

Skills and Training in the Construction Sector 2009

Research Report

prepared for

ConstructionSkills and Central Office of Information (COI)

by

IFF Research Ltd

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1 Introduction

- 1.1 ConstructionSkills was established as a Sector Skills Council in September 2003, bringing together the Construction Industry Training Board (CITB), CITB Northern Ireland and the Construction Industry Council (CIC).
- 1.2 One of the overriding aims of ConstructionSkills is to ensure that the training and learning infrastructure across the UK reflects the needs of the industry in terms of quantity, quality and location of training, mode of learning and funding mechanisms. This requires that ConstructionSkills has a thorough understanding of the needs and practices of the industry relating to skills, learning and training.
- 1.3 While there is an abundance of research surveys on employer skill needs, none provides data representative of the whole construction industry. Some surveys are too specific in their coverage (for example covering only individual federations) while others are too generic or do not cover the self-employed. The National Employers Skills Survey (NESS), for example, last commissioned by the LSC, BIS and UKCES in 2009, covers just England and only establishments with 2 or more staff.
- 1.4 To fill this information gap, ConstructionSkills commissioned IFF Research in 2008 to undertake a survey to provide a single source of evidence, representative of the construction contracting sector across Great Britain (Standard Industrial Classification SIC 45) investigating skills and training issues. It excluded professional services firms such as architects and surveyors (covered by SIC 74.2) even though these are within ConstructionSkills' footprint.
- 1.5 In 2009, ConstructionSkills commissioned IFF Research to conduct a similar study but with a wider scope: the 2009 study covers the whole of the UK and it includes professional services firms.

- 1.6 The objectives of the study were to identify, quantify and analyse:
- Recruitment difficulties and skill shortages in the job market, looking at their prevalence, nature, causes and impact
 - Skill deficiencies and skill gaps within the existing workforce, again looking at their prevalence, nature, causes and impact
 - Training activity, including the type of training being used, and the recruitment of Apprentices
 - Changes in these measures compared with 2008

Methodology

- 1.7 The study was UK-wide and covered the full ConstructionSkills footprint (i.e. professional services firms as well as the construction contracting sector). This excludes plumbing and electrical firms (SIC 45.31 and 45.33), which fall within the footprint of SummitSkills, the Sector Skills Council for the Building Services Engineering.
- 1.8 A total of 1,202 interviews were conducted:
- 1,046 interviews with employers (those with two or more employees on the payroll at the location)
 - 156 interviews with sole traders / the self-employed (those with a single person on the payroll, though they could have self-employed or agency staff working for them).
- 1.9 All interviews were undertaken by telephone using Computer Assisted Telephone Interviewing (CATI) from IFF's telephone centre in London. Fieldwork took place from 15th June to 17th July 2009. The main fieldwork was preceded by a small scale pilot for which 25 interviews were conducted on 8th and 9th June.
- 1.10 The sample was sourced from Experian's Business Database, supplemented for the self-employed group by those from ConstructionSkills' Employer Attitudes to Learning and Training panel research who were willing to take part in further research.

- 1.11 For Scotland, Wales, Northern Ireland and each English region, quotas were set by size in terms of the number of people on the payroll (1 i.e. sole trader / self-employed, 2-9, 10-24, 25-99, 100+) to achieve 100 interviews per country / region.
- 1.12 By size, the aim was to over represent large employers because of their importance in terms of employment, thereby allowing reliable reporting of results among large employers. Without this oversampling very few interviews would have been conducted with large employers because they represent a small proportion of the total employer population. Weighting of the data then ensured that they were represented in their correct proportions in the final results.
- 1.13 For sole traders a target of 150 interviews was set - in the end 156 interviews were achieved.
- 1.14 The weighting of the survey data was done separately for sole traders / the self-employed and for employers. For the self-employed the results were grossed up to the estimate of the total number of self-employed in the industry using Labour Force Survey (LFS) quarterly data, based on data averaged over four quarters (Summer 2007 to Spring 2008 inclusive) producing a total of c. 835,250 self-employed workers. This is clearly a large upweight from the 156 interviews and results showing volume estimates among this group (the *number* with skills gaps, the number of self-employed trained in the last 12 months etc) need to be treated with caution. For employers, the results were grossed up to the number of employers in the industry (based on March 2007 data from the Inter Departmental Business Register (IDBR)) on a size by region weighting matrix. This was done separately for units and employees (the latter used for volume estimates, i.e. the number of staff with skill gaps, the number of staff being trained etc).
- 1.15 Where comparisons are made with results from the 2008 survey, data from 2009 is confined to sole traders and employers in Great Britain in the construction contracting sector (SIC 45).

2 Management Summary

- 2.1 This report summarises the findings of a survey of 1,046 employers and 156 sole traders / self-employed operating in the UK construction sector (covering the construction contracting sector as well as professional services firms). Interviews took place in June and July in 2009 (during the height of the recession). The survey investigated issues regarding the extent and nature of recruitment difficulties and the extent to which these are caused by skills shortages, the extent and nature of skill gaps among the existing workforce, and training activity.

Throughout the report we make comparisons with a 2008 survey which involved 1,125 interviews with employers and sole traders / self-employed covering just the construction contracting sector in Great Britain.

Recruitment, recruitment difficulties and skill-shortage vacancies

- 2.2 All survey findings point to a very dramatic fall in skills shortages facing employers compared with 2008.
- In 2009 10% of all employers (and 11% of construction contracting sector employers in Great Britain) had experienced times in the previous 12 months when they lacked the number of skilled workers they required. In 2008, among the construction contracting sector in Great Britain, the figure was as high as 45%.
 - In 2008 58% of construction contracting sector employers in Great Britain had attempted to recruit skilled staff in the last 12 months - in 2009 only 39% had attempted to recruit skilled staff (among all employers the figure was 36%).
 - Fewer employers in 2009 than 2008 reported recruitment difficulties for skilled staff, whether basing this on all employers or just those attempting to recruit such staff. In 2008 50% of the construction contracting sector in Great Britain attempting to recruit skilled staff, and 29% of all employers, reported hard-to-fill vacancies for skilled positions in the previous 12 months. In 2009 figures among the construction contracting sector in Great Britain had fallen to 22% and 8% respectively.
 - For most employers the recession and low or uncertain demand were key issues: just over half of employers (56%) described these as a current limiting factor for their business and two thirds (66%) expected it to act as a constraint over the next 12 months. More than a third of employers (36%) had been forced to reduce the number of employees at their establishment as a result of the recession.

- 2.3 Results point to quite wide variation in the likelihood of employers encountering skill shortages when recruiting. Professional services firms that had attempted to recruit skilled staff were far more likely to have encountered recruitment difficulties (56%) than the construction contracting sector (22%). There were also wide geographic differences. Few employers in the East and West Midlands that had sought to recruit skilled staff had encountered difficulties (9% and 16% respectively), whereas in London and Scotland approaching two in five had experienced difficulties (40% and 39% respectively).
- 2.4 In many cases the skills lacking among applicants are very occupation specific, and in other cases the 'skill' is more about personal attitudes and commitment / motivation (mentioned by 33% of employers experiencing hard-to-fill vacancies) or a lack of experience (27%). Among broader generic skills mentioned were a lack of literacy / numeracy (8%) and a lack of IT skills (7%).
- 2.5 Although we have seen that fewer employers had experienced recruitment difficulties for skilled staff in 2009 than 2008, where recruitment difficulties occur they continue to have a significant impact: two thirds had lost business or not bid for work as a result of not being able to recruit the skilled staff they needed and three-fifths say it had increased their operating costs.
- 2.6 Most employers experiencing recruitment difficulties had taken some steps to try and overcome them (66%), most often trying new recruitment methods or channels (32%) or increasing training and skills for existing staff (14%).

Skill gaps and upskilling the workforce

- 2.7 Overall 10% of employers have staff lacking proficiency and more than one in six of the self-employed (17%) regard themselves as having a skills gaps. The larger the employer the more likely they are to have any skills gaps (30% of those with 25-99 staff) though this in part just reflects the fact that they have more employees that can lack skills.
- 2.8 Employers in Wales, the North West and the South East were the most likely to have staff lacking proficiency (each 14%). In contrast only 4% of employers in the West Midlands believed that they had any staff lacking proficiency.
- 2.9 Overall employers describe around 59,000 direct employees as not fully proficient, equivalent to 4% of the directly employed workforce. Among the self-employed 17% felt they were not fully proficient and that there were skills they felt they needed to develop and improve. This is equivalent to some 144,000 self-employed lacking skills. Hence the survey results suggest that there are more self-employed believing that they have skill gaps than there are directly employed workers described by their employers as lacking proficiency.

- 2.10 As discussed with recruitment of skilled staff, results in 2009 show a reduction in skills gaps compared with 2008. In 2008 construction contracting sector employers in Great Britain described 6% of their directly employed workforce (some 74,000 employees) as lacking proficiency. In 2009 this had fallen to 4% (some 50,000 employees).
- 2.11 Employers in the North West and Wales reported the highest proportion of their workforce as having a skills gap (7%). Differences were relatively slight by size of establishment.
- 2.12 On the construction contracting side of the sector, the largest volume of skills gaps (c. 13,000) was reported for labourers and general operatives, and 6% of this occupation was described as not being fully proficient. Following this a number of occupational areas had a broadly similar number of staff lacking proficiency (in the 3,500 – 5,000 range): managers, painters / decorators, admin, carpenters / joiners, scaffolders and supervisors. On the professional services side, the total number of staff lacking proficiency was broadly similar across a number of occupations including architects, admin staff, building surveyors, mechanical engineers, other engineers, technical positions and architectural technologists (each c. 1,000)
- 2.13 By far and away the most common cause of skills gaps continues to be staff lacking experience or having been recently taken on, a factor felt to contribute to skills gaps for around three-fifths of employers with skills gaps (61%). The proportion mentioning this cause has fallen compared to 2008, indicative of reduced recruitment activity. Two other main causes were a lack of opportunity to train and develop staff (39%) and an ability of staff to keep up with changes in the industry (37%).
- 2.14 Most employers (71%) and the self-employed (66%) believe there are factors likely to lead to changing skill or knowledge needs in the coming 12 months. This was most often new legislation or regulations (45% among the self-employed, 52% among employers though rising to 71% among firms with 25 or more staff), followed by the introduction of new technology / equipment or working practices, or the development of new products and services (each mentioned by around two in five employers).
- 2.15 A broad range of occupations was felt to need to upskill, in the professional services sector, this was most often architects, architectural technologists and engineers, while in the construction contracting sector it was seen to mainly affect managers, those that multi-task with no one role, admin staff, and general labourers.

Training and workforce development

- 2.16 Half of establishments (51%) have funded or arranged training or development for staff in the past 12 months. Results indicate a fall in the proportion of employers training: in 2008 59% of the construction contracting sector in Great Britain had arranged training in the previous 12 months, in 2009 this has fallen to 49%. The proportion of establishments providing training:
- Increases with establishment size, from 48% among those employing 2-9 staff, up to 92% among those employing 100 or more direct employees. Around a quarter (26%) of sole traders / the self-employed have undertaken training in the past 12 months (up from 17% in 2008).
 - Is higher among Professional Services firms than the construction contracting sector (55% v. 49%).
 - Is higher in Northern Ireland (68%), Wales (64%) and the East (59%), and was lowest in the West Midlands (40%).
- 2.17 By far and away the most common reason for not training, mentioned by three quarters of these employers, is a belief that all their staff are fully proficient. Supply-side issues affect far fewer employers, though 7% said the cost of external courses was their main barrier.
- 2.18 Employers reported providing training over the previous 12 months for approximately 871,750 direct and indirect workers. This is equivalent to two fifths (39%) of the total current workforce. Results suggest that the proportion of staff trained in the last 12 months is slightly higher than found in 2008.
- 2.19 A higher proportion of staff in professional services firms than in the construction contracting sector received training in the previous 12 months (46% compared with 38%). Results suggest that the proportion of staff trained varies very little by size of firm.
- 2.20 Establishments providing off-the-job training had funded an average of 6 days such training per recipient in the past 12 months, exactly the same figure as for on-the-job training. Professional services firms provide slightly more off-the-job training days per recipient than the construction contracting sector (8 compared with 5 days), though there was no difference for on-the-job training.
- 2.21 Results suggest that the amount of training days provided is lower than in 2008, when the average was 10 days of off-the-job training and 7 days of on-the-job training. Hence it appears that while slightly more employees have been trained in 2009, the training is less intensive.

- 2.22 Just under half the employers that train (44%, no significant change from the 2008 figure of 43%) had provided training in the previous 12 months intended to lead to a nationally recognised qualification. This is equivalent to 23% of all employers providing training leading to a qualification in the previous 12 months. Results indicate that employers have arranged training for approximately 270,000 staff over the last 12 months that was intended to lead to a qualification, equivalent to 12% of the total current (direct and indirect) workforce.
- 2.23 Just over half of employers that trained over the last 12 months would like to have provided more training than they actually undertook (52%). This is significantly higher than found in 2008 (45%), indicating the impact of the recession. The two main barriers to being able to deliver more training were a lack of funds for training, or training being considered expensive, and not being able to spare staff the time off for training.

Young people and Apprentices (*construction contracting sector only*)

- 2.24 Overall 7% of employers had staff currently undertaking Apprenticeships, and a further 11% offer Apprenticeships but did not have anyone currently participating. Involvement with Apprenticeships increases with the number of employees, with almost a third (31%) of those employing 100 or more currently employing Apprentices.
- 2.25 Results suggest a total of 21,000 Apprentices currently based with employers, a figure equivalent to 1.4% of the total directly employed workforce in the construction contracting sector in the UK. This proportion is relatively even by size of firm, indicating that the task of training up the next generation in the industry is being taken up relatively evenly across different size of firm.
- 2.26 A wide variety of reasons were given for not offering Apprenticeships. The most common response was not having enough work to be able to take any on (16%, up from 5% in 2008). As in 2008 results suggest that a variety of messages are required to help persuade employers to offer Apprenticeships, but in 2009 the main barriers appear to be concerns about the economy and future demand.

3 The profile of those interviewed

- 3.1 In this section we briefly discuss the profile of the 1,046 employers and the 156 sole traders / self-employed interviewed. This is background information to show both the number of interviews on which results among sub-groups are based, and that the sample is broadly representative of the sector.
- 3.2 By size, most establishments employ fewer than 10 direct employees (93%) and fewer than 10 staff in total including the self-employed and other indirect labour (75%).

Sample profile by size (employers)		
	Number of interviews	Proportion weighted
<i>Number directly employed at the establishment</i>		
2-9	474	93%
10-24	220	4%
25-99	212	2%
100+	140	1%
<i>Total employed at the establishment (direct and indirect / self-employed)</i>		
2-9	395	75%
10-24	232	17%
25-99	253	7%
100+	166	1%

- 3.3 While large establishments with 100 or more staff account for a small proportion of the business population, they account for a significant proportion of employment. Those with 100 or more directly employed staff employ around three in ten of all direct employees (28%), almost the same proportion as employed by small establishments with fewer than 10 direct employees (30%).

- 3.4 It should be noted that more than a third (36%) of employers, when prompted, said the number of employees employed at their establishment had fallen as a result of the recession (compared to 6% saying it had led to them taking on more staff). Employers in Northern Ireland were particularly likely to have been forced to downsize (52%), as were those operating in the construction contracting sector (41% compared with 25% among professional services firms).
- 3.5 The following table shows the number of interviews by country / region, and the proportion of establishments and direct employment falling within each once the results were weighted.

Sample profile by country / region (employers)			
	Number of interviews	Proportion of establishments weighted	Proportion of direct employment weighted
		%	%
South East	88	16	13
East	88	12	10
London	87	11	11
North West	88	10	10
South West	87	10	9
Scotland	87	8	9
West Midlands	88	8	8
Yorkshire and Humberside	88	7	8
East Midlands	88	7	7
Wales	86	4	5
Northern Ireland	85	4	3
North East	86	3	5

- 3.6 By broad sub-sector, around three quarters of establishments in ConstructionSkills' footprint operate in the construction contracting sector (73%), and the survey results indicate these firms account for four-fifths of total direct employment (80%).

