

AN INDUSTRY ACTION PLAN

BUILDING AFTER BREXIT



BUILDING AFTER BREXIT: AN ACTION PLAN FOR INDUSTRY



The date for leaving the European Union is fast approaching. As the deadline nears, it's clear that employers are finding it harder to recruit. Under the leadership of the Construction Leadership Council, the Civil Engineering Contractors Association, the Construction Products Association, the Federation of Master Builders, the Home Builders Federation and CITB have come together to form an Action Plan based on extensive research over the last two years.

We recognise the need for a twin-track strategy, working with government to agree how we can maintain access to migrant workers while building the domestic workforce. This plan sets how we achieve the second part of this strategy.

BREAKING DOWN THE MIGRANT WORKERS CHALLENGE - ATTRACTION AND RETENTION

❖ Foreign workers in UK construction

- While the British construction workforce is largely home-grown, migrants play a critical role. The industry has a sizable and growing foreign workforce. One in seven workers were not born in the UK, 9 percent are from the EU. Half of London construction workers are foreign born.
- Migrants' skill levels are comparable to their UK counterparts, and they can be found in every occupation.
- Perceptions that migrant workers may be employed as a cheaper form of labour than UK workers are not borne out by evidence.
- Employers seek to take on non-UK workers for a range of reasons, most prominently that they are available at the right time with the right skills industry needs.

HOW TO MEET THE GROWING NEED FOR JOBS IN THE INDUSTRY

- CITB's Construction Skills Network (CSN) forecasts that the construction industry will need to fill **168,500 jobs** between now and 2023.
- If construction continued to grow at the current rate of **1.1%** – the average growth rate for the last five years – to 2030 this would increase to just over **250,000 jobs** to fill by 2025, and **410,000** by 2030.
- As it becomes harder to recruit foreign workers after Brexit, current skills gaps could widen significantly.
- Industry must take steps to increase the number of domestic workers entering construction and reducing the rate of workers leaving it.
- The UK construction industry has historically had low levels of productivity which must be improved. This will not be straightforward and it is likely that in the short-term most of any gains will come from incremental improvements such as reducing error rates, with the larger gains from new working practices and technology coming later.

ATTRACT NEW TALENT - APPRENTICESHIPS AND FE

Apprenticeships

- The main entry route for recruitment in construction is through apprenticeships.
- As apprenticeship reforms are being embedded, trade apprenticeships have seen a decline of **8%**, but this is comparatively stable compared to other sectors. Apprenticeship starts for the Construction, Planning and the Built Environment have continued to rise.
- This Action Plan provides a series of recommendations which look to grow construction's apprenticeship offer.
- If implemented, we believe we could achieve an annual **+5%** increase in apprenticeship starts.
- Construction should also be able to increase the number of apprenticeship completions by **+2%** annually.
- We could also increase the percentage of apprentices entering the workforce by **+1%** annually.

❖ Further Education

- Approximately **36,000** learners per year undertake construction courses in FE but only a quarter of them progress into a construction job.
- This Action Plan outlines how we can reduce this gap and help more FE learners enter the sector.
- If implemented we could increase the share of learners completing their courses by at least **+1%** per year.
- We can also expect a gradual increase in the share of FE learners entering the industry, with retention rates increasing from **25%** to **50%** by 2030.

Taking FE and apprenticeships together by 2025, this would provide additional 17,000 new entrants to construction annually and 26,000 workers annually by 2030.

❖ Attract new talent - Other sources of labour

- In addition to FE and apprenticeships, construction historically recruits people from other industries, unemployed people, and from higher education.
- On current trends, the pool of unemployed is likely reduce with those remaining likely to need more support to enter employment, particularly in construction.
- Recruitment from higher education has remained static at an average of **12,900** recruits per year.
- As our industry modernises and we provide more attractive and clearer career paths, we estimate that we will be able to attract **+2%** more people from other industries year on year over the period.
- The above interventions, coupled with ongoing recruits from unemployed and higher education, could see **18,400** people joining the industry in 2025 (**11%** increase), and **31,400** in 2030 (**18%** increase).

❖ Retain the current workforce

- In construction, workers often retire earlier than others in the wider economy.
- By investing in extending working lives, we estimate that we can reduce early retirement, and see a **2%** annual reduction in retirement.
- Given likely intense competition between sectors for skilled workers, reducing outflows from construction will be challenging.
- Increased investment in training and improving industry culture and work environments could reduce the number of workers leaving the industry for other jobs by **0.5%** year-on-year (95,000 workers left construction for other sectors in 2017).
- Taken together these factors could help construction retain an additional **10,900** workers per year in 2025, and **18,300** by 2030.

