, wage inflation, and a drop of on-site standards.

> *"It is just going to strangle things. The industry already struggles in terms of sourcing the correct people with the correct skills in the correct volume. This is just adding to that and placing another barrier in the way. You are just turning away all those hardworking people that want to come here and work. Everyone will be fighting over the same people. I also think the standards on site are going to drop over the next few years because there will be fewer skilled workers. It's not like there is a queue of UK workers ready to do the work either. We just won't be able to build as much as quick."*

Large Recruitment Agency, South East

Responses to the PBS

Employer perspective

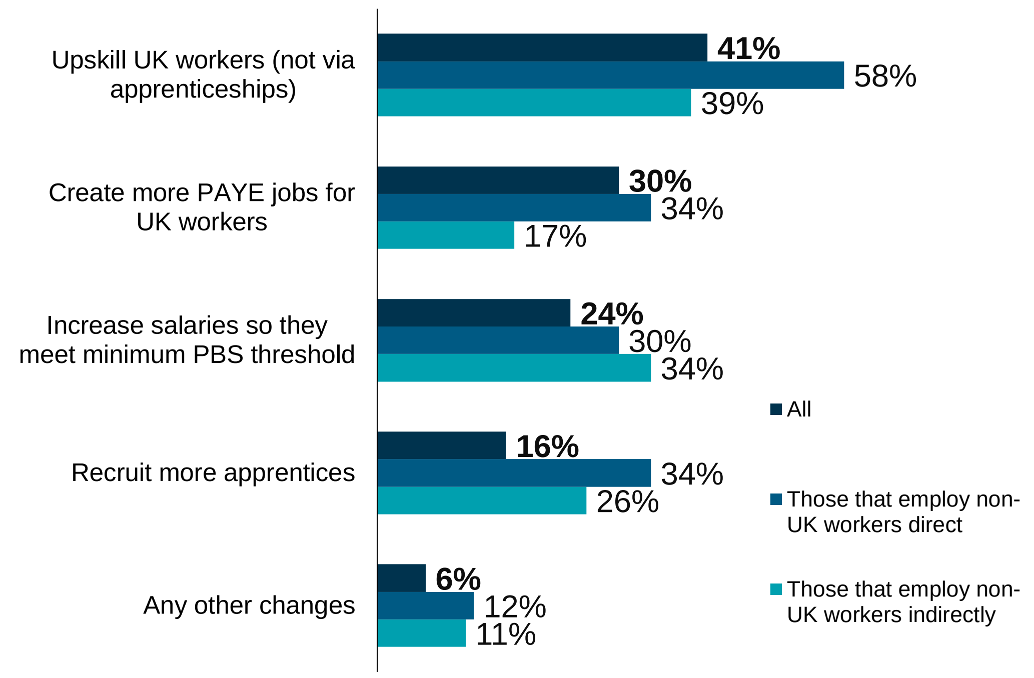
During the quantitative survey, employers were presented with a list of ways in which they might respond to the introduction of the PBS and asked which, if any, of these changes they planned to make due to the new legislation.

Two-fifths (41%) of all employers said they plan to upskill their UK workers (but not via apprenticeships), three in ten (30%) plan to create for PAYE jobs for UK workers, a quarter (24%) plan to increase salaries so they meet the minimum PBS threshold and 16% plan to recruit more apprentices.

Four in ten (40%) of employers said 'no' or that they 'did not know' to all of the measures they were prompted with during the survey.

Figure 3.7 illustrates the changes that employers expect to introduce in response to the PBS and shows how this differs among those that employ non-UK workers direct and those that employ non-UK workers on an indirect basis.

Figure 3.7 Changes that employers plan to make due to the PBS (prompted)



Source: I11 - IFF Employer Survey (Base: All – 300, Direct – 112, Indirect – 89)

As shown in Figure 3.7, those that employed non-UK workers directly were more likely to report that they planned to: upskill their UK workers (but not via apprenticeships), create more PAYE jobs for UK workers and recruit more apprentices after the introduction of the PBS.

Construction firms were more likely than professional services firms to report that they would recruit more apprentices (19% vs. 4% respectively). Larger firms were also more likely to report that they would recruit more apprentices (34%) of those with 100+ direct employees vs. 19% of those with 10-99 direct employees).

Some caution is needed with these results to the extent that intentions are clearly not always acted on, many employers had low awareness and understanding of the PBS and given that it is likely that some employers were answering generally rather than specifically their responses to PBS.