Sample profile by sub-sector (employers)			
	Number of interviews	Proportion of establishments weighted	Proportion of direct employment weighted
Construction	785	73%	80%
Professional Services	261	27%	20%

Sole traders / the self-employed

- 3.7 A total of 156 interviews were conducted with sole traders where only one direct employee (i.e. the respondent) was employed (*"Including you and any working proprietors, but excluding contractor, agency or self-employed workers, how many people are on the payroll at this location"*). Around three in ten had self-employed or other indirect labour working for them at the time of the interview (31%, similar to the 28% in 2008). In the report we do not break the self-employed down by area of activity, occupation or region, nor did the weighting process attempt to make the sample representative on these criteria (the base sizes are too small to allow this). However it is worth noting that a wide range of occupations were interviewed, with the most common classifications being multi-skilled tradesmen with no one main role (22%), owner / managers (19%), carpenters / joiners (14%), painters / decorators (8%), plasterers (7%), bricklayers (6%), labourers / general operatives (5%), roofers (4%) and glaziers (4%).

4 Output Constraints

- 4.1 Employers were asked as an unprompted question what factors were limiting their business at the time of the interview (most of the fieldwork was conducted in June and July 2009, hence in the heart of the recession), and then which were likely to limit their sales and output over the following 12 months.
- 4.2 Only around three in ten establishments (31%) felt there were no current constraints and only 12% anticipate no constraints in sales and output in the next 12 months. Predictably the recession and low or uncertain demand were top of mind – as many as 56% mentioned this as a current limiting factor for their business and 66% expected it to act as a constraint over the next 12 months. Only one other factor was mentioned by more than 4% of employers: lack of finance (including cash flow and difficulty accessing capital) was considered a current limit on sales and output by 7% and as a likely constraint in the coming 12 months by 10%.

Limiting factors on the business (spontaneous)		
	Current	In next 12 months
<i>Base: all employers (1,046)</i>	%	%
The recession / low demand / uncertainty in the economy	56	66
Lack of finance (cash-flow, working capital etc)	7	10
High level of competition	4	4
Labour shortages	2	2
Legislation / bureaucracy / red tape	2	2
Training issues – shortage of staff with the right skills/qualifications	2	1
High / rising costs	1	2
Other	5	5
Nothing	31	13
Don't know	1	4

- 4.3 Labour shortages and skills shortages are mentioned spontaneously by very few employers as limiting factors on sales now or in the near future, confirming that demand-side not supply-side issues are currently seen as critical by employers.
- 4.4 Results vary relatively little by size of company. There are some indications that the recession and low demand is currently a particular issue in Northern Ireland: 65% of employers there indicate it is a current constraint (compared with just 41% in the South West) and approaching one in five are constrained by a lack of finance (18%, more than twice the UK average). Similarly more employers in Northern Ireland than any other area thought low demand and the recession would restrict their business in the coming 12 months (74% v. the UK average of 66%).
- 4.5 As in 2008, many more employers anticipate constraining factors on their business for the coming 12 months than feel there are current constraints. Overall only 13% of employers felt there would be no constraints in the coming year. Results indicate increased pessimism compared with 2008: in 2008 29% of construction contracting sector in Great Britain anticipated no constraints for the coming 12 months, among the same group in 2009 this had fallen to 14%.
- 4.6 By far and away the most common anticipated limiting factor for the 12 months following the interview was felt to be low demand and uncertainty with the economy, mentioned by two thirds employers overall (66%). This compares to just two in five mentioning this factor in 2008 (40%).

- 4.7 Results in 2009 compared with 2008 show very clearly the extent of the increased difficulties being encountered by employers. In 2008 around half of construction contracting sector employers (SIC 45) in Great Britain felt there were no constraints on their business at the time of the interview (52%) – by 2009 this had fallen to a third (33%). Similarly many more employers in 2009 anticipated constraints in the next 12 months (87%) than did so in 2008 (71%). The following table shows both the sharp rise in mentions of low demand and the recession from 2008 to 2009, and a fall in the proportion constrained by labour shortages.

Limiting factors on the business 2009 v. 2008 – selected factors				
	Current limits		Expected limits for the next 12 months	
	2008	2009	2008	2009
<i>Base: G.B. SIC 45 employers (2008 =975, 2009=722)</i>	%	%	%	%
Recession / low or uncertain demand	19	56	40	66
Labour shortages	8	2	8	2
None	52	33	29	13

- 4.8 Results among the self-employed are very similar to employers. Like employers, around a half cite low demand and the recession as a current constraint (49%), while around a third felt that there were no current constraints on their business (32%). And like employers, around two thirds (62%) think the recession will continue to limit their business activity in the coming 12 months (just 16% anticipated no constraints in the coming year). Also matching the trend among employers, the self-employed in the professional services sector appear somewhat more pessimistic than those in construction.

5 Recruitment and recruitment difficulties

- 5.1 In this chapter we examine the extent to which employers and the self-employed have tried to recruit skilled staff over the previous 12 months, and the extent and nature of recruitment difficulties that have been encountered. We also examine the causes and impact of hard-to-fill vacancies, and the steps, if any, that employers have taken to try and overcome any recruitment difficulties.

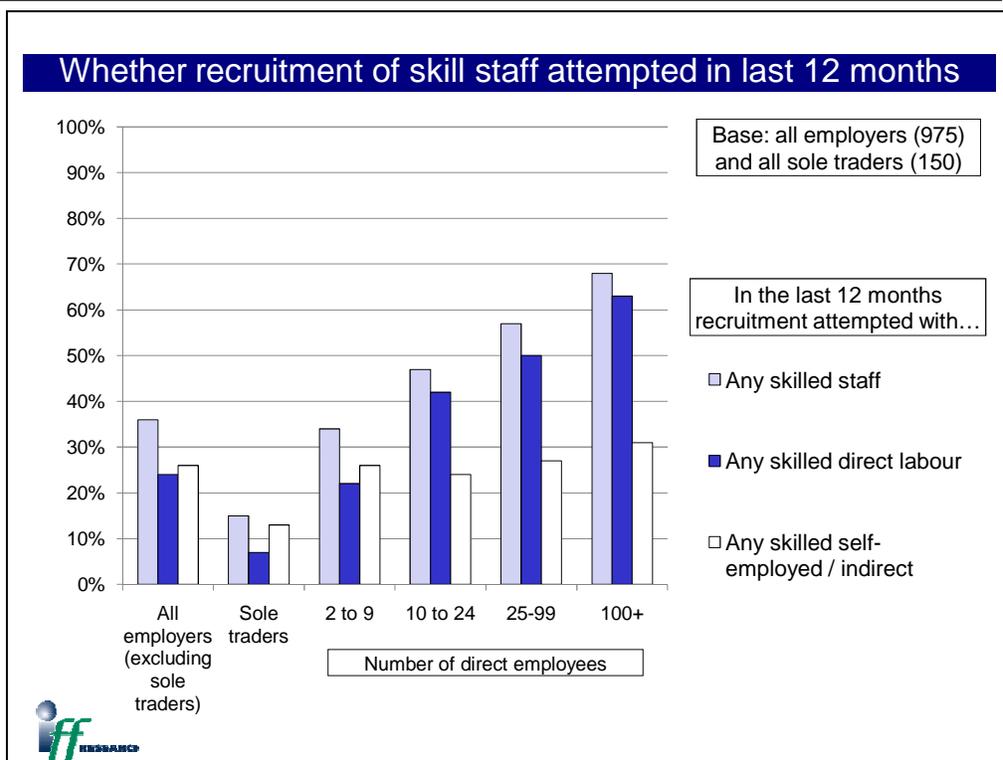
Recruitment activity over the last 12 months

- 5.2 To understand the context of recruitment activity employers were asked whether over the last 12 months they had had shortages of skilled workers.
- 5.3 In 2009, one in ten employers (10%) felt that there had been times in the previous 12 months where they lacked the number of skilled workers they required. Around half (52%) felt that they had been operating at around full capacity given the number of skilled staff they employed, leaving a third who had not had enough work for their workforce in the previous 12 months (35%; higher among the construction contracting sector than among professional services firms – 37% v. 29% respectively).
- 5.4 Results show very considerable changes compared with 2008, with far fewer employers in 2009 reporting shortages of skilled staff over the previous 12 months. This is shown in the following table (for simplicity those answering 'don't know' have not been shown – 3% in 2009). Comparable results for 2008 and 2009, among the construction contracting sector (SIC 45) in Great Britain, are shown in the first two columns of data.

Number of skilled workers compared with work had or could have had (prompted)				
	Construction sector (SIC 45) in G.B.		2009	
	2008	2009	All	Professional Services
<i>Base: employers (i.e. excluding sole traders)</i>	975	722	1,046	261
	%	%	%	%
For all or most of last 12 months not enough skilled workers	12	3	2	2
For some of the last 12 months not enough skilled workers	33	8	8	8
Mainly operating at full capacity / number of skilled staff about right	40	50	52	59
For most of the last 12 months not had sufficient work for our workforce	15	36	35	29

- 5.5 In 2008, 45% of the construction contracting sector in Great Britain indicated that there had been times in the previous 12 months where they lacked the number of skilled workers they required, in 2009 this had fallen to 11%. And while in 2008 only 15% reported insufficient levels of work for their staff for most of the previous 12 months, in 2009 this had risen to 36%.
- 5.6 Some geographical regions appear to have been particularly impacted by the recession in terms of employers being more likely than average to report insufficient levels of work for their workforce for most of the previous 12 months. While noting relatively low base sizes of around 90 respondents per area, this figure was higher in Northern Ireland (61%), the North East (49%), the West Midlands (48%) and the East Midlands (46%).
- 5.7 The smallest firms with fewer than 10 directly employed staff were the most likely to report insufficient work levels (36% compared with 25%-28% among those with 10-24, 25-99 or 100 or more directly employed staff). Those with 10-24 staff were the most likely to say they lacked the number of skilled staff they needed for some of the last 12 months (17%).

- 5.8 The implications of having a lack of skilled workers appear to be quite severe. Among these (10% of) employers, just over half reported having to turn work down as a result (50%) and three-fifths had been forced to sub-contract (61%).
- 5.9 Just over a third of all employers (36%) had *attempted* to recruit skilled staff in the last 12 months. This:
- increases with size of employer from 30% among employers with 2-9 staff in total on the payroll (including agency or self-employed), to 45% where 10-24 are employed, to approaching three quarters among those with 100 or more staff (72%). Among the self-employed 15% had attempted to recruit skilled staff in the previous 12 months.
 - is higher among the construction contracting sector (SIC 45) than professional services firms (38% v. 29% respectively)
 - is higher in Wales (45%) and Yorkshire and Humberside (43%). In comparison only around a quarter of employers in Northern Ireland, the North East and the East Midlands (25%-27%) had attempted to recruit skilled staff in the last 12 months. We have already seen these regions were more likely than average to report operating at under-capacity.
- 5.10 The impact of the downturn is evident in the fall compared with 2008 in the proportion of employers attempting to recruit skilled staff in the last 12 months: in 2008 58% of the construction contracting sector in Great Britain had attempted this, in 2009 only 39% had done so.
- 5.11 Results are summarised in the following chart. For each size of employer, and for the self-employed, we show three bars - from left to right the proportion attempting to recruit in the last 12 months any skilled staff, any skilled direct employees, and then any skilled self-employed staff.



- 5.12 It can be seen that sole traders and those with fewer than 10 directly employed staff were more likely to have attempted to recruit skilled *indirect* labour than direct labour. The reverse is true of larger employers. Predictably the construction contracting sector appears to have a slight preference for seeking to take on skilled *indirect* staff (30% v 24% trying to recruit skilled direct employees) whereas the professional services sector were more likely to have attempted the recruitment of skilled direct staff (23% v 14%).
- 5.13 While generally speaking in each geographic region approximately the same proportion had attempted to recruit skilled indirect labour as skilled direct employees, in Northern Ireland this was not the case. Very few had attempted to recruit skilled direct labour (5%) compared with almost a quarter (23%) attempting to recruit indirect skilled labour such as the self-employed.

Recruitment difficulties / hard-to-fill vacancies

- 5.14 Three in ten employers trying to recruit skilled staff over the last 12 months reported some of these vacancies as being hard-to-fill (29%), equivalent to 10% of all employers experiencing recruitment difficulties for skilled staff in the previous 12 months.
- 5.15 Results indicate a large fall in recruitment difficulties compared with 2008. In 2008 50% of the construction contracting sector in Great Britain attempting to recruit skilled staff, and 29% of all employers, reported hard-to-fill vacancies for skilled positions in the previous 12 months. In 2009 among the construction contracting sector in Great Britain these figures had fallen to 22% and 8% respectively. These findings are likely to reflect the fact that the number of skilled staff being sought has dropped and also that the downturn has increased the supply of skilled workers in the labour market.
- 5.16 Results are summarised on the following chart. The left hand bar of each pair shows the proportion of all employers / all sole traders reporting hard-to-fill vacancies for skilled staff, while the right hand bars show the proportion of those attempting to recruit skilled staff that report hard-to-fill vacancies over the last 12 months.



- 5.17 Large employers with 100 plus direct employees are more likely than average to report having had recruitment difficulties for skilled staff over the last 12 months (18%). However, this simply reflects that they are more likely than average to have tried to recruit skilled staff. Among just those *that had attempted to recruit skilled staff* the proportion of large firms with 100 or more staff encountering recruitment difficulties was very similar to that among those with 2-9 direct employees (27% and 30% respectively). Medium sized employers with 10-99 direct employees across the UK appear to have least difficulties recruiting the skilled staff they wanted.
- 5.18 There were very clear differences by broad sub-sector, with professional services firms that had attempted to recruit skilled staff far more likely to have encountered recruitment difficulties (56%) than the construction contracting sector (22%). There were also wide geographic differences. Few employers in the East and West Midlands that had sought to recruit skilled staff had encountered difficulties (9% and 16% respectively), whereas in London and Scotland approaching two in five had experienced difficulties (40% and 39% respectively). Even despite the low base sizes (c. 35-40 employers in each area) these differences are statistically significant.

Occupations with hard-to-fill vacancies

- 5.19 We have seen that one in ten employers (10%) and just 3% of the self-employed experienced recruitment difficulties for skilled staff over the last 12 months. These respondents were asked in which occupations they had experienced these hard-to-fill vacancies. Results are presented on the following chart separately for the construction contracting sector and professional services firms. *Some caution is needed here given that the base sizes for the construction contracting sector is only 70 respondents and 40 for professional services firms.*

Main occupations where hard-to-fill vacancies encountered in the last 12 months

Base: employers experiencing recruitment difficulties for skilled staff in the last 12 months

Construction contracting	Professional Services
<i>Base: 70 respondents</i>	<i>Base: 40 respondents</i>
Carpenters / joiners (19%)	Civil engineers (13%)
Floorers (18%)	Mechanical engineers (11%)
General operatives (17%)	Other engineers (12%)
Plant / machine operators (15%)	Architectural technologists (10%)
Painters / decorators (14%)	Electricians (10%)
Glaziers (9%)	Plant / machine operatives (9%)
Electricians (6%)	Welders / fabricators (8%)
Admin staff (5%)	HR / legal / business professionals (7%)
Metal workers (5%)	Quantity surveyors (5%)
Stone masons (6%)	Building surveyors (5%)
Scaffolders ; Plasterers (each 4%)	



- 5.20 Noting low base sizes, in the construction contracting sector employers were most likely to have encountered hard-to-fill vacancies for carpenters / joiners, floorers, general operatives, plant / machine operatives and painters / decorators; professional services firms were most likely to have encountered them for a range of types of engineer and architectural technologists.
- 5.21 Respondents were asked if these hard-to-fill vacancies in each occupation had occurred when recruiting direct employees, self-employed or both. In a number of occupations the vast majority of hard-to-fill vacancies had occurred among employers trying to recruit direct employees: admin staff, technical staff, managers, scaffolders, metal workers, glaziers and painters / decorators and welders / fabricators, and then nearly all professional service occupations where hard-to-fill vacancies had been encountered. In other occupations the preponderance was towards hard-to-fill vacancies occurring where employers had been attempting to recruit self-employed and indirect labour more than direct employees, most noticeably carpenters / joiners, plasterers and roofers, and architectural technologists.
- 5.22 For plant and machine operatives and general labourers there was a broad balance between the proportion of employers that had been attempting to recruit direct employees or the self-employed.