❖ Total impact on the skills gap

- Together these factors could combine to make up a **44,150** net contribution to the overall growing skills needs by 2025, and **75,700** by 2030, as is outlined below.

| | Annual increasing recruitment from FE and apprenticeships | Annual other increases in workforce | Annual gains from retaining workers | Total additional workers available to the industry |
|------|---|-------------------------------------|-------------------------------------|--|
| 2025 | 17,000 | 18,400 | 10,900 | 44,150 |
| 2030 | 25,800 | 31,400 | 18,300 | 75,500 |

TABLE 1: Total additional workers available from June 2018 to the industry annually by 2030 (This table is explained in more detail in Appendix 1)

- This would make a significant contribution to growing the domestic workforce and reducing dependence on migrant workers.
- Industry feedback suggests that to reach this ambition, we need government support to avoid a sharp reduction in availability of migrant workers in the short term.
- This could create long lasting damage for the industry, which would need breathing space to make the necessary changes.

PRODUCTIVITY INCREASES TO MEET THE REMAINING CONSTRUCTION SKILLS GAP

Raising the rate of growth in productivity – a key aim of the Construction Sector Deal - can help meet the industry’s skill needs in two ways:

- Adoption of modern methods of construction and digital technologies could reduce the demand for the traditional construction trades, with more of its recruitment coming from professional and technical roles. To attract this type of potential industry entrant, construction must become more competitive on pay.
- Improved productivity and profitability will help the industry to pay the wages needed to attract and retain the best workers in these roles and help to drive productivity further. In this action plan, we look at how to kick start this virtuous circle.

GROWING OUR DOMESTIC WORKFORCE AND RAISING PRODUCTIVITY GROWTH

In this section we look at the specific actions that we will take within the three themes of:

❖ Attracting talent ❖ Retaining the workforce ❖ Being more productive

- Industry has identified those measures that will make the biggest impact in helping to tackle challenges it faces.
- These are broken down by what industry, government and CITB need to do in each area.
- When implemented, these incremental steps will ensure the sector has the skilled workforce it needs to deliver for Britain after Brexit.
- The steps align to the Sector Deal's Skills Action Plan providing more detail on what is needed to take them forward.
- This proposed programme of activity will significantly boost the action all parties are already undertaking given the importance of the skills challenge for the construction sector.

ATTRACTING TALENT

❖ For industry



- **Work together to present construction as an attractive career option:** Construction has achieved substantial improvements in familiarity and favourability ratings amongst potential recruits and those that influence them. We will build on this by developing an overarching behavioural change campaign. This will be under the Go Construct banner and seek to influence attitudes to construction. We will learn from how other industries are improving working environments to attract the skilled workers that they need.
- **Create a unified industry careers portal:** Construction should create an industry portal to signpost and consolidate attraction initiatives, such as professional bodies, Open Doors, Inspiring Construction and other large programme initiatives.
- **Develop construction T levels:** Industry and government must work together to overcome the significant challenges in the delivery of construction T levels. We must ensure that employers have confidence in the quality of the qualification and can rely upon the skills of T level graduates. T levels need to be structured to add genuine value to the training system of the UK. The anticipated wider review of FE qualifications should ensure that all qualifications have the breadth of T levels and a deliverable work experience element.

- **Better work placements/experience:** Industry will offer more, better quality, work experience and placements. Construction T levels will contain a work placement element and this will greatly increase the number of placements required. Industry will support the implementation of these courses, and seek opportunities to further increase the work experience offering. The Construction Skills Fund (see CITB actions) has the potential to create the vehicle to deliver a share of the required work placements.
- **Attract people from other sectors:** Industry will develop conversion courses that will enable those within the industry, or in similar industries, to switch roles more easily. This will enable construction to make better use of untapped skills that are already available.
- **Engage in better pre-employment interventions:** Using CITB's research, we will assess and implement measures to help develop sustainable pre-employment programmes which enable a talent pipeline for the sector. This will enable pathways to the sector for hard-to-reach groups who may previously have struggled to gain entry.
- **Support those not in employment to enter the industry:** We will target young people not in education, training or work, based on opportunities arising from CITB funding commissions which will look to develop new pathways. These pathways can then be adopted across industry. By implementing long-term work experience interventions young people will be more work/employment ready.



❖ For Government

- **Work with the industry to ensure the apprenticeship reforms, including the Apprenticeship Levy (AL), deliver for construction:**

The Sector Deal has set out an ambition to grow the number of apprenticeship starts in construction to 25,000 in 2020. However, there are some important challenges to address.

- **Development and approval of apprenticeship standards:**

At the start of 2018, only 32 new apprenticeship standards were agreed and ready for use. By the end of March, we will have 80 ready. Industry will work with the Institute for Apprenticeships (IfA) to build on this success. This work should be based on an overview of the industry's priorities. Government should also ensure that the use of standards is not constrained by gaps in the coverage of End Point Assessments. Government should review these bands now they are in use to ensure providers are able to adequately fund the high-quality training the industry needs.

