



CONSTRUCTION AND IMMIGRATION: HOW TO MAKE THE POINTS-BASED SYSTEM FIT TO DELIVER INDUSTRY GROWTH





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Introduction



Reform is vital but must reflect political reality / Joey Gardiner

The end of freedom of movement with the EU and the setting-up of the points-based immigration system has changed the basis on which the construction industry operates. The industry now struggles to bring in skilled staff it needs from overseas and is totally unable to hire foreign-born lower-skilled workers.

The risk of this approach to immigration, as outlined in a recent Financial Times column by academic and former Treasury economist Jonathan Portes, is that the UK could get stuck in a low-growth “economic doom loop” if it does not change course.

The new Labour government now offers the construction industry an unprecedented opportunity to make the argument for an immigration policy that helps deliver sustained economic growth.

Labour has promised to make economic growth its defining central mission, with a promise of securing the highest sustained growth among the G7 nations. However, it has also pledged to reduce net immigration. Given net immigration has tripled since freedom of movement ended in 2020, reducing it is an understandable ambition on the part of the new government. But it is clear, not least from data published annually by the Office for Budget Responsibility (OBR), that migrants boost the economy overall. Indeed, the OBR states that a “low migration scenario” would push the UK’s budget deficit up by £13bn at the end of the next parliament.

For construction, over the decade preceding Brexit the industry became accustomed to using overseas workers, particularly from the EU, to deliver major projects – with more than one in 10 workers being from abroad at the peak. The incoming government has made clear that in construction – and other industries – it does not see this kind of long-term reliance on overseas workers as sustainable. However, there is more widespread acceptance of the need to allow migration to tackle immediate skills shortages

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The new government offers the industry an unprecedented opportunity to make the argument for an immigration policy that helps deliver sustained economic growth

– and Labour has made clear that it will reform the current system with an eye to growth.

While the industry’s reliance on migrants may not have been a desirable situation in the long term, it is already becoming clear that the new points-based immigration system does not work for the sector at any level. Construction is facing a huge challenge in recruiting just the workers it needs to replace existing staff as they retire, let alone those who will be necessary if there is a major period of growth.

The sector can now be a more forceful voice in making the case for migration as one vital part of a managed plan for delivering growth and prosperity that benefits everyone in the country. The evidence is clear that migrants generate far greater economic benefits than costs, overall.

With a new government, the industry must grasp the opportunity to make the case for the changes it needs to help the UK deliver growth.

This report sets out ideas of how the current system might be reformed, within the bounds of political reality, to ensure a better system is created.

Joey Gardiner, Building the Future Think Tank

Methodology

A survey on key topics was sent out to Building subscribers, which was completed by around 130 consultants, contractors and specialists – as well as others in academia, government and developers. This survey formed a key part of the evidence base for the views of the sector, alongside a desk review of literature on the subject.

In addition, a core group of advisers – the Building the Future Think Tank advisory panel – participated in two roundtable discussions to further develop the themes and ideas in this report.

The feedback from both forums, along with the literature review and the industry survey, contributed to the conclusions and recommendations ultimately arrived at.

However, the views expressed in the report are those of the author and Building magazine alone, and participants cannot be assumed to have endorsed the final findings.

We are hugely appreciative of the input given by the Building the Future Think Tank advisory panel members. These were:

- David Barnes, head of policy and public affairs, Chartered Institute of Building
- David Bishop, project director, Build UK
- James Butcher, director of strategy and operations, National Federation of Builders
- Mark Farmer, chief executive, Cast, and government-appointed independent lead reviewer for the arm’s-length body review of industry training boards
- Iain Lindsay, head of talent, John Sisk & Son
- Phoebe MacDonald, head of policy and public affairs, RIBA
- Laura Markus, policy and external affairs manager, Home Builders Federation
- Tom Mayhew, partner, Simons Muirhead Burton
- Marley Morris, associate director – migration, trade and communities, Institute for Public Policy Research
- Alasdair Reisner, chief executive, Civil Engineering Contractors Association
- Heather Rolfe, director of research and relationships, British Future
- Daliah Sklar, chief executive, founder and UK immigration expert solicitor, DRSI Borderless Jobs
- Gary Sullivan, chair, Wilson James
- Rico Wojtulewicz, head of policy and market insight, National Federation of Builders

Executive summary

Prior to the vote to leave the EU in 2016, the construction industry had been heavily reliant on workers from the EU, largely from eastern Europe; this was particularly so in London and the South-east. The proportion of overseas-born construction workers peaked at over 12% nationally, but made up more than half of workers in the capital. EU workers were free to move to the UK without restriction.

Since then, the UK has moved to a system of managed migration designed to prioritise workers with higher-level skills or training.

The points-based immigration system was finally introduced at the end of 2020, 11 months after the UK's ultimate departure from the EU in January 2020. This system replaced freedom of movement, which had existed in the UK as a basic right allowing all EU citizens to live and work in any EU country (except for citizens from new member countries, where transition periods limited this right).

The new points-based system, which is based on the Australian model, allows workers to come to the UK under a skilled worker visa only if they work in a qualifying occupation, possess a minimum skill level, speak English to the required standard, are offered the necessary minimum salary (generally £38,000) and have a qualified sponsoring employer.

While the system is much more restrictive than freedom of movement was for EU workers, it is more generous than the previous system was for workers from elsewhere in the world. This fact, coupled with international crises in Ukraine, Afghanistan and Hong Kong, means levels of overall migration to the UK have been at or close to record levels since the introduction of the points-based system. A net 746,000 people moved to the UK in 2022. However, the vast majority of this increase in migration has been accounted for by students, people arriving

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Migration policy should be driven by a sectoral industrial strategy that considers the overall skills needs of the industry, and what role migration will need to play in that

under humanitarian visas, and those working in specific sectors such as health and social care.

The evidence suggests that for construction specifically, the system has so far failed to work. A Construction Industry Training Board (CITB) survey last year found just 7% of construction firms had signed up as sponsors, while the Civil Engineering Contractors Association (CECA) told us an even smaller proportion of its members – less than 5% – are signed up.

Government data shows that in the last two years fewer than 6,000 skilled worker visas have been issued in the construction sector – equivalent to less than 0.3% of its more than two million-strong workforce.

The industry finds the new system much more difficult in principle than freedom of movement. However, evidence also suggests there are specific hurdles around how it has been implemented, beyond the principle of the system. These include the way it fails to fit with the project-to-project nature of the industry, the bar on hiring those with lower skill levels, a lack of awareness of the

system, and the English language requirements.

The new Labour government has now made growth the central mission of its time in office, and with planning reform a major thrust of that, construction will have to be able to grow if the government is to deliver on its mission.

According to the CITB, the industry already needed to hire an extra 250,000 people in the next five years to meet the “modest” demand projected prior to Labour’s election. Delivering the necessary workforce and skills – and more on top if the new government’s growth mission is to be fulfilled – simply from a domestic talent pool is likely to be very difficult.

Given that situation, this report suggests reforms to the current system which might allow immigration to temporarily supplement the domestic workforce. It is not seen as politically feasible or realistic to recommend a return to freedom of movement – however desirable that may seem to many employers.

The reality is that the construction industry will continue to be under pressure to fill the bulk of its staffing needs from the domestic workforce, and any loosening of migration rules should not be seen as allowing a permanent reliance on overseas labour for core workforce requirements.

