

Feature writer

Zak Garner-Purkis, *Construction News*

[Hotels and stadiums with ACM: CN investigates the cladding ban's blindspot](#)

As most of the media focused on the presence of dangerous ACM cladding on residential towers, Zak uncovered an area of widespread cladding use that had gone unnoticed: places of work and public assembly.

The investigation sprang from an obscure detail in an old *Construction News* article from 2002, which Zak read while researching another feature. The article revealed that the City of Manchester Stadium, now known as the Etihad Stadium, was built using ACM cladding for its hospitality areas. It took several months of subsequent painstaking research to clarify whether the presence of the material was significant or not.

Zak navigated complex networks of planning bureaucracy to track down decades-old evidence, which confirmed the information in the original piece. Broadening his investigation to other public venues, hotels and non-residential buildings, Zak discovered that ACM is far more widespread than previously reported and poses fire risks far beyond the high-rise residential sector that is the target of government action.

Zak's story sparked intensive debate within the construction sector and prompted a review of the Etihad Stadium's cladding.

[Hooked on migrant labour: 'We'll run out of workforce if they leave'](#)

Within the industry it was considered a truism that the departure of migrant workers post-Brexit would be a bad thing. Zak set about testing that theory by speaking to the workers most affected by the current prevalence of migrant labour: British labourers.

Tracking down these workers and convincing them to talk was a challenge. The topic is divisive and many were wary of speaking out. But Zak was able to build up a rapport with several individuals, gathering testimony that clearly illustrated the difference between the views of labourers and those who employ them.

He also used data to illustrate the stark issues that would be faced by the market if a sudden exodus of labourers were to occur.

[Paragon fallout: 'It's all about Notts County – no one gave a toss about us'](#)

The collapse into administration of Paragon Interiors was one of the most bizarre construction failures of 2019. A once successful business was destroyed by the ill-fated decision of its owner, Alan Hardy, to buy Notts County Football Club. What made things harder for staff and suppliers was that their suffering was viewed as secondary to the survival of the football club, in the wake of the firm's collapse.

Zak focused on victims within the construction industry at a time when the local and national press would not. He had to invest time developing trust with former-employees and suppliers.

During his investigation, Zak contacted Alan Hardy who attempted to divert him from his reporting with the promise of an exclusive interview, then hurled insults at Zak to try to dissuade him from publishing his story. After the article went to press, Zak was inundated with messages of thanks from former employees and suppliers for giving them a voice.

CN investigates the Cladding ban's blindspot

Hotels and stadiums are among buildings that fall outside of the UK's combustible materials ban. Is the focus on the residential sector overlooking hidden dangers elsewhere?



HEALTH & SAFETY
ZAK GARNER-PURKIS

The walls of the Premier Inn London Brentford (pictured, right), are stripped bare of cladding.

Drivers in the eight lanes of slow-moving M4 traffic can take their time to study the wood panels and shiny insulation, exposed by the ongoing replacement of the building's original exterior. Once complete, the new walls will have little or no impact on customer experience – Premier Inn says this is a matter of compliance.

Renovation work is taking place because Premier Inn found the building to be among 12 in its portfolio across the country that “failed to meet current building regulations” during its post-Grenfell fire checks.

Not that the hotel considered this non-compliance to be

dangerous; quite the opposite. The chain told *Construction News* that, irrespective of the exterior cladding, its buildings were all “entirely and unequivocally safe”.

Premier Inn was unwilling to be interviewed for this article, but in a statement responding to *CN*'s queries, it pointed out that, unlike residential blocks of flats, there was no ‘stay put’ policy in operation at its establishments and staff were trained to evacuate in the event of a fire. The company added that there had been “no request” to change the cladding on any of its buildings, which had all undergone “independent assessments”.

Premier Inn emphasised the decision was voluntary; beyond that, it is difficult to establish what concerned the hotel to the extent that it decided only a wholesale replacement would do.

'Short-sighted' policy

Workplaces such as hotels, even high-rise ones with combustible cladding, are not part of the government's legislation on the topic. Two years on from the Grenfell Tower tragedy, fire-safety experts are warning that the government's focus on the residential market is “short-sighted” and means other buildings containing potentially deadly cladding are being ignored.

While housing secretary James Brokenshire has been getting tough on the developers and building owners of residential

blocks, or offering cash to replace non-compliant cladding, there has been no review of workplaces.

The Ministry of Housing, Communities and Local Government (MHCLG) claims its review of building regulations is not limited to the residential sector and that many of the buildings not covered by the combustibles ban are instead subject to other legal requirements, such as Approved Document B guidance for insulation products.

During the process of investigating this story, *CN* discovered how difficult it can be to track down details about aluminium composite material (ACM) cladding on even the most high-profile buildings, with poor record-keeping and a lack of knowledge being major barriers.

CN has found evidence of ACM cladding on two major sporting venues – the London and Etihad stadiums – although the operators of both stadiums claim the cladding is safe and compliant with building regulations. As the debate over cladding continues to focus on residents living in blocks with non-compliant materials, *CN* asks whether we should also be scrutinising the buildings in which we work or congregate to watch major events.

Why only residential?

When the government announced that it was banning the use of combustible materials



Premier Inn's fire checks after Grenfell found 12 buildings that failed to meet current building regulations'

in autumn 2018, critics such as the Royal Institute of British Architects raised concerns over the omission of hotels and workplaces from the proposals.

The exclusion was broadly attributed to these types of building often having centralised alarm systems and established evacuation plans. All workplaces are covered by the The Regulatory Reform (Fire Safety) Order 2005 regulations, which cover fire procedures in buildings and are overseen by fire and rescue authorities. This reduces the risk of a Grenfell-style tragedy, where a controversial evacuation strategy and unsafe exit routes compounded the consequences of the fast-spreading fire.

CN has spoken with safety experts who remain unconvinced by the reasoning that this reduces

the risk, and argue that it doesn't address the realities of the challenges faced when a fire breaks out.

“The main difference with the residential blocks is that they would have a ‘stay put’ or a ‘defend in place’ fire strategy, where people don't immediately

“The former head of the Fire Research Station used to refer to ‘units of ministerial discomfort’ as to how serious a fire was”

RICHARD T HULL, UNIVERSITY OF CENTRAL LANCASHIRE

evacuate,” says fire safety and building regulations expert Geoff Wilkinson. “But you can't assume the building will be evacuated in a matter of minutes. Very large buildings, like the skyscrapers in London, would be caught because it would take a much greater period of time for those buildings to be evacuated.”