- **Preserve provision, particularly in specialist areas:** The apprenticeship pot for AL and non-AL payers is due to be combined in April 2020. This will mean that all employers will be drawing from the same finite resources. This may result in a squeeze on more expensive, specialist provision. DfE should work with industry bodies to develop a diverse range of training providers to ensure there is a working market place in education, especially for specialist skills. Prior to moving non-AL payers onto the Digital Account system, the Government should ensure that there is a broad enough selection of providers available to deliver all training required, including in specialist areas.

- **Develop a closer interaction between T levels and Apprenticeships:** The development of apprenticeship standards should reflect the focus on a broad base of skills that is the foundation of the T levels. Learners who have completed T levels must also be able to progress to an accelerated apprenticeship, or training equivalent, to be competent for their occupation.



❖ For CITB

- **Deliver the Construction Skills Fund (CSF):** The CSF has created 24 learning hubs to deliver onsite training and work experience. By March 2020, some 15,000 will have received onsite training. This year CITB will invest in similar opportunities in Scotland and Wales.
- **Target funding at areas of greatest need:** CITB will put in place funding commissions, agreed and developed with industry, to support significant programmes that address key challenges in areas such as careers, the provision of training and development, and innovation.
- **Ensure training is relevant and effective:** CITB will use its evidence, influence and, where necessary, funding, to ensure training is accessible in multiple formats to bring more people into the industry.
- **Improve careers information and guidance:** CITB will increase the impact of their schools engagement through using the network of Construction Ambassadors to promote construction as a rewarding career. CITB will expand their in-depth careers research to ensure that they target the right messages through the right mechanisms at the different groups of young people, parents and careers advisors that they are seeking to influence.
- **Reduce apprenticeship non-completion rates:** CITB will develop refreshed guidance for recruiting apprentices. During their course, candidates will be given personal and professional support to ensure they are equipped to handle the rigours of the programme.
- **CITB Bricklaying Intervention:** The construction industry is experiencing a shortage of bricklayers. There isn't a lack of new training to be bricklayers. Rather the majority of learners who undertake full time bricklaying FE courses do not transition into the industry. CITB is developing a direct intervention to address this focused on getting more of those on full time bricklaying courses in FE into jobs.



❖ For industry



- **Support older construction workers to stay in the industry for longer:** Industry must support and promote interventions that improve the retention of older workers within the industry and appropriate development of their skills. We will work to develop pathways that allow workers to move from one skilled area to another within the industry based on need. We will work with CITB and Government to pilot the development of mid-life career reviews for workers, allowing them to explore how they can continue working in construction.
- **Develop initiatives to keep workers in the industry during downturns:** We will develop new tools to keep in contact with workers who may leave the industry during downturns. CITB undertook a wide range of actions during the recession to improve the supply of and demand for apprentices, and to maintain the demand for training and skills development. CITB also assisted Carillion apprentices in finding alternative employers. Lessons can be learned from these experiences. We will evaluate these actions, including the apprenticeship matching service, and explore what additional measures can be put in place.
- **Offer improved mental health support:** We will continue to support the Building Mental Health initiative, which encourages employers to engage with and embrace the mental health agenda. This initiative makes best practice and information readily available to employers and employees. CITB will build on its recent initiative to train 2500 mental health first aiders.
- **Upskilling the existing workforce:** Industry will work together with CITB to identify the priority areas for upskilling and multi-skilling of the existing workforce, to contribute to improved performance and put in place programmes to support their development. We learn from automotive manufacturers in how they train people to progress within assembly plants.
- **Develop positive industry culture and behaviours:** Financial fragility has meant a survivalist culture has evolved within construction. Commercial behaviours have led to practices that can make the industry an unappealing place to work. We will continue to work to reform the negative cultures and behaviours that can be found within industry. CITB research on this issue will feed into action to raise the quality of site supervisors.

