

Appendix 2 – Skills and the Construction Industry

Information on Skills and Construction Industry

Delivery of RHS objectives is dependent upon the efficiency of the construction sector, an increasingly diverse and changing sector of the economy. In the West Midlands the industry is represented by 14,746 businesses employing 91,200 people. Overall, the industry is dominated by smaller firms with 87% of the industry employing fewer than 7 persons.

Working proprietors account for 16% of the total employment of private contractors, with administrative, professional and technical/clerical accounting for 27% and operatives accounting for 57% (Construction Statistics 2003). Only 8% of the workforce is female and only 3% is made up of ethnic minorities. Three quarters of the workforce are aged between 25 and 59 however 36% are aged 45 and over (Labour Force Survey). 67% of the construction workforce is located in the Central HMA with North HMA accounting for 11%, South HMA accounting for 14% and West HMA for 8% (NOMIS 2003 ABI returns).

Construction work is undertaken almost entirely on a project by project basis. Teams are drawn together for short periods of time and then moved to another location or dispersed. This means that firms may come together on a variety of different projects of which housing work may just be a part. Whilst sectoral specialisation may occur, firms can switch between various types of work as such housing work will provide only one component of total activity. Overall, housing related work accounts for around one third of total private contractor output in the Region (both new work and repairs / maintenance). More private contractor output value was accounted for by housing repairs and maintenance than new work (new build). In 2003/4, 16,901 houses of all tenure types were started in the Region representing a 14% growth over the previous year, most of which was accounted for by the private sector (92% of all starts).

Demand Issues

Without an adequate labour supply the industry will face problems in maintaining its current level of output irrespective of any desired expansion. The industry needs to be sufficiently attractive to compete with non construction sections of the economy in attracting labour, especially the most bright and talented. RHS will only secure its objectives if those parts of the industry (approximately one third) producing housing are able to compete with civil engineering and the commercial sector to attract a capable workforce.

The construction industry is forecast to require over 370,000 new entrants over the period 2003 – 2007. This translates into 34,700 new entrants required across the West Midlands by 2007 (CITB). Job Centre Plus accounts for around 40% of all vacancies. A recent study suggests that 60% of such vacancies were for craft or related posts whilst eight out of 10 were for bricklayers, carpenters, electricians or plumbers. Over half of employers use word of mouth to obtain staff. The National Employer Skills Survey (NES) suggests that one in twelve (80%) of employers have experienced hard to fill vacancies (mainly skilled occupations). Reasons given by employers for hard to fill vacancies list the low number of applicants with required skills (68%) and insufficient numbers of people interested in the job advertised (34%). One in eight employers in the Region has concerns about skills gaps in their existing workforce. It should be noted that this skills gap appears to relate to managers and support staff rather than skilled or professional level employers (NESS). The small employers dominating the industry have limited contact with providers, colleges or work based learning aimed at reviewing their skills and training needs, indeed 64% reported no contact at all (NESS). Household survey data show that those employed or self employed in construction have the second lowest level of overall educational attainment, with only 38% qualified at above NVQ Level 2 or equivalent.

Skills Provision

The Region has thirty four Further Education providers for construction activity and 147 work based learning providers, some of whom provide construction training. There are 4 Centres of Vocational Excellence (CoVES) across the Region: Stoke on Trent in the north; Coventry in the south: Evesham and Malvern (Gas Safety Training) and Stourbridge (Rural West and Black Country) and an electrical CoVE at the Technology Centre, City College, Birmingham.

Of the thirty four colleges, eighteen obtained OFSTED grades with grading ranging from satisfactory to poor. There is little collaboration between colleges and CoVES. The academic year 2002/3 saw 17,189 in FE courses and 1,498 starts in work based learning. This data does include a full breakdown between full / part / evening courses, though data from the previous year shows 4,069 enrolled on full time FE courses, 4609 in part time and 3,631 attending evening courses. Of the 17,189 learners, 8,415 are at level 1 or below. Around two thirds of FE provision is taken up by adult learners many of whom are in the middle aged group. Statistics for FE in 2001/02 give candidates on long programmes in Construction: 67% completed, and of those 64% achieved the qualification. 43% of starters therefore achieved qualification. The success rate for short programmes was higher at 83%.

Demand outstrips supply, this being primarily from young individuals rather than employers. Main barriers to delivery are difficulties in recruiting assessors / lecturers due to low wages compared to industry rates of pay. Over 1,000 schools from primary to 6th form are involved in Curriculum Centres/Construction Partnerships involving over 25,000 pupils. There has been a definite move towards generic construction courses at entry level, 47% of which are evening courses. Over 2,500 students enrolled on a range of "construction" related courses at six of the Region's HEI's on a wide range of awards; BSC/BA programmes dominated, with a third studying M Eng, courses ranging from architecture through to construction law. There are best practice clubs in Birmingham, Coventry and Staffordshire. The West Midlands Construction Forum (WMCF) formed three years ago will eventually be subsumed by the new West Midlands Centre for Constructing Excellence. There is a lack of suitable work placements; employers can not cover the full range of NVQs and therefore a variety of placements are required. In order to meet the requirements of a fully qualified workforce under Construction Skills Certification Scheme (CSCS) there will be a surge in demand for both first time accreditation and re-accreditation given that "grandfather rights" options will end during the next 12 months. CITB highlights the number of experienced but unqualified workers as 34,419 (2003).

There is evidence of mismatches, for example, there are 7,867 learners in plumbing and gas fitting across the Region, with demand showing average annual requirement as 600 – yet plumbing is highlighted as a hard to fill vacancy. Evidence also shows provision as not well suited to addressing the wider issues of an under qualified workforce, for example, On Site Assessment and training (OSAT). 92% of starts from Phase 1 were from private providers, whilst FE Colleges delivered 8%. The largest mismatch is with management and supervisory training. Statistics show a mere 66 candidates across the Region yet forecasts indicate that 900 need to be recruited annually. However, it should be noted that this does not include generic management training.

(Source: AWM)