Our contention is that the existing system can be reformed in such a way that:

- Migration policy should be driven by (and flow from) a sectoral industrial strategy that considers the overall skills needs of the industry, and then what role migration will need to play in that.
- There is a new quid pro quo agreed, in which a looser points-based system benefiting the industry be allowed, on the basis that the sector fulfils government requests on training and skills.
- There is, further, exploration of a sectoral deal for construction (as for social care and seasonal agricultural work) that allows lower-skilled migrants to enter the UK, where evidenced as necessary. This should include exploration of possible ways for workers to no longer be tied simply to one employer, such as through a clearing house system.
- The settlement for construction professionals is reviewed, particularly on minimum salaries for visas, including for younger professionals.

If all the above is done, then it is our belief that the new government should be able to harness the creativity and energy of the industry to drive economic growth, while sticking to the principles of the points-based system.

This could allow the government to deliver the growth it has promised, without sacrificing the pledges it has made to the electorate around immigration policy and on not reversing the Brexit settlement.



Chapter 1: Staffing the industry prior to Brexit

Before the referendum, and for a considerable time afterwards, EU citizens had an unrestricted, unlimited right to live and work in the UK under freedom of movement rules. Given that controversy over the number of EU migrants, especially from accession state countries, had played a large part in the campaigning around the Brexit vote, it was apparent after the referendum that the mandate to “take back control” was likely to result ultimately in the ending of freedom of movement.

At the date of the referendum in June 2016, official figures suggest there were 2.24 million people working in the UK construction industry – very close to the level today. This was 200,000 above the trough in the labour force seen in 2008-10 in the wake of the global financial crisis, and more than 100,000 below the peak in employment seen in 2019, shortly before the onset of the covid pandemic.

In the years leading up to the referendum, the construction industry had rapidly expanded its use of overseas workers in response to perceived skills shortages and an apparently keen pool of available workers from new EU member states that had formerly been part of the Eastern Bloc, many of which joined in 2004.

The EU principle of freedom of movement guaranteed EU citizens the right to work in the UK, regardless of their nationality. While transitional provisions that restricted the rights of Bulgarians and Romanians to work in the UK were initially applied after they joined in 2007, after 2014 those countries benefited from full freedom of movement too.

In contrast, the UK at the time operated a relatively strict, tiered immigration policy for migrants from outside the EU, with applicants assessed under a version of today’s points-based system. The issuing of visas was subject to a cap on numbers, and employers looking to take on non-EU staff would have to pass a “resident labour market test” to ensure that no UK person was available to do the role instead.

Use of migrant workers

According to research on the impact of free movement undertaken by the National Institute of Economic and Social Research and published in 2016, the proportion of foreign-born workers in the construction industry doubled between 2004 and 2014, to make up 12% of the 2.1 million workforce at that time. This growth, the research said, was mainly a result of workers coming from new EU member states.

The same research, which of course pre-dated Brexit, also revealed how concentrated the migrant workforce was. It found that in London

54% of construction workers were migrants; while in the South-east and East of England, the regions recording the next-highest proportion, migrant workers accounted for 9% of the workforce. However, the proportion of migrants in the construction workforce in many parts of the country remained as low as 2% to 3%.

Just before the 2016 Brexit vote, economic growth spurred by a Help to Buy-fuelled recovery in the housing market and infrastructure investment meant the CITB was estimating that 46,420 new staff would have to be trained each year to keep pace with projected growth, with the body citing labour shortages seen by trade organisations such as the CECA. In the same year, Mark Farmer’s *Modernise or Die* report referenced an impending “ticking time bomb” of ageing workers leaving the industry, with no prospect of enough new joiners being trained to replace them.

Farmer’s report said the industry’s demographic challenge meant UK construction faced a “capacity shrinkage that would render the industry incapable of delivering the levels of GDP historically seen” and which would “undermine the UK’s ability to deliver critical social and physical infrastructure, homes and built assets”. He noted that the Brexit vote meant the UK’s ability to meet this demand for workers via expanding migration was “now uncertain”.

In our survey of Building readers for this report,

71% of those who expressed a view said the industry “depended on EU workers to function effectively prior to the introduction of the points-based immigration system in December 2020”. Members of Building’s advisory panel said this ability had provided a “vital flexibility within the labour force”.

Industry structure

The industry has typically been staffed with a relatively high proportion of self-employed workers, which is commonly seen as a by-product of the unreliability of the workload, alongside vertical fragmentation of supply chains. Given the relatively high likelihood of construction projects being paused or cancelled, and the often uneven nature of the pipeline, many contractors have preferred to limit the number of payrolled permanent staff, supplementing their in-house skills with labourers or tradespeople working on a self-employed and temporary basis. Official statistics suggest that at the time of the Brexit vote, 61% of the construction workforce were employed on a payroll basis, while 39% were self-employed.

Furthermore, data from the CITB shows that the majority (57%) of construction trade occupation workers remain self-employed. In many occupations the figure is higher, with 82% of plasterers, 76% of bricklayers, 70% of carpenters and joiners and 66% of roofers self-employed. Only one in every 500 businesses in construction is medium-sized or large (defined as having more than 49 employees).

Where EU staff were used on sites prior to Brexit, there is evidence to suggest many were self-employed. Figures from the 2017 Annual Population Survey, cited by the Migration Advisory Council, show 40% of all self-employed workers from the European Economic Area operating in the UK at that time were in various parts of the construction sector, with around a third identifying as carrying out construction trades. In our survey, around half of those who expressed a view said EU workers in the UK pre-Brexit were more likely than UK-born staff to be hired on a self-employed basis.

Professional skills

But it was not just site and trade skilled staff who were coming over from the EU to work in the UK. EU staff played a major role in construction professions prior to Brexit. EU nationals, for example, made up around 25% of the registered architects living in the UK at the time of the vote, according to the RIBA, with the architects’ body seeing EU expertise as a key contributor to the success of the profession in the UK.

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Figures from 2017 show that 40% of all self-employed workers from the European Economic Area operating in the UK at that time were in the construction sector

Chapter 2: The new policy environment

Boris Johnson's Conservative party won the December 2019 election with a mandate to "get Brexit done". However, the manifesto also, more specifically, promised to introduce what it called a "firmer and fairer Australian-style points-based immigration system". This, it said, would end freedom of movement, limit access to the UK for low-skilled workers, and ensure "we can decide who comes to this country on the basis of the skills they have and the contribution they can make".

Despite the intervention of the covid crisis, Johnson's government ensured that this new points-based immigration system was indeed

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Since the system was introduced, it has been tweaked several times... including raising the general minimum salary threshold from £26,200 to £38,700

up and running from 1 December 2020. Shortly afterwards, on 31 December, EU freedom of movement ended in the UK - 11 months after the UK's formal departure from the union in January of the same year.

Freedom of movement had allowed all EU citizens the right to live and work in the UK, regardless of nationality. At the same time relatively tight controls had operated on immigration from outside the EU.

