

CITB WHITE PAPER

MIGRATION AND CONSTRUCTION:

The view from employers, recruiters
and non-UK workers



Research summary

The first in a series of CITB Research
White Papers on Attracting New Talent
June 2017



Introduction

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



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

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

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

The large sample of survey data refutes some commonly held ideas about the role of migrants in construction, for example that they provide cheap labour, that they work only in low skilled or labourer roles, and that they have significantly different skills levels than their UK-born counterparts. We found that employers don't have an explicit strategy of recruiting migrants but rather, select from the best applicants, and their common reasons for taking on non-UK workers included availability and skills shortages.

1 in 3 construction firms take on migrant workers, citing skills shortages and availability as the top reasons.



Employers and recruiters also said that migrant workers add flexibility, speed of response to skills needs, have a strong work ethic and are often happy to pick up extra work.

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

Companies in the capital were also most likely to report impacts of Brexit already happening, including a lack of clients, project delays and staff shortages.

However, one of the most critical concerns for firms who employ

non-UK workers is retaining their existing migrant workforce.

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

There will undoubtedly be changes ahead as government outlines its future plans for migration policy and employers decide how best to resource their labour and skills needs as Brexit gets underway.

Half of London construction firms heavily rely on migrant workers.

However, most non-UK workers confirmed that they are not planning to leave the UK. Over three-quarters of migrant construction workers expect to stay in the next 12 months, and over half (56%) and particularly older workers say they wish to remain in the UK until retirement.

This creates some useful breathing space for the industry to adapt to potential changes to migration rules, alongside any impacts to their order books and operations stemming from Brexit. And while construction employers work with government on its future approach, CITB will help industry to ensure it has the skills required to deliver the essential infrastructure, homes and other elements of the built environment needed for the country's future success.

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

The prospect that access to migrant labour may become more restricted may also spur some employers to accelerate their investment in modern methods of construction. CITB recently highlighted one example of this through its report on offsite

construction (<http://www.citb.co.uk/research/research-reports/offsite-construction-report/>) and will increasingly focus on supporting our industry to develop the skills that will drive up productivity.

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

For firms who employ migrants, a critical concern is retaining their existing non-UK workforce.



About the study

CITB commissioned this research to investigate:

- The nature, scale and demographics of the construction workforce in Britain, with a particular focus on the size, geography, occupation and skill profile of the migrant workforce;
- Construction employers' reasons for using, and their reliance on, migrant workers, and the potential impact of tighter restrictions on being able to employ non-UK workers post-Brexit;
- The role of employment agencies in placing migrant workers, their views on recent trends and activity, and their views of likely trends over the next few years in the use of non-UK workers in the sector.



The research comprised three strands:

- Extensive desk research analysing existing data on the migrant workforce in construction, literature on the use of migrant workers in the sector and current migration policy.
- Qualitative interviews with 20 employers, 12 non-UK workers, five recruitment agencies and seven industry stakeholders.
- A large-scale quantitative survey conducted from March to May 2017 including:
 - **401** telephone interviews with a balanced, representative sample of construction and professional services employers in Great Britain with at least five direct employees;
 - **50** telephone interviews with recruitment agencies. Agencies were screened on the basis of placing individuals into construction roles – those that said their organisation places very few or no individuals into the sector were excluded;
 - **248** interviews with non-UK construction workers¹. Nearly all of these were conducted with workers on large construction sites (eight sites were covered). Seven of the sites were in London, one in the Eastern region.

¹Given the sampling profile, these should be treated as indicative rather than representative of non-UK general workers in general.

The current picture

Key points:

- The workforce is still mainly British. 1 in 8 construction workers is non-UK (rising to half in London), and 1 in 4 employers directly employs at least one non-UK worker.
- Most common countries of birth for non-UK workers are EU states, and EU nationals are more commonly placed by agencies than non-EU workers. This is partly due to speed of response to labour market needs and the lack of paperwork/bureaucracy involved.
- Migrants often work as self-employed, based on entry routes and informal networks; they can move between projects with the ability to flex hours and earn more.
- The migrant workforce is younger with a significant higher proportion aged 25 to 34. To some extent this is masking the issues posed by an ageing construction workforce.
- Non-UK workers cover a range of occupations including labourers, architects, skilled trades, construction directors/managers/supervisors, machine operatives, engineers, quantity surveyors and support roles.