Causes of hard-to-fill vacancies

- 5.23 Respondents experiencing recruitment difficulties were read a list of potential reasons and asked which they believed were causes of the hard-to-fill vacancies they had encountered for skilled staff in the previous 12 months. Most feel there were a number of contributory causes, with the most common reasons being a lack of skills (84%, much higher among the construction contracting sector than among professional services firms – 95% v. 69% respectively), experience or motivation, as well as not enough people entering the industry. The order of causes presented in the following table is almost identical to 2008.

Causes of hard-to-fill vacancies for skilled staff in the last 12 months (prompted unless stated)	
<i>Base: employers experiencing hard-to-fill vacancies (110)</i>	%
Applicants lack the skills we require	84
Not enough people being trained in the construction trades in recent years	81
Applicants lack the motivation / attitude we look for	74
Applicants lack the work experience we look for	68
Low number of applicants generally	53
Applicants lack the qualifications we look for	51
Competition from other employers	39
Bad location / unappealing work environment (spontaneous)	7
They are demanding too much money (spontaneous)	4

- 5.24 A lack of qualifications was mentioned by around half of employers experiencing hard-to-fill vacancies for skilled positions, hence this is an important contributory cause of recruitment difficulties, though in relative terms it is less critical than a lack of skills or a lack of work experience.

The skills lacking in applicants

- 5.25 The 10% of all employers experiencing hard-to-fill vacancies for skilled positions (whether or not they said that skills shortages were a cause) were asked what they felt were the two main skills difficult to obtain from applicants. Results are summarised on the following table – not all respondents were able to give two responses (hence results add to less than 200%).

Two main skills lacking (spontaneous)	
<i>Base: employers experiencing hard-to-fill vacancies (110)</i>	%
Poor attitude (enthusiasm, motivation, commitment, willingness)	33
Relevant work experience	27
Construction qualifications / cards	14
Basic education (literacy / numeracy)	8
IT skills	7
Plant machine operative	7
Job-specific skills (occupation not mentioned)	7
Engineering related	6
Technical skills (including use of machinery)	5
Social skills / communication	4
Electrical-related	4
Plumbing skills	3
Carpentry / joinery specific skills	2
Painting / decorating skills	2
Welding / fabricating skills	1
Other	19

- 5.26 The order of the three main skills lacking were the same as found in 2008, and with broadly similar percentages. In many cases the skills lacking are very occupation specific, and in other cases the 'skill' is more about personal attitudes and commitment, or a lack of experience. Among broader generic skills mentioned were a lack of literacy / numeracy (8%), a lack of IT skills (7%) and a lack of social / people / communication skills (4%).
- 5.27 Some of the skills shortages were much more apparent in the professional services than the construction contracting sector: this particularly applies to IT skills and technical skills.

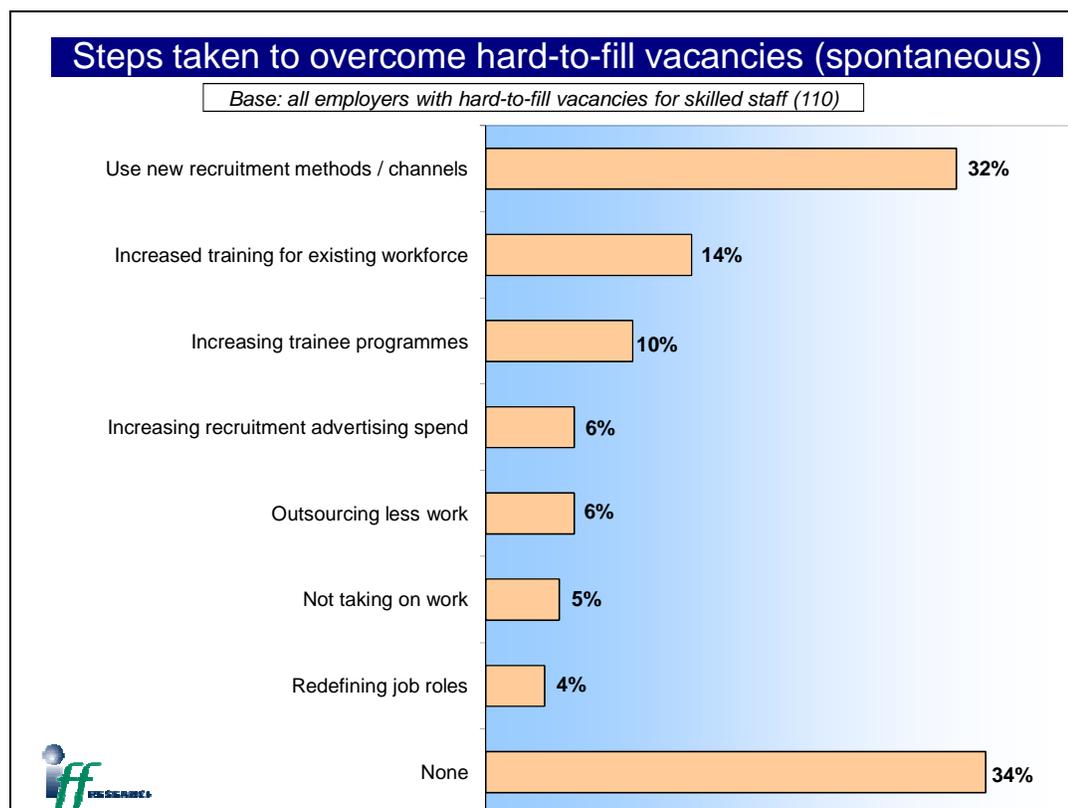
The impact of hard-to-fill vacancies

- 5.28 We have seen that far fewer employers in 2009 had experienced recruitment difficulties for skilled positions than in 2008. However, where they are encountered the impacts remain severe: three quarters have had to increase the use of overtime and staff workload (74%), two thirds have lost business or not bid for work as a result of the lack of skilled staff (67%), and three-fifths say it has increased operating costs (61%). Only 4% of those with recruitment difficulties for skilled staff say it has had no impact on their business.

Impacts of hard-to-fill vacancies (prompted)			
	G.B. construction contracting sector		All
	2008	2009	2009
<i>Base: employers experiencing hard-to-fill vacancies (340, 67 and 110 respectively)</i>	%	%	%
Increase use of overtime / increased workload for staff	62	82	74
Lost business or not bid for work	51	63	67
Increased operating costs	51	72	61
Outsourced business	40	64	52
Missed project deadlines	27	42	47
None	11	7	4

Steps taken to overcome recruitment difficulties

5.29 Most employers experiencing recruitment difficulties had taken some steps to try and overcome them (66%), most often trying new recruitment methods or channels (32%, higher among professional services sector than the construction contracting sector – 43% v. 24% respectively) or increasing training for existing staff (14%) or their trainee programmes (10%).

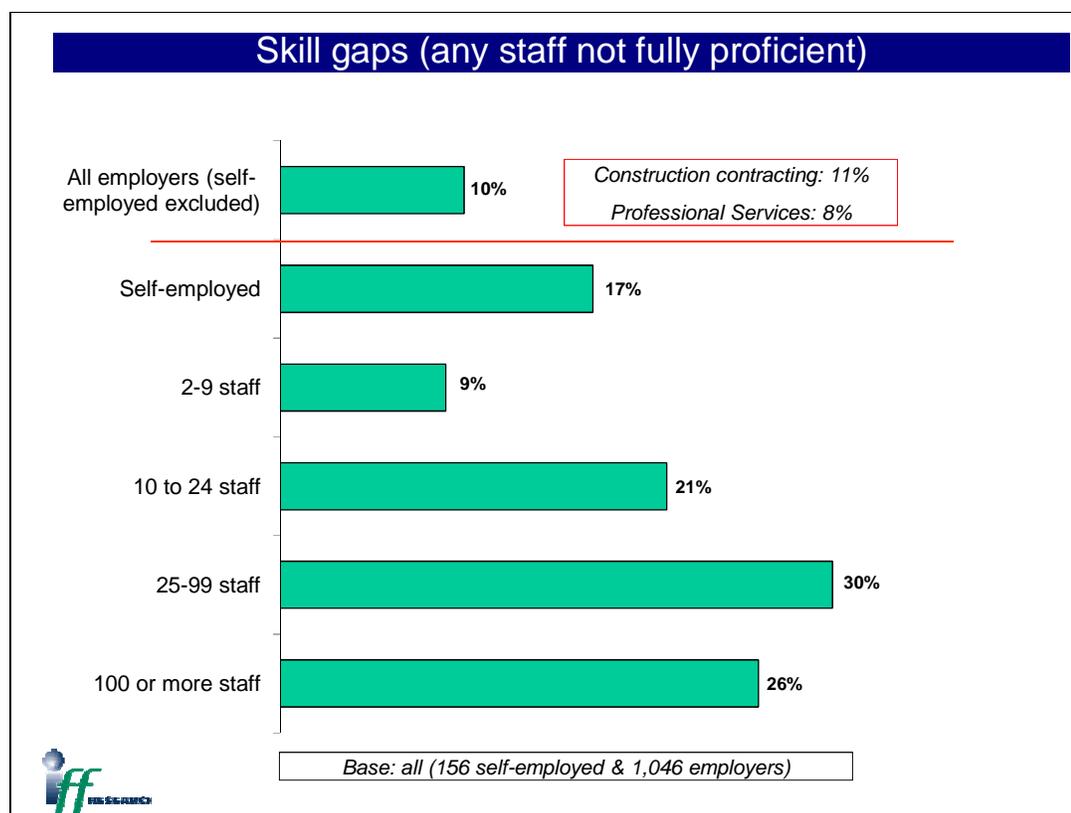


5.30 Nearly all employers with 100 or more staff experiencing hard-to-fill vacancies had taken steps to overcome their recruitment difficulties (94%), and they were particularly likely to have tried new recruitment methods or channels (65%) or increasing their recruitment advertising spend (31%). Those with 25-99 staff tended to respond quite differently, placing much more emphasis on increasing training either to existing staff (35%) or by expanding their trainee programme (32%).

5.31 The proportion taking any action to meet recruitment difficulties for skilled staff is lower in 2009 than in 2008: in 2009 64% of the construction contracting sector in Great Britain had taken any action compared with 75% in 2008. The biggest fall has been in the proportion increasing recruitment advertising spend as a response (19% in 2008 but only 2% in 2009), suggesting limits on increased spending due to the recession.

6 Skill gaps and upskilling the workforce

- 6.1 The previous chapter looked at the extent and nature of recruitment difficulties employers were experiencing when taking on skilled staff. This chapter turns from skills issues when recruiting to skill gaps among the directly employed workforce. Skill gaps are said to exist when an employee or employees are felt by their employer not to be fully proficient at their job. Clearly this potentially covers a wide range of ability from someone who is almost fully proficient to someone who needs to gain a lot more skills and experience to get to this level. The final section looks at a new area for 2009, the issue of where employers expect to need to enhance the skills of their workforce over the next 12 months.
- 6.2 The following chart shows the incidence of skill gaps i.e. the proportion of employers who say they have some employees that lack proficiency (in the case of the self-employed whether the respondent considered themselves as fully proficient or whether instead there are skills they need to develop and improve).
- 6.3 Overall around one in ten employers (10%) have staff lacking proficiency, and more than one in six of the self-employed (17%) regard themselves as having a skills gaps.



- 6.4 Generally speaking, the larger the employer the more likely they are to have any skills gaps – this in part simply reflects the fact that they have more employees who could lack skills (we look later at the proportion of staff lacking skills and how this varies by size of establishment).
- 6.5 Results varied somewhat by country / region. It was lowest among employers in the West Midlands (4%) then Scotland, the South West and London (each 7%); and highest in Wales, the North West and the South East (14%). In all other countries / regions the proportion of employers with skill gaps was in the 10% to 13% range.
- 6.6 Fewer employers reported any skill gaps in 2009 than in 2008. In 2008 17% of employers had skills gaps, in 2009 comparative figures among the construction contracting sector in Great Britain were 10%. As we see later, skills gaps are very often explained by recruitment activity whereby staff are taken on who are not (yet) fully proficient, hence part of the reduction in the incidence of skills gaps is explained by reduced recruitment activity during 2009.

The number and proportion of staff lacking skills

- 6.7 Compared with 2008, *among the construction contracting sector employers in Great Britain*, results indicate a fall in the number and proportion of directly employed staff and the self-employed with a skills gap. This is shown in the following table.

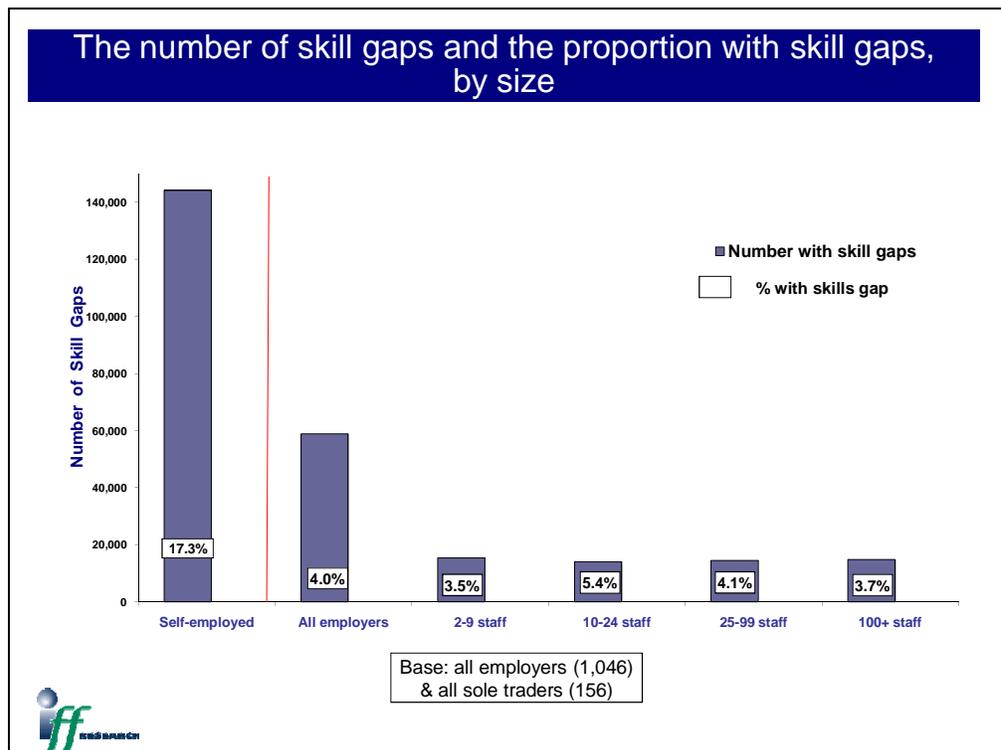
Number of self-employed staff / directly employed staff with skills gaps 2009 v 2008 (construction contracting sector in Great Britain only)		
	2008	2009
Number of self-employed regarding themselves as lacking skills	126,000	101,000
Percentage of self-employed regarding themselves as lacking skills	15%	14%
Number of direct employees regarded by employers as lacking skills	74,000	50,000
Percentage of direct employees regarded by employers as lacking skills	6%	4%
<i>Note: numbers rounded to the nearest 1,000</i>		

6.8 In 2009, UK wide and including professional services firms:

- Employers describe some 58,800 direct employees as not fully proficient, equivalent to 4.0% of the directly employed workforce. The proportion of the directly employed workforce not fully proficient is higher among employers in the construction contracting sector (4.4%) than it is among professional services firms (2.6%). Across ConstructionSkills' footprint as a whole, the survey results suggest that 87% of the staff lacking proficiency work in the construction contracting sector, 13% in professional services firms.
- Among sole traders / the self-employed 17% felt they were not fully proficient and that there were skills they felt they needed to develop and improve. This is equivalent to some 144,000 self-employed lacking skills.

