

The Right Honourable Boris Johnson MP
10 Downing Street
London
SW1A 2AA

Tuesday 17 March 2020

Dear Prime Minister

RE: Support required by the construction sector

Given the unprecedented impact of the coronavirus pandemic, we – the Construction Leadership Council and the leading sector trade bodies – are writing to you today to outline the difficulties faced by the construction and infrastructure sector and how we can help to ensure that the UK economy is resilient in the face of this challenging and complex situation.

The construction sector is a critical part of a functioning UK economy, employing approximately 3.3 million people and responsible for between 12 to 14% of our GDP. Our industry will play a crucial role in the delivery of any recovery from the impact of coronavirus, and in the delivery of many of the priorities discussed in the recent Budget, including levelling up, raising productivity and achieving Net Zero Carbon by 2050. We act as a vital growth multiplier, with every pound spent on construction and infrastructure generating a total of £2.84 in total economic activity.

We welcome the guidance you issued yesterday which encourages people to practice social distancing, alongside allowing essential industry to continue to operate. During this challenging time, it is vital that our construction sites are able to remain open.

As an industry, we are particularly vulnerable to fluctuations in workload that might result from an enforced shut down of sites and projects. This is due to the number of self-employed workers (approaching 40% of people working in construction), the vulnerable cash position of over 210,000 SME businesses and the operational requirements of delivering large and complex construction and infrastructure projects.

Should the coronavirus cause a 'shut down' of the construction sector, we will face unprecedented challenges that we know from previous downturns will cause many companies and individuals to face significant financial repercussions. Many construction companies will not have enough cash available to continue to pay suppliers and wages, even if there is a relatively limited period of economic inactivity.

The support we require

Our requirement is that we are able to keep our construction sites operational during this time, in order to avoid many thousands of job losses, the closure of thousands of businesses and delays and cost increases on crucial programmes and projects.

If construction activity comes to halt, given the scale of employment provided by our sector, there would be an immediate need for the Government to provide emergency financing to keep the construction industry operational and prevent irreversible damage to the economic security of millions of people. To minimise the requirement for any Government support, it is critical that our supply chain is able to stay in place and keep working as long as is possible – and that will in turn maintain readiness and help to drive recovery efforts.

We are already proactively working with companies across the supply chain to ensure that they are as well positioned as possible to react to this fast-changing situation, including outlining best practice on contracts and guidance for construction projects on hygiene and self-isolation. As a sector, we are already working closely together to keep our projects operating responsibly, balancing the need to keep people safe and well and ensure the long-term financial sustainability of our sector and its contribution to the UK.

The Government also has a key role to play as our largest client, ensuring that public sector construction clients continue to promptly pay their contractors, who will in turn ensure that the thousands of small businesses in their supply chain can keep operating.

There are also a number of financial measures – such as the deferral of VAT & PAYE payments – that would also ensure companies are able to stay operational for longer.

We will ensure our sites are operational and providing employment for millions so as long as we are able – but your backing to keep our projects open will be vital to enable that. We look forward to working with your Government to discuss the detail of the support that is required.

In summary, we request that the Government:

- Ensures all construction sites across the UK are able to remain open, as long as they are able to do so responsibly.
- Instructs all public sector construction clients to continue to pay their contractors and supply chain.
- Consider implementing financial measures, such as the deferral of VAT & PAYE payments, that will reduce the burden on business and keep cash moving as long as possible.

As this situation progresses, there will undoubtedly be other support our sector requires – but the above would go a substantial distance to ensuring we are able to continue to operate.



Construction
Leadership
Council

Yours sincerely,

A handwritten signature in black ink that reads "Andy Mitchell". The signature is written in a cursive, flowing style.

Andy Mitchell, Co-Chair of the Construction Leadership Council

Co-signed by:

Alasdair Reisner, Chief Executive, Civil Engineering Contractors Association

Suzannah Nichol MBE, Chief Executive, Build UK

Brian Berry, Chief Executive, Federation of Master Builders

CC: The Rt Hon Rishi Sunak MP, Chancellor of the Exchequer

CC: The Rt Hon Alok Sharma MP, Secretary of State for Business

CC: Nadhim Zahawi MP, Construction Minister