Demographics and profile of the non-UK construction workforce

According to Labour Force Survey (LFS) data, 2.1 million people aged 16 to 64 worked in construction in 2015. The bulk of this workforce was UK-born: one in eight of the total (12.6%; 270,653 workers) were born outside the UK (5.7% (122,094 workers) were born in EU Accession countries)².

The proportion of the non-UK workforce has increased fairly consistently from eight per cent in 2007, though with a temporary fall in 2010, likely in response to the recession.

In 2015 the five most common non-UK countries of birth of construction workers were Poland (55.5k), Romania (27k), India (19.4k), Lithuania (17.9k) and Ireland (15k).

There is a heavy concentration of non-UK workers in London, and in 2015 half the construction workforce in the capital (50%) was overseas born – it was next highest in the South East (10%).

The migrant share of the workforce in 2015 was highest in other building completion and finishing³, construction of railways and underground railways, construction of water projects, and painting and glazing (each 20% - 30%).

Migrant workers tend to be in the age ranges of 25-34 (36%) or 35-49 (44%). There is a much higher concentration in these age bands than among UK-born construction workers, where the comparative figures in 2015 were 24% (25-34) and 35% (35-49).



²The Accession countries are the 10 countries which joined in 2004 (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia), Romania and Bulgaria (who joined in 2007) plus Croatia (who joined in 2013).

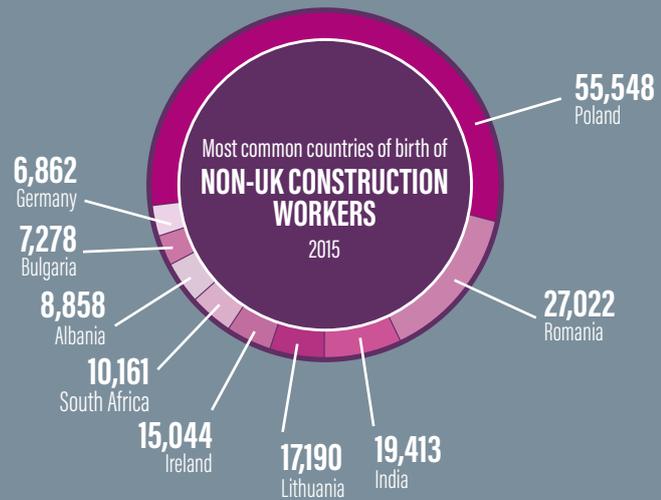
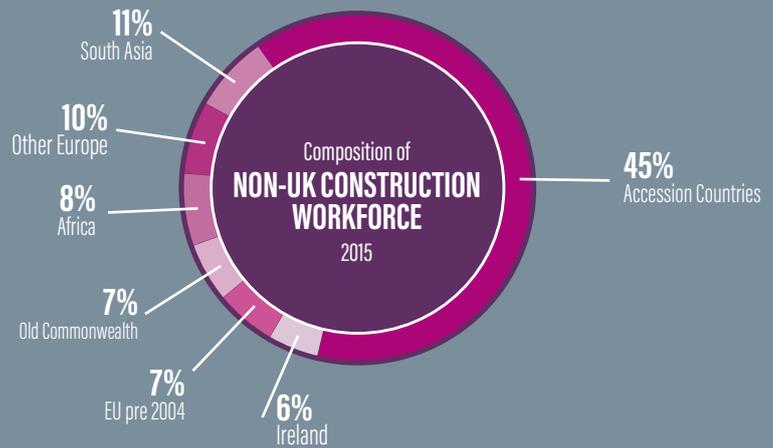
³Building completion and finishing activities not including plastering, joinery installation, floor and wall covering, or painting and glazing.

UK-born workers were much more likely to be aged 50+ (30%) than migrant workers (14%). These figures demonstrate that migration is masking the extent of the challenge that construction faces from an ageing workforce.