6.9 Hence the findings presented in 2008 suggesting that there are far more self-employed with a skill gaps than there are directly employed workers described by their employers as lacking proficiency, still holds in 2009.

6.10 Results for 2009 are summarised on the following table: the height of the bars shows the number of direct employees lacking skills - the percentage of the workforce not fully proficient is shown by the boxed percentage within each bar.



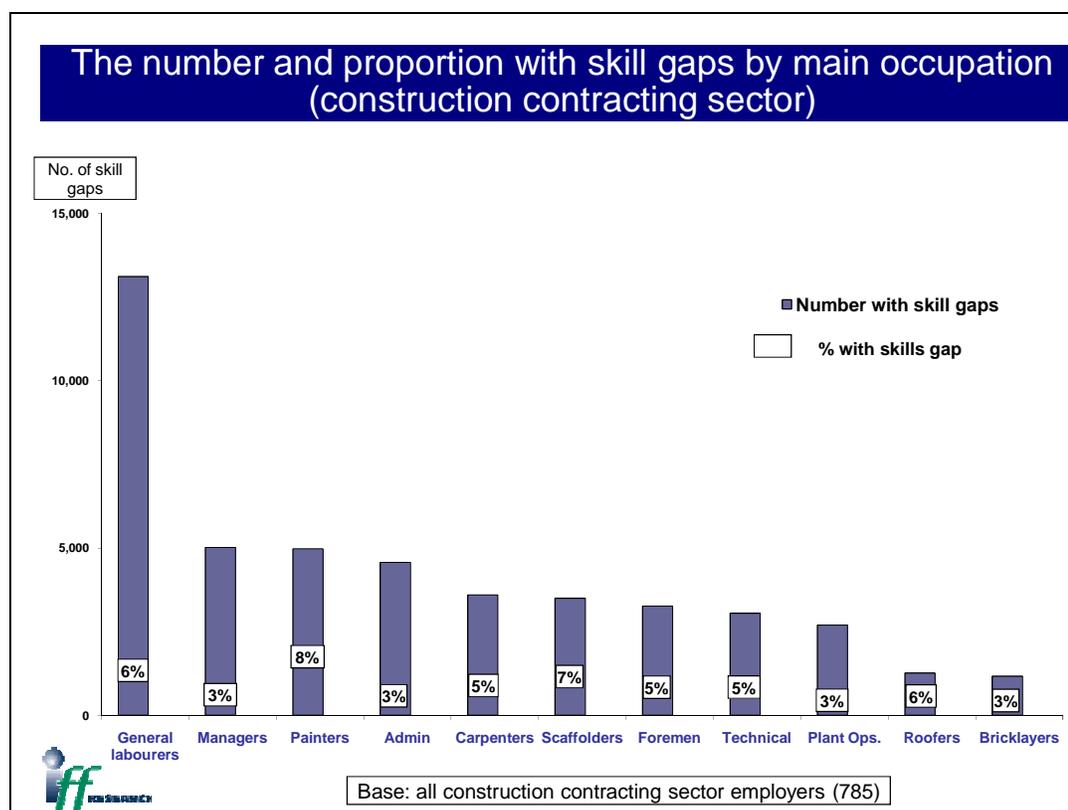
- 6.11 By size the proportion of staff not fully proficient is relatively flat, though is highest among direct employees working in firms with 10-24 staff (5.4%).
- 6.12 Employers in the North West and Wales reported the highest proportion of their workforce as having a skills gap (7%). By contrast less than 3% of direct employees in the South West, West Midlands and the East Midlands were described as not being fully proficient.

The proportion of the directly employed workforce lacking skills by region / country	
<i>Base: direct employment</i>	%
North West	7.0
Wales	6.7
East of England	5.6
Yorkshire and Humberside	4.5
North East	3.8
South East	3.5
Northern Ireland	3.4
Scotland	3.3
London	3.2
East Midlands	2.7
West Midlands	2.5
South West	2.5

- 6.13 In 2008 London had by far the largest proportion of direct employees described as having a skills gap – in 2009 London had a level of skills gaps below the national average. Similarly in 2008 the East Midlands had the second highest level of reported skill gaps, but in 2009 the level was well below the national average. The reverse trend is true for the North West.

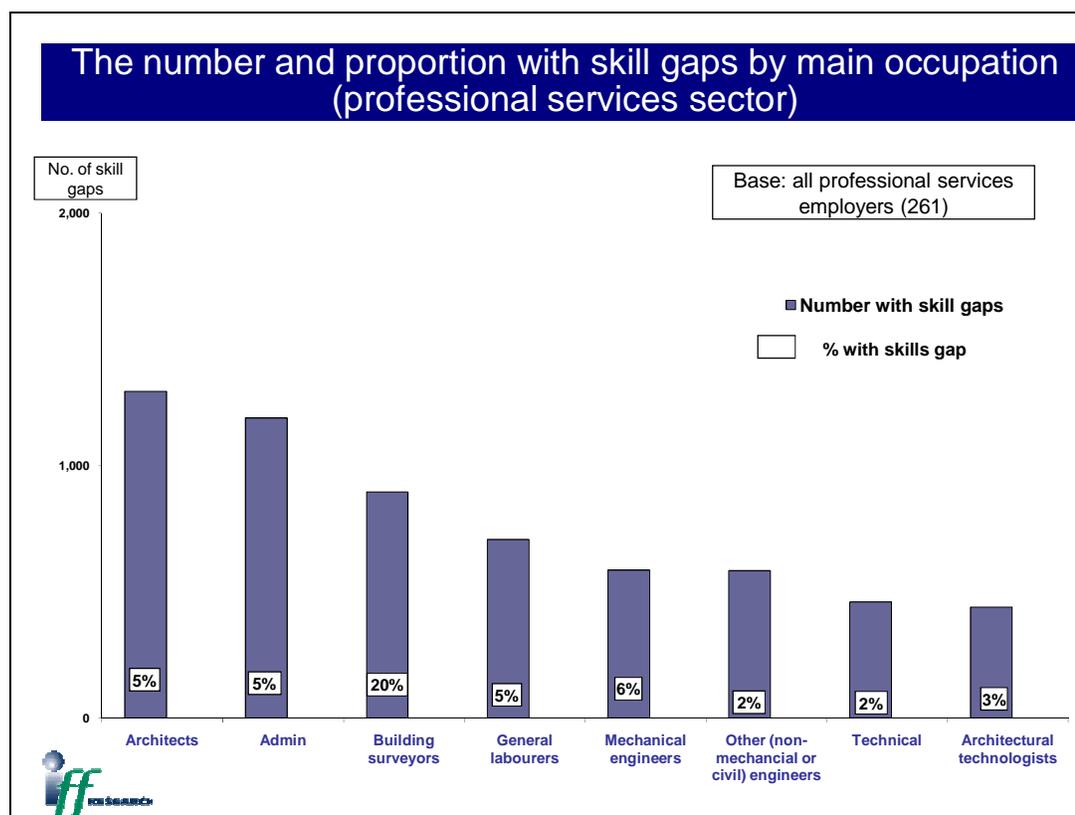
The occupational profile of skill gaps

- 6.14 Employers with skill gaps among their directly employed workforce were asked how many staff in each occupation lacked proficiency. The following chart summarises results *in the construction contracting sector* for the eleven occupations with the largest number of skill gaps (these account for nine in ten of the skill gaps reported). Also shown is the overall percentage of those occupations described by employers as having a skills gap.



- 6.15 The largest volume of skills gaps (c. 13,000) was reported for labourers and general operatives (including those described as having no one role who multi-task), and 6% of this occupational group was described as not being fully proficient, despite this often being seen as a relatively unskilled position.
- 6.16 Following these a number of occupational areas had a broadly similar number of skill gaps (in the 3,500 to 5,000 range): managers, painters / decorators, admin staff, carpenters / joiners, and scaffolders. These varied in the likelihood of these staff being reported as lacking skills, and this was low for managers and admin staff (each 3%) and relatively high for painters / decorators (8% - the highest proportion of any occupational group described as having skill gaps) and scaffolders (7%, down from 13% in 2008).

- 6.17 Some of the occupations not shown on the previous chart (hence where the volume of skills gaps is relatively low in numeric terms) include welders fabricators (7% described as having a skills gap), plumbers (4%), electricians (3%), floorers (2%) and plasterers (just 1% described as having a skills gap).
- 6.18 We have seen that among professional services firms, relatively few staff are regarded as having a skills gap (2.6%). The occupations with the highest number of skills gaps are shown below. While results suggest that a relatively high proportion of building surveyors lack skills, low base sizes mean caution is needed with these results (for most occupations fewer than 10 respondents had staff with skills gaps.)



- 6.19 Base sizes for the self-employed feeling they lack skills are relatively low (35 respondents), but results suggest that in the construction contracting sector those describing their job role as painter / decorator, plasterers and those who multi-task were more likely than average to feel they lacked skills, while on the professional services side architects, projects managers and scientists were all more likely than average to recognise skill deficiencies.

The nature of skills gaps

6.20 For up to two of the occupational groups where staff have skills gaps employers were asked to indicate what skills need improving. Responses to this spontaneous question were often very specific to the occupational area, but among the broader areas mentioned by construction contracting sector employers were as follows (these are presented unweighted):

- A lack of relevant work experience (22% of employers with skills gaps)
- Attitude / motivation (12%)
- Construction qualifications including cards (10%)
- Managerial / supervisory skills (10%)
- Social / people / communication skills (14%)
- Basic education – literacy / numeracy / general knowledge (4%)
- IT skills (1%)

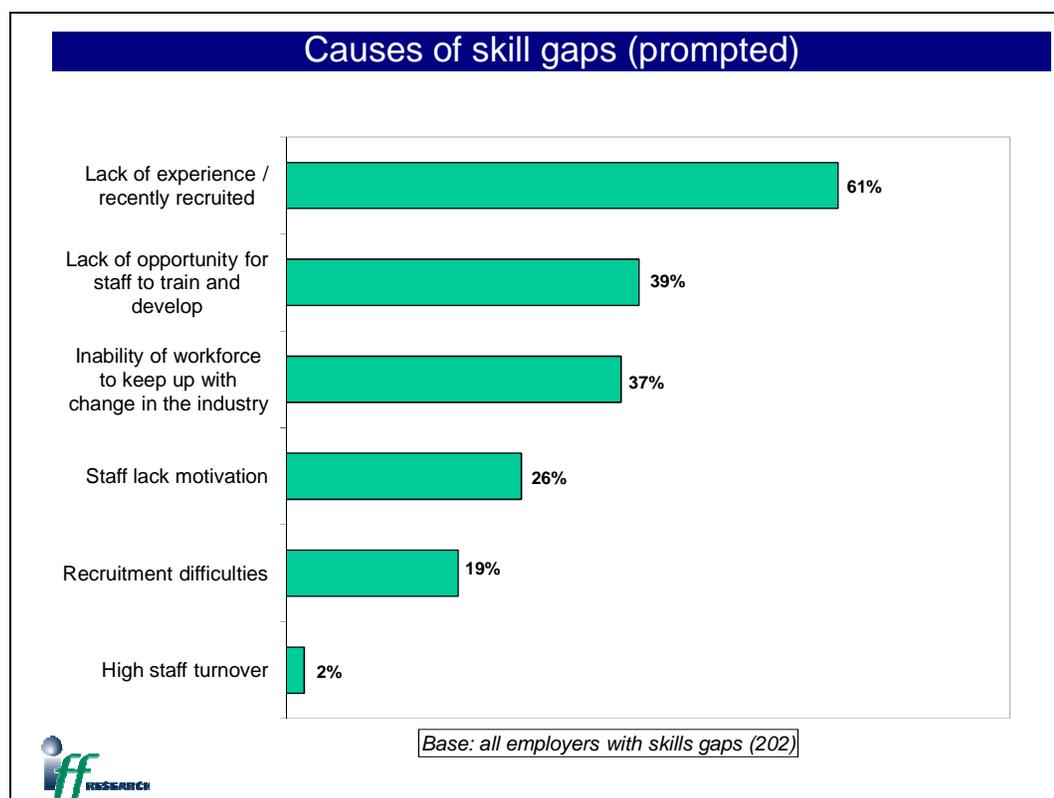
- 6.21 Predictably the range of skills lacking varied quite widely by occupation. This is shown in the following table for some of the occupations where a reasonably large number of respondents answered about that occupation – base sizes are still quite low (and are shown in brackets) hence results are presented unweighted, and best treated as indicative only.

Construction sector employers - Main skills that need improving by selected occupations	
Labourers and general operatives (30)	Job-specific skills, including relating to groundworking and operation of plant and machinery (34%), relevant experience (17%), basic education, qualifications and attitudes (each 10%)
Administrative staff (30)	IT skills (40%), social, people or communication skills (23%), admin, office skills (20%), relevant experience (17%), attitude (13%)
Technical staff (28)	Relevant experience (29%), qualifications (18%), social, people or communication skills (11%), IT skills (11%), managerial / supervisory skills (7%)
Carpenters / joiners (25)	Relevant work experience (36%), carpentry / joinery skills (20%), attitude to work (16%), basic education (12%), construction qualifications (12%), fitting skills (8%)
Supervisors / foremen (21)	Managerial / supervisory skills (62%), social, people or communication skills (33%), attitude to work (24%), IT skills (14%)
Managers / directors (20)	Managerial / supervisory skills (35%), social, people or communication skills (35%)

- 6.22 In the professional services sector base sizes by occupation are too low (5 or fewer respondents for each occupation) to allow reliable occupation level analysis.

The causes of skill gaps

- 6.23 Employers were read a list of potential causes of skills gaps and asked which they thought were causes of their skills gaps. Results are summarised on the following chart.



- 6.24 As in 2008, the most common cause of skills gaps is that staff lack experience or have been recently taken on, a contributory factor for around three-fifths of employers with skills gaps (61%). The proportion mentioning this factor is lower than found in 2008 (78%), indicative of lower recruitment activity during 2009.

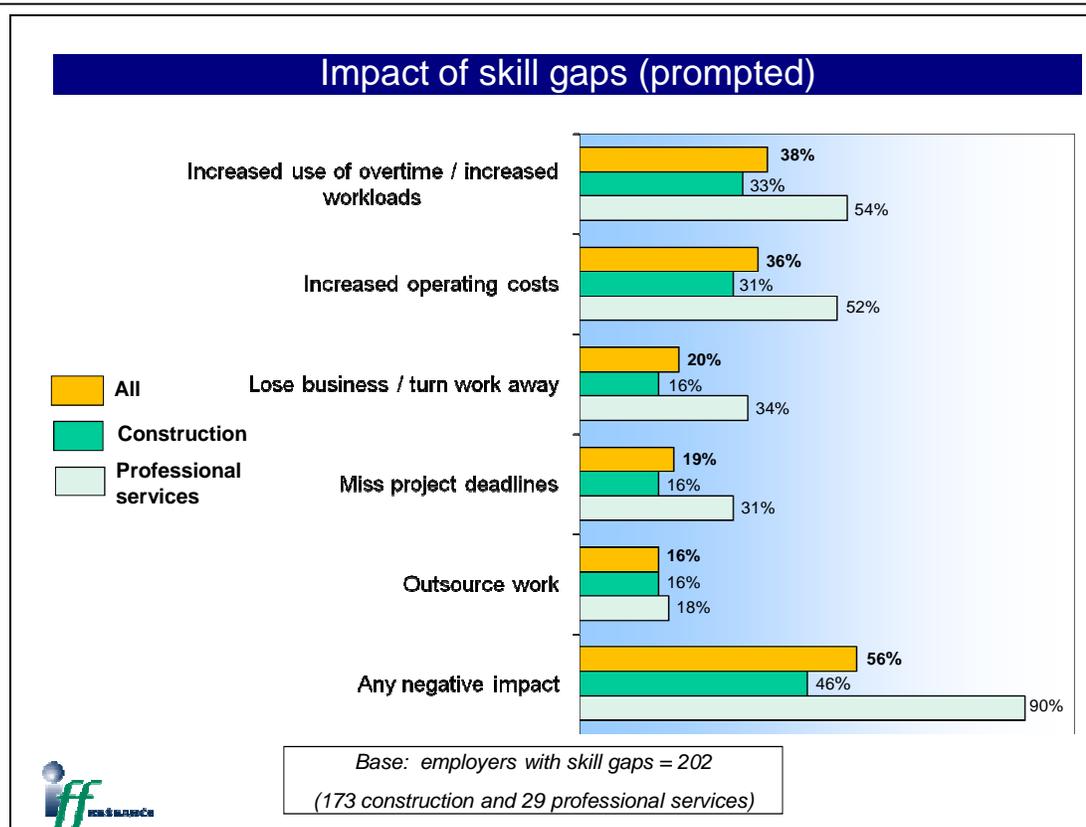
The relatively encouraging aspect of this cause is that these skill gaps could be expected to be relatively short term, easing as these employees gain experience and get to understand that company's way of operating

- 6.25 The next most common cause of skills gaps in 2009 is a lack of opportunity to train their staff. This was mentioned by 39% of employers with skill gaps, far higher than found in 2008 (22%). This again suggests that the recession has limited firm's willingness to spend on training.