All the fire-safety experts *CN* spoke with for this story referred to the speed at which the flames spread at Grenfell, stating that if a similar event were to occur again, relying on a fast evacuation would be dangerous.

University of Central Lancashire professor of chemistry and fire science Richard T Hull points out that hotels could be at particular risk. He cites the example that hotel guests have a greater tendency to be drunk, and

are much more likely to be disorientated and not remember the way out.

“I don't think I'm alone in thinking that, where people are alone in unfamiliar situations, and if you had a Grenfell-type building that housed a hotel on the upper floors, you would have a very large loss of life if you had a fire,” he says.

On the topic of places of work, Prof Hull says that people with disabilities could be placed at an increased risk where safety strategies rely on a speedy evacuation: “You now have a lot of people with disabilities in the workplace, where they're just not safe if there was anything like a fire – they'd just have no chance of getting out.”

Prof Hull adds that most workplaces are better managed than residential buildings and “insurance companies are normally more worried about making sure the workplaces they insure are safe”.

He believes that sectors such as food processing or manufacturing, where large numbers of workers are concentrated in small areas, would also be more vulnerable to a fast-spreading fire.

World ‘turned upside down’

For decades, fire-safety experts have complained that regulations have come in response to disasters, rather than as a proactive measure to prevent

them. The government's focus on high-rise residential buildings is the latest legislative shift to occur in the wake of a fire. In the late 1980s, changes were made in response to the 1985 Bradford City stadium fire, which killed 56 people, as well as the 1987 London Underground fire at King's Cross that resulted in 31 deaths.

As Prof Hull points out, preventable deaths have continued to occur in smaller numbers, but without a public outcry, there is not the same impetus for major updates to legislation.

“Society can be quite complacent about two or three people dying in fires on a fairly regular basis,” he says.

“Grenfell turned the world upside down. It amounted to less than a quarter of that year's fire deaths, yet people responded.

“The former head of the Fire Research Station used to refer to ‘units of ministerial discomfort’ as to how serious a fire was. Clearly, fires like Grenfell, or some of the other serious fires in the past, have led to new legislation and changes in regulations.”

The problem with responsive legislation is that it tends to emphasise the prevention of an identical event rather than considering the wider issues.

In her report on fire safety and building regulations, Dame Judith Hackitt attempted to present findings that looked at the broader issues and was met



The Etihad stadium

with outrage for failing to call for an outright ban on a specific detail relating to Grenfell: combustible cladding.

The irony is that the government's combustibles ban – which followed Dame Hackitt's report – has been equally narrow in its remit, not only in terms of its focus on residential buildings, but also by specifying a minimum 18 m building-height threshold.

“As a fire engineer, I remain concerned that the government has only looked at the specifics of the Grenfell fire,” Mr Wilkinson says. “We’ve gone for a complete ban at one end of the market and none at the other. It seems to be a knee-jerk reaction and there’s an imbalance in terms of risk. [The government has acted] without looking into it further, and without looking at the other buildings that could be at risk.”

Responding to the suggestion that its actions were not far-reaching enough, an MHCLG

spokesperson said: “There is nothing more important than making sure people are safe in their homes and workplaces. Following Dame Hackitt’s report, we are working with leaders in the housing and construction industries to improve safety within the sector.”

‘Nobody has checked’

The ACM panels used on Grenfell’s cladding are as ubiquitous in the non-residential sector as they are in housing blocks. ACM is pliable and can be used to provide smooth edges to a building and as a tool for creating bold structures, and was therefore a popular material for clients that wanted interesting-looking offices or event spaces. It’s easy to apply printed finishes, making it suitable for including branded imagery without affecting the building’s design.

Each month, MHCLG releases data on the number of buildings identified with ACM cladding, as

“We’ve gone for a complete ban at one end of the market and none at the other. It seems to be a knee-jerk reaction and there’s an imbalance in terms of risk”

Geoff Wilkinson, Consultant

well as where remediation is taking place. As of 31 May 2019, the total number of buildings identified as having ACM cladding was 433. Hotels, student accommodation and publicly owned buildings are included in these figures, as well as the residential sector. If the net was widened, the number of non-compliant buildings could be found to be much higher. The

trouble is, as Trades Union Congress senior policy officer for health and safety Hugh Robertson notes, it just isn’t known.

“No one has checked where combustible cladding actually is, beyond the very narrow scope of the residential tower blocks,” he tells *CN*. “There is a problem: we just don’t know how widespread it is because we haven’t asked people to check.”

“The government has to ensure it has the information,” he adds.

Mr Robertson claims that there has not been “one single piece of advice to employers on cladding since Grenfell”.

Such is the lack of awareness around the prevalence of ACM material in non-residential properties that there has been little research into its presence on even the most high-profile schemes.

Stadiums in the spotlight

CN’s research for this story uncovered evidence that the home

of English football’s 2019 Premier League champions, Manchester City, features ACM cladding.

CN discovered ACM had been used on the Etihad while conducting research in the *CN* archive. An article by this publication from 2003 reveals ACM was used during the original construction of the stadium (previously known as the City of Manchester Stadium) by engineers Arup. The ACM, supplied by Eternit Building Materials, was used to clad the external walls of nine metallic pods, which form the hospitality lounge and service areas on the North and South sides of the stadium. Arup also discusses the use of ACM on the project in the 1/2003 edition of the *Arup Journal*, published by the stadium engineer.

According to a materials lists relating to the 2015 expansion of the stadium’s South stand, obtained by *CN* from Manchester City Council, ACM was also used

in the redeveloped section, built by Laing O’Rourke, which took the stadium’s capacity to 55,097.

There is no evidence to suggest that the use of ACM on the stadium poses a threat to the safety of those using the building.

Research by *CN* has also found that even unsafe use of the material, as defined by the government, would not be covered in the combustible materials ban, as the buildings are not residential.

The Etihad also technically qualifies as being a structure under 18 m despite the overall building being more than 18 m tall, because height is defined by where plant or machinery rooms are housed, which, in the Etihad, is just below 18 m.

In the aftermath of the Grenfell fire, the *Daily Mail* reported the club had confirmed there was no ‘Grenfell-type cladding’ on the stadium.

When asked by *CN*, the project’s

architect Populous said that no post-Grenfell review of the building and its materials had taken place.

Populous’ senior principal architect, Nick Reynolds, told *CN* in an interview separate to this investigation that it had not conducted checks on the cladding

at any of its stadium projects.

