European and External Relations Committee

The EU referendum and its implications for Scotland

Written submission from Construction Scotland

Opening remarks

Construction Scotland believe it is important for Scottish Government to continue to work closely with UK Government to ensure the best outcome for both Scotland and the UK, given the UK’s decision to leave the EU. This decision has left a great amount of uncertainty over the implications Brexit will have on the construction industry and such a level of uncertainty does have a de-stabilising effect on construction activity.

This paper outlines what Construction Scotland consider the priorities to be, from an industry perspective, and puts forward the position we believe supports all stakeholders in the Construction Sector.

Key industry priorities

1. EU legislation
2. Access to a skilled workforce
3. Access to markets
4. Currency
5. Impact on future investment

1. EU Legislation

Once Brexit is complete and the UK Government is under no obligation to continue implementing any EU inspired laws or regulations, it is imperative that there is a suitable regulatory model in place to ensure standards remain effective. Construction Scotland believe there is an opportunity to develop a reformed model that can create an effective balance between what is required while also reducing bureaucracy.

Construction Scotland would propose that the Government engage with industry on their intentions with EU legislation that effects industry and consult where necessary. Construction Scotland would welcome the opportunity to present their views on whether each piece of legislation should: remain in place, be reformed to suit or be retracted altogether.

2. Access to a skilled workforce

Prior to, and independent of, the referendum, it was widely acknowledged that there was a skills shortage within the construction industry. To meet the demands, it is imperative that we have an adequate pool of skilled workers, not only from within Scotland and the UK but from the wider EU group and beyond. Industry forecasts are confident that the demand will mean we need both.
Construction Scotland acknowledges that the Government are likely to impose stricter immigration controls following the completion of Brexit and the continued free movement of EU workers is unlikely to remain as is.

Construction Scotland would therefore place priority on two areas:

- **a. Ability to recruit skilled workers from the EU**
- **b. Retention of EU workers already employed in Scotland and the UK**

**a. Ability to recruit skilled workers from the EU**

The system currently in place for workers out with the EU could be adapted and extended to include EU workers. i.e. a list of certain jobs where it is acknowledged there is a shortage of skilled workers is established and if workers from the EU have the necessary skills to perform these jobs employers should have the ability to recruit them.

**b. Retention of EU workers already employed in Scotland and the UK**

EU nationals who are currently working here should be allowed to remain, if desired, and their right to do so should be protected. Construction Scotland supports the statement released by Government that states: “when we do leave the EU, we fully expect that the legal status of EU nationals living in the UK …will be properly protected”.

**3. Access to markets**

There is uncertainty over whether Brexit will impact Scotland and the UK’s access to the single market and tariff free trade within EU countries. Construction Scotland would support a position where Scottish and UK businesses continue to have open trading relationships and full access to the single market of the EU and the rest of the world. We would also place importance on any changes to the existing trading relationships not causing a significant increase in construction costs due to higher tariffs.

**4. Currency**

Since the decision to leave the EU, the value of the pound has fallen substantially. This has a direct and immediate impact on the cost of delivering projects. Construction Scotland would like to see stability and confidence on currency exchange rates.

**5. Impact on future investment**

The uncertainty following Brexit and the actuality that UK will no longer be part of the EU/single market has led to concerns over reduced investor confidence in the UK. This reduced confidence may lead to reduced investment in private and public sector construction projects. Construction Scotland would call upon the Scottish Government to increase its investment in Infrastructure and Housing. In addition we would like to work with private and public clients to highlight the economic value of continuing to invest in construction projects and raise the profile of future project pipelines.