❖ For industry



- **Develop and Deliver a Future Skills Strategy:** In March, the CLC will publish its strategy on Future Skills. This will identify the priority actions to develop the skills required to support the industry's drive to modernise and innovate.
- **Adopt a 'Right First Time' approach:** Key international studies suggest that the direct costs of avoidable errors range from 5-20% of project value. Employers will work to adopt the skills and behaviors promoted by the 'Get it right Initiative' to reduce the frequency and impact of rework on construction sites. This will require clients and industry working together more closely from the conception of projects. 'Right First Time' is not just about productivity and profitability. It's fundamentally about delivering quality, leading to greater customer satisfaction and better performing buildings and infrastructure. Construction can learn from programmes such as the Core Innovation Hub, under the Industrial Strategy Challenge Fund for the construction sector.
- **Boost investment in Standardisation/Modern Methods of Construction (MMC):** Investment at scale is required to make significant steps forward in the adoption of MMC. CITB research has shown that construction has the potential to have a transformative impact and is developing relevant standards and qualifications, and training and development in this area.
- **Develop the leadership skills to drive digitalisation forward:** CITB's research report 'Unlocking Construction's Digital Future' identified huge potential gains from digitalising industry's processes but a lack of understanding or agreement on how to make it happen. Working with the CLC, CITB will shortly launch a digital skills commission to develop the leadership skills to drive digitalisation forward and to ensure the right training and standards are available.
- **Reform infrastructure delivery models:** Clients and contractors must share risks from the inception of every project, in order to facilitate efficient delivery, encourage innovation and therefore produce high performing infrastructure. Project 13 provides the roadmap for industry to enable this transformation, with the ultimate goal of improving industry productivity growth.

❖ For Government

- **Adopt Section 106 model for Government Procurement strategy:**

UK Government should continue with the implementation of the 'presumption in favour' of offsite manufacture. This should involve a requirement for projects be delivered using MMC. This will drive investment, productivity and output and could follow the model of the Section 106 planning agreements.

- **Ensure young people are equipped with the correct digital skills:**

We must also ensure that young people entering the workplace are equipped with the right digital skills. It is important that this is reflected in post-school training provision, but also in the school curriculum so that the next generation have the basic skills necessary to undertake more specialist training.





APPENDICES

Attraction - increasing apprenticeship and FE Inflows

Growth in people entering the industry from apprenticeships and FE courses is based on three factors:

- the number of people ending their course of learning each year,
- the percentage who successfully complete their courses,
- the percentage who then enter the industry.

| | Apprenticeship entrants to industry | FE entrants to industry | Total entrants to industry | Increase in entrants from 2018 |
|-------------|-------------------------------------|-------------------------|----------------------------|--------------------------------|
| 2018 | 11,350 | 8,900 | 20,300 | |
| 2025 | 18,650 | 18,600 | 37,300 | 17,000 |
| 2030 | 25,300 | 20,800 | 46,100 | 25,800 |

TABLE 2: Growth in people entering the industry from apprenticeships and FE courses (England)

- For growth in the number of people leaving their course of learning, recent years have seen an average **5%** annual growth in apprenticeships and **1%** annual growth in FE figures year-on-year. These rates have therefore been projected forward to 2025 and 2030.
- On completion rates, nearly **71%** of apprentices successfully complete their courses and through these interventions we believe this can grow by one percentage point per year.
- For further education the current completion rates is slightly higher at **77%**. However we would also look for this to improve at **1%** per year.
- As for entering the industry, CITB research indicates that around **93%** of those completing apprenticeships join the industry, through interventions we would look for this to increase to over **95%**.
- However, for further education it is a relatively low figure of **26%** of people who complete construction FE courses and enter the industry.
- This gives more scope for growth and we believe interventions could improve as T levels will be more focussed on getting candidates into the construction industry, and will be fully introduced by 2022.
- We estimate more further education learners will be entering the industry from around 2022/2023 onwards. By 2030 around **50%** of learners could be entering industry from FE.

We predict the following trends in apprenticeship starts across England and GB as a whole.

This is based on the same assumptions as above, growth (**5%** year on year) and completion rates (**1%** year on year).

| | 2018 | 2022 | 2025 | 2030 |
|----------|--------|--------|--------|--------|
| England | 21,250 | 25,450 | 29,400 | 37,400 |
| Scotland | 4,650 | 5,550 | 6,400 | 8,150 |
| Wales | 1,650 | 2,000 | 2,300 | 2,900 |
| GB | 27,550 | 32,950 | 38,100 | 48,500 |

TABLE 3: Forecast apprenticeship starts: England and GB

Notes:

- Apprenticeship starts per year (not the number of individual learners)
- Comparable construction frameworks across England, Scotland and Wales

| | From unemployment | From higher education | From other industries | Total workers | Increase in entrants from 2018 |
|------|-------------------|-----------------------|-----------------------|---------------|--------------------------------|
| 2018 | 52,000 | 12,900 | 107,000 | 171,900 | |
| 2025 | 52,000 | 12,900 | 125,400 | 190,300 | 18,400 (11%) |
| 2030 | 52,000 | 12,900 | 138,400 | 203,300 | 31,400 (18%) |

TABLE 4: Growth in people entering the industry from other sources

RETENTION – REDUCING OUTFLOWS

| | Retaining older workers | Investing in training | Total |
|------|-------------------------|-----------------------|---------------|
| 2025 | 7,150 | 3,750 | 10,900 |
| 2030 | 11,100 | 7,200 | 18,300 |

TABLE 5: Impacts of workforce retention actions



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