Principles of the points-based system

While the points-based system has been tweaked several times since its launch, the operating principles of the system for managing those looking to move to the UK for work remain as they were set out at launch. These are:

- Equal treatment for EU and non-EU workers
- A tradeable points-based system for skilled workers to qualify, so long as core criteria are met
- A requirement for the worker to be brought in by a sponsor employer (no self-employment route)
- Job listed on the skilled occupations list
- Core criteria including a minimum English language requirement
- Other requirements, such as minimum salary levels, that can be traded to reach the required points score for approval if occupations are deemed to be in particularly high demand, or if the applicant is particularly highly qualified.

Setting up the system involved in effect converting the previously operating "tier 2 (general)" visa route for non-EU workers into the new points-based system, and rebranding it as the skilled worker visa, by which the vast majority of potential migrant workers could hope to enter the UK.

The system explicitly - and deliberately - ruled out allowing a route for low-skilled migrants to work in the UK.

Migrants can work in the UK through the points-based system only when sponsored by an approved employer, so not on a self-employed basis. When the system was introduced, the general minimum annual salary threshold set for the skilled worker route under the points-based system was £25,600, although role-specific salary thresholds applied to many occupations.

Those using the skilled worker visa system are subject to various charges. Employers have to pay an immigration skills charge (dependent on company size) per worker of up to £1,000 in the first year and then £500 for subsequent years. Migrants themselves will usually have to pay an application fee of up to £1,639 plus a £1,035 annual healthcare surcharge, and have a further £1,270 available to support themselves when they arrive in the UK.



Comparison to previous system

The previous tier 2 (general) visa had operated in a broadly similar fashion for non-EU workers, but with significantly greater restrictions than the new points-based system. The skill level expected under the tier 2 visa was higher, with only migrants in occupations demanding Regulated Qualifications Framework (RQF) level 6 qualifications (equivalent to an honours degree) allowed in, whereas the new skilled worker visa sets the bar at RQF level 3 (equivalent to A-levels or an apprenticeship), meaning that skilled trade occupations qualify.

In addition, the government - initially, that is - set the salary bar lower than under the tier 2 visa, which had been £30,000 a year.

Most significantly, the government decided to ditch the caps on migrant numbers and the resident labour market test (which required employers to first advertise a post domestically), which had both operated under the tier 2 visa.

As a result, while the introduction of the points-based system meant a huge reduction in the ability of employers to hire staff from the EU, it represented a significant relaxation of the rules for employers hiring workers from the rest of the world.

Madeleine Sumption, director of the Migration Observatory at the University of Oxford, said at the time the scheme was first announced that the requirements “are lower than they were for non-EU citizens under the pre-2021 immigration rules [...] As a result, the new system represents a liberalisation for non-EU citizens.

“For EU citizens, on the other hand, the new system greatly reduces options for legal labour migration, effectively shutting out a large range of employers in low-wage industries from hiring EU citizens.”

From the perspective of the construction industry, the skilled worker visa offers the theoretical potential for a huge range of construction workers to be brought in.

Occupations listed as providing eligibility for the skilled worker visa include professional roles such as architect, planner, engineer, project manager and surveyor, alongside skilled trades jobs such as plasterer, plumber, roofer, bricklayer and tiler, as well as building foreman, general builder, developer and building company owner. The government keeps a full list online.

Shortage occupations

As well as listing qualifying skilled occupations, the government has identified a number of “shortage occupations” where demand for workers is deemed to be particularly high.

At the time of the introduction of the points-based system, applicants for roles on what was then called the shortage occupation list were able

to qualify for entry to the UK with a salary of just £20,480 or 80% of the going rate for a specific occupation. This was part of the idea of trading different qualities referenced in the naming of the points-based system.

In March 2023 the Migration Advisory Council, which advises the government on which occupations should be on the shortage occupation list, told the government to include bricklayers and masons; roofers, roof tilers and slaters; carpenters and joiners; plasterers and dryliners; and construction and building trades (not elsewhere classified). These occupations were added in September 2023.

Recent changes

Since the system was introduced, it has been tweaked several times and, most recently, tightened up significantly. In December 2023, then home secretary James Cleverly announced changes to the skilled worker visa route, including raising the general minimum salary threshold from £26,200 to £38,700 a year, and raising other, occupation-specific salary thresholds from the first quartile to the 50th percentile of the going rate for the relevant role.

At the same time, the government announced reform of the shortage occupation list, which it at that point renamed the immigration salary list. This included removing the 20% discount on the salary requirement for those occupations.

After a rapid review commissioned by the Home Office, carried out without engagement from business, the Migration Advisory Committee concluded that only 21 occupations should have a place on the new immigration salary list, a much reduced number from the previous shortage occupation list. However, the committee recommended that stonemasons, bricklayers, roofers, roof tilers, slaters, carpenters and building retrofitters should nevertheless be included, while plasterers were removed. These changes were introduced in April 2024.

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The government also announced reform of the shortage occupation list. This included removing the 20% discount on the salary requirement for those occupations

The economic case for migration for a productive economy

The political debate around migration in recent years has been dominated by concerns over supposed social and financial costs to the UK caused by excessive immigration from overseas.

However, there is a broad consensus among researchers that migration into advanced economies delivers an economic benefit to the host country - and not just in terms of overall economic activity and tax revenues. The benefit is also felt on a per capita basis, as the overall productivity of the economy is seen to improve.

A recent International Monetary Fund study found that a one percentage point increase in the inflow of immigrants relative to total employment in an economy increased output by almost one percent within five years, pushing up the income of the native population.

Research suggests several reasons for this. First is that increased immigration causes an expansion in the labour force, allowing more economic activity. Second, migrants generally improve the ratio of economically active to inactive members of a society, giving a better demographic balance, particularly in countries with aging populations. Third, migrants have a positive effect through higher foreign investments, international trade and entrepreneurship. Fourth, migrants bring new skills into an economy, boosting productivity by introducing new thinking and innovation to complement UK skills.

Migrants also provide a fiscal boost to the nation's finances by paying taxes (far outweighing the cost of the services they draw on) - with the Office of Budget Responsibility saying a drop in migration could hit the UK's balance sheet to the tune of £13bn.

Chapter 3: How the new settlement has bedded in

It is probably fair to say that overall the introduction of the points-based system has not had the impact on migration patterns that commentators on either side of the debate had predicted. In the immediate aftermath of Brexit, serious concerns were expressed in the construction sector over the likely impact of large numbers of EU workers potentially returning to their native countries without any other migrant or native workers to take their place.

The new system was introduced in the wake of the referendum, in a transparent bid to limit the number of overseas migrants to the UK. By supposedly managing population flows at the borders, policies to restrict immigration were central to the message of “take back control” which dominated the referendum campaign.

The points-based system, in this sense, was seen to contrast starkly with EU freedom of movement, under which the UK was unable to set either numerical or policy limits on the number of people entering the country (beyond transition periods for accession states).

But if the country as a whole, and the construction industry in particular, had therefore been expecting immigration to stop – well, it has not worked out like that. Since the introduction of the new system, overall net immigration to the UK (immigrants minus emigrants) has soared to record levels. And while there are a raft of reasons for this – including many unrelated to the points-based system – a contributing factor, given that more than 400,000 work visas were issued last year, has been the relative laxity of the new system compared with what many had expected.

Meanwhile, the feared mass exodus of the overseas workers who had been residing in the UK up until the 2016 referendum, has – by and large – not come to pass. Ultimately, the data suggests that the majority took up the (belated) offer to seek leave to remain and settled status.