The qualitative research with employers suggested employers are not responding to the PBS in a proactive manner, preferring to react to the new system once it has been introduced and the impacts of it are clear. Employers generally reported that they were unable to plan how they might respond to the PBS due to the uncertainty caused by the COVID pandemic. Some also suggested they did not need to make any proactive plans for how to respond to the PBS because they do not anticipate that it will have much of an impact on their business. In addition, responses from a few suggested that there is still generally uncertainty surrounding Brexit which means that some are sceptical that government policy will be introduced and not reneged on.

> *"Nobody knows what will actually happen, so what is the point in changing anything ahead of it? Things are changing all the time. There is no point acting on anything until this is finally over and we are out. There is no point spending your time on it until then."*
>
> Medium Employer, South East

Feedback from the qualitative research also suggests that employers think it will be difficult for many in the industry to implement the type of changes discussed above after the introduction of the PBS. Several stated that creating more PAYE jobs for UK workers will be incredibly going forward because they said they expect there to be an economic recession in 2021 due to the impacts of COVID-19 and Brexit.

> *"Creating additional PAYE jobs is going to be very difficult in the current circumstances, firms are just doing what they can to keep their head above water and they will need to be flexible going forward to survive."*
>
> Small Employer, London

In addition, some employers reported that they already have difficulties finding skilled workers and apprentices as it is, and that they expect that these could be exacerbated following the introduction of the PBS.

> *"We have been trying to get apprentices onboard for 6 months and haven't been able to because they have culled that. That is going to be even more important once these rules change if they do impact on the number of migrant workers coming to the UK to work."*
>
> Small Employer, London

"We have great difficulty recruiting already. I can't think of when we've had an actual request to place someone who wants to work as a groundworker. We had the same problem with apprentices. We just don't have people expressing an interest with us. There's definitely no queue or stream of people heading towards us looking for work."

Medium Employer, South East

Employment agency perspective

Employment agencies in the quantitative research were asked whether they were aware of any construction employers planning to implement a number of specific changes in response to the introduction of the PBS. Just under half (46%) knew of employers planning to upskill their existing UK workers (but not via apprenticeships), 44% were aware of employers that were planning on recruiting more apprentices, and 42% said they knew of employers planning to create more PAYE jobs for UK workers. However, employment agencies that participated in the qualitative research suggested that most employers will be unable and / or unwilling to increase the number of PAYE jobs available to UK workers due to the new PBS. Again, the uncertainty surrounding the COVID pandemic was cited as a barrier to this, along with the need for employers to be able to flexibly employ a large proportion of their workforce due to the seasonal / cyclical nature of work in the industry.

"The idea that they will look to sponsor an amount of labour is pie in the sky. The peaks and troughs in the industry and the flexible nature of the workforce means it's out of the question really. They can't be expected to function in a way that makes any money by being made to simply lift their direct labour force. That was even before COVID. Looking at things now, the number of directly employed staff are an overhead. That is why we are seeing redundancies - people are cutting the cloth accordingly. People won't be able to afford to just outlay X amount of money on salaries if they aren't going to be productive salaries."

Large Recruitment Agency, North West

"Construction employers need most of their workforce to be fluid, so I don't think employers will be looking to create more straight PAYE jobs for people. How can they? They might not have a site for them to go onto once they have created the job."

Large Recruitment Agency, South East

Like employers, agencies also said that it would be difficult for businesses to recruit additional apprentices due to an existing dearth of good quality apprentices.