He said: “We obviously keep very abreast of every evolving code, but we haven’t been through that process.”

Mr Reynold’s LinkedIn profile states that he is currently working for Manchester City parent company the City Football Group to further develop the Etihad Stadium and surrounding areas.

In response to the finding, a Manchester City spokesman revealed to *CN* that the club carried out a full review of its properties in 2017 to confirm that “all external applications met the required fire-safety regulations”. This, *CN* understands, occurred without the knowledge of Populous.

The spokesman added that: “Manchester City takes the issue of fire safety and regulatory compliance extremely seriously.

“The club has a robust fire-safety management plan in place and will continue to ensure that

IN NUMBERS
£2m-£5m
 Estimated cost of recladding a typical building that features combustible material
433 Total number of buildings with ACM cladding identified by the UK government, as of 31 May 2019
1,000+ Buildings with combustible material found in just one region of Australia in a 2017 audit

► all properties remain compliant with current legislation.”

Differences in design

In the aftermath of Grenfell, Brighton and Hove Albion FC was the only major English football club to publicly reveal it had found ACM cladding. The club issued assurances to local paper *The Argus* that its stadium was safe, and that a non-combustible brickwork backing wall behind the cladding system was a major difference to Grenfell.

CN has also discovered that during the original 2012 construction of the London 2012 Olympic Stadium (now known as the London Stadium and home to West Ham United), facade contractor Prater installed 3,000

sq m of ACM cladding. This was combined with Kooltherm rigid phenolic board insulation – a combination of materials that has come under scrutiny since the Grenfell fire.

In the aftermath of the fire, Kooltherm was quoted in *The Guardian* as saying its insulation had never been tested with another combustible material. The manufacturer added at the time that it “would be very surprised if such a system [...] would ever pass the appropriate British Standard 8414 large-scale test”.

The paper claimed that, according to Kooltherm’s LABC certificate, phenolic products “do not meet the limited combustibility requirements” of



building regulations guidance.

However, it is unclear how much of this cladding was changed during the transformation of the stadium from an athletics venue to a football stadium.

A spokesperson for the stadium’s owners, London Legacy Development Committee and E20, said safety and security was its “top priority”. They added that the owners were satisfied all the materials in the venue complied with building standards, “including a small area of ACM rain-screen cladding and soffits on the West stand”.

“As you would expect in one of the country’s most modern and best-used venues, welcoming more than two million visitors a year, a sophisticated fire detection and protection system is in place with multiple escape routes,” the spokesperson added.

“On event days, the venue has around 1,000 safety and security staff to deal with any emergency, as identified by the Green Guide and the Licensing Authority.” There is no evidence to suggest the use of ACM poses a threat to the safety of those using the stadium.

“The amount of information local authorities or developers keep on the type of cladding is often pretty minimal”

HUGH ROBERTSON, TUC

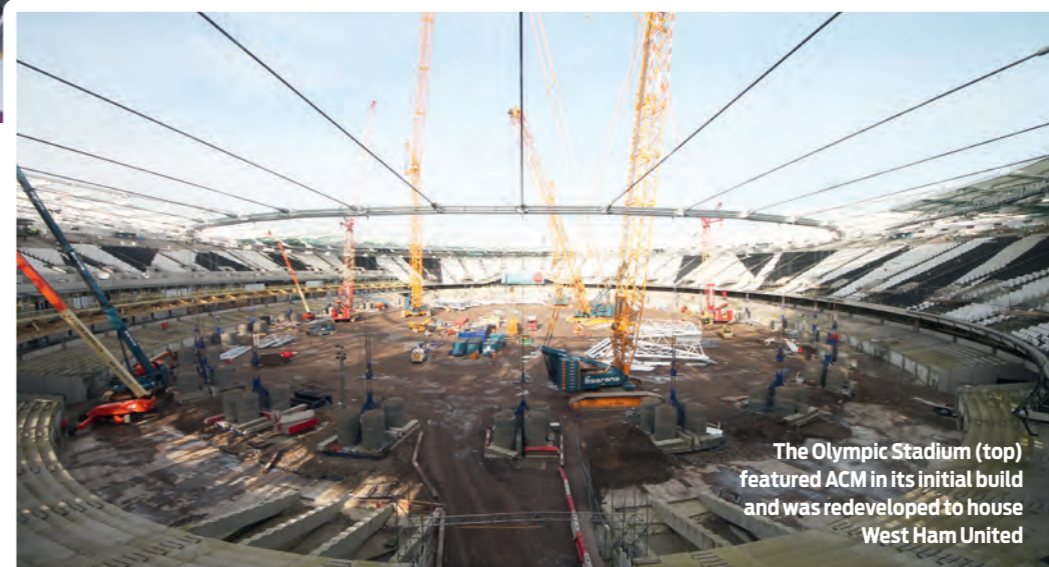
Following the fire at Grenfell, West Ham United told the *Daily Mail* that its stadium contained no ‘Grenfell-type’ cladding.

The club declined to comment on CN’s recent findings because it is the stadium’s tenant.

Key documents lost

While investigating this story, CN discovered just how difficult it is to track down information on a building. Building-control databases are littered with holes, and material lists, which detail the use of ACM cladding, are often not published online.

If construction work took place before local authorities began



The Olympic Stadium (top) featured ACM in its initial build and was redeveloped to house West Ham United

making digital records, finding information is even more difficult.

One employee of a major London local authority told CN that some of its records were incomplete. The source said there had only been paper copies of building-control documents, which had been lost, or in some cases stolen.

The situation is compounded by the fact that these documents cannot be relied upon to be completely accurate, with the materials listed not always matching those installed. “The amount of information local

authorities or developers keep on the type of cladding is often pretty minimal, and often you can’t actually tell where something is combustible or not,” the TUC’s Mr Robertson says. “You can’t tell just on the paperwork because often what’s specified isn’t always what was installed.”

Cost to building owners

Sources CN spoke with alleged that there was another, somewhat darker, reason why there hasn’t been more widespread recladding on non-residential properties: owners know and are choosing not

to act. Several fire-safety experts alleged to CN that they had conducted fire-risk assessments that highlighted serious dangers in a building, only for the client to ignore the findings.

Geoff Wilkinson claims it has happened to him on numerous occasions. “I have personally undertaken many risk assessments, presented them to a client and said ‘in my opinion the following six things need to be done during the next year because there are significant risks,’” he says. “At which point they say, ‘thank you very much, goodbye’,

“[Building owners] say ‘thank you very much, goodbye’, and that risk assessment is filed away”

GEOFF WILKINSON, CONSULTANT

and that risk assessment is basically filed away.