This has been good news for the sector – and in this regard, the impact has been less severe than expected. But it is also clear that there has been a significant reduction in arrivals of new staff into the construction industry from the EU – the construction industry’s historic safety valve during times of high labour market pressure.

And although the points-based system appears to have been effective in allowing migrants to the UK to work in other sectors, so far it has essentially failed within construction. Use by construction employers of the available visa routes, for a variety of reasons, is close to non-existent.

So, while some of the outcomes from the post-Brexit policy environment may not be as bad as feared, there is little sense that the status quo is working for the industry.

Overall migration flows

By the end of 2020, net migration to the UK had fallen below 100,000 a year under freedom of movement rules – albeit this was a particularly low figure exacerbated by departures during the covid pandemic. But even in 2019, the net immigration figure had been below 200,000.

Under the points-based system introduced at the end of 2020, migration has soared, with net immigration to the UK peaking in 2022 at 764,000 people, before dropping slightly last year to a still historically high figure of 685,000. In each of the past two years more than 1.2 million people moved to the UK from overseas, with 85% of them coming from outside the EU. While the balance of reasons for moving has shifted, in both years around a third of the incomers have arrived on study visas; the right to move to the UK granted to Ukrainians and Hong Kong citizens affected by the respective crises in their countries has also impacted the numbers.

Nevertheless, since the introduction of the points-based system at the end of 2020, the number of non-EU people (which will include dependents) arriving on work visas has steadily increased, from around 70,000 in 2020, to over 420,000 in 2023.

Departure of EU workers

Data suggests that the number of foreign-born construction staff working in the UK has not dropped as dramatically as was feared in the wake of Brexit and the end of freedom of movement. The latest official Office for National Statistics data on payrolled staff (to December 2023) indicates there are 92,400 EU workers in

the UK construction industry – which is 40% above the level recorded at the time of the Brexit vote in June 2016. It is also marginally higher than the 89,300 in the UK when freedom of movement finally ended in 2020.

However, this apparent increase is unlikely to provide the whole picture, given that payrolled staff make up only around two-thirds of those employed in the sector, and that anecdotally EU staff prior to Brexit were even more likely than UK staff to be self-employed. The past decade has seen an overall shift in the industry towards payrolled employment, which may in part be what is being reflected in these numbers – rather than increased migration. Additionally, any EU staff who have arrived since 2021 will have been required by the points-based system to do so on a payrolled employment basis.

Data from the CITB published last year, based on numbers from the ONS’s Labour Force Survey, is likely to give a better overall picture, albeit it is less up to date. It says the proportion of migrant workers in the construction industry fell to 9.8% in 2021 – the latest data it could gather – down from 10.7% two years earlier. Larger declines were reported by the ONS during the covid lockdown period, when work levels reduced and many workers decided to return home to their families, with the ONS reportedly finding that 30% of foreign-born workers left the capital in 2020 alone.

These declines have not been limited to site labour and tradespeople. Professions such as architecture have also reported a drop in overseas staff since Brexit, and to a more significant degree. Prior to Brexit, around 20% of architects working in the UK held EU qualifications, according to the architects register. Now the figure is around 16%, the RIBA told Building.

It is also worth noting that overall employment in the construction industry remains, at just over 2.2 million, around 40,000 below the figure seen at the time of the Brexit vote, despite a significant increase in direct employment since then. The pandemic period in particular coincided with a reduction of around 110,000 in the number of self-employed staff in the UK industry – with no subsequent recovery evident. This may be partly attributable to overseas staff returning home.

Overall, however, the sense is that many of those who left during covid have returned, and that a large proportion of those eligible to seek leave to stay have done so. This means that while numbers have clearly reduced, overall declines in EU workers have been more limited than initially expected following the vote to leave the EU.

Darin Burrows, director at workforce recruitment firm City Site Solutions, which

“The points-based system is not working for construction. The number of visas granted in two years represents just a quarter of one percent of the existing workforce



recruits into the London market, told us: “The jingoistic rhetoric of the likes of [Reform UK leader Nigel] Farage really didn’t help, and some [EU construction workers] went back. But lots stayed. I’d say that 80%-90% stayed, more than people expected.”

Use of the points-based system

While fewer workers than anticipated may have returned to the EU, it nevertheless appears that the points-based system is not working for construction. This is despite the fact several lawyers involved with the immigration system told Building it was possible for UK employers to register as sponsors within a week under the points-based system, and from then to bring candidates in from overseas relatively quickly.

For example, Daliah Sklar, chief executive, founder and UK immigration expert solicitor at UK immigration advisory firm DRSI Borderless Jobs, and a member of the panel advising Building on this report, said the bureaucracy is not as intimidating as many fear: “You can get your licence within a week and a half, and you can locate somebody and bring them over



In comparison, other sectors with industry structures not so reliant on self-employment seem to have managed to make use of the new points-based system

to the UK within three to four weeks - that’s definitely possible.”

Nevertheless, there seems to be little doubt that, overwhelmingly, construction employers are not taking advantage of this. According to a CITB survey of its members last year, just 7% of construction employers had signed up as sponsors under the points-based system - with the majority choosing to employ domestic staff or those with settled status rather than engage with the new visa system. And the situation is the same even for the biggest employers, with the CECA, which largely represents major infrastructure construction firms, telling Building for this report that just 14 out of its 300 members had signed up as sponsors. Moreover, those that have done so did it primarily to facilitate internal staff moves within multinational companies, rather than to bring in migrant workers, according to CECA chief executive Alasdair Reisner.

The result of this general rejection of the system by construction employers is that applications for visas issued under the route have been pitifully small thus far. In the past two years (to March 2024), just 6,461 skilled worker visas were applied



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for under the points-based system, with 5,677 of those applications granted. Permits issued via the “global business mobility” programme allowing intra-company transfers account for another 1,243 visas issued in the period.

In an industry estimated to employ 2.2 million people at the end of 2023, these numbers are not going to be enough to make a difference to sector productivity. The number of visas granted in two years represents just a quarter of one percent of the existing construction workforce.

Anecdotally, Building’s advisory panel had heard that more than half of the visas that were granted came through the immigration salary list (formerly the shortage occupation list), which offers simpler criteria for applicants.

In comparison, other sectors with industry structures not so reliant on self-employment seem to have managed to make use of the new points-based system. For example, over the past two years, 214,000 health and social care workers have been granted visas under the new system, and around 35,000 IT workers.

The survey of Building readers conducted for this research found that the vast majority of industry respondents had not used the points-based system. In total 68% of those who said it was relevant to their business stated they had not used it, while just 18% had, with the rest saying they did not know.

Members of Building’s panel were also very clear that the system is not delivering for the sector, with a particular concern that there is now no route for bringing in lower-skilled workers – those with qualifications of RQF level 2 and

below. Gary Sullivan, founder and chair of construction logistics specialist Wilson James, which is signed up as a points-based system sponsor firm, said: “My HR team dislikes the points-based system with a passion; it’s clumsy and it’s clunky. More than that, it works on the basis of permanent employment in an industry which, like it or not, doesn’t have a guaranteed flow of work.”

James Butcher, director of strategy and operations at the National Federation of Builders (NFB), said there has been a reluctance to engage

by building firms, and that overwhelmingly the problem is one of firms not signing up as sponsors in the points-based visa system in the first place.

