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Skills and Training in the Construction Industry 2018

Executive Summary - June 2018

Study prepared by BMG Research Ltd from a commission by CITB.

The views expressed by research participants are their own and do not necessarily represent those of their employers.

1. Executive Summary

Introduction

- In January 2018, the CITB commissioned this skills and training survey. The survey broadly replicates similar surveys conducted in summer 2009, early 2011, early 2014 and summer 2016. The survey aims to determine skill needs and training practices amongst both self-employed individuals and employers working in the construction industry across the UK.

- Telephone interviews with 1,091 employers (in establishments in which at least 2 people worked) and 122 self-employed individuals in the construction sector were achieved.

- In addition, targets were set for the numbers of interviews in each home nation such that a minimum of 85 interviews were conducted in each of Scotland (88), Wales (88), and Northern Ireland (85). The remaining 952 interviews (77% of the sample) were conducted in England. Within England, further stratification of the sample ensured appropriate representation of the distribution of employers and self-employed businesses across the nine government office regions.

- At the analysis stage, the data was weighted to accurately represent the total population of construction businesses in the UK.

Industry structure

- The majority of businesses with employees (87%) employ fewer than 10 staff at their site. Most of the remainder (9% of all employers) employ between 10 and 24 staff. Only one in twenty employers (5%) employ 25 or more staff at their site, including 1% that employ at least 100 staff.

- Three-quarters of businesses with employees (74%) operate within the construction sector, with the remainder (26%) operating within professional services.

- Three-fifths of businesses with employees (60%) have contractor/agency/self-employed workers currently working for them.

Output constraints

- Labour shortages are most frequently mentioned as a constraint to business sales and output (13% of employers), continuing the upward trend in this as a concern since 2014. Insufficient demand/uncertainty in the economy continues to be relatively significant as a concern (10%) but is less frequently mentioned than in 2016.

- Overall, around a half of both employers and the self-employed (49% and 56% respectively) did *not* perceive any constraints on their business. This is a similar picture to 2016, which also suggests little perceived change in the economic environment for construction businesses in the last two years.

- In terms of *anticipated* constraints on output in the next 12 months, insufficient demand/uncertainty in the economy is the most likely to be mentioned, with labour shortages next most frequently mentioned.

- The majority of employers reported no change in the number of staff employed in the last 12 months (62%) but, if there had been change, this was more likely to be positive rather than negative: 25% of business reported an increase while 11% reported a decrease. There has been little change in these trends over the last two years.

A continuing tight labour market

- One in six employers (17%) reported that, for *some* of the last year, they have not had enough skilled workers and a further 9% reported that for *all or most* of the last 12 months they had not had enough skilled workers. Both these proportions are similar to 2016 (18% and 8% respectively).

- More than two-fifths of employers (46%) have tried to recruit skilled labour directly during the last 12 months. This is the same proportion as reported in 2016.

- Just over two-fifths of employers (42%) have turned work down in the last 12 months as a consequence of lacking skilled workers. This proportion is significantly higher amongst construction than professional services businesses (46%, compared with 33%).

- Two-fifths of employers (39%) have actually recruited staff in the last 12 months. Again, this is a similar proportion to that reported in 2016.

- Nearly half of employers that have tried to recruit skilled staff have experienced difficulties in filling the positions (47%). This represents no change since 2016. This equates to 31% of all employers. There has been a strong upward trend in the incidence of hard-to-fill vacancies since 2011 (21% in 2011 to 36% in 2014 to 47% in 2016 and 2018).

- The most frequent recruitment difficulties for businesses within the construction sector were for carpenters/joiners and bricklayers; while professional services businesses were most likely to have difficulty recruiting architects.

- The most frequently cited cause of hard-to-fill vacancies is that applicants lack the skills required (73%), while not enough young people being trained in the construction industry is also a significant cause (64%). Both were also the most common causes of recruitment difficulties in 2016.

- Experience and knowledge is the most frequently mentioned scarce resource amongst job applicants (33%), with personal skills, such as attitude, motivation and common sense remaining important, as they were in 2016 (28%).

- Recruitment difficulties have had an impact on 92% of employers that have reported them. This impact is most likely to have been the increased use of overtime and higher workloads for existing staff (61%).

- More than half of employers that have had hard-to-fill vacancies report having lost business or turned down bidding for work (52%), or cite an increase in operating costs (also 52%).

Skill gaps

Skill gaps are present but not extensive and are less common than in 2016.

- Fourteen per cent of businesses said they had skill gaps in their existing workforces. This figure compares with 20% in 2016 and 10% of employers within the construction sector who said, in UKCES' Employer Skills Survey of 2017, that they had skill gaps.

- Among workers, skill gaps most commonly affect other engineers (9%), building service engineers (8%), technicians (8%) and architectural technologists (8%), all within the professional services sector. Among the self-employed, architects are most likely to have skill gaps (24%).

