

The Rt. Hon. Boris Johnson MP
10 Downing Street
London
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01.04.2020 Dear Prime Minister,

Our plan to sustain the industry and accelerate recovery of the economy

Thank you for the leadership shown by you and your Government over the last few challenging and difficult weeks. I was sorry to hear that you have a confirmed case of Covid-19, and I hope that you will recover soon.

The construction sector is already working together to respond to the impact of the coronavirus, and to ensure that we can both sustain the industry over the coming weeks and months, as well as to enable it to play a full part in the economic recovery once we have beaten the virus. For the past two weeks, I have been holding a daily virtual meeting with the CEOs of the 11 leading federations and representative bodies from across the construction industry, and this has led to the publishing and adoption of the following documents:

1. The Site Operating Procedures – which sets out a practical range of measures for construction sites to comply with Public Health England’s guidance on distancing and hygiene;
2. The Safe Shutdown Process – which provides guidance to site managers when it is deemed not possible to continue work, and which we plan to supplement with guidance on restarting work quickly and efficiently;
3. We have prepared a Minimum Essential Works List – which seeks to identify the sorts of works that need to be allowed to continue in almost any circumstances – for example critical works necessary to continue the safe provision of essential services, works critical to the efficient running or expansion of efforts in response to Covid-19 and works necessary to protect the safety of the public or assets. However, we will continue to try and sustain the highest possible level of activity on our sites whilst working within the PHE guidance;
4. Producing a Covid19 Essential Worker Authorisation Letter – which sets out to provide construction employees the evidence that they require to be able to continue their essential work – a measure that is increasingly necessary given actions by the police, other public bodies and wider public that are not in accordance with Government guidance; and
5. We have also launched an appeal to the industry to donate surplus Personal Protective Equipment (PPE) to the NHS.

The construction industry also needs clear support and recognition from the Government for the essential work that it is doing, and the role it is playing in supporting public services and keeping the economy functioning. For understandable reasons, we are seeing the closure of key construction product and material manufacturers, in parallel with the closure of electrical, plumbing and general builders’ merchants, and there is the very real prospect of many of the essential works not being able to be done, or unduly delayed, by difficulties in securing products and materials.

I ask therefore that you and your Ministers give very clear and visible encouragement that the production of building materials continues, if at all possible, and that electrical, plumbing and general builders' merchants remain open so that essential maintenance and construction works can continue – and that the workers doing this are recognised, supported and appreciated.

The measures that your Government has put in place to keep money flowing to the workforce have been bold and necessary, and we are working at all levels to help employers, employees and the self-employed benefit from these measures as soon as possible, noting that it will take some weeks and even months for some forms of support to reach those who need it. As you will be aware, most construction businesses, from the largest public company to the smallest SME are highly dependent on free cashflow, and I present below a range of further measures that I ask you to consider which would make a huge difference to many companies within the industry:

1. In addition to the Job Retention Scheme, **suspending PAYE and CIS tax due to HMRC in April and May** for construction and consultancy firms and workers, with no financial penalty. This will relieve some immediate cashflow challenges, and give companies time to secure the support of measures that the Government has established;
2. **Deferring/cancelling Apprenticeship Levy payments due for the duration of the crisis.** Whilst firms in the sector are committed to retaining apprentices, and in the longer term increasing the number of these, whilst the current restrictions are in place it is not possible for firms to train apprentices. This would further reduce cash flow pressure, but without affecting the longer-term provision of funding for apprenticeships;
3. We welcome the guidance on **flexibilities in public procurement rules provided by Policy Procurement Notice 02/20: Supplier relief due to COVID-19**, but urge Ministers to continue to encourage all public sector clients, regulated utilities and firms in the private sector working on public infrastructure to expedite cashflow through the supply chain, by making use of these;
4. Support for the **Directors of micro-businesses**. There are many directors of small building firms and consultancies who pay themselves a small salary, and top this up through dividend payments. These currently fall between the support provided by the Job Retention Scheme and through the assistance for the self-employed announced last week. This is a problem for other sectors too, and it would be welcome if the Government could ensure these Directors would be able to access support from one of these schemes;
5. **Retention release** - it is estimated that throughout the industry there is £4.5bn held by clients and firms in the supply chain) in the form of cash retentions, which is a routine withholding of between 1% to 5% of each regular payment to be released upon successful completion of the works without defects. There will, no doubt, be some strong opinions over this, but were the Government to **direct all Government bodies to release all retention monies held** this would inject cash at all levels of the construction supply chain,
6. **Extend the £25k SME business continuity grants scheme to the construction sector.**

There is much work also being done to make sure that the construction industry can play its full role in supporting a strong economic recovery, and the CLC is working closely with the IPA and BEIS to do the very best possible for the future.

I look forward to your response to these requests, and wish you a speedy recovery.

Yours sincerely,



Andy Mitchell, Co-Chair of the Construction Leadership Council

Co-signed by:

All Taskforce members

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