Even the payroll-only data on EU workers in the construction industry, while not telling the full picture, shows some of what this lack of use of the new visa system has meant in terms of numbers. Around 2016, for example, the number of payrolled construction workers from the EU was increasing by about 12,000 every year in the UK. However, over the last couple of years this figure has remained broadly static.

In a report published last March, Jonathan Portes, professor of economics and public policy at King’s College London and a senior fellow at the Economic and Social Research Council’s UK in a Changing Europe, argued that if pre-Brexit trends had been allowed to continue, then by as early as the first quarter of 2022 an extra 46,000 EU construction workers would have taken up residence in the UK – equivalent to more than 2% of the workforce.

Impact on industry

Official ONS data on payrolled employees from overseas in UK construction appears to suggest that as migration inflows from the EU have slowed, these have been replaced by workers from non-EU countries. By 2016, the number of overseas construction workers from outside the EU were rising by around 2,500 annually; this number has increased to 6,000-8,000 annually in the last couple of years.

However, Portes’ work estimates that overseas workers from outside the EU are still some way short of where they would have been without Brexit, while trade surveys suggest falling migrant worker numbers and very low issuance of visas.

This implies that any increase in the payrolled employee numbers is more likely to be accounted for by existing overseas workers changing their employment status to payrolled construction staff, rather than by migration flows.

With the evidence pointing to reduced migration flows into the industry, the concern among employers is that the reduction in workforce flexibility has led to worsening skill shortages and wage inflation. There is certainly evidence of both, but it is hard to disentangle pandemic and general economic effects from any effect of turning off the immigration tap.

Building’s reader survey found a widespread belief in the sector that the introduction of the points-based system had worsened skills shortages, made it harder to hire staff and pushed up wages. In total, 64% of respondents said the new system had worsened skills shortages, 43% said it had made hiring overseas staff harder, and 32% said it had pushed up wages.

The belief around wages contrasts with academic research, however, which has largely

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In Building’s survey, 64% of respondents said the new system had worsened skills shortages, 43% said it had made hiring overseas staff harder, and 32% said it had pushed up wages



failed to find evidence that migration flows have a direct impact on wage rates, despite widespread belief that this is the case. In recent reports, both the Institute for Public Policy Research (IPPR) and the Migration Advisory Committee have found that, to quote the IPPR, “in the long run migration has no significant impact on overall wages or unemployment”.

The evidence from official figures is mixed. Certainly, average sector pay has risen 27.4% since the pandemic low experienced during lockdown - a significantly faster rate of growth than that seen over the previous decade. In the decade from 2010 to the end of 2019, wages rose by 19.7%, which is equivalent to just under 2% a year. By comparison, in the period since the introduction of the points-based system, wages have risen 14.9%, equivalent to 5% a year - more than twice as fast.

However, this more recent period included both the post-pandemic housing-led mini building boom and general inflation in the economy running at unprecedented levels, pushing up wages and making fair comparison difficult.

This period has also seen a huge increase in vacancies in the construction industry, implying workforce shortages, with the sector reporting a record peak of nearly 50,000 vacancies in early 2022 - around double the typical level of around the mid 20,000s. While it has since dropped back to 37,000 vacancies, as the housing boom faded in the wake of the Truss/Kwarteng mini-Budget, even this number still represents a very high level compared with historic norms.

However, there is little evidence from official data that construction, despite seemingly being uniquely unable to take advantage of the points-based system, is any worse affected in terms of wage rises and unfilled vacancies than other sectors of the economy - in fact the reverse appears to be true. ONS data shows that since the start of 2021, when the points-based system was introduced, construction has seen the weakest wage growth of any major sector in the economy - by comparison with services, finance and business; the public sector excluding finance; manufacturing; wholesaling and retailing; and hotels and restaurants.

Likewise, the figure for vacancies per 100 employee jobs in construction is, at 2.4, now lower than the average level for the economy as a whole, and lower than the level in all but five of the 22 industry sectors that the ONS monitors. So, while construction undoubtedly experienced a stretching period of high labour demand in the wake of the pandemic, and significant salary growth, it is hard to argue from the official data that this is any worse than experienced in other sectors.

Construction trade bodies and professional organisations point primarily to the experience of companies and professionals working in the sector to evidence the impact of deepening skills

“ The official figures do not capture the dramatic problems being created by skills shortages even now - and problems are likely to worsen if the UK enters a growth phase

shortages. Last year, construction trade body Build UK said all its members had unfilled vacancies, with the average contractor member reporting 143 vacancies and the average specialist eight vacancies - collectively amounting to 5% of the workforce.

At the same time, the CECA said its members were increasingly concerned about skills shortages, with a peak of more than 70% of civil engineering contractors reporting unsatisfactory

availability of skilled workers at the end of 2022.

The CITB this year estimated that an extra 50,300 staff will be needed each year for the industry to reach predicted levels of output, given assumptions about growth, productivity and workers likely to leave the industry or retire.

Members of Building’s advisory board said the official figures do not capture the dramatic problems being created by skills shortages even now - and that problems are likely to worsen if the UK enters a growth phase. The CECA’s Reisner said: “If I speak to my members about the biggest challenge they face in their business, I would say skills is the number one issue.

“Official data belies some of what’s going on, because wage inflation in the sector is generally being held down by an inability to pay. There is no new money in the system. That’s meant that projects are not happening because they’re not affordable. That’s a really bad place for industry to be in.”

Mark Farmer, founder of consultant Cast and formerly the government’s MMC champion, who is now heading up its review of industry training boards, said: “The full impact of the points-based system hasn’t really been felt yet, because we’ve been in a relatively fallow period in terms of construction output. We’ve had the pandemic, then we’ve had a recession.

“So actually, the real impact in terms of the reduction in access to migrant workers is probably still to come.”



Chapter 4: Why the system is not working

It may be that the end of freedom of movement has not resulted in the apocalyptic exodus of foreign-born workers that some feared. But it is certainly true that the UK construction sector has been somewhat protected by a relatively muted trading period, at least since 2022, and that in terms of access to international workers, the points-based system is not delivering. So, what are the major problems, and why is the new system not working?

Low engagement

The foremost issue with the new system appears to be that employers are not engaging with it. In a report published last year, Jonathan Portes of King's College London and UK in a Changing Europe characterised the government's main message to industry when launching the new points-based visa system as stressing the need for employers to "adjust" to it. But it appears few in construction have chosen to do so.

As mentioned in the last chapter, the CITB has found that only 7% of employers have signed up as sponsors. A review by the government's Migration Advisory Committee, published last March, found that the construction sector was responsible for just 1% of visa applications, and overall, the sector "uses the [skilled worker] route much less than we would expect given the overall share of eligible workers in the sector". According to the Building reader survey, one of the principal barriers to using the points-based system is lack of employer familiarity with it, cited by 42% of respondents, making it the third most significant hurdle.

Bureaucracy and cost

Beyond lack of engagement, there appear to be several specific barriers in employers' way, related to the design of the system. Notwithstanding evidence that the Home Office replies promptly to applications to register as company sponsors (in as little as a week), and testimony from immigration lawyers to Building's advisory panel suggesting that the paperwork involved compares favourably with visa processes in other nations, it appears that firms are being put off by the bureaucratic burden.