“It tends to be the culture of building owners because in many cases these fire-safety upgrades are very significant investments and quite disruptive to the operation of their building in the longer term.”

As has been witnessed in the residential sector, where battles have raged over who’s liable to pay for the recladding, cost plays a part in the decision-making.

“These aren’t cheap projects to undertake,” Mr Wilkinson continues. “Typically, the recladding on these blocks has been priced between £2m and £5m.

“It’s an investment in something you’ve already got, [from which] there’s no benefit in terms of maintenance of the building or performance of the building. So you can understand why they’d be shy of spending the money.”

Focusing beyond residential

Successful building management and design always relies on a balancing of risks and, most of the time, the dangers posed by structures that can lead to deaths are contained.

However, as Grenfell proved, if risks are repeatedly overlooked, the results can be devastating.

There hasn’t been a major fire disaster in a workplace or stadium for several years in the UK, but that does not mean the threat is diminished. Prior to the tragic events of 14 June 2017, there had never been a fire like Grenfell, and the problem was that too few people anticipated the risk.

The same level of scrutiny needs to be applied to the non-residential sector or the UK risks another preventable tragedy occurring.

COMBUSTIBLE MATERIALS CLADDING

What other countries are doing

The UK is not the only country battling a cladding crisis.

Grenfell may have been the deadliest example of a blaze caused by the use of combustible materials, but it was preceded by significant fires in Melbourne, Australia, and Dubai, United Arab Emirates.

However, other nations have been far more proactive in addressing the issue. New Zealand has led the way in gathering information on the use of combustible cladding. Following the Grenfell tragedy, the NZ government asked local authorities in its major cities to conduct surveys of all multi-storey buildings. Admittedly, the size of its population means there were fewer buildings to review, but it also meant resources were not as great and there were fewer experts to carry out the work.

“New Zealand did the survey because there was a lot of new building work taking place there, particularly in Christchurch post-earthquake,” says the TUC’s Mr Robertson. “There was public concern over whether there was reasonable regulation.”

Australia has also been more proactive in addressing combustible cladding in domains beyond residential. This year, recladding work began on the Newcastle International Sports Centre in Newcastle, New South Wales, after the building was found to have contained combustible materials.

The discovery came because a 2017 state-wide audit by the New South Wales Government Cladding Taskforce found more than 1,000 buildings in the region were clad with combustible material.

MIGRANT WORKERS GO HOME

A key issue in the Brexit debate has been the industry's reliance on labour from overseas. *Construction News* investigates the sector's dependence on non-homegrown workers and explores the challenges that lie ahead



SKILLS
ZAK GARNER-PURKIS

"People come here and are willing to work for nothing," says labourer Andrew Shackleton, when *Construction News* asks him if low wages are putting off British workers.

"If you've got a family, and have rent and bills to pay, it's hard to

compete with the migrant workers; some of them live in houses that are £50 a month."

The Yorkshire-based 33-year-old says he earns about £80 per day, a figure he believes is kept lower due to the readily available pool of workers from outside of the UK.

As a labourer, he occupies a position identified by the Construction Leadership Council (CLC) as having one of the highest concentrations of migrant workers in the country. It's the most commonly held role by non-UK workers in construction. According to a CLC report on post-Brexit skills, close to half of the migrant workforce in the industry occupy general labourer positions (40 per cent). The paper also shows it to be one of the lowest paid, with a median annual salary of £21,500.

A key argument in the Brexit referendum debate pushed by the Leave campaign was that EU membership was responsible for a steady influx of workers that have suppressed UK wages. It's an issue that has refused to go away.

Three months ago, speaking to an audience filled with construction professionals at equipment manufacturer JCB's headquarters in Rocester, Staffordshire, Boris Johnson (pictured p27) raised the issue. "We know one of the ways big corporations have held wages down is that they have had access to unlimited pools of labour from other countries," the leader of the Leave campaign said.

This interpretation of the market is also shaping policy; the Leave campaign's argument that Britain needs a skills-based immigration system is now effectively what is being proposed by the government post-Brexit.

Much in the same way that the referendum divided the nation,

CN finds the industry is split on whether there is a connection between a reliance on foreign workers and low wages. The divide is all the starker because workers tell CN that they feel salaries are a factor while employers do not.

CN's investigation into the sector's dependence on overseas workers has uncovered more than just a disagreement over the level of pay. The issue is deeply connected to some of the industry's most fundamental struggles, such as the difficulty in attracting new, young workers, and whether there are enough development opportunities for those already working within it.

As Britain's exit from the European Union nears, the focus has shifted from asking if the overseas/domestic worker balance needs redressing, to whether certain industries could survive an exodus.

Construction is one of the country's most vulnerable sectors, with an estimated 15 per cent of the industry's workforce hailing from outside of the UK, according to a 2017 Labour Force Survey (LFS). Those firms with large sites filled with overseas workers are now starting to ask 'what would we do if they all left?'

Filling the gap

In most countries around the world, entry-level construction

work tends to attract migrant labour. The minimal educational and language requirements for many roles offer a quick and easy way to earn cash in a new country.

Another reason for the popularity of such work among migrants is the often short duration of the work, which allows those who don't wish to settle in the country to travel home periodically. This type of worker gives projects the labour they need in the short term with minimal commitment. The mutual benefit between migrant worker and construction market is one that dates back centuries.

"One of the reasons construction is reliant on migrant workers is that it's one of those sectors which, by definition, is either going to be linked to people doing seasonal work or just for certain periods at a time. It's project-based," says Tom Hadley, director of policy at agency accreditation body the Recruitment & Employment Confederation.

Mr Hadley rates construction alongside healthcare as the two UK sectors with the biggest reliance on overseas workers.

"The UK has been quite fortunate to have access to workers coming from other European countries, working on a particular project for a few months or even a few weeks, and then moving on to other projects," he says.

Access to a flexible, international workforce, however, is a double-edged sword; staff shortages can arise due to economic shifts, such as currency fluctuations, or changes in geopolitics. Even the weather of other countries can influence a project. CN spoke with one site manager who said the site had been affected by the slow return of



MARK REYNOLDS,
SKILLS LEAD, CLC,
AND CHIEF
EXECUTIVE, MACE

"We will run out of workforce if they all leave"

Romanian workers after Christmas due to heavy winter snows in Eastern Europe.

Brexit is just the latest in a series of changes to the European political landscape to have affected the flow of migrant labour to the sector.