- The most frequently cited area identified as lacking in terms of skills is experience (or knowledge) (27% of those with skill gaps).

- When asked about the impact of skill gaps on business performance, just 19% of employers report that they have had a major impact, with 45% of employers reporting that the impact has been minor.

- The majority of employers (66%) with skill gaps are increasing training activity in order to overcome these gaps.

- The most frequent driver of new skills and knowledge among employers is new legislative or regulatory requirements (57%) closely followed by the introduction of new technologies or equipment (49%) and the introduction of new working practices (48%). These drivers have changed little since 2011.

- Among employers in the construction sector, managers/directors are the occupation group most likely to be affected by the need to acquire new skills or knowledge (16%); among those in professional services, architects are most likely to be affected (17%).

- The areas in which skills and/or knowledge are most frequently reported as needing improving or updating as a result of the drivers are legislation/regulations (27%), technical/trade-specific skills (27%) and health and safety/first aid (26%).

- One in six employers currently directly or indirectly employs any migrant workers (16%). Directly employed migrant workers are estimated to make up 5% of the directly employed workforce and indirectly employed migrant workers make up 14% of the indirectly employed workforce.

- Just over a fifth of employers that have experienced recruitment difficulties in the last 12 months have recruited or tried to recruit migrant workers to fill these posts (22%).

- One in seven employers identifying skill gaps have recruited or tried to recruit migrant workers to obtain the skills their workforce are lacking (14%).

Trends in training

The proportion of employers which train their staff has increased and other training indicators are positive.

- Two-thirds of all employers (67%) have funded or arranged any training, on or off-the-job, informal or formal, for any staff in the last 12 months.

- This is a higher proportion than reported in 2016 (64%) and among construction businesses in the UK-wide 2017 Employer Skills Survey (UKCES) (59%).

- Employers who provide training were asked about changes in their training in the last 12 months. Across a series of indicators, positive changes from 2011 to 2014 to 2016 and to 2018 were observed. Proportions of workforces trained, training expenditure per trainee, and the amount of training that has led towards recognised qualifications all increased.

- More particularly, 47% of employers have funded or arranged *on-the-job* training for any staff in the last 12 months, compared with 43% in 2016.

- On average, employers provided each person trained with 6 days on-the-job training last year. This compares with 16 in 2016, which suggests that training, while funded and arranged by more employers in 2018, is on a smaller scale than two years ago.

- Fifty-nine per cent of employers had funded or arranged *off-the-job* training for staff in the last 12 months, compared with 53% in 2016. On average, employers provided each trainee who trained off-the-job with 7 days off-the-job training last year. This is a similar figure to that reported in 2016 (6 days).

- As in 2016, training is most likely to have been provided by private training providers and internally, by staff. There was a higher incidence of training provided through an industry federation or body in 2018 than in 2016. This has been on an upward trend since 2014.

- Of employers that provided training in the last 12 months, 42% provided training towards a nationally-recognised qualification.   This is the same proportion as in 2016.

- Three-fifths (59%) of employers that funded or arranged training in the last 12 months formally assess whether the training and development received has an impact on the trainee’s performance. This is a similar proportion to that reported in 2016 (61%) and 2014 (60%).

- More than a third of employers *that funded or arranged any training in the last 12 months* (37%) reported that they would have provided more training if they had been able to do so. This is a lower proportion than in 2016 (50%).

- Lack of funds (51%) and lack of staff time (44%) are the main reasons for these employers not providing more training.

- Respondents who had *not funded or arranged training in the last 12 months* were asked for the reasons why they have not done so. The main reason given was that all staff are fully proficient (57%).

Apprenticeship

There has been an increase in support for Apprenticeship in the last two years.

- Nearly one in four employers in the construction sector (24%) currently has staff undertaking Apprenticeships. This is a similar proportion to that reported in 2016 (23%).

- One in seven construction employers (15%) offer Apprenticeship opportunities but do not currently have an apprentice. This is the same proportion as reported in 2016.

- The most frequently cited reason for offering Apprenticeships is business needs (36% of employers that offer them), while the most frequently cited perceived benefit to doing so is that it enables employers to train people the way they want to and mould them to how the business operates (42%).

- More than a quarter of all construction employers (28%) said it was likely that they would take on someone on an Apprenticeship in the next 12 months. This includes 14% that consider the possibility as very likely.

- More than half the employers that currently have Apprentices (56%) consider it likely that they will take on new Apprentices in the next 12 months.

- Compared with 2019, there is a slight increase in the proportion of employers who are *not* currently offering Apprenticeships that consider it likely they will start to offer Apprenticeships in the near future (19% in 2018, 16% in 2016).

- Employers in the construction sector that offer Apprenticeships were asked if the number of Apprentices and new trainees recruited has changed in the last 12 months. Three in ten (30%) reported that the number has increased, while just 14% reported that the number has decreased.

- The positive trends in the extent to which Apprenticeships are offered noted have continued since 2014.

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