Previously, under freedom of movement, there was essentially zero paperwork in employing a worker from the EU. Asked why uptake of the new system was so low in the construction sector, respondents to Building's reader survey most commonly cited excessive bureaucracy or excessive costs and charges in the system. The two issues were cited by 59% and 53% of respondents respectively - significantly higher than for any other potential causes.

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Prior to Brexit, where EU workers were used by construction firms it was more often than not on a temporary basis, and under a self-employed status

The minority of respondents to have actually used the system had had varying experiences, suggesting that at least some fears may be grounded in reality. While 23% recorded good or very good experiences with the system, and 38% okay or neutral, another 38% recorded bad or very bad experiences - close to two-fifths.

One advisory panel member, who reported having spoken to a range of contractors and specialists about the points-based system, said: "A lot of firms said they looked at one page [of the application] and were really scared.

"It's seen as being very 'official'. No one gives you free training on how to do the forms, and the government [has this] hostile atmosphere where it's saying, 'well, if you employ someone illegal, it's a £60,000 fine.'"

Business model

A more fundamental barrier, however, is that the points-based system simply does not fit with the sector's prevailing employment model for how and when additional workers are demanded. While around two-thirds of construction industry staff are directly employed, the evidence suggests that, prior to Brexit, where EU workers were used by construction firms it was more often than not on a temporary basis, and under a self-employed status.

This is particularly the case in London, where construction is dominated by large projects requiring very high staffing for specific periods, rather than the ongoing churn of smaller projects seen in the regions.

The terms of the points-based system explicitly rule out bringing in staff on a temporary or self-employed basis (as all skilled workers from overseas must have an agreement from a sponsor firm in the UK that will employ them).

Mark Farmer told the advisory panel that because the contracting model is "project to project" it is to some extent inevitable that the industry has a "business imperative around flexibility", of which self-employment is a by-product.

Another advisory panel member said that the lack of certainty of workload over a long period means employers and candidates are very reluctant to make the financial commitment needed to employ under the points-based system. "Candidates have often spent £10,000 to get into the country, and you as an employer spend your £1,000. However, if the work dries up, then how





the visa is set up [means] they can't then go to another employer unless they're doing the same thing. If not, then they're back home, and the whole process has to start again."

One recruitment firm, City Site Solutions, which worked widely supplying EU staff into the industry in London before freedom of movement ended, told Building this all means the points-based system "doesn't work for construction at all". The firm's director Darin Burrows, who is also a former vice chair of the Recruitment and Employment Confederation's construction arm, said this is because the permanent employment model makes recruitment via agency - which was a prominent feature pre-Brexit - unattractive to the industry and "commercially non-viable".

"It's a waste of time; we've had not a single appointment via that route. I don't know of a single competitor that is doing it either," he said.

Visa requirements

There is also evidence that the availability of candidates to fill roles is being reduced by some of the visa requirements. The significant costs candidates must incur are borne up front and at their own risk, which is incompatible with the inherent instability of construction employment.

The English language test which forms a mandatory part of the skilled worker visa is also seen as reducing the pool of candidates. While Building's advisory panel took a variety of views on how stringent the test is - with one member describing it as a test of "academic" rather than practical English - there was a widespread view that it is proving a barrier. Whereas previously EU workers might work in the UK as part of a work gang where one member spoke English well and communicated with the client or supervisor, now all workers without exception are required to speak English to a high level. The CECA's Alasdair Reisner told the panel that the English language test element of the difficulty with the system is "massive" and that overseas workers are being expected to speak better English than many domestic staff display.

In a broader sense, there is a view that candidates have been discouraged from moving to the UK in recent years by the country's altered attitude to the EU and to migrants. One panel member said: "We're just not very attractive to overseas workers at the moment. We've had the hostile working environment; we've deliberately had a very aggressive approach when it comes to our Brexit negotiations. It's very difficult to bring dependents over. We've made it very difficult for people and, as an individual, it is actually much easier to go to other European countries."

Salary levels

Beyond these general issues, many of the specific details of the points-based system appear to pose challenges to employers, making it less attractive for them to use. A key issue being raised here is

minimum salary thresholds, which were recently increased from the first-quartile figure to the 50th percentile figure - in other words, the median salary for that industry. For the general minimum salary threshold, this means it has risen from £26,200 to £38,700 a year.

Meanwhile, the transformation of the shortage occupation list into the immigration salary list has seen the 20% salary discount available to occupations on the list removed. Building's reader survey found that 36% of respondents blamed minimum salary thresholds for the lack of industry uptake, making it the fourth most commonly cited barrier.

While some on Building's advisory panel see it as unlikely that experienced tradespeople would have a problem commanding salaries that hit the minimum thresholds, others believe it poses difficulties, particularly given the demographic profile of more mobile, younger workers.

Advisory panel member Phoebe MacDonald, head of policy and public affairs at the RIBA, said the threshold for the job has risen to £45,000, but that even architects with five years' experience are unlikely to earn that kind of salary.

"The main problem is we know that architects with many years' experience are not the majority of people that tend to come," she said. "The people that tend to come to work in the UK are early on in their career, not someone that's got five years' experience. If you're straight out of university, you're not earning £45,000 a year."

Lack of low-skilled route

One of the most fundamental problems with the design of the system, however, is the absence of a route for workers with qualifications lower than RQF level 3 - a qualification equivalent to an advanced apprenticeship, T-level, NVQ level 3 or A-level. The decision not to allow low-skilled workers is a specific policy choice under the points-based system, taken following political promises made in the wake of the Brexit vote.

However, the government has made exceptions to this rule in the horticulture and social care sectors, after representations were made about the scale of reliance on low-skilled workers from overseas in these fields. The horticulture sector benefits from a seasonal worker scheme for fruit-picking which has brought in more than 50,000 people in the past two years, while the social care sector is able to bring in low-skilled staff to fill roles under the health and social care visa scheme.

The construction sector has been consistently lobbying for the government to make a similar exception for the industry, but so far without success. This is despite the fact that a number of occupations where there are acknowledged shortages - such as dryliners and plant operatives - have no level 3 qualifications available.

Evidence submitted by the Construction Leadership Council (CLC) to support its bid for the government to accept low-skilled construction occupations onto the points-based system refers to recent surveys by the National Federation of Builders, the Home Builders Federation and the Federation of Master Builders, all identifying a shortage of construction labourers as a barrier to growth. It said these occupations should be included "because of the extreme difficulty faced by companies in accessing domestic labour and the essential nature of these supporting roles to the delivery of construction projects, including those of national priority such as housebuilding, national infrastructure, levelling up and net zero and building safety".

Last year's CITB report on migration and construction found that one of the outcomes of the points-based system was that there "has been a reduced flow of workers in the roles - trades and general labourers - where the shortages are most acute". Building's reader survey echoed this, with 56% of respondents agreeing that the removal of a route for low-skilled workers to enter the country had contributed to significant problems or skills shortages. In contrast just 13% disagreed with this proposition.

Advisory panel member David Barnes, policy and public affairs manager at the Chartered Institute of Building, said "a lot of the vacancies" are at the lower skill levels and that this means the current system is just "not doing the job". Another panel member said there is evidence of a 20% shortfall in drylining staff but that the lack of a qualification to level 3 means there is no possibility of bringing them in under the skilled worker visa.