The relative consistency of the pound in the aftermath of the 2008 financial crisis has seen various European workers come to the UK to work and then return. Italian, Greek and Portuguese workers that arrived in Britain to flee domestic economic difficulties have largely returned, as those countries have recovered. Polish migrants that came to the UK to send money home after the country joined the EU in the noughties have also left in significant numbers, as the cost of living in Poland has increased.

Migrant workers on UK sites today are predominantly drawn from the two countries that joined the EU just before the referendum in 2016, and where the difference in currencies remains stark: Bulgaria and Romania.

Struggling for staff

This ever-evolving migrant workforce has been filling a sizable gap in the market caused by the financial crisis.

"Around 225,000 [workers] left the industry between 2008 and 2010 because of the shrink in the [construction] market," says CLC

skills lead and Mace chief executive Mark Reynolds.

This figure is not a long way off what would be the LFS' estimated total number of foreign workers (333,700) in the industry as of 2017. While the figures are not directly relatable, it demonstrates just how important migrant workers are to the sector.

The problem for construction is that there have been other issues in replacing those that left the industry in the years following the 2008 crash.

"You've got this shortfall of people coming into the industry," says Mr Reynolds.

"People are leaving due to retirement, and then you've got the attractiveness of the industry: people don't see it as a nice career to be working in. The gap is not being filled quickly enough, hence the reason why people have looked abroad.

"Let's be honest," Mr Reynolds continues, "people have been encouraged to come to the UK and seek jobs to grow the economy. That was a Labour Party policy back in 2005."

What will be of even greater concern for the industry are the signs of waning migrant workers that have helped to prop up the industry, even before the UK officially leaves the EU.

Labour agency VGC's group services director, Ciara Pryce, whose firm provides labour for major infrastructure projects including Hinkley Point C, High Speed 2 and Crossrail, has already witnessed a change. "The incentives that were there for European workers to come, such as the opportunities that were here and the value of the pound against the Euro, they're just not there [any more]," she says.

"You combine that with the fact that lots of European countries

► have big infrastructure projects going on [and] we've seen a reduction in the number of workers coming through, and that, combined with the churn in the market, is making it more difficult to fill roles."

Ms Pryce describes VGC as being heavily reliant on migrant labour. At the last staff count in 2018, foreign workers made up 38 per cent of its workforce.

"I was speaking to our recruitment team today and they were saying it's not just the skilled trades where we're having skill shortages - we're actually having skill shortages across the board,

even at general operative and entry-level roles."

'Work-ready'

The suggestion that an increase in apprentices could be used to offset a reduction in overseas workers was dismissed by everyone CN spoke with for this story. There is a significant skills gap between apprentices and migrant workers; UK projects are currently benefiting from having migrant workers with strong technical knowledge and experience carrying out entry-level roles.

Christian Lang, a labourer from Cornwall who has worked on sites



in London, Cardiff and Bristol for many years, says he has witnessed how stark the comparison is.

"The labourers coming over - they've worked on building their own houses, they've got general building experience," he says.

"The school leavers don't even know how to use a tape measure. I once had to show a British school leaver how to use one five times."

According to Mr Reynolds, most migrant workers arrive "work-ready" and are at NVQ level 2 standard, which would amount to at least a year's worth of experience.

Ms Pryce says this is also connected to better technical education on the continent.

"We're finding that technical education in European countries is better established than it is in the UK," she says. "Lots of these people are starting technical courses at age 14, 15, 16, as opposed to when [young people] leave school in the UK. They are coming



CIARA PRYCE, GROUP SERVICES DIRECTOR, VGC

"It's not just the skilled trades where we're having shortages - we're having them across the board"

in pretty much ready to go - the only challenge being converting their European qualifications to the UK versions."

Migrants = harder workers?

A controversial piece of conventional wisdom in the industry is that migrant workers are willing to work harder than their British counterparts. For obvious reasons, no data is

available to test this theory, but the anecdotal responses from nearly everyone CN has spoken with suggest that migrants are, at a minimum, more willing to work longer hours to complete a job.

"Migrant workers are going to put in more overtime and are maybe a bit more dependable to get the job done," says Mr Lang.

"Some of them work incredibly hard and are willing to go above and beyond. I don't have a problem with that. If they want to work like that, that's up to them."

Such willingness to throw themselves into work on site sometimes leads to migrant workers taking on work outside their remit. On the ground, this means workers brought on in labourer positions will end up doing tasks that are meant to be carried out by specialists.

"They'll have a go at doing anything," Mr Shackleton tells CN. "Sometimes I'll see a job to do and

it will be the job of a joiner, and they [the migrant worker] will be happy to do it. Whereas, as I see it, a joiner should do that and you're putting a joiner out of work. You want the man that's trained to be doing jobs like that."

Mr Shackleton claims that, despite contractors often demanding very specific qualifications at the point of application, this thoroughness does not translate to site level.

"The last site I was on was a university site and one of the carpet fitters was on the job as a plumber," he says. "No one gets trained because companies think 'we've got an easy way out'; get in labourers and get them to do a bit of everything."

This willingness to do more often sees migrant workers, many of whom already have specialist skills, move into trade-based roles.

It's the natural career development that most in the

industry would agree is the right way to do things: the progression from entry-level labourer to skilled specialist. However, the migrants that are making that jump are doing so in lieu of any structure designed to enable this. They are forcing their way up the ladder through sheer persistence.

This, Ms Pryce believes, is because the agencies that employ staff on temporary contracts are

hindered from drawing from the apprenticeship levy to fund training programmes. She also says some employment firms are not interested in development in the first place.

"There are agencies out there that are not investing in the people that they are engaging and employing," she says.

"I think good labour agencies will be spending money on this, and I think tier ones have a responsibility to work with companies that are investing.

"But there is a cost-value element that needs to be taken into account."

Reducing the reliance

Everyone *Construction News* spoke with for this story agreed on one thing: the industry would be unable to survive without workers from overseas. Regardless of what happens with Brexit, foreign nationals are essential to a huge number of projects around the country.

Apprentices aren't being trained quickly enough, nor in high enough numbers, to solve the skills issue, and the technologies to reduce the demand for people on the ground are still far from ready.

"We will run out of workforce if they all leave," Mr Reynolds tells CN. "If we are only taking on 20,000-22,000 apprentices a year, but we currently have 160,000 EU workers, that means it would take eight years to fill that gap.

"We can't ignore the people we have today."