- 6.26 Other significant causes of skill gaps were the inability of the workforce to keep up with change in the industry (37%), staff lacking motivation (26%), and recruitment difficulties (19%).
- 6.27 There was some variation in the causes of skills gaps between the professional services sector and the construction contracting sector (though a low base of 29 professional services firms with skill gaps means some caution is needed). Results suggest that professional services firms experiencing skill gaps are particularly likely to believe they are caused by an inability of staff to keep up with changes in the industry (62% v. 30% among construction contracting sector employers).
- 6.28 Relatively few self-employed respondents felt they lacked skills (35, a low base hence results need to be treated as indicative only), but predictably the reasons they give as to why they lack skills are somewhat different to employers, with by far the most common reason, mentioned by 64%, being that they lack the opportunity or time. Some admitted that they lacked experience (14%), but this is far less of a cause of skill gaps among the self-employed than among the directly employed workforce.

The impact of skill gaps

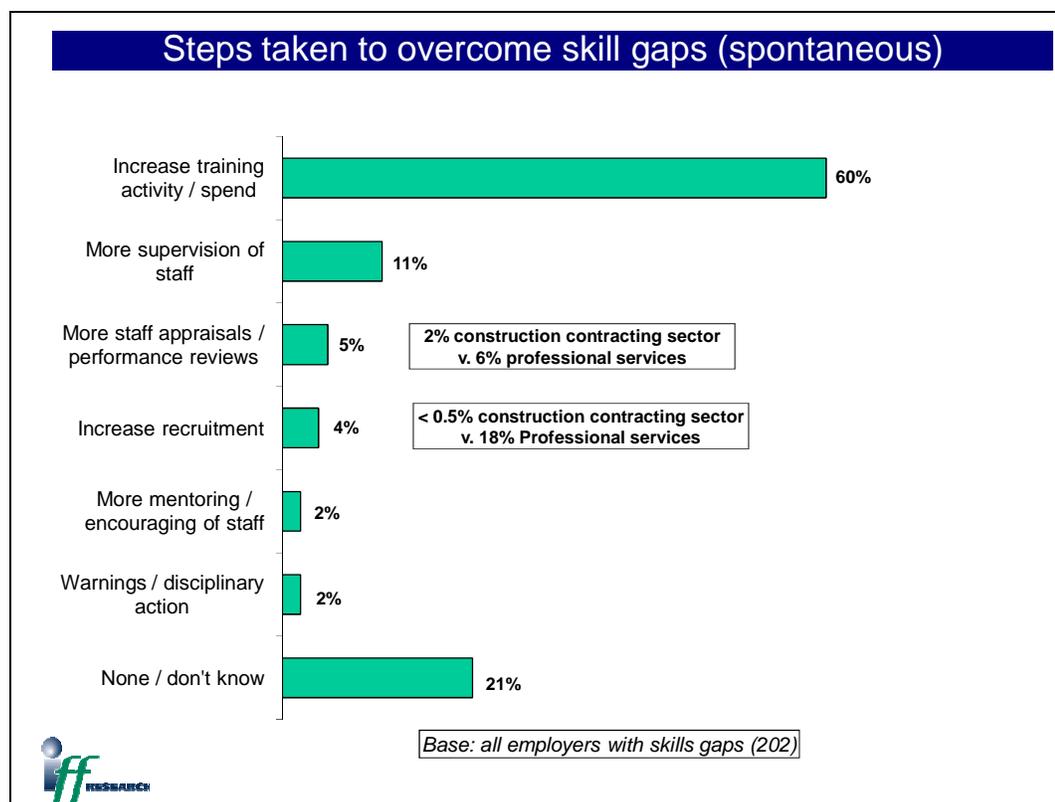
- 6.29 Employers with skill gaps (10% of all employers) were read a list of potential impacts and asked which had occurred as a result of having some staff not fully proficient. Results are shown in the following table: within each set of three bars, the top shows results among all employers with skill gaps, the middle that among the construction contracting sector, and the bottom bar that among professional services firms (the latter is based on 29 respondents, so some caution is needed).



- 6.30 Just over half of employers with skill gaps felt at least one of these negative consequences had arisen as a result of having staff lacking proficiency (56%). This was most often increased workload and use of overtime (38%) and increased operating costs (36%). One in five had lost business or turned business away as a result of their staff lacking proficiency (20%), and a similar proportion had been late delivering projects (16%).
- 6.31 As shown in the chart, where professional services firms have skill gaps, they are particularly affected: nine in ten suffered negative impacts from their skill gaps, with just over half having faced increased operating costs and a third having lost business.
- 6.32 Differences by size of firm were relatively slight, though those with skills gaps with 25-99 direct employees were most likely to have faced increased operating costs (47%), and those with 2-9 direct employees more likely than average to have missed project deadlines (34%).
- 6.33 Where the self-employed admit to having skill gaps the consequences are similar to those reported by employers. Although a relatively low base of 35 respondents, and hence caution is needed, around two fifths of the self-employed lacking skills had had to turn business away or not bid for work as a result (37%) and / or had to outsource work (38%), and a quarter reported increased operating costs (26%).

Steps taken to overcome skill gaps

6.34 Employers with skill gaps were asked what steps they had taken, if any, to overcome the fact that they have staff that are not fully proficient. Results on this spontaneous question are shown on the following chart.



6.35 The vast majority of those with skill gaps (79%) have taken some action to overcome the difficulty, most commonly increasing training activity and or spend (60%). This was a particularly common reaction of those with 10 or more direct employees (75%).

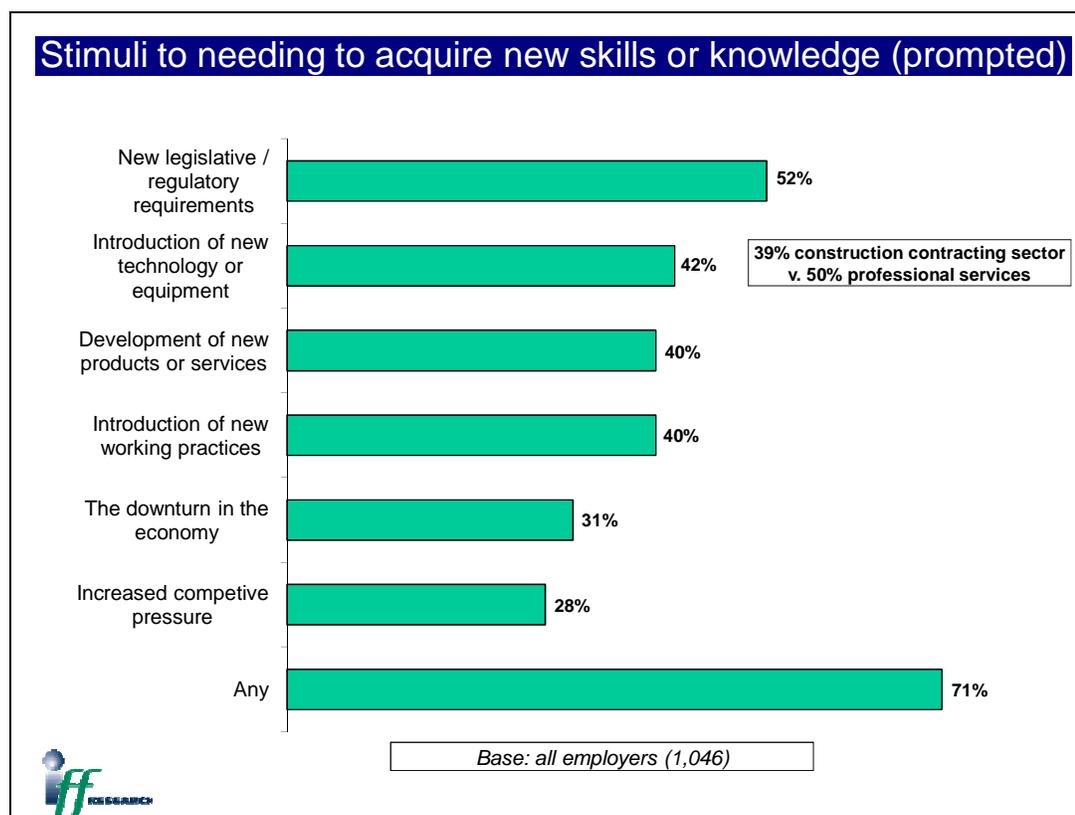
6.36 Overall around one in nine (11%) have increased staff supervision, implying more on-the-job training, and one in twenty had put more emphasis on staff appraisals and performance reviews (5%). Relatively few overall had increased recruitment activity to overcome their skills gaps (4%), though this was quite a common response among professional services firms with skills gaps (18%).

6.37 The proportion of employers with skills gaps taking steps to address skill shortages, and the actual steps being taken, were very similar to those found in 2008, suggesting fairly standard industry responses to these issues.

6.38 Sole traders with skill gaps were more likely than employers to have taken no steps (40%, again the low base of 35 respondents should be noted), and where they had tried to take action this was often increasing their training activity (38%). Few had attempted to recruit to overcome their skill shortage (5%) – in 2008 this was the most common response to skills gaps.

Upskilling the workforce

6.39 All employers were asked which new skills or knowledge they expected their employees would need to acquire over the next 12 months. Results on this prompted question are shown on the following chart.



6.40 Seven in ten employers (71%) and two thirds of the self-employed (66%) felt there were factors likely to lead to changing skills or knowledge needs in the coming 12 months. This rises to nine in ten among companies with 25 or more staff, perhaps suggesting greater awareness in these firms of upcoming issues in the industry, maybe a result of managers being able to be slightly more removed from the coalface.

- 6.41 Among both the self-employed and employers the factor most often considered to impact on future skill needs was new legislation or regulations (45% among the self-employed, 52% among employers though rising to 71% among firms with 25 or more staff). A number of other factors were mentioned by around two in five employers, this includes introduction of new technology / equipment or working practices, or the development of new products and services.
- 6.42 Around three in ten employers (31%) thought the recession would impact on their skill needs – medium sized firms with 25-99 staff were particularly likely to consider the downturn would affect their skill / knowledge requirements (50%).
- 6.43 There was little difference by broad sub-sector, though professional services firms were more likely to anticipate new technology or equipment as affecting the skills they would need over the next 12 months.
- 6.44 Employers indicating that there would be factors affecting their skill needs over the next 12 months were asked which single occupation they felt would be most affected by these changes. Results are presented in the following table which shows results separately for the construction contracting and professional services sectors, listing the top 10 occupations mentioned in each sub-sector. The table also shows the percentage of employers that employ these occupational groups. This provides important context. Hence while managers are the single most likely occupation to be affected by the need to upskill in the coming 12 months, this at least in part results from the fact that a very large proportion of construction employers have a manager (56% - in the remainder most classify the owner / manager within the occupation of the company i.e. painter, plasterer etc).
- 6.45 The broad findings are that in the professional services sector, the need to upskill is particularly likely to affect architects, architectural technologists and engineers, while in the construction contracting sector it affects managers, those that cover a number of occupational roles, but also office admin staff, and general labourers.

Single occupation most affected by the need for upskilling					
Construction Contracting			Professional services		
	% employing each occupation	% saying this main occupation affected		% employing each occupation	% saying this main occupation affected
	%	%		%	%
Managers	56	22	Architects	26	17
Staff who multitask	20	13	Architectural technologists	17	12
Admin	48	7	Civil eng.	11	10
General labourers	24	6	Mechanical eng.	7	7
Carpenters / joiners	17	4	Technicians	19	6
Plant machine ops.	10	4	Building services eng.	9	6
Painters / decorators	8	4	Other engineers	13	5
Bricklayers	13	4	Surveyors	7	4
Technical	9	4	Electricians	4	3
Supervisors	16	4	Building Sur.	6	3
<i>Base: all employers affected by need to upskill (598 construction contracting sector, 218 professional services)</i>					

7 Workforce training and development

7.1 This chapter examines the extent and nature of training and development activity, other than that regarding apprentices (which is covered in the following chapter). It discusses off-the-job training (described as that away from the individual's immediate work station) and on-the-job training (described as activity that would be recognised as training by staff rather than 'the sort of learning by experience which could take place all the time'), the degree of training leading to qualifications, and the types of training undertaken. We also look at the impact of the recession on training activity.

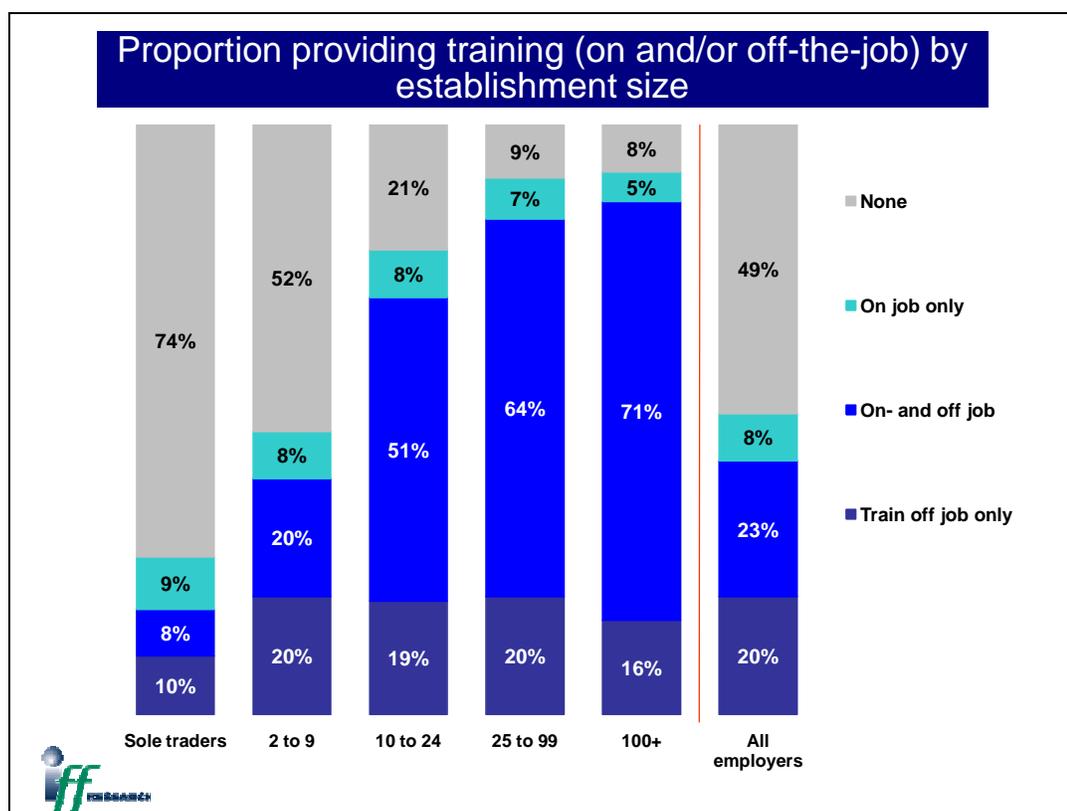
Figures on the numbers of staff trained cover both direct employees as well as self-employed and other staff working for the employer.