City Site Solutions' Burrows said that while the current "slack" market means firms are not suffering unduly now, the industry will suffer as soon as it properly recovers. "Suddenly we will see how much of a problem the points-based system is," he said. "What we really need is labourers - people to do the jobs that UK workers don't seem to want to do."



One of the most fundamental problems is the absence of a route for workers with qualifications lower than level 3 - equivalent to A-levels or an advanced apprenticeship

Chapter 5: How the system can be reformed

This report has set out the historic reliance of construction on immigration, the impact of the end of freedom of movement, the effect of the points-based system, and where the barriers are to its more widespread use. Following the general election this summer, the UK has a new government which has signalled its intent to take a different approach to immigration – a moment that undoubtedly provides the industry with an opportunity to make the case for the changes it wants to see. However, with Reform polling highly in the recent election after making immigration a focus of its campaign, the issue remains highly politically sensitive, meaning solutions are difficult to find.

Public opinion

What are the practical limits to changes on immigration policy, as defined by what the public actually thinks? The most recent polling data, such as from British Future, shows that the salience of migration as an issue worrying the public has begun to rise in the last 12-18 months. However, this comes after an extended period in which public attitudes to migration have – perhaps contrary to expectations – softened considerably, particularly in the wake of the Brexit vote.

British Future’s immigration tracker shows that until early 2016 more of the public had a negative view of immigration than a positive one, but that in that year the balance switched, and ever since then more people view immigration as a positive to the UK than view it as a negative. The latest score, for 2023 – the closest to an even split since 2016 – had the two camps on 43% and 37%

“ The public are more sympathetic towards managed migration to address skills shortages where they can see there are problems – including in construction

respectively in favour of immigration being a net benefit to the UK (having scored 46% and 29% the year before).

So, even despite all the public concern about high levels of unprocessed asylum claims and small boat crossings, there remains a balance of public opinion in favour of migration in the UK. Moreover, the public are more sympathetic towards managed migration to address skills shortages where they can see there are problems – including in construction.

Heather Rolfe, director of research and relationships at think tank British Future and a member of Building’s advisory panel, told us that 31% of the public say they would support an increase in migration to benefit construction,

with 30% happy for numbers to remain as they are, while only 26% would rule out such a rise.

She said: “Support is higher than for many of the sectors we asked about in our immigration attitudes survey. It’s not as high as social care, and doctors and nurses, but it’s still pretty high, coming in at just above teachers and hospitality staff. It probably reflects a recognition of the importance of construction to the economy.”

In research published in 2019, Rolfe, alongside fellow authors Johnny Runge and Nathan Hudson-Sharp, argued that what people said they were concerned about was low-skilled migration but that this is likely to have been confused with the idea of migrants making a low economic contribution. The research concluded: “In people’s minds, the support for a [...] points-based system appears to be shorthand for a controlled and selective immigration system that meets the economy’s needs.”

Rolfe said that public opinion is not in favour of a return to freedom of movement.

New government

Policy around immigration over the last decade has been driven at a ministerial level by the divisive politics that surrounded the Brexit vote. This left successive Conservative governments sensitive to criticisms from the right of the party, or beyond, of being “soft” on immigration.

However, the UK now has a new government with different political drivers and a large majority, making it potentially able to respond to the mix of public opinion in a different way. Labour has promised to reduce net migration overall. But it has also said it will reform the points-based system, with prime minister Keir Starmer telling the CBI as far back as 2022: “We won’t ignore the need for workers to come to this country.” It has nevertheless been clear that any loosening of migration policy will come with conditions attached.

Labour’s election-winning manifesto said the party plans to link immigration and skills policy, by “ensuring that migration to address skills shortages triggers a plan to upskill workers and improve working conditions in the UK”.

It added that it plans to “end the long-term reliance on overseas workers” in certain sectors (including construction) “by bringing in workforce and training plans”.

Starmer’s speech to the CBI said that in return for any loosening of visa rules, “We will expect you to bring forward a clear plan to boost skills and more training, for better pay and conditions, for investment in new technology.”

Labour has ruled out a return to freedom of movement.





Changes to support economic growth

If the outline of public opinion and the new government's existing plan give a sense of what is politically possible, what then is the shape of a system that might be made to work?

A significant number of respondents to our reader survey suggested a return to freedom of movement or rejoining the EU as the solution to the skills issues facing the sector. Around two-thirds said the end of freedom of movement had made skills shortages worse so, unsurprisingly, a massive majority (77%) said reforming the system to allow easier recruitment of overseas workers would be a benefit.

But it is clear from public opinion and the recent election that simply ending the points-based system and returning to freedom of movement - as with rejoining the EU - is not within the realm of political possibility, however much parts of the industry might want it. So the question becomes: what are the realistic reforms that the industry might call for?

Strategic alignment

Something conspicuously lacking in recent years, since Rishi Sunak as chancellor scrapped former PM Theresa May's industrial strategies, is the location of immigration policy within a long-term

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Immigration policy should not be viewed in isolation. An industrial strategy should inform a strategic workforce plan that then drives both a domestic skills agenda and immigration policy

consideration of the skills needs of the UK economy. The Labour government appears to be implying that this will change - and it is a change the sector should wholeheartedly support.

Currently the Migration Advisory Committee undertakes assessments, when asked, of whether skills shortages exist in certain occupations, in order to determine if those occupations should be

part of the skilled worker visa scheme and/or the immigration salary list. But there is no single body able to take an overview of where economic growth is projected to come from, that has power to inform decisions on migration policy.

As one member of the advisory panel told us: “They need to think about industrial strategy. Whatever the immigration policy is, it needs to be part of the wider system reform as to how we get the workforce in construction working in the way we need it.”

The idea behind this is that immigration policy should not be viewed in isolation from wider industrial policy. An industrial strategy should inform a strategic workforce plan that then drives both a domestic skills agenda and immigration policy. All of the reforms outlined below are suggestions on where this policy could end up - but ultimately the specific policies should be driven by this process.

Quid pro quo

Construction should strongly make the argument that the government's plan for economic growth will be to a large degree facilitated by construction and that the sector's growth will require a degree of migrant labour. This labour will not be forthcoming under the current points-based

system. However, in order to make this case, the industry will have to show it is willing to do more than has so far been done to cultivate a domestic workforce. Loosening the points-based system could therefore be envisaged as part of a quid pro quo, in which construction signs up to tough domestic training targets and commits to behave as a responsible employer.

A deal of this kind could offer employers significantly lower salary thresholds for in-demand occupations, which would be placed on the immigration salary list on a more generous basis than hitherto. Placements could be subject to lower hiring costs for both employers and employees.

In return, as suggested by the IPPR, the government would draw up skills and workforce plans for the relevant occupations in conjunction with relevant trade bodies and unions, and the implementation of these would be overseen by industry bodies and paid for through the existing immigration skills charge (ISC). Individual firms that are high users of the visa system would have to draw up additional individual training plans to ensure they are training domestic staff, and pay a surplus to the ISC.

Sector deal

However, more measures are likely to be needed in order to make a significant change. The government should explore with the industry and unions the possibility of a sector-wide deal to support the construction industry, of the same type that it already has for seasonal workers in the agricultural sector and for care workers. In both of these sectors, the government has allowed exemptions to its overall ban on issuing visas to those with skill levels below RQF level 3, after recognising the significant reliance of these important sectors on overseas workers, and the difficulties of recruiting domestically.