IN NUMBERS

40% of migrant construction workers who are general labourers

15% Workers who hail from outside the UK in construction sector

£21.5k Median average salary of general labourers in UK

KEEPING EU WORKERS POST-BREXIT

CLC issues settled-status plea

EU workers can stay in the UK beyond Brexit by securing settled status. The CLC is pushing companies to help contractors and their supply chains to encourage valuable European workers to stay by applying for the protected status.

CLC skills lead Mark Reynolds explains: "If people have got an EU workforce, they need to talk to them, explain to them about settled status. This allows them to be based here and remain with their families, and they'll have the same rights they'll have today. We want to encourage employees to help their employees obtain settled status. That's either through their management teams or through their HR network.

"One of the things we've recommended on large projects is that contractors set up a facility on site, perhaps in the canteen, and have a drop-in surgery that just helps people through the process.

"We want publicity from the larger firms so the rest of the supply chain know that they're not alone in this - so the SMEs know the settled status exists and there is some support out there.

"Workers who have a HMRC number or a National Insurance number will automatically generate on the system when they apply."

Find out more about settled status at www.gov.uk/eusetledstatus.



'It's all about Notts County, no one gave a toss about us'

Paragon Interiors' staff were let go this month when a deal to save the company fell through. Why did things unravel so quickly at the once prosperous fit-out firm, and how much did it have to do with owner Alan Hardy's decision to buy Notts County?



ADMINISTRATION
ZAK GARNER-PURKIS

The administration of Paragon Interiors has almost certainly wiped out Joseph Fletcher's life savings. The 61-year-old freelance site manager is owed about £80,000 in wages and the cost of supplying labour and materials to the firm - money he had intended to put toward his retirement. Now, he says, he will have to extend his working life in the hope of recovering the nest egg he should have earned from a two-year spell engaged with the fit-out contractor. "There's no way I'll recover from it, really," he reflects. "I've got four years to try to get my money back and retire comfortably... I haven't got much of a chance, really."

The collapse of the Nottingham-based firm, which counted Jaguar Land Rover, Rolls-

Royce, Bombardier and Deloitte among its long list of blue-chip clients, was the culmination of a situation that had caused months of anguish for staff.

Construction News has heard how staff complained to the failed firm's management that non-payment of February's wages - which occurred days before the administration - had plunged them into personal financial difficulties, leaving them struggling to pay mortgages, bills, and to provide food for their families.

Former employees tell *CN* that the failure to pay wages was more painful because staff of Paragon owner Alan Hardy's other business, Notts County Football Club, had been paid that month.

"It made us feel second-rate," says a former executive who spoke with *CN* on condition of anonymity. "We felt like we bailed that football club out to the extent we've not been paid in February."

The world's oldest professional football club loses an estimated £30,000 to £35,000 per week, and was bought by Paragon Interiors' owner in January 2017.

When it became clear the fit-out business was headed for administration in mid-February this year, media coverage focused on whether the firm had been supporting the club's losses, and whether administrators would pursue the debt, potentially triggering Notts County's administration.

Mr Hardy released a string of

"We felt like we bailed that football club out to the extent we've not been paid in February"

EX-PARAGON EXECUTIVE

statements to the team's fans, reassuring them that Paragon Interiors' troubles would not spread to the club, for which he was seeking a buyer.

For Paragon staff, however, his dialogue with fans only added to their anger at the lack of communication about the situation of the fit-out business.

"Even when we go into administration, it's all about Notts County," the ex-director continues. "Don't get me wrong, I understand how important historically for the community Notts County must be. I'm a football fan myself. If that happened to my football team, I'd be gutted. But at the same time, no one gave a toss about us, no one mentioned us. We were waiting for updates on pay and there was nothing, but every day, or every second day, there was an update on what Notts County were up to."

Using insider accounts and expert analysis, *CN* can now tell the story of how the fortunes of

the East Midlands business, the prior reputation of which was praised by numerous sources, unravelled after its owner chose to pursue his sporting ambitions.

'A fantastic firm'

Up until the past few years, Paragon's reputation among staff, suppliers and clients was, by all accounts, exceptional. The business had been in existence for more than 30 years and was known for being a good employer.

In 2015, it invested half-a-million pounds revamping its office space to create a better environment for collaborative working, and boasted a staff-retention rate of 97 per cent.

It was a finalist in the *CN* Awards' Employer of the Year category in both 2015 and 2016, and made the 2016 *Sunday Times* list of the 100 best small companies to work for.

The business had also grown significantly in the past few years. In fact, turnover had almost trebled, from £21.23m in 2012 to £62.06m in 2017 (the period covered by its most recent published accounts).

That was matched by a strong improvement to its average margin, which grew from less than 1 per cent in 2008 to being consistently above 5 per cent between 2012 and 2017, at which point it made a sudden loss.

"The staff of Paragon Interiors were superb," a source at a subcontractor that worked for the fit-out business tells *CN*. "They had some high-profile contracts and they made it very appealing for people to do work for them."

The relationship with one of those locally based, high-profile clients - Jaguar Land Rover - was so consistent that Paragon had staff stationed in work cabins on one of the car manufacturer's larger sites.

Despite making a loss in 2017, the message coming from the company's leader that year was clear: the business strategy would continue to grow revenue further.

Big contracts such as the £7m fit-out of UCL's new Stratford campus (pictured, above left) helped towards this goal.

"A football club is an exceptionally bad investment. The vast majority of clubs lose money"

KIERAN MAGUIRE,
UNIVERSITY OF LIVERPOOL

Mr Hardy revealed in that year's annual report that the business had a revenue target of £75m for 2018, an increase of more than 20 per cent on 2017. The year was also a significant one for him personally because it was in January that he completed the acquisition of Notts County Football Club for a reported £6.5m.

Troubled acquisition

If Paragon Interiors was a business on an upward trajectory until 2017, the same could not be said of Notts County. On the pitch, the world's oldest professional football club was faced with relegation from the fourth tier of English football. And its finances were in even worse shape. Since 2008, the club has haemorrhaged cash every year, adding up to an overall loss of £16.42m.

By Mr Hardy's own admission, the club was in dire straits when he bought it.

"The football-related creditors had to be paid up immediately," he said in a statement about the period following his 2017 takeover, issued at the start of this year.

"The club was virtually down and out with huge debts, a dwindling, disengaged supporter base and staff morale at an all-time low, while suffering the worst run of consecutive defeats in its history."

