SKILLS SHORTAGE IN THE CONSTRUCTION AND HOUSING INDUSTRY
Introduction to the Panel

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Key Points of Today’s Discussion

› Skill Shortage – Why are we experiencing this?

› What are the skills shortages and what are the effects?

› What can we do about it?

› Short, medium and long-term solutions
Hands up
Which type of organisation do you work for?

Live Vote:

A. Client-side / Registered Provider / Local Authority

B. Consultancy

C. Contractor

D. In-house Service Provider / WOS / DLO

E. Supplier
Skills Shortages – Why?
What was your route in to the sector?

Live Vote

A. Apprenticeship
B. Unqualified Entry level
C. Graduate or Management Trainee
D. Transferrable skills from other sectors
E. Friends or Family link
F. Other
Economic Recession & Pressure

- Greatly reduced opportunities
- Redundancies
- Other sector opportunities
- Lack of job security
- Margin’s squeezed
- Salaries cut
- 400,000 workers left the sector in 2008
- 1% rent reduction meant efficiency savings were a necessity
Front-line staff & Tier one contractors in housing sector is not overly reliant on European workers.

Not the case with sub-contractors that are more likely to use Eastern European labour force.

Net migration from Eastern European countries has fallen from 42,000 in the year before the referendum to 6,000 in 2017.
Why are we experiencing this?

› In a digital world, do young people want to work in manual worker roles
› Schools don’t actively promote construction
› Does a grad QS want to build the next Shard or count taps and washers
› Traditionally, it has been seen as a male dominated industry
› Nearly 430,000 construction workers set to have retired between 2010 and 2020
Top 10 Industries for 22-29 year olds, UK

2011:
1. Sales Assistants & Cashiers (6.9%)
2. Other Elementary Services (4.3%)
3. Caring Personal Services (4.4%)
4. Teaching & Education (4.4%)
5. Sales, Marketing & Related (3.6%)
6. Business, Finance & Related (2.7%)
7. Construction & Building Trades (2.2%)
8. Childcare & Related Personal Services (2.9%)
9. Other Administrative (3.1%)
10. Customer Service (2.3%)

2017:
1. (6.2%) Sales Assistants & Cashiers
2. (4.8%) Caring Personal Services
3. (4.5%) Teaching & Education
4. (4.3%) Other Elementary Services
5. (3.7%) Sales, Marketing & Related
6. (3.3%) Other Administrative
7. (2.8%) IT & Telecommunications
8. (2.8%) Childcare & Related Personal Services
9. (2.7%) Administrative: Finance
10. (2.7%) Business, Finance & Related
11. (2.5%) Customer Service
12. (2.5%) Construction & Building Trades
Apprenticeships

› Apprenticeship starts within Construction have dropped 10% despite the apprenticeship levy

› Department for Education reveal apprenticeship starts;
  › 316k between August 2017 and May 2018
  › 457k August 2016 and May 2017
  › 421k August 2015 and May 2016

› Inside Housing’s survey of apprenticeships in the sector earlier this year found that just two in five apprentices (23.3%) were offered a permanent job

› Are young people ready to work?!
Women in Construction and Housing

› Within Social Housing, 1% of tradespeople are female
› Around 2% of trade apprentices are female
› Women make up 12 – 13% of people in the construction sector (women are mainly in back office jobs – HR, finance, IT etc)
What are the skills gaps?

What the effects?
Where do you feel the skill shortages are within your organisation?

Live Vote

A. Skilled trades
B. Surveyors
C. Operational management
D. Commercial management
E. Compliance & Fire Safety professionals
F. Sales, Marketing & Bids
G. HR, Legal and Finance
H. IT
I. Other
What are the skill shortages

› Skilled trades
  › Electricians
  › Gas
  › Multi-trades
  › Bricklayers
› Quantity Surveyors / Commercial Management
› Building Surveyors
› Compliance & Fire Safety professionals
› Bid Writers
Main drivers of skills gaps (%)

- Strong competition for qualified candidates: 62%
- Lack of candidates with appropriate qualifications: 55%
- Lack of awareness among young people of education routes: 50%
- Careers advice poorly aligned to sector: 49%
- Changes in the work not reflected in education or training: 35%
- Qualified individuals moving to other regions: 26%
- Difficulty accessing highly-skilled migrants: 12%
- Other: 9%

Source for all graphs: CBI / Pearson, Helping the UK Thrive (2017)
What are the effects?

› Lack of growth for businesses and organisations

› Organisation, public and private, unable to deliver services in line with expectations

› Salaries being pushed up at a time when margins are being squeezed

› Government committing to build 300,000 new homes a year;
  › By 2020 the UK will need a total of 1.98 million house building workers to meet this target
  › Even if off-site construction takes off, the skills gap would be huge
What are the biggest impacts of skills shortages?

A. Salary inflation
B. Lack of business growth
C. Shortfall of house building
D. Compliance risks
E. Services not delivered
F. Cost of recruiting (length of time and use of temporary staff)
G. Brexit
H. More apprenticeships
I. High job security
How can help solve the Skills Gap?
Long-term solutions

› Working with education providers
  › Ensuring construction and housing is part of the syllabus
  › Recognising and promoting the attractiveness of the sector in schools, colleges and Uni’s
  › Working with colleges to create vocational courses that are fit-for-purpose and in line with what employers need
  › Highlighting successful female role models to appeal to a younger generation of women

› Create sector specific academies
  › Large organisations have the funds to create their own training academies
  › Could SME’s collaborate and pool resources to together create academies
Innovation

› Manufacturers claim robots can lay 3,000 bricks a day, compared with the typical 300-600 bricks for a human worker.

› Drones are used for surveying, inspections and progress monitoring.

› Off-site construction

› Technology – imagine if the sector could utilise the logistical expertise of Amazon!
Medium-term solutions

› Ensuring accessibility to the sector
  › Apprenticeships
  › Higher education leavers
  › Cross-sector utilisation of transferrable skills
  › Look to engage ex-armed forces in to the sector – reputation for being organised, structured and professional
› Promoting the benefits and work-life balance where many RP’s lead the way – other organisations in the sector should follow suit!
› 3-5 Year Rolling Apprenticeship Programme
› Morgan Sindall CityFutures & BasWorx
Medium-term solutions

› With Housing high on the government and media agenda, let’s create a sector-wide positive message and use it as a progressive force

› Efficiencies & Collaboration
  › Contractors using local workforces across multiple clients
  › Share Information – RPs & LAs communicating: Projects & Workloads
  › Apprenticeship Training Agencies – Sharing Apprentices

› Levy - only 10% allocation to supply chain
› Better policing of tender commitments
› Immigration
Attract

- There are strong candidates out there – how do you engage them?
- Have an engaging recruitment process
- Beat the competition using perks and benefits
- Utilise tools to attract applications
Short-term solutions

› Train
  › Offer training that employees actually want and that will genuinely benefit your organisation
  › Upskill
    › skills underutilisation – staff often possesses work skills that are not fully utilised

› Retain
  › Development short, medium and long-term career development plan
  › Create a positive and enjoyable working environment
Summary