7.2 Half of establishments (51%) have funded or arranged training or development for staff in the past 12 months. Results indicate a fall in the proportion of employers training: in 2008 59% of the construction contracting sector in Great Britain had arranged training in the previous 12 months, in 2009 this has fallen to 49%. The fall is mainly explained by a fall in the proportion undertaking only on-the-job training (who may be considered the least committed to training) from 14% in 2008 to 8% in 2009.

7.3 The proportion of establishments providing training:

- Increases with establishment size, from 48% among those employing 2-9 staff, up to 92% among those employing 100 or more direct employees. Among sole traders / the self-employed around a quarter (26%) have undertaken or provided training in the past 12 months (up from 17% in 2008).
- Is higher among Professional Services firms than the construction contracting sector (55% v. 49%, the difference is not quite significant at the 95% confidence level).
- Is higher in Northern Ireland (68%), Wales (64%) and the East (59%), and was lowest in the West Midlands (40%). Elsewhere it tended to fall in the 47% - 53% range.

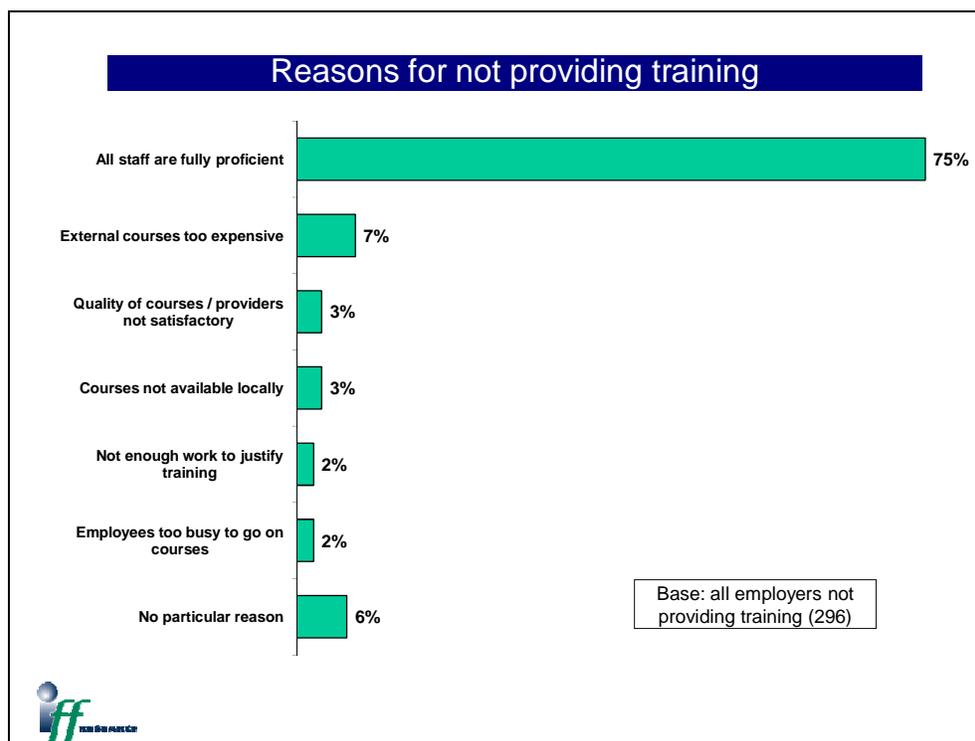
7.4 The following chart summarises results, and shows the proportion of sole traders and employers delivering on- and off-the-job training, or both.



- 7.5 Overall more than two-fifths of employers deliver some off-the-job training (43% - equivalent to just over four-fifths (84%) of those that train). This is largely driven by the practices of smaller establishments with 2-9 employees, and among large firms that train nearly all undertake some off-the-job training.
- 7.6 By region firms in the East Midlands, the South West and the South East were the least likely to have undertaken any off-the-job training in the last 12 months (only a third had done so).
- 7.7 The proportion of employers delivering off-the-job training in the previous 12 months is slightly lower in 2009 than in 2008 (among the comparable group – construction contracting sector employers in Great Britain - the figures are 40% v. 44% respectively). These results on the incidence of off-the-job training are similar to those reported for the National Employers Skills Survey (NESS) 2007 (results from NESS 2009 will be available early in 2010) which found that in the previous 12 months 45% of all construction sector employers in England undertook any off-the-job training and 17% had only undertaken such training. Comparative figures for the current survey among employers *in England* are 41% and 19% respectively.

Reasons for not providing training

- 7.8 Employers who had not funded or arranged training in the previous 12 months were asked as a spontaneous question what their reasons were for not having done so. Results are shown on the following chart, presenting answers given by 2% or more of non-training employers (hence results add to a little under 100%).



- 7.9 By far and away the most common reason for not training, as in 2008, is a belief that all staff are fully proficient, a factor mentioned by three quarters of non-trainers. In comparison supply-side issues are mentioned by far fewer employers: 7% say a reason for not training is external courses being too expensive (up from 3% in 2008, a sign perhaps of 'belt-tightening' as a result of the recession), while 3% cite courses not being available and 3% poor quality of local courses or providers.
- 7.10 Reasons for not training among the self-employed were very similar to employers, with by far the most common reason being they considered themselves fully proficient (68%). Other relatively common reasons were being too busy (7%) or the expense of external courses (6%).

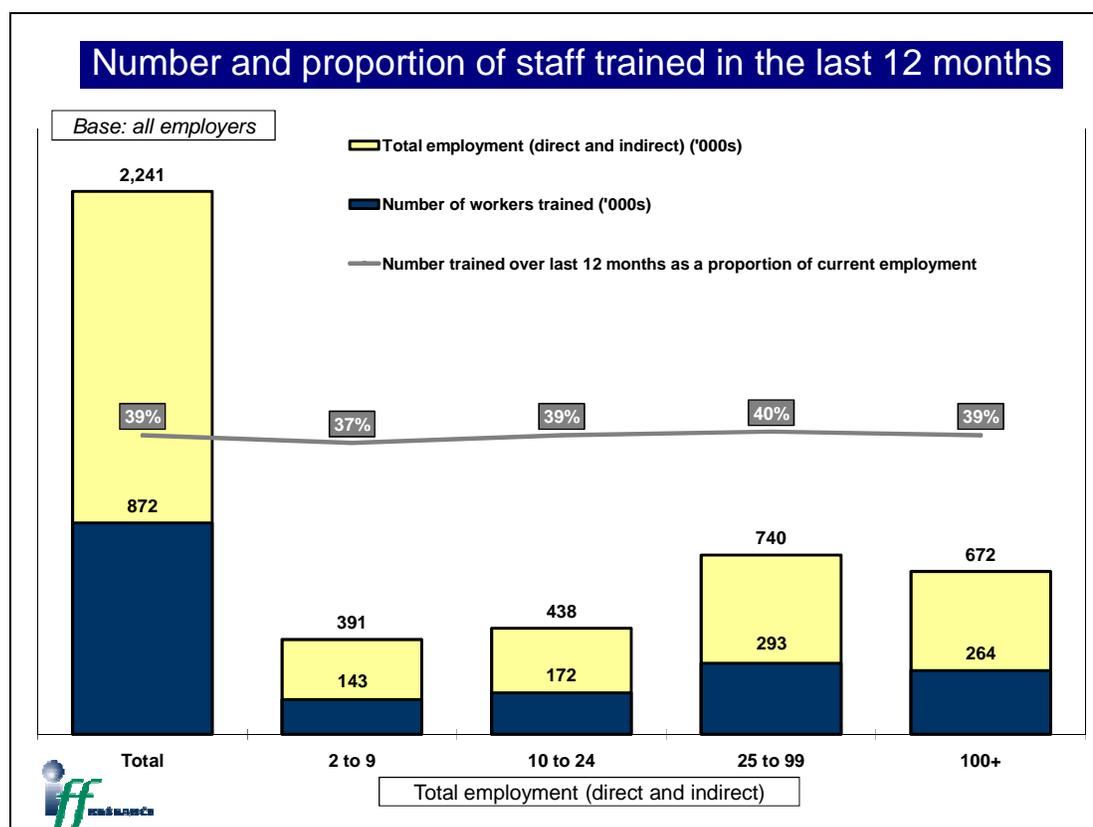
The proportion of the workforce receiving training

- 7.11 Employers reported providing training over the previous 12 months for approximately 871,750 workers (both direct employees and self-employed / indirect labour). This is equivalent to 39% of the total current workforce (i.e. covering the direct and indirect workforce working for employers).
- 7.12 Although the results have shown slightly fewer employers had undertaken training in 2009 than 2008, the proportion of the workforce trained in the last 12 months was slightly higher in 2009 than 2008, as shown in the following table, where 2008 and 2009 comparisons (among the construction contracting sector in Great Britain) are presented in the first two columns of data. Results also show that professional services firms trained a higher percentage of the workforce (46%) than the sector as a whole.

Number and proportion of staff trained					
	2008	2009			
	GB SIC 45	GB SIC 45	SIC 45	Professional services	All
Number (000s)	606	690	714	158	872
Number trained as a % of total workforce	34%	38%	38%	46%	39%

- 7.13 It should be noted that the question asked employers how many staff at the establishment they had funded or arranged training for in the previous 12 months *including any staff who had since left*. This means employers can give a figure for the number of staff trained over the previous 12 months which is higher than their current number of employees. One implication is that the overall number of staff trained as a proportion of the workforce is likely to be something of an overestimate in that employees who were trained by one employer in the previous 12 months, then changed employer and received training in their new position will be counted twice.
- 7.14 Around three fifths of employers who train (61%) provided training over the last 12 months for a number of staff equivalent to at least half their current workforce. Almost a quarter (23%) of employers that train appear to provide training to all their staff (i.e. the number of direct and indirect staff trained over the last 12 months is equivalent to or exceeds their total current employment); the figure is much higher among professional services firms (32%) than in the construction contracting sector (19%).

7.15 The following chart shows the number of workers (covering both direct employees and other indirect labour) trained over the last 12 months, and the proportion this represents of the total current direct and indirect workforce, overall and by size of company.



7.16 By size of firm there is a high degree of consistency (as there was in 2008) in the proportion of the workforce trained, from 37% in firms with 2 to 9 staff to 40% among those with a workforce of 25 to 99.

7.17 There is more variation in results by area, though relatively low base sizes need to be noted (c 60 respondents that train in each country / region) and hence some caution is needed. The proportion of the workforce trained was highest in Yorkshire and Humberside (54%), the North East (51%) and Wales (47%), and lowest in the East (31%), South East (31%) and Northern Ireland (34%).

Off-the-job and on-the-job training volumes

- 7.18 The occupational groups that construction contracting sector employers had most commonly provided off-the-job training for were managers (28% of those providing off-the-job training had provided it for at least some of their managers), labourers / general operatives (24%), carpenters / joiners (19%), staff who multi-task (18%), plant and machine operators (16%) and bricklayers (15%). The same occupational groups tended also to be those to whom on-the-job training had been given. However, in both cases this largely reflects that some occupations are more frequently employed (such as managers), and the more interesting finding is the actual number and proportion of each occupation trained.
- 7.19 This is shown in the following table. Figures on the proportion trained is shown in the second and fourth column of data – these should be treated as indicative only – the occupational profile used to produce this figure was asked only of directly employed staff while the training figure shown in the first column of data was asked of all staff, direct and indirect staff. Occupations are ranked in descending order of the proportion being trained off-the-job.

Distribution of off-the-job and on-the-job training by main occupational groups (construction contracting sector)				
<i>Base: All construction contracting sector employers (975)</i>	OFF-THE-JOB		ON-THE-JOB	
	Number receiving off-the-job training in previous 12 months	Number receiving off-the-job training as % of current directly employed staff	No. receiving on-the-job training in previous 12 months	No. receiving on-the-job training as % of current directly employed staff
		%		%
Roofers	16,514	79	11,600	55
Welders/ fabricators	8,625	62	8,425	61
Scaffolders	26,400	56	25,025	52
Plant and machine operatives	47,475	50	36,725	39
Carpenters/ joiners	34,250	47	33,300	46
Labourers and general operatives	61,525	46	60,300	45
Bricklayers	17,497	45	15,652	40
Supervisors	29,875	44	23,975	35
Floorers	6,475	44	5,375	36
Technical staff	27,000	44	23,950	39
Painters/ decorators	27,775	44	26,900	43
Electricians	4,725	40	5,650	48
No one main role / multi task	35,950	38	32,700	34
Plumbers	4,325	31	5,100	37
Managers	56,650	30	40,075	21
Plasterers	4,975	29	5,950	34
Administrative staff	28,800	19	25,075	16

Figures rounded to nearest 25.

- 7.20 In absolute terms, more labourers have received off-the-job training in the last 12 months than any other occupational group, followed by managers / directors (these were also the two main occupational groups in 2008). In each of these occupations, around 60,000 workers have been trained in the last year, accounting for almost a quarter of all those receiving off-the-job training in the construction contracting sector. As shown in the previous table, though, the proportion of managers receiving off-the-job training is relatively low (30%).
- 7.21 There are a number of occupations where results suggest that a much higher than average proportion of staff are trained off-the-job. This applies particularly to roofers and welders/fabricators.
- 7.22 For on-the-job training results suggest that the occupations with the largest number receiving this training are labourers / general operatives and managers.

7.23 Generally speaking the proportion of each occupational group trained on- and off-the-job is similar. The results suggest that for plant and machine operatives and for managers, though, the balance is towards off-the-job training.

7.24 The following table looks at results among the professional services sector.

Distribution of off-the-job and on-the-job training by main occupational groups (professional services)				
	OFF-THE-JOB		ON-THE-JOB	
	Number receiving off-the-job training in previous 12 months	Number receiving off-the-job training as % of current directly employed staff	No. receiving on-the-job training in previous 12 months	No. receiving on-the-job training as % of current directly employed staff
<i>Base: All professional services employers (261)</i>		%		%
Labourers	7,700	58	8,200	62
Building surveyors	2,475	56	1,925	44
Architectural technologists	5,775	46	7,150	57
Civil engineers	11,575	45	16,000	62
Directors	2,425	45	2,175	40
Mechanical engineers	3,675	40	3,650	36
Quantity surveyors	4,700	38	6,275	50
Building Service engineers	6,850	37	5,150	28
Architects	9,275	33	13,100	47
Other engineers	8,100	31	6,075	24
Technicians	6,675	30	7,439	34
HR, legal & business professionals	4,700	27	4,825	27
Admin staff	6,600	26	6,100	24
Surveyors / estimators	2,125	25	1,850	22
Project managers	3,075	23	2,435	18
Managers	725	20	1,875	52

Figures rounded to nearest 25.

7.25 In volume terms civil engineers and architects were the two occupations where most staff had been trained off-the-job, though as a proportion of those employed off-the-job training was more common for labourers and building surveyors (over half of each occupational group had received off-the-job training in the last 12 months).

7.26 For on-the-job training, a similar pattern emerges. The proportion of the occupation receiving this training is high for labourers (62%), civil engineers (62%), architectural technologists (57%), managers (52%) and quantity surveyors (50%).

How much training do employers fund or arrange?