Football clubs are notorious for losing money, so why did Mr Hardy decide to buy Notts County? According to football-finance expert Kieran Maguire, a lecturer in the topic at the University of Liverpool and author of the *Price of Football* blog, the

reason someone buys a football team tends to be for love, vanity, or a combination of the two.

"A football club is an exceptionally bad investment," he tells *CN*. "The vast majority of clubs lose money."

"What happens with the likes of Alan Hardy is they buy their local club with half an eye on getting into the Championship and then gambling on getting to the Premier League.

"They buy the club for a relatively small sum and then they have two choices: they either run it like a business or they've got two years to spend everything that they've got available."

Mr Maguire can't be sure of how much Mr Hardy sunk into the club, but his analysis of the accounts suggests that the team were among the highest spenders of their peers.

"Alan Hardy and his managers at Notts County were pretty big spenders by League Two standards," he says. "You only have to look at the fact that they were losing a million-and-a-half pounds a year."

The problem for the fit-out business was that it appears to, at least in part, have been covering the football club's losses.

It's not clear from the publicly available records where the loans to Notts County to pay for its losses were coming from during Mr Hardy's tenure; the fit-out firm has not been specifically

named, but according to its 2017 accounts, investments and loans made in the year jumped from £2,000 to £5.1m on its cashflow statement.

The losses may have also been paid from one of Mr Hardy's other businesses or his own personal wealth.

Paragon Interiors was listed in Notts County's accounts as a "related party" in connection to a loan from another of Mr Hardy's businesses, Paragon Leisure Group, which has not gone into administration.

"Notts County Football Club

£41m
Growth in Paragon Interiors' turnover, 2012-17

Limited is what you refer to as 'technically insolvent', in the sense that its liabilities exceed its assets," says Mr Maguire.

"This means somebody needed to stick their hand up and say 'while they're technically insolvent, we cover the damage'. That was Paragon Leisure Group Limited, which was underwriting and guaranteeing contracts signed by Notts County Football Club."

Mr Maguire explains that, unlike the construction industry, late payment in football is deterred through the threat of strict sanctions.

'Football debts', as they are known, must be paid or clubs can face fines or point deductions. While Notts County's football debts may have been paid on time using funds from the Paragon business empire, CN has heard allegations that the same was not true for its freelance staff and suppliers.

'A constant battle'

Around the middle of 2017, sources that worked on several Paragon projects claim the firm began to have problems paying subcontractors. Specialists started walking away because they weren't being paid, which had a debilitating effect on projects.

"It was a constant battle - we're trying to get the job done on-programme and you've got subcontractors not showing up, which puts everything else out of sequence as well," recalls freelance site manager Joseph Fletcher.

"It became harder and harder as a site manager to get your jobs completed on-programme."

Mr Fletcher was regularly

expected to pay for the labour and materials required to finish a project, but soon found he was facing delayed payment for completed work. "I'd threaten to pull off a job and then get a payment of maybe £20,000, and that would get me going again," he explains. Mr Fletcher claims it was only through this "drip-feeding" of payments that projects progressed.

The subcontractor source that spoke with CN said they'd witnessed an increased churn of suppliers, as payment terms lengthened during mid-2017.

He says: "Ninety days [was the expected payment term], but as the business got bigger, the terms seemed to get worse."

Target of '£100m by 2020'

When he bought Notts County in 2017, Alan Hardy brought in a new chief executive to run Paragon Interiors' day-to-day operations.

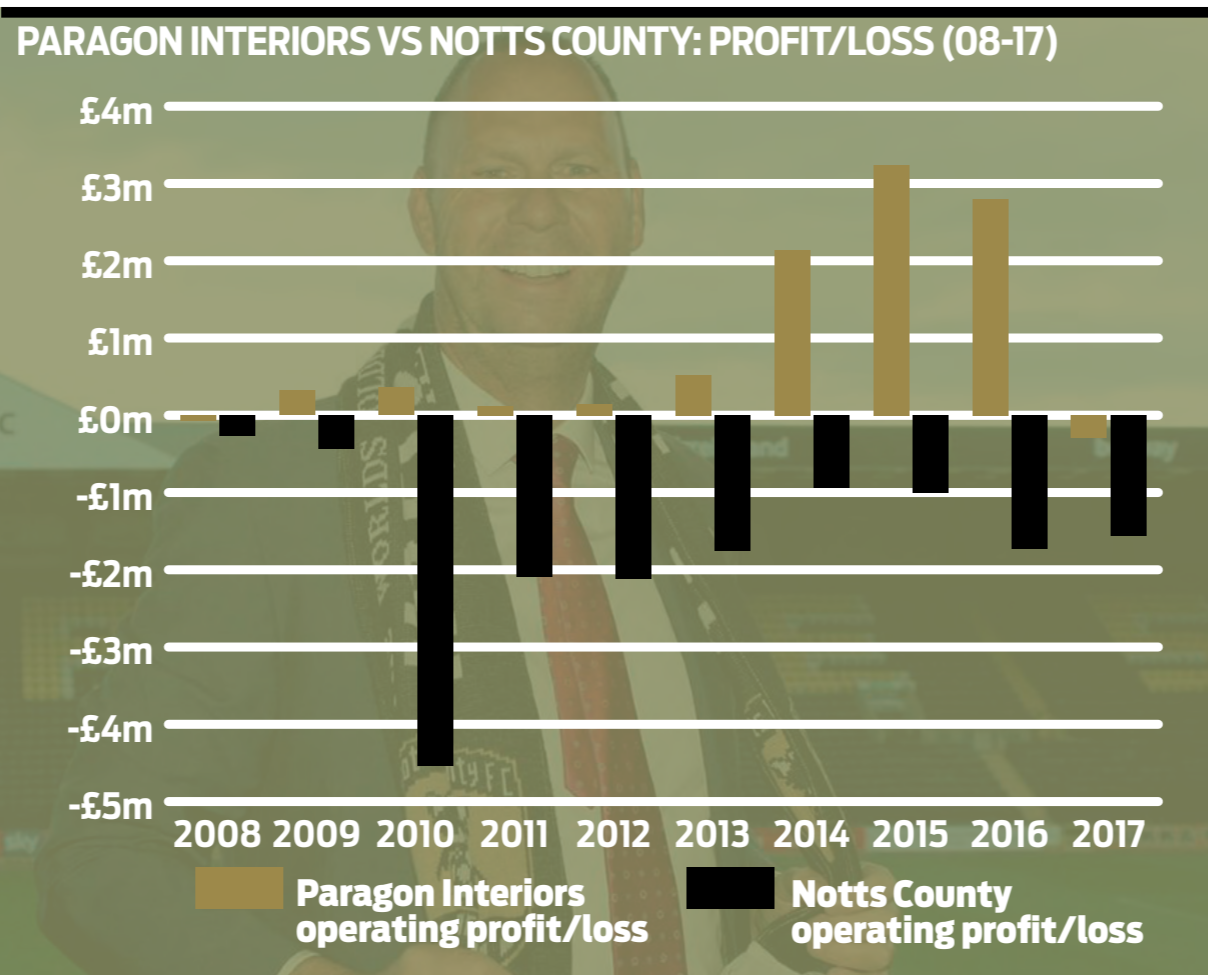
The candidate he chose was Gary Perry, who had formerly grown services-management firm Norland Managed Services from a £40m business to a £400m firm before selling it to CBRE in 2013. Mr Perry was tasked with achieving Paragon's "2020 vision" of reaching a £100m turnover by 2020.