LFS data shows for 2015 that migrant workers were more likely to be self-employed (57%) than UK-born workers (38%). The qualitative findings suggest that this may be due to informal entry routes, as migrants join friends or contacts already established in Britain and because of the increased flexibility self-employment offers, enabling migrants to pick up extra work to earn more, or move from site to site as opportunities arise.

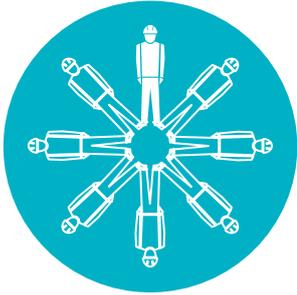
Non-UK workers were also more likely to be in skilled construction and building trades (49% vs. 39%), or in elementary trades and related occupations, which includes such roles as labourers, hod carriers and groundworkers (10% vs. 7% among UK-born construction workers).

Figure 1. Countries of birth amongst non-UK construction workforce



Source: Labour Force Survey (2015)

Half the construction workforce in the capital was born overseas.



1 in 8 construction workers are not UK-born

Compared to UK workers, non-UK construction workers are more

- likely to be:
- Self-employed
 - In skilled construction and building trades
 - In skilled manual and elementary occupations
 - London based

Employment and nationalities

Overall, just over a third (35%) of the employers interviewed employed non-UK workers⁴ either directly (24%) or indirectly (20%) on a self-employed, labour-only sub-contract basis or through an employment agency. Those in London were far more likely to report employing non-UK workers either directly (61%) or indirectly (46%).

Most employers with non-UK workers said these individuals were all or mostly from the EU:

- 64% of employers with non-UK workers directly employed said they were all from the EU (and 9% said most were). Poland, Romania and Spain were the three most common countries mentioned.
- 53% of employers with those from outside the UK working for them indirectly said they were all from the EU (with an additional 15% saying most were from the EU). Poland, Romania and Lithuania were the three most common countries mentioned.

⁴Employers were asked about employing non-UK passport holders. For ease in the report we describe these as non-UK workers.

Figure 2. Composition of non-UK workforce and comparison of age profile

Age	UK born/citizen	Non-UK	Age	Non-UK
16-24	12%	6%	18-24	4%
25-34	24%	36%	25-34	45%
35-49	35%	44%	35-44	33%
50+	30%	14%	45+	17%

Source: Labour Force Survey (2015)

Source: IFF non-UK worker Survey (Base 245)



Across the employers interviewed, 6% of their direct employees were non-UK passport holders overall, rising to 7% among businesses with 100+ staff, 11% of professional services firms and 22% among those based in London.

Most site visits made to interview non-UK workers were in London; and the non-UK workers interviewed were most commonly from Romania (27%) and Poland (16%). Around half (52%) were employed directly.

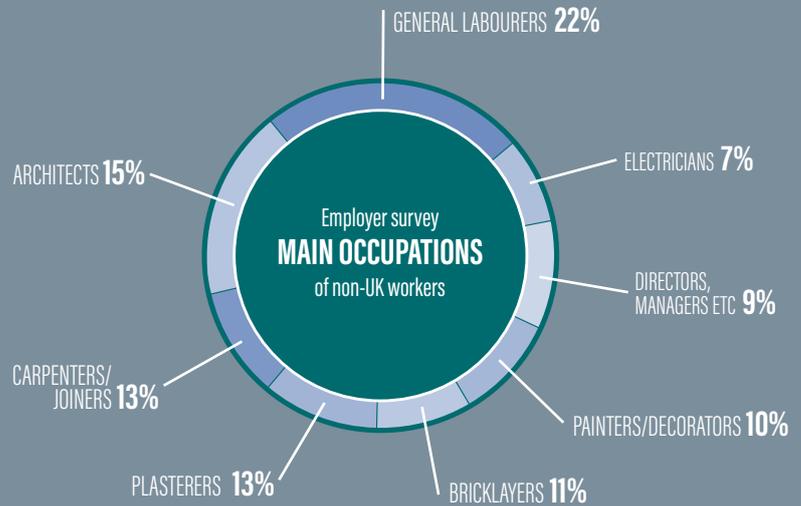
These workers had lived in the UK for varying amounts of time; one-quarter (27%) for less than three years, two-fifths (39%) for 3-10 years and one-third (32%) for more than 10 years. A majority (56%) said that they had only worked in construction roles while in the UK, and a further 28% said they had mainly worked in construction jobs while in the UK.