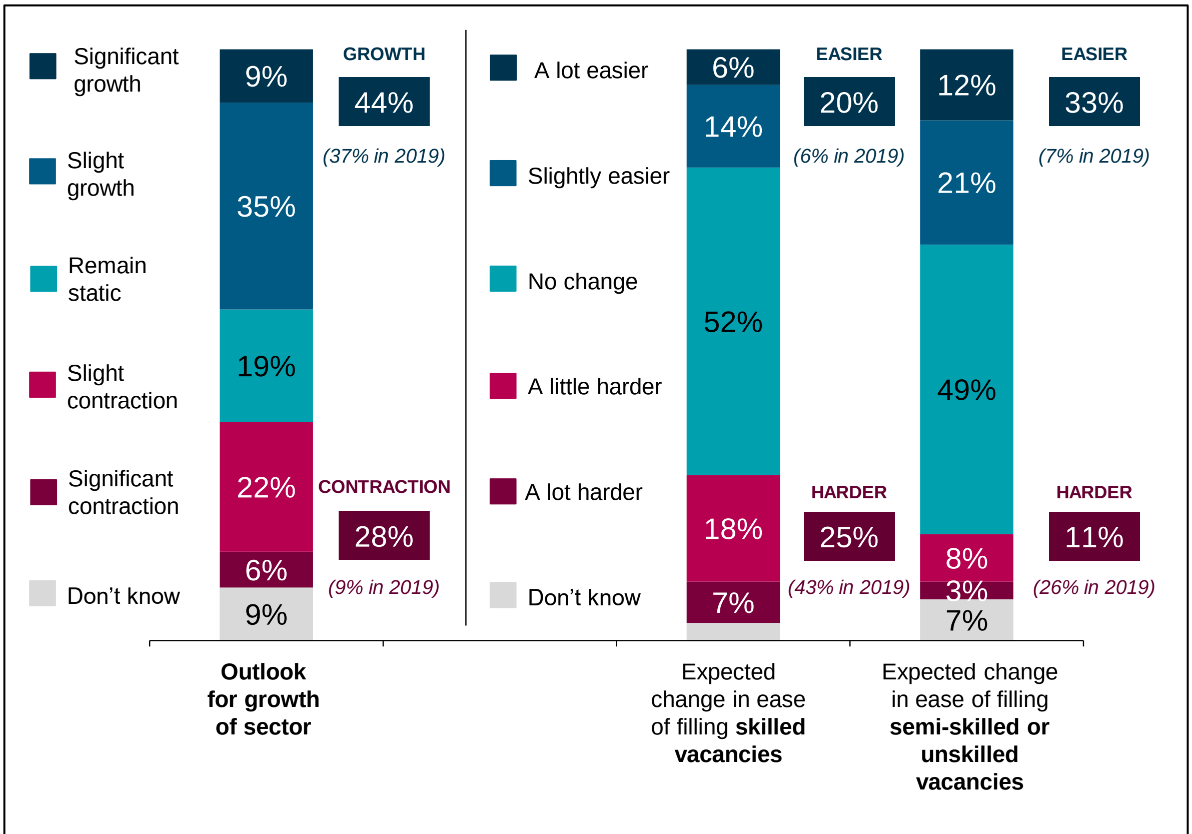
"Apprenticeships have already fallen away massively. If we are turning that tap off, we need to rethink investing in training in full and proper apprenticeships. However, is there the margin and the demand for that? I would probably say not… we have turned that tap off already. So now we're turning off another one. Now we are going to have an increasingly small pool of labour, which makes no sense - especially when the government is saying they want to build their way out of the COVID-19 crisis!"

Large Recruitment Agency, North West

4. General outlook of employers

Employers that took part in the employer survey were asked whether they expected the construction sector to grow or contract in the next 2-3 years; and whether they expected it become easier or more difficult to recruit skilled, unskilled, or semi-skilled workers during the same period. Their responses are summarised in Figure 4.1 and discussed in this chapter.

Figure 4.1 Employer outlook for the sector in the next 2-3 years



Source: X2, X3, X4 - IFF Employer Survey (Base: All – 2020; 300, 2019; 400)

As Figure 4.1 illustrates, some employers possessed an optimistic outlook for the sector in the next 2-3 years: a sizeable minority (44%, up from 37% in 2019) expected the sector to grow in the next 2-3 years. On the other hand, the proportion of businesses that expected the sector to contract grew significantly (to 28%, from 9% in 2019).

Those that expected there to be contraction were more likely to be reliant on migrant labour, rising to 53% among those that said they were quite or very reliant on non-UK workers and 36% among those based in London, the South East and the East of England. In addition, those employers that provided no professional training were more likely than the overall average to expect the sector to contract (39% vs. 28% overall).

Figure 4.1 also shows that employers the proportion of employers that expect it to be easier to recruit skilled vacancies increased from 6% to 20% between 2019 and 2020; whereas the proportion of employers that said it would be harder decreased from 43% in 2019 to 25% in 2020. Similarly, the proportion of employers that thought it would be easier to recruit semi or unskilled vacancies increased from 7% in 2019 to 33% in 2020, whereas the proportion that said it would be harder decreased from 26% in 2019 to 11% in 2020.

Employers that were aware of the PBS prior to the research were twice as likely to report that they expected the recruitment of skilled workers to be more difficult in the next 2-3 years than those that were not aware of the legislation (30% vs. 14% respectively). Similarly, 42% of those not aware of the PBS said it would be easier to recruit semi or unskilled labour in the next 12 months, whereas this was the case for just 30% of those aware.

Results from these questions should be treated with caution due to the timings of the fieldwork. The employer quantitative survey was conducted after the first COVID-19 lockdown, but before the second lockdown. Therefore, many employers could have expected growth because they were starting from a very low base considering COVID-19 that reduced their output considerably over the Spring / Summer of 2020. This hypothesis was supported by the qualitative research.

