



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

2 June 2021

Dear Minister

Re: Construction product shortages – impact on SMEs

On behalf of the Federation of Master Builders (FMB), I am writing to draw your attention to the growing concerns of small to medium-sized (SME) building firms currently facing significant product availability issues. I know your Department has been monitoring the situation, but I want to flag the disproportionate impact these shortages and price rises are having on the smallest businesses in the industry, and their ability to continue supporting the economic recovery.

Members of the FMB are united in their frustrations over the scarcity of basic materials such as timber, cement, insulation and roofing products, in addition to the lengthy delays in the delivery of goods and sky-rocketing prices. According to the FMB's State of Trade Survey for Q1 2021, 93% of our member firms reported material price rises, and 92% predicted this trend would continue into Q2. Price rises of 15% across the board are common, rising to over 40% on timber, and over 20% on cement.

The FMB is working with the Construction Leadership Council (CLC), builders merchants and product manufacturers, to communicate the causes of these supply chain issues to the wider industry. We have also provided support directly to our members with template contracts and a letter to give to their clients, explaining the situation. However, concerns about the viability of small businesses are mounting. In contrast to larger developers SMEs, who make up 99% of the construction industry, are unable to stockpile or order in bulk and in advance. As product shortages hamper the ability of builders to complete contracts on time and at a fixed price for their clients, my members are reporting shrinking margins, and jobs lost. There is a fear that the situation is being taken advantage of by rogue traders compromising quality to deliver work at lower prices.

Supply chains must be kept open to all parts of the industry, and in all parts of the country. The smallest customers must be treated fairly and have transparent access to allocations where these apply. Given the important role that construction has played in supporting the economy throughout the past year, and the urgent need to protect jobs and employment, I hope that I can work with you to seek a solution to this problem.

Yours sincerely

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