More than two-fifths (42%) had not worked in construction outside of the UK. Just under half (48%) had worked for an employment agency at some point while in the UK, indicating their importance in employment of non-UK workers in the construction sector.

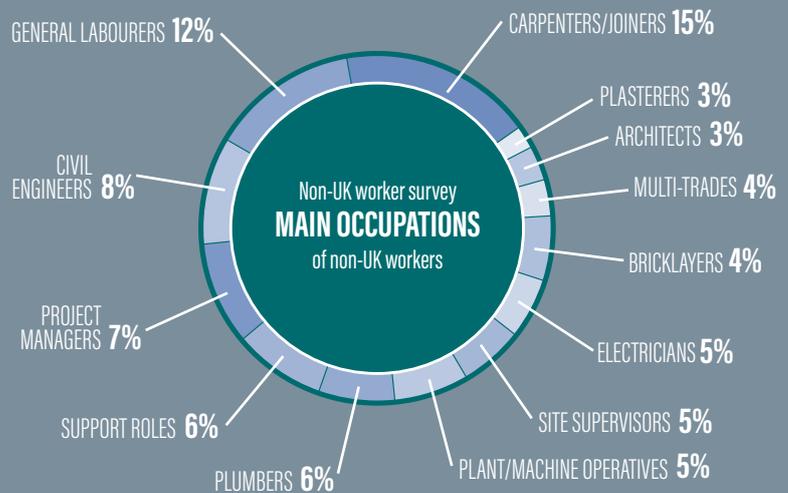
The non-UK workers interviewed operated across a range of roles, as shown in Figure 3.

Employers reported non-UK workers operating across similar roles, most commonly general labourers (22%), architects (15%), carpenters/joiners (13%), plasterers (13%), bricklayers (11%), painters/decorators (10%), directors/managers/supervisors (9%) and electricians (7%).

Figure 3. Occupations of non-UK workers



Source: IFF Employer Survey (Base: All employers) with non-UK workers: 216)



Source: IFF Non-UK Worker Survey (Base: 248)

The employment agencies interviewed placed an average of 18 individuals per week into construction and reported that on average 30% of them came from the EU and 5% were from outside the EU.

In line with the LFS statistics, our employer survey, and our

non-UK worker survey, the two most common nationalities placed by agencies were Romanian and Polish workers. Similarly, the two most common occupations agencies placed non-UK workers in were general labourers and carpenters/joiners.

Why do construction employers use non-UK workers?

Key points:

- Employers look to find skilled people and they respond to the applicants on offer, rather than actively looking for non-UK workers.
- Common reasons for employing non-UK workers are their availability and skills shortages.
- Non-UK workers can add flexibility, speed of response to skills needs, and are often happy to pick up extra work. They fit into the existing construction labour model.
- Cheaper pay rates were not a factor in why employers recruit non-UK workers.
- Non-UK workers are spread across roles, including skilled trades. Multi-skilled workers can add even more value. Stronger work ethic mentioned by some employers (22%).
- Migrants' skills levels are comparable to their UK counterparts. 59% of recruitment agencies say non-UK workers in construction have similar skills levels to UK worker and over two-

thirds of migrants hold a construction-related qualification.

- For individual workers, the UK offers good economic prospects and non-UK workers can find enough work and steady pay rates.

Migrant workers provide flexibility but just 1% of firms specifically look to recruit them.



Motivations for hiring non-UK workers

Only 1% of employers said that they specifically sought to recruit non-UK workers (suggesting few have a specific strategy of recruiting migrants), although a quarter (24%) of recruitment agencies said that they had encountered employers who sometimes express a preference for non-UK workers.

Our survey found that employers take on non-UK workers for a range of reasons, with their availability (42%), their helping to meet skills shortages (39%) and their having a good work ethic (26%) the three most commonly spontaneously cited reasons.

These reasons were confirmed when employers were prompted with a number of possible motivations for employing non-UK workers (Figure 4). Over half (57%) agreed that a lack of skilled UK applicants was at least a partial motivation, and approaching half (45%) also said that migrants having a better attitude and work ethic, and being more productive than UK workers in equivalent roles were reasons.