- 7.27 Establishments providing off-the-job training had funded or arranged an average of 6 days such training per person trained in the past 12 months, exactly the same figure as for the average number of on-the-job training days per employee receiving this training. Professional services firms provide slightly more off-the-job training days per recipient than construction firms (8 compared with 5 days), though there was no difference for on-the-job training.
- 7.28 Results suggest that the amount of training days provided by employers is lower than in 2008, when the average was 10 days of off-the-job training and 7 days of on-the-job training (the latter figures excluding some outliers saying they provided more than 40 days of on-the-job training to each recipient).
- 7.29 The following table illustrates the breakdown of off-the-job and on-the-job training days per trainee among those establishments providing these types of training.

Training days per trainee per annum (off-the-job and on-the-job)		
	Number of days of OFF-the-job training per trainee in previous 12 months	Number of days of ON-the-job training per trainee in previous 12 months
<i>Base: All employers who provide training (unweighted)</i>	651	519
	%	%
1 day or less	21	15
2 days	21	20
3-4 days	19	22
5-6 days	15	15
7-8 days	3	2
9-10 days	5	9
11 or more days	14	13
<i>Mean</i>	<i>6 days</i>	<i>6 days</i>

7.30 As shown in the following table, there is no particular pattern by total employment size in terms of the average number of days that employers give to workers trained on- or off-the-job.

Mean number of training days per recipient per annum by size					
	Total employment (direct and indirect labour)				
	All	2 to 9	10 to 24	25 to 99	100+
<i>Base: All employers who provide off-the-job training (651) and on-the-job training (519)</i>					
Days off-the-job training per recipient in last 12 months	6	7	4	7	5
Days on-the-job training per recipient in last 12 months	6	6	5	6	5

Training towards qualifications

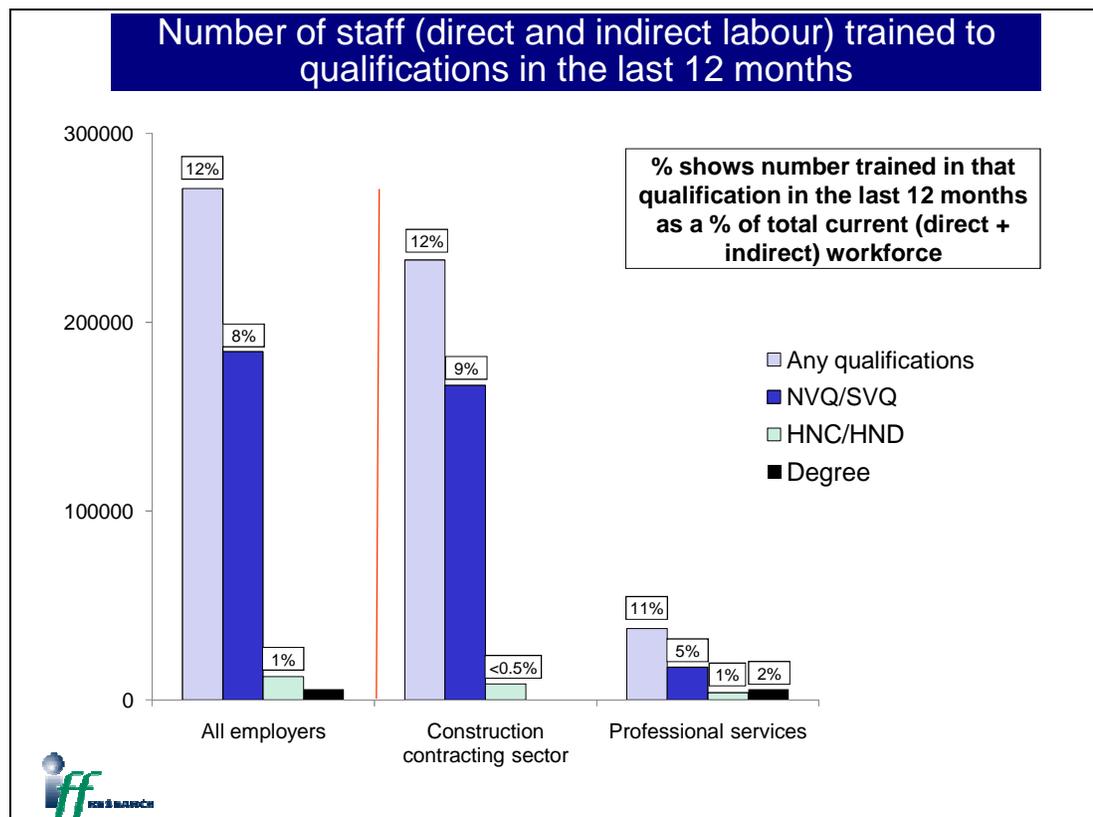
7.31 Just under half the employers that train (44%, no significant change from the 2008 figure of 43%) had provided training in the previous 12 months intended to lead to a nationally recognised qualification. This is equivalent to 23% of all employers providing training leading to a qualification in the previous 12 months.

7.32 Among those that train larger employers are much more likely to train to qualifications (77% among trainers with 25 or more staff, compared with 42% among those with fewer than 10 direct employees that train, and 58% among those with 10-24 staff) suggesting they place greater relative importance on qualifications than smaller employers.

7.33 The construction contracting sector is slightly more likely to train to qualifications than professional services firms, as shown in the following table. This shows row percentages, with results above the dotted line based on all employers, and among those that train below the line.

Training to qualifications in the last 12 months					
		Train to qualifications	Train to NVQs/SVQs	Train to HNC/HND	Degree
<i>Base: All employers</i>					
<i>Row percentages</i>					
All employers	%	23	14	3	n/a
All construction employers	%	23	16	2	n/a
All professional services employers	%	21	8	7	7
<i>.....</i>					
Employers that train	%	44	28	7	n/a
Construction sector employers that train	%	47	33	4	n/a
Professional services employers that train	%	38	15	13	13
<i>Row percentages</i>					

- 7.34 Among the construction contracting sector, a third of those that train (equivalent to one in six of all employers) have trained staff to NVQs/SVQs in the last 12 months. This is approximately twice the level as found among professional services firms. On the other hand HNDs/HNCs are much more likely to be used by professional services firms (7% of all such firms use them) than the construction contracting sector (2%). Given that NVQs/SVQs tend to be studied at level 2 (see paragraph 7.38) while HNDs/HNCs are level 4 qualifications, results indicate generally higher level qualification requirements in the professional services side of the sector.
- 7.35 Results indicate that employers have arranged training for approximately 270,000 staff over the last 12 months that was intended to lead to a qualification. This is equivalent to 12% of the total current (direct and indirect) workforce.
- 7.36 Results suggest somewhat fewer staff being trained to a qualification than 2008 - among the construction contracting sector in Great Britain some 227,000 staff had been trained to a qualification over the last 12 months compared with 257,000 in 2008.
- 7.37 The number of staff involved in NVQ/SVQ training in the last 12 months is equivalent to 8% of the total current workforce (9% among the construction contracting sector, 5% of the professional services workforce). Results are shown on the following chart.



- 7.38 Employers using NVQs / SVQs were most likely to have had staff train at level 2 (69%). This is shown in the following table overall and by size of employer. Results show that large employers are much more likely than average to have staff on level 3 (41%) or level 4 or above NVQs/SVQs (15%).

Main level of NVQ / SVQ used				
	Total employment (direct and indirect labour)			
	All	2 to 24	25 to 99	100+
<i>Base: All employers with staff training to NVQs/SVQs in the last 12 months</i>	317	88	131	98
	%	%	%	%
Level 1	8	8	9	4
Level 2	69	70	67	55
Level 3	20	19	18	41
Level 4 or above	8	8	7	15
Don't know / not sure	9	8	11	5

Figures add to more than 100% as respondents could give multiple answers

- 7.39 Employers using NVQ/SVQs at level 1 (a low base of only 18 respondents) were asked why they trained staff at this level, and what benefits it had brought. Responses tended to focus either on it helping to improve skills and improve proficiency, or specifically it improving health and safety and making the workplace safer (sometimes in relation to this helping the firm comply with regulations).

Assessing the impact of training

- 7.40 Employers who had funded or arranged training within the last 12 months were asked whether they formally assess whether the training and development impacts on the performance of the people trained. Overall three in five employers that train do formally assess this (59%, exactly the proportion found for the construction sector in the National Employers Skills Survey 2007). This increases with size, and among trainers with 100 or more direct employees, three-quarters (76%) formally assess the impact of training on performance. More training employers reported assessing this activity in 2009 than did so in 2008 (59% v. 54% in 2008, both figures among the construction contracting sector in Great Britain).
- 7.41 There were some geographic differences, and employers in Scotland and Yorkshire and the Humber appear more likely to assess the impact of their training (72% and 70% respectively), those in London and the West Midlands less so (48% and 46% respectively).

Methods of delivery

7.42 Employers that train were asked whether they had used a range of types of training provider and training approaches. Results on this prompted question are summarised on the following table. The overall 2009 figure is shown in the far right column. Comparative results with 2008 among the construction contracting sector in Great Britain are shown in the first two columns of data.

Use of different types of training provider in the last 12 months (prompted)				
	GB Construction		2009	2009
	2008	2009	Professional services	All
<i>Base: All employers who have funded or arranged training in previous 12 months</i>	703	506	179	736
	%	%	%	%
Private provider (other FE, HE or NCC)	58	57	68	60
Manufacturer or supplier	34	41	55	44
Further Education (FE) college	25	18	27	22
Professional Institution	22	23	56	32
National Construction College (NCC) / TASC in Northern Ireland	12	6	3	7
Higher Education / university	4	5	26	11
On-the-job learning or training by where a more experienced worker	69	68	69	67
Self-learning e.g. using books and manuals	46	46	78	55
Other off-the-job training such as courses or formal instruction	41	41	41	41

7.43 Private providers and consultants are the most commonly used type of provider (60%) followed by manufacturers and suppliers (44%). Around a third had arranged training delivered by a professional institute (32%), and approaching a quarter had used the services of a Further Education (FE) college (22%). Overall 7% of those training said they had used the NCC (or Training and Assessment Centre (TASC) in Northern Ireland) in the last 12 months.

7.44 Professional services firms have a somewhat different pattern of usage of external training providers to the construction contracting sector, and make more extensive use of most providers but particularly professional institutes (56%), and HE / universities (26%). They also make much more use of self-learning.

- 7.45 Results among the construction contracting sector suggest that in 2009 there has been a slight reduction compared with 2008 in the use of FE and more use of manufacturers / suppliers.
- 7.46 There was a relatively consistent pattern of training by geographic area. The most noticeable differences were:
- High use of Training and Assessment Centre (TASC) in Northern Ireland (45% of those training) when compared with use of the NCC in Great Britain among the construction contracting sector (6%)
 - Use of FE colleges was high in Northern Ireland (37% of those that train), and lowest in Scotland and the East Midlands (9% and 6% respectively).
- 7.47 Predictably larger employers that train make far more use of each type of external providers than micro and small firms. Among training companies with 100 or more direct employees, for example, 25% had used NCC / TASC in the previous 12 months, 50% a university or HE institution and 55% an FE college.
- 7.48 In terms of training methods, on-the-job demonstration by experienced workers is the most widely used (by 67% of those that train). Around two-fifths of those that train had staff attend courses or formal instruction (41%), and over half (55%) had staff undertake self-learning using books, manuals, CD ROMs and other materials. Results are very consistent with 2008 – the one increase has been in the use of self-learning, but this is due to the inclusion of professional services firms in the study among whom use of this method of learning is much higher.

Barriers to providing more training

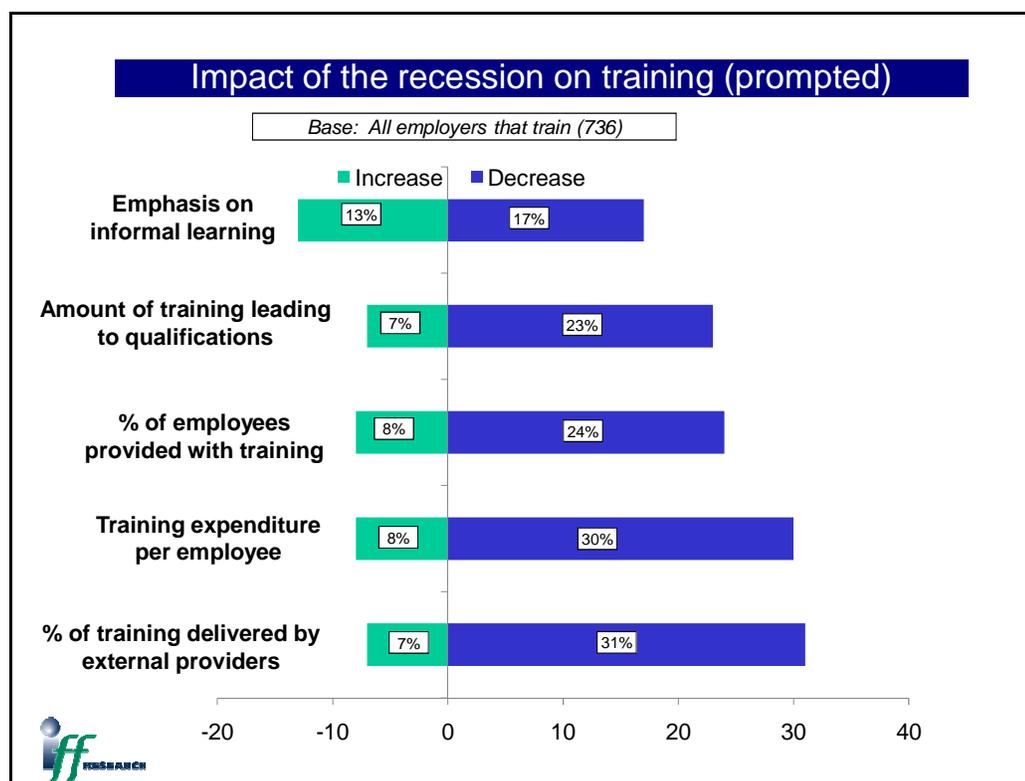
- 7.49 Just over half of employers that trained over the last 12 months would like to have provided more training than they actually undertook (52%). This is significantly higher than found in 2008 (45%) indicating the impact of the recession.
- 7.50 As in 2008 there was little variation in the result by size of firm. However, employers in the North West that train were significantly more likely than average to have wished they could have undertaken more training (73%).
- 7.51 There were two main barriers to being able to deliver more training:
- a lack of funds for training, or training being considered expensive, mentioned by 70% of those unable to undertake the amount of training they would have wished (equivalent to 37% of all employers that train)
 - not being able to spare staff the time off for training (44%).

These were the two main barriers reported in 2008, but then more mentioned being unable to spare the time (52%) than mentioned a lack of funds (40%), again indicating recent financial pressures.

- 7.52 Supply-side issues are relatively rarely mentioned as barriers: among those that would have liked to deliver more training 3% mentioned a lack of appropriate training or qualifications in the subject areas they required, 3% a lack of provision (for example courses being full up), 2% the difficulty of finding providers who can deliver training when and where they want it. and 1% mentioned a lack of good training providers locally.

The impact of the recession on training activity

7.53 Employers that train were asked a number of questions about the impact that the recession had made on their training activity. Results on this prompted question are shown on the following chart.



7.54 For all specific aspects discussed with training employers, most said the recession had made no impact. However, it is evident that the recession had had a negative impact on training activity for a minority of employers. Almost a third (31%) were delivering less training via external providers because of the recession, and a similar proportion were spending less per employee on training (30%). Fewer, though still around a quarter, were training fewer of their staff (24%) or were providing less training leading to qualifications (23%).

7.55 Opinion was more even as to whether the recession had lead to an increased emphasis on informal learning: 13% thought it had; but 17% felt they now put less emphasis on this, perhaps implying that because of the recession the company put less emphasis on all training, whether formal or informal.

7.56 Generally there was a relatively consistent impact of the recession on training by type of employer, though:

- The construction contracting sector were more likely to have reduced the amount of training leading to qualifications (27% compared with 15% among professional services firms)
- Employers in the following areas were more likely to say the recession had led to their training fewer staff (each 33% - 37%): London, North West, Northern Ireland and the West Midlands
- Those with 25 or more direct employees were more likely to say training spend per employee had fallen (38%).