Having handed over the reins at Paragon, Mr Hardy threw himself into turning around Notts County, with some initial success.

Under the management of former Premier League star Kevin Nolan, the club went from being candidates for relegation to pushing for promotion.

Notts County reached the League Two playoffs at the end of the 2017-18 season, losing in the

contacting staff at Paragon. When CN put the claims made in this article to him, he once again suggested we conduct an interview, but we could not agree a timeframe that worked for both parties. CN remains open to hearing his perspective of what went on at Paragon Interiors.



Month	Event
March 2016	Paragon Interiors revenue hits £54m and it makes a pre-tax profit of £2.9m, as the firm is shortlisted for Employer of the Year at the Construction News Awards
January 2017	Alan Hardy completes a deal to buy Notts County for a reported £6.5m. Paragon Interiors brings in new CEO Garry Perry and sets him the 'Vision 2020' target of £100m turnover by 2020
June 2017	Paragon's revenue grows further to £62.1m, but the business makes a £131,000 pre-tax loss for the year. Subcontractors start to notice extended payment terms
May 2018	Notts County lose out on promotion to League One via the playoffs. Its accounts show it lost £1.6m in 2017
January 2019	Alan Hardy announces plans to sell Notts County
February 2019	Administrators called in to Paragon Interiors, the following month the collapse of a deal to buy the firm sees all staff made redundant

season, while his replacement, Harry Kewell, lasted just three months before he, too, lost his job in November with the club in the relegation zone.

Then, in January this year, Alan Hardy announced the sale of Notts County in bizarre fashion.

After accidentally posting an explicit image of himself on social media, he released a statement saying he was seeking a buyer for the Midlands side.

He also suggested his spell as chairman of Notts County was having an adverse effect on his other businesses.

"The truth is, my efforts to restore Notts County's fortunes over the last two years mean my other businesses have had to take a back seat," he said. "They are now in need of my full attention."

'Stressful situation'

Unfortunately for Mr Hardy, that switch of focus came too late. In the weeks following the statement, work on all Paragon sites came to an abrupt halt.

No more orders could be raised and suppliers stopped coming to site, as subcontractors and agencies pulled their workers from Paragon projects.

Staff and suppliers desperately sought information, but many began to fear the worst.

The high-profile schemes the fit-out firm was working on included the £7m contract for the refurbishment of Royal Holloway University.

"Clients wanted to know what was going on and we had no official statement to give them," the former executive tells CN.

"Some of the lads were denying it, others were saying 'I'll try and find out', and some were being honest and saying 'I haven't got a clue, but it's not looking good'... Operationally, everything just stopped dead."

When Mr Hardy finally released a statement, it was to Notts County supporters.

"I will continue to support the club as best I can while dealing with a very difficult and stressful situation at Paragon," he said.

Three days later, Paragon Interiors was in administration

"He was sacking managers who got big payoffs because they'd signed three-year contracts, and all of that led him to take his eye off the ball with his other businesses"

KIERAN MAGUIRE, UNIVERSITY OF LIVERPOOL

and Leonard Curtis Business Rescue & Recovery was called in.

But the story doesn't stop there. Days after the administrators' appointment, Mr Hardy was quoted by the Press Association as saying he had sold the business for "diddly squat" - a major fall from grace, given he had been offered £25m for the company two-and-a-half years previously.

He then backtracked on that statement, telling the local press that Paragon Interiors had been the subject of "significant interest" and that he understood a "substantial offer" from an unnamed buyer had been tabled.

Finally, earlier this month, following the collapse of a proposed deal by London-based 'boutique property' developer Red 7 Property, all the firm's staff were made redundant.

It marked a sad end for the many people who had worked dutifully for the business, such as Mr Fletcher.

"I've served them for two-and-a-half years, taking on some big contracts, working away from home every week, and they do this to me," he says.

"I owe money out and the companies that I owe could struggle if I don't pay them."

"Companies have to be stopped from doing this. It just sends the little blokes like me down the pan. We don't have a chance."

Find out more online
Read how the news unfolded at www.constructionnews.co.uk

"I'd threaten to pull off a job and then get a payment of maybe £20,000, and that would get me going again"

JOSEPH FLETCHER, FREELANCE SITE MANAGER

aligned to you," he told a press conference in September 2018. "People who are more removed from it see this beautiful industry that's immense fun and [the] excitement. It's not. It's selfish, it's cutthroat, and incredibly demanding. It's emotionally challenging and pulls at your own personal values."

At that press conference, Mr Hardy admitted that he regretted buying the club and said if he could go back in time, he never

would have done so. It was during that same month that Paragon's "2020 vision" started to fade, as Gary Perry departed the group and Mr Hardy took back a more hands-on role.

"He started to sit in on the board meetings," an ex-Paragon insider tells CN. "He would take an interest in jobs that were in dispute and settle final accounts."

"He started to get more involved and put more pressure on; if a final account was outstanding for a week or two, he'd be asking why was this the case? What's going on?"

A change of structure followed, the number of business units was reduced, and Mr Hardy urged his employees to help bring in more jobs.

£100m
Turnover target handed to new chief executive in 2017

CN has heard that some parts of the business remained strong even in the final months. One regional office was claimed to be delivering 13 per cent margins on work worth more than £13m.

Nevertheless, as the Christmas period approached, Paragon was dogged by cashflow issues. Staff were urged to keep pressing ahead with work and were reassured that the problems would be solved by a major cash injection in March. During this period, Notts County's future was also looking bleak.

Manager Kevin Nolan had been sacked in August after losing four of the five opening games of the