Perceptions that non-UK workers may be primarily employed as a cheaper form of labour than UK workers are not borne out by the findings. 92% of employers of non-UK workers stated that this was not a motivating factor. One employment agency interviewed at the qualitative stage commented that: "The idea that Eastern European workers are cheap labour belongs back in 2008."

Figure 4. Employers' opinions about whether the following attributes are key, partial or not reasons for their employment of non-UK workers

	NOT	PARTIAL	KEY
Not enough skilled UK applicants	36%	22%	35%
They have a better attitude and work ethic	49%	23%	22%
They are more productive than equivalent UK workers	50%	20%	20%
They are better skilled/qualified than UK workers	71%	15%	8%
Non-UK workers are cheaper	92%	7%	1%

Base: All employers that have non-UK workers (216)

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

Although a lack of skilled UK workers is a factor in employing non-UK workers, it is rarely felt that migrant workers are more highly skilled than their UK equivalents.

This is evidenced by the fact that while 35% of employers with non-UK workers said not having enough skilled UK workers was a key reason for employing migrants, just 8% said non-UK workers being better skilled or qualified than UK workers was a key reason.

This suggests that an insufficient supply of UK workers with the right skills drives employers to take on migrants, rather than migrants necessarily offering superior skills levels.

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

Non-UK workers are spread across different roles, including skilled trades. Multi-skilled workers can add extra value.

Companies in the capital were also **most likely** to report **Brexit impacts**, including a **lack of clients, project delays** and **staff shortages**.



Recent trends in employer demand for non-UK workers

The vast majority of employers (80%) said that their use of non-UK workers had not changed in the last 2-3 years, with the others relatively evenly split between reporting increased use (8%) and those saying it had decreased (10%).

Increased use tended to reflect employers' business circumstances or market conditions, including business growth and high demand for workers. Others mentioned either a high number of non-UK applicants or increasing their use of non-UK workers due to difficulties finding skilled UK workers. Decreased use tended to result from fewer non-UK applicants or non-UK workers leaving their company (sometimes specifically to return to their native country).

Employment agencies were far more likely to report an increase in the overall number of construction workers (both UK and non-UK) they had placed over the last 12 months (58%) than a decrease (12%). However they most commonly (48%) reported no change in the number of non-UK workers they had placed (14% reported an increase compared with 12% a decrease).

Employers' dependence on non-UK workers

Around one in six employers said they were very (9%) or quite (6%) dependent on non-UK workers. Among those directly employing any migrants, this rose to almost half (45%), with a quarter (26%) very dependent on these workers (Figure 5 - overleaf).

Reflecting greater use of migrant workers in the capital, half of employers in London said they were very (34%) or quite dependent (16%) on non-UK workers. In terms of sub-sector, businesses in the electrical, plumbing and installation sectors were far less likely than average to be dependent on non-UK workers; just 3% said they were either very (2%) or quite (1%) dependent on them.

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



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

Medium employer,
Professional services,
London.

