



Rt Hon Anne-Marie Trevelyan MP
Minister of State
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

24th June 2021

Dear Minister

Re: Construction product shortages – impact on SMEs

Further to my letter of 2nd June 2021, I am writing to restate my urgent concern over the acute national shortage of building materials and to request a meeting with you to discuss how the Government and industry can work together to mitigate these challenging circumstances.

The shortages are having a disproportionate impact on the activities and output of small to medium-sized (SME) firms who are not able to access materials to the same extent as larger firms. Smaller firms cannot buy in bulk or store materials on site. These shortages are affecting my members in every region and nation, and they have very real concerns about business continuity under these circumstances.

As you will know, material prices are rising with no indication of the situation improving. The industry is seeing price inflation by an average of 10% across the board. This is causing huge difficulties for businesses that have agreed on a fixed project price, as is the case for JCT contracts which are commonly used. Having to cover additional unanticipated costs partway through a project create cashflow problems for SMEs that already operate on very small margins.

With SMEs forming 99% of the construction industry, the capacity for Government to deliver on its housing and infrastructure targets will be seriously comprised if many are forced to close.

A meeting would be a helpful opportunity to discuss the steps that the Government can take to mitigate this situation, and what support it can provide to construction SMEs at this difficult time.

Yours sincerely

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