These questions were asked at the start of the employer survey before the PBS was introduced to, and discussed with, participants. As we have already discussed, awareness and knowledge of the PBS could be improved among employers and it is unlikely that most employers would have considered this in their responses on their general outlook as a result.

In addition, some employers suggested that COVID will result in a general downturn in the industry which will mean that skills shortages will not be as much of an issue as they might have been had there been no pandemic.

> *"It's hard to say with the impact of COVID - if you were talking without COVID I'd say there would be a worrying skills shortage and a lack of qualified personnel to work on site. With the reduced pipeline of working that's happened because of COVID, are we going to face the same scary skills shortage situation? I'm not so sure. There's going to be a reduced volume of work, a lot of construction is for offices, not everyone is going to be going into the office, so I think there's a lot of factors in play that weren't here before the virus."*
>
> Medium Employer, South East

5. Conclusions

Employer knowledge of the PBS for immigration is limited. Though seven in ten employers (71%) had heard of the PBS, most of these rated their knowledge as poor (57%) and only around one in eight (13%) rated it good. This means that **only one in eleven of all employers (9%) felt they had a good knowledge of the legislation, and the proportion was only slightly higher among those that employed any non-UK workers directly (14%) or indirectly (16%).**

Continued uncertainty surrounding Brexit and the challenges of COVID-19 being their primary focus has prevented some employers from engaging with the PBS and what it might mean for them. Others preferred to react to the PBS once it has been introduced and the impacts have become clear, rather than investing time and effort into adopting a proactive approach. This could also help to explain why a minority of employers with EU workers reported having discussed the PBS and the EU settlement scheme with their workers.

Even those employers that have engaged with the PBS and demonstrated a good knowledge of its key features had concerns about how the PBS would work in practice, for example **how the salary threshold rules would work given that many construction roles are unsalaried** and that many employers rely on this type of flexibility to be able to operate. Other employers also expressed concerns on qualification levels as many did not take overseas qualifications into consideration; this feedback was corroborated by the employment agency survey where most said that construction employers rarely or only sometimes recognise overseas qualifications, and most thought employers found it difficult to understand how overseas qualification equate to UK qualifications.

These findings suggest **there is extensive scope to help employers better understand the PBS and its implications for recruiting non-UK workers.** While this could be through signposting, smaller employers often found official information complex, hence more simplified information is likely to be better received.

There is a general sentiment among employers that the PBS for immigration will affect the sector but not their own firm. While the latter reflects that most firms do not employ non-UK staff, it appears as if firms have not considered the potential knock-on impact for them if demand for UK workers increases as a result of reduced availability of migrant workers (though wage inflation was quite widely anticipated). A common theme among employers using non-UK workers (in addition to their good work ethic) was simply their being skilled and readily available, with many citing a lack of young people wanting to work in the sector. This indicates there is not a readily available pool of skilled UK construction workers to tap into.

The findings emphasise strongly the importance of CITB's work to promote the sector to new entrants, to widen the appeal of the sector beyond its traditional recruitment base, and to develop structured training programmes such as apprenticeships to develop the next generation of construction workers. This is especially important given the ageing workforce (just over a third of UK workers are aged 50 plus, and they have a much older profile than non-UK workers). **Clearly, however, these activities take time to deliver a skilled and experienced workforce.** They also require employer commitment to longer term planning and a move away from a business model of dealing with peaks by simply tapping into indirect labour such as skilled EU workers.

What is unclear now is the likely extent of labour demand in the sector in 2021 and beyond, particularly in the light of COVID-19. The latter may act to reduce the negative impact of less access to migrant workers by dampening demand for labour in the sector. This also presents the danger of complacency, however, in that it may appear the sector is coping well with the changes brought about by the PBS, whereas in reality it simply reflects low demand in the short-term, leaving the sector vulnerable to significant skills shortages when outputs picks up.

Related to this, some employers indicated that the number and quality of UK applicants had improved in 2020 as the sector's prospects looked strong relative to other sectors, and for some this meant they had few concerns about reduced access to EU labour from 2021. This suggests CITB has a good base to build on in relation to increasing the appeal of the sector, but this needs to be sustained. It also needs employer support, for example in relation to delivering traineeships, apprenticeships and other training to upskill the workforce. As has been discussed, although firms recognise the new PBS will impact the sector, most firms individually feel they will be okay, hence, a major challenge for CITB is to persuade individual firms to act in a way which will best serve the sector overall.