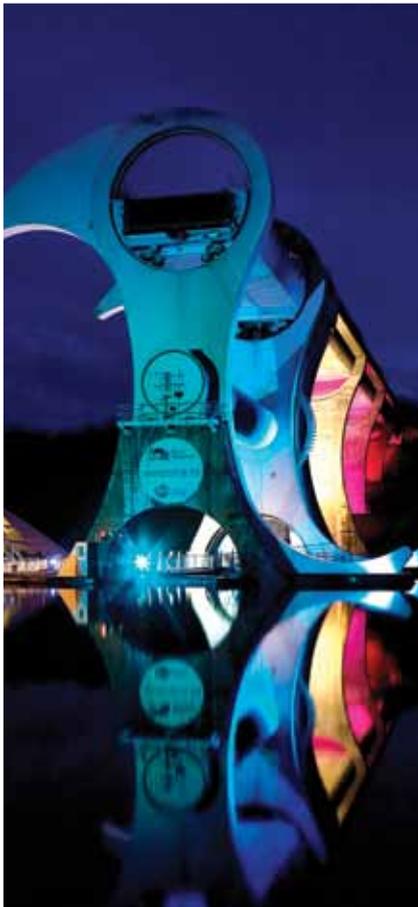
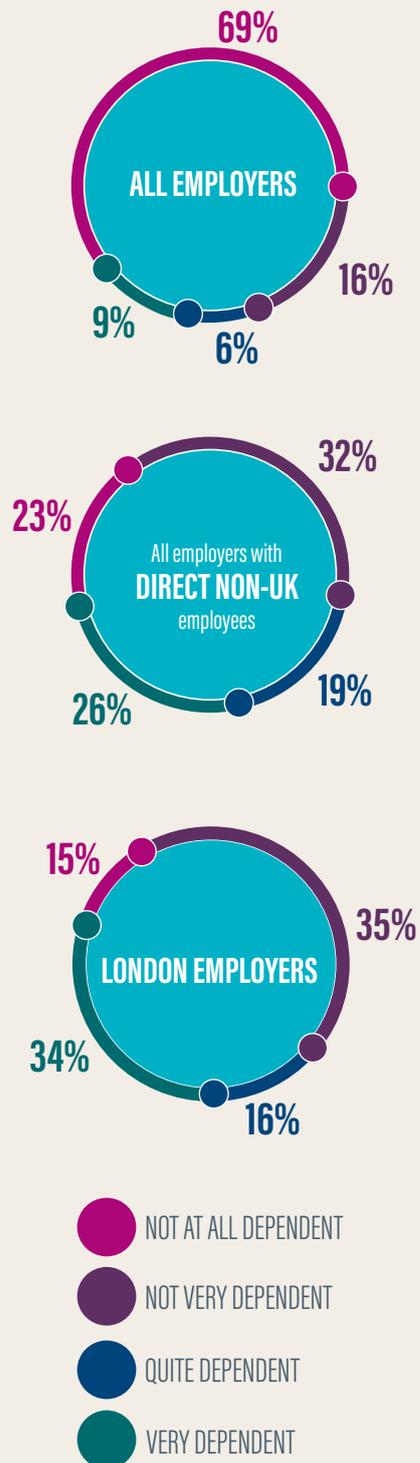


Figure 5. Employers’ rating of their company’s overall dependence on non-UK workers



Base: All employers (401); All employers with any direct non-UK workforce (180); London employers (45)

Looking ahead

Key points:

- A quarter of employers had been impacted by Brexit, with the impact most commonly reported being rising costs (12%). Over the next few years 1 in 8 expected a slowdown in the economy and 1 in 10 expected increased costs as a result of Brexit.
- Whilst almost four-fifths of employers expected no impact from potential restrictions on the number of migrant workers, this decreased to half of those with any non-UK workers.
- Employers are particularly concerned about retaining their existing non-UK workforce.
- Agencies are more concerned about future access to non-UK workers than employers, possibly due to their broader view of the labour market. Two-fifths of agencies are expecting staff shortages.
- There could be labour pinch points, particularly in London and the South East. Some 50% of London firms say they are dependent on non-UK labour and London companies are more likely to already report impacts of Brexit including a lack of clients, project delays and staff shortages.
- Employers outside London could experience a knock-on effect of skills shortages if reduced access to non-UK labour means the capital and the South East draw in workers from the rest of the UK.
- Most current non-UK construction workers aren't planning to leave. Only 1 in 20 intends to work in construction abroad, while 54% expect to stay in the UK until they retire.

75% of migrant workers expect to be in UK construction in a year's time.



“The rate of placements has changed. It was very active before Brexit. Then it took a dive for three or four months because people were wondering what was happening with Article 50.”

Recruitment agency, Global.

When asked about the impact of Brexit to date, one quarter of employers (25%) reported at least one impact on their company. The most common impact was increased costs (12%); this was mentioned by 14% of construction firms but none in the professional services sector. Next was project delays due to uncertainty (7%) and a lack of client investment (6%); both were more common amongst professional services firms (21% and 13% respectively). Just one per cent of employers spontaneously mentioned Brexit having had a positive impact on their business.

London firms were more likely to have experienced impacts from Brexit to date (42%), particularly a lack of client investment (23%), project delays (19%) and staff shortages (13%).