Such a deal for construction could address one of the biggest barriers to use of the current system - by granting an entry route for low-skilled workers. However, these visas could be temporary, issued for specific timeframes - there would be no necessity with such a deal that visas be considered a gateway to permanent residency (indefinite leave to remain) in the UK, as skilled worker visas can be.

Such a sector deal would again be conditional on employers meeting targets around training and the domestic workforce, to ensure that, in the medium term, lower-skilled workers from overseas are only being brought in to cover short-term fluctuations in workload, rather than be the core requirement of the sector.

In addition, such a deal should only be agreed if arrangements can be found with robust measures for ensuring there is no exploitation or abuse of workers - such as by ensuring workers are informed of their employment rights and have the ability to change employer.

“Loosening the points-based system could be envisaged as part of a quid pro quo, in which construction signs up to tough domestic training targets

Clearing house

One of the main identified barriers to use of the points-based system is its requirement for a direct permanent employment relationship with the migrant worker, which leaves both worker and employer in difficulty if work unexpectedly dries up, given the unreliable nature of the construction pipeline. Ultimately, a worker has to return to their home country if work cannot be found for them by their sponsor under the current system.

To avoid this, an organisation could be set up to act as a clearing house for the migrant worker needs of different construction employers. The clearing house organisation would be registered as the sponsor of migrant workers, allowing the worker to then move between different employers linked into the clearing house network.

This would mean that if the work at one employer ended, a worker would be able to move to another employer connected to the clearing house. The clearing house would retain all of the sponsor's obligations in terms of managing its licence and those employed under it.

Professional occupations review

A specific settlement is needed to allow the UK construction professions to take advantage of the best skilled architects, engineers, planners, surveyors and project managers across Europe. The government should conduct a specific review into the needs of this sector, looking particularly at salary levels under the points-based system - there is evidence that many architects, for example, are priced out of moving to the UK. It should also investigate urgently with ARB whether the process for mutual recognition of architecture qualifications with the EU (and with other nations) can be expedited. It should

also look at the possibility of allowing students in certain professions to roll over their student visas into working visas if they have been studying in certain shortage construction professions, even if any job they have secured does not meet the occupation salary requirements.

Employer engagement

The research suggests that one of the principal barriers to use of the current points-based system is simple lack of awareness and engagement on the part of UK employers. A campaign carried out by trade bodies but with the official backing of the government, to raise awareness of the system and help employers overcome their fears of using it, is likely to assist in making the best use of the managed migration system that we have.

Reform, bureaucracy and stability

The past few years have been characterised by huge instability in immigration policy. After the seismic shift of the introduction of the points-based system, policy has been characterised by constant tinkering as migration levels have risen higher than expected. For example, one member of Building's advisory panel told us their organisation had marshalled evidence responding to a proposal by the Migration Advisory Committee, but that before the resulting changes had been implemented they were already being asked to respond to the next proposed set of announced amendments. This approach has left many of the users of the system unclear about what regulations are actually in operation at any given time.

The industry should expect that more change is on its way - indeed further reform is necessary to get the migration system to a state where it effectively responds to the skills needs of the sector. As well as the large-scale reforms mentioned above, the government should conduct a review of the day-to-day systems and processes under which the points-based system operates, to ensure that costs and red tape are kept to a minimum. There are conflicting views in the sector about the extent to which bureaucracy is a blocker - but as good practice the government should be ensuring fees and paperwork are minimised as far as possible.

When a revised system has been agreed, the government should be crystal clear about its aims and structures, and once it is in operation should resist the temptation to make changes until it has been given time to work. The advisory panel member cited above said: "It's like Groundhog Day for us because we've submitted a 60-page document two times with evidence on shortages, now we'll submit it for a third time, but we don't know what the new rules of engagement will be. Labour haven't said how they will make the points-based system better.

"From our perspective, just policy clarity from the government would be useful."

Chapter 6: Recommendations for change

In accordance with the conclusions listed in chapter five of this report, we have produced eight principal recommendations for reform of the immigration system that would allow the construction industry to help drive economic growth in the UK. The recommendations are:

1. Reform the points-based system to support economic growth

Simply ending the points-based system and returning to freedom of movement is not within the realm of political possibility, however much parts of the industry might want it. Reforming the existing system in a way that ensures domestic training for the core workforce, but allows sufficient controlled migration to manage peaks and troughs in demand, is essential.

2. Strategic alignment of immigration and industrial policy

Immigration policy should not be viewed in isolation from wider industrial policy. An industrial strategy should inform a strategic workforce plan that then drives policy on both domestic skills and immigration.

3. A new immigration quid pro quo

Construction employers looking to hire from overseas should benefit from significantly lower salary thresholds for in-demand occupations, which would be placed on the immigration salary list on a more generous basis than hitherto.

Placements could also be subject to lower hiring costs for both employers and employees. In return, the government would draw up skills and workforce plans for the relevant occupations in conjunction with relevant trade bodies and unions, and the implementation of these would be overseen by industry bodies and paid for through the existing immigration skills charge. Individual firms that are particularly high users of the visa system would also have to draw up their own individual training plans to ensure they are training domestic staff, and pay a surplus to the immigration skills charge.

4. A sector deal for construction

The government should explore with the industry and unions the possibility of a sector-wide deal to support the construction industry of the same type that it already has for both agricultural workers and care workers. Such a deal would address the lack of an entry route for low-skilled workers. A visa could be wholly temporary, issued for specific timeframes, and any deal would be conditional on employers meeting targets around training and the domestic workforce. A robust system to protect against exploitation or abuse of workers would have to be in place.

5. A clearing house for overseas workers

An organisation would be set up to act as a clearing house for the migrant worker needs of

different construction employers. Registered as the sponsor of migrant workers, it would allow the worker to then move between different employers that are linked into the clearing house's network.

6. A professional occupations review

A specific settlement is needed for the UK construction professions. A review should look particularly at salary requirements under the points-based system, issues around mutual recognition of qualifications, and routes to retain talented overseas students in the domestic industry who have studied in the UK.

7. Employer engagement in the points-based system

A campaign with the official backing of the government to raise awareness of the points-based system among employers and to help them understand how to use it would reduce one of the principal barriers to uptake.

8. Bureaucracy and stability

The government should review the systems and processes under which the points-based system operates, to ensure that costs and red tape are kept to a minimum. Once the new system is in place, the government should be crystal clear about its aims and structures, and resist the temptation to make changes until it has been given time to work.



The Building the Future Commission was set up in 2023 to mark the 180th anniversary of Building, which was first launched as The Builder in 1843.

We undertook a year-long project bringing together leading industry figures, experts and innovative thinkers to come up with ways to shape a better built environment.



In 2024, following on from this - and recognising that the challenges facing construction and the wider built environment sector needed ongoing research - we set up our own editorial research hub, the Building the Future Think Tank, which is dedicated to producing more in-depth research on behalf of the construction industry.



This report is the fourth independent publication from the Building the Future Think Tank and its former incarnation, the Building the Future Commission. The first are the Report into the English Planning System (2023), Growth Through Innovation, and The Long-term Plan for Construction (2024). For more information, go to building.co.uk