Looking ahead to the next five years, a third of employers (34%) expected specific impacts as a result of Brexit, and a similar proportion (39%) were unsure what the exact impacts would be, leaving just over a quarter (27%) anticipating no impacts.

The impacts expected were most often a slowdown in the economy (12%), rising costs (10%; including 6% who mentioned rising supply-chain costs), reduced client investment (10%), and staff shortages (5%).

Employers were asked specifically what impacts there would be for their business if the number of migrant workers allowed to work in the UK was greatly restricted. Reflecting the fact that most do not employ migrant workers, over three quarters (77%) felt this would not impact their firm (compared with 22% citing specific impacts).

The impacts most often anticipated were it becoming more difficult to recruit (12% of all employers) and skills shortages (7%). Those directly employing any non-UK staff were more concerned about the scenario where the number of migrant workers allowed to work in the UK was greatly restricted: half (50%) thought this would impact their firm, most commonly in regard to increased recruitment difficulties (27%) and skills shortages (19%).



Figure 6. Expected impacts on businesses if the number of migrant workers was greatly restricted (spontaneous)

	ALL	ALL DIRECTLY EMPLOYING NON-UK WORKERS
No impact	77%	50%
Harder to recruit staff	12%	27%
Skills shortages	7%	19%
Wage/cost will increase	4%	7%
Business would close	3%	4%
Reduction in productivity	1%	5%
Will need to train more	1%	2%
Will have to turn down work	1%	1%

Base: All employers (401); All employers with any direct non-UK workforce (180)

When prompted with the likelihood of three possible impacts of restricting the use of migrant workers (see Figure 7 - overleaf), the majority of employers still felt that each was unlikely to have an impact on their business.

Around three in ten (31%) said it likely it would lead to wage inflation and higher costs, and around a quarter felt it would lead to increased skill shortages (27%) or would mean that they needed to spend more on training (23%). Each of these was considered to be more likely among firms in London and those who employ non-UK workers.

Agencies are more concerned about access to non-UK labour with two-fifths of agencies expecting staff shortages.

The survey also explored which particular occupations would be most at risk of skills shortages if the number of migrant workers coming to the UK was greatly restricted. Employers using non-UK workers (directly or indirectly) reported being most reliant on non-UK workers to fill roles as architects (15%), general labourers (7%) and the following trades roles: plasterers, plumbers, glaziers, carpenters/joiners and electricians (each mentioned by 4% – 6% of these employers).

The employment agency perspective

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

Perhaps due to their broader perspective of the construction industry and the labour market, employment agencies were more likely than employers to think a reduction in migrant labour would impact the construction industry (64%). Nevertheless, they corroborated the employer view that general staff shortages

Figure 7. Expected impacts on businesses if number of migrant workers was greatly restricted (prompted)

	NOT LIKELY AT ALL	NOT VERY LIKELY	FAIRLY LIKELY	VERY LIKELY
Wage inflation and higher cost	39%	24%	22%	9%
Increased skills shortages in the short and medium term	47%	24%	19%	8%
Will need to spend more on training	48%	25%	13%	10%

Base: All employers (401). Don't know answers excluded.

and skills shortages were the most likely impacts if the number of EU migrants allowed to work in the UK were greatly restricted (predicted by 42% and 24% of employment agencies respectively).

Future plans of non-UK workers

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

Longer term, most non-UK construction workers (56%) said that they plan to work in the UK until they retired, compared with a fifth (21%) who said they definitely plan to leave at some point. Around a quarter had no definite plans (23%).

The older the worker, the more likely they were to plan to work in the UK until they retire (the figure rises to 85% of those aged 45 plus). Meanwhile, those qualified to graduate level were far less likely than average to plan to work in the UK until they retire (41%), and more likely to be undecided (32%), suggesting they have more options to move with their job.

Figure 8. Plans of non-UK workers over the next 12 months

Work in construction in the UK	77%
Work in construction but not in the UK	4%
Work in another sector not in the UK	2%
Work in another sector in the UK	2%
Don't know - no definite plans	15%

Base: All non-UK workers (248)

Most current non-UK workers aren't planning to leave. Only 1 in 20 intends to work in construction abroad, while 56% expect to stay in the UK until they retire.





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