8 Apprenticeships and the recruitment of young people

8.1 In this chapter we examine awareness of Apprenticeships, the extent to which employers recruit, employ and offer Apprenticeships, and the reasons for this. We also discuss the likelihood of employers taking on new apprentices in the next 12 months. Only those in the construction contracting sector were asked about Apprenticeships - professional services are therefore not covered in this chapter.

Awareness of Apprenticeships

8.2 Construction employers were asked if they had heard of government-funded Apprenticeships, and if so if they had heard of various types of Apprenticeships available in their country (Modern Apprenticeships in Scotland, Training for Success and Apprenticeships NI in Northern Ireland, and Advanced Apprenticeships, Higher Apprenticeships and Adult Apprenticeships for the 25 plus in England and Wales).

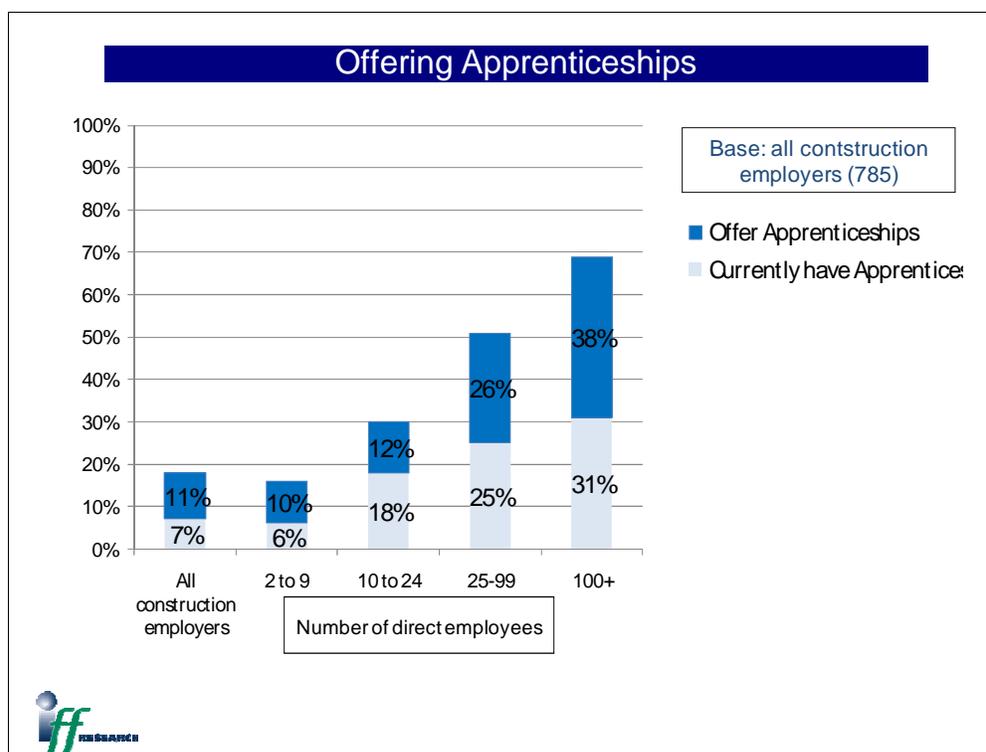
8.3 Nearly all employers and the self-employed (96% and 97% respectively) had heard of government-funded Apprenticeships. Just over two in five (43% of employers and 45% of sole traders / the self-employed) had heard of the specific types of Apprenticeships available in their country, though this increases with size of employer (to 63% of those with 25-99 staff and 74% among those employing 100 or more direct employees).

8.4 The following table shows awareness of Apprenticeship programmes by country. Awareness of Modern Apprenticeships in Scotland was particularly high (63%).

Awareness of Apprenticeships (prompted)				
	England	Wales	Scotland	Northern Ireland
<i>Base: All construction employers</i>	603	56	63	63
	%	%	%	%
<i>Heard of ...</i>				
Apprenticeships in general	95	96	100	100
<i>Any specific Apprenticeship type</i>	42	46	67	33
Advanced Apprenticeships	24	14	n/a	n/a
Adult Apprenticeships for the 25+	31	37	n/a	n/a
Higher Apprenticeships	9	10	n/a	n/a
Modern Apprenticeships	n/a	n/a	67	n/a
Training for Success	n/a	n/a	n/a	30
Apprenticeships NI	n/a	n/a	n/a	17

Those with current Apprentices

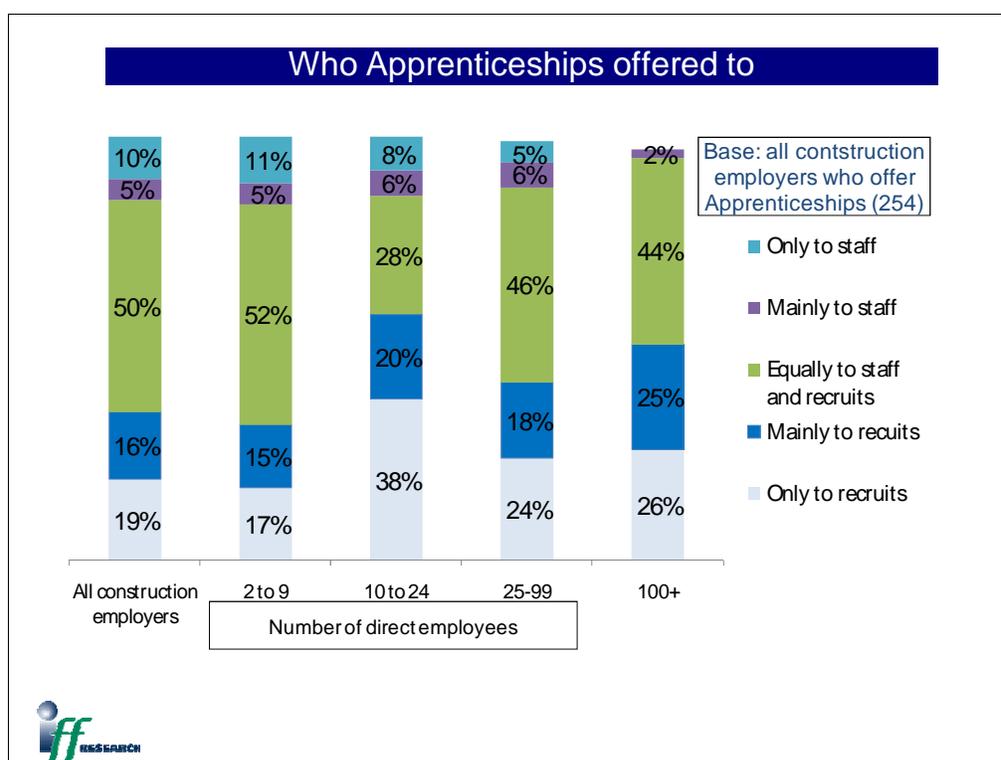
- 8.5 Overall 7% of employers had staff currently undertaking Apprenticeships, and a further 11% offer Apprenticeships but did not have anyone currently participating. The likelihood of either having or offering Apprenticeships increases with the number of employees, with almost a third (31%) of those employing 100 or more currently having Apprentices compared to less than a fifth of those with 10-24 employees and just 6% of those with 2-9 employees. Among sole traders / the self-employed, none had any current Apprentices though 5% said they offered them.



- 8.6 As in 2008 employers in Scotland were more likely than average to have current Apprentices (19%). It was also higher in the North West and Northern Ireland (in each 13% of employers had an Apprentice), whereas the figure was particularly low in the East and West Midlands, and Yorkshire and Humber (1%, 1% and 3% respectively).
- 8.7 Employers reporting skill gaps in their workforce were twice as likely as those without to have Apprentices (14% vs. 6% respectively), this is consistent with findings in 2008, and again possibly reflects that such recruitment is often a way to meet skill shortages (we look later in the chapter at the reasons for offering Apprenticeships).

8.8 The results are not directly comparable with the 2008 survey, as questions have been changed to match the 2009 National Employers Skills Survey. In 2008 the question asked if employers had recruited any young people aged 16-24 to start an Apprenticeship in the last 12 months rather than if they had any staff currently undertaking an Apprenticeship. As a point of comparison though, in 2008 11% of employers had recruited someone to begin an Apprenticeship in the previous 12 months.

8.9 Employers that offer Apprenticeships generally do so to both existing staff and specific recruits equally (50%) or only or mainly to specific recruits (34%). This leaves a sixth (15%) only or mainly offering Apprenticeships to existing staff. As shown in the following chart those with 10-24 employees involved in Apprenticeships appear much more likely than average to recruit specifically for them.

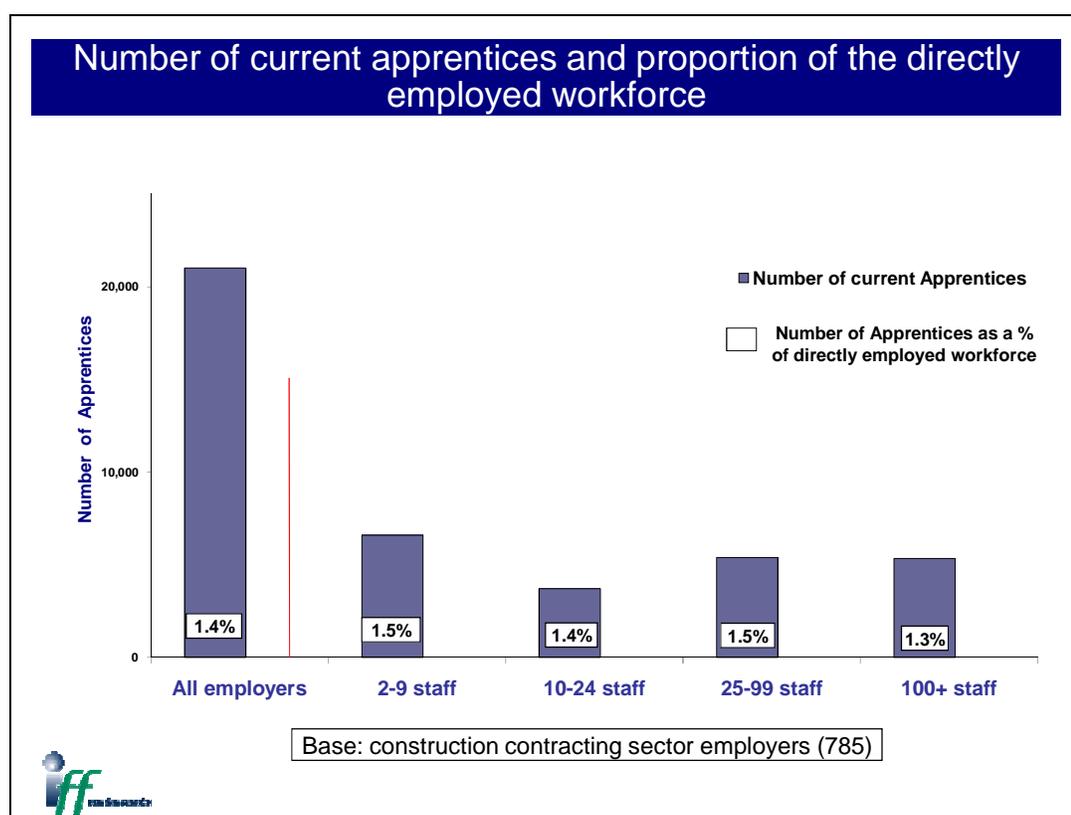


8.10 Base sizes by country / region are relatively low (c. 20 respondents in each), but results suggest that very few employers offering Apprenticeships in Scotland, Wales, London or the Midlands do so for existing staff (3% or fewer).

8.11 Employers with skills gaps were more likely to only offer Apprenticeships to existing staff (18% with skills gaps who offered Apprenticeships did so compared to 8% of those without skills gaps), suggesting some use Apprenticeships as a way to train up existing staff who lack skills.

The number of current Apprentices

- 8.12 Results suggest a total of 21,000 current staff undertaking apprenticeships, a figure equivalent to 1.4% of the total directly employed workforce in the construction contracting sector in the UK. Results show that the number of Apprentices as a proportion of employment is relatively even by size of firm (1.3% to 1.5%), suggesting that the role of training up the next generation in the industry is being taken up relatively evenly across different size of firm.



- 8.13 Clearly it could be expected that the recession has had a negative impact on the number of Apprenticeships being taken on. When employers that offered Apprenticeships were asked this directly, more than a third (35%) admitted that the number of Apprentices and new trainees recruited by their establishment had fallen as a result of the recession (2% said it had increased). It appeared particularly likely to have had this effect in the North of England and in Northern Ireland.

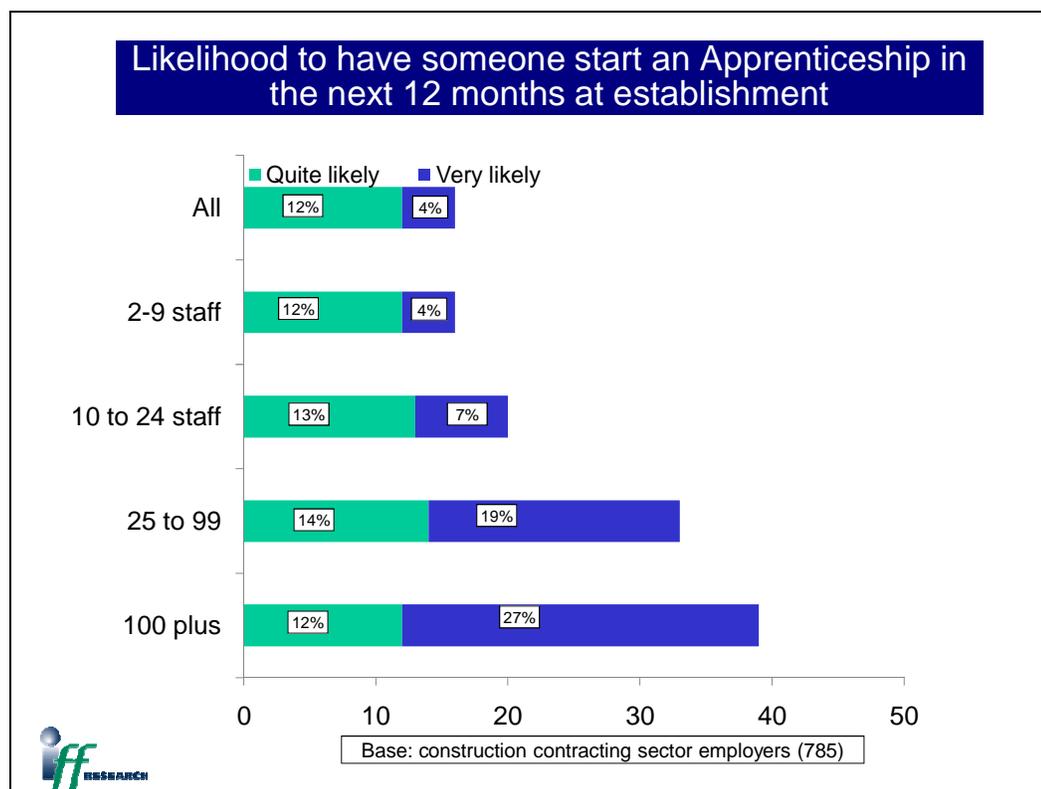
Reasons for not offering Apprenticeships

- 8.14 We have seen that the majority of employers do not offer Apprenticeships. The main reasons these employers give why this is the case are listed on the following table. It can be seen that there is a long list of reasons, without any one reason dominating. The most common response, mentioned by 16%, was that they did not have enough work to be able to take on Apprentices. This is much more important than in 2008 when only 5% of those who did not offer Apprentices mentioned it as a reason. Similarly financial constraints (10% vs. 4% in 2008), recession / uncertainty (6%, not mentioned in 2008), and not taking on new staff (6% vs. 3% in 2008) were all more likely to be reasons for not taking on Apprentices this year.
- 8.15 The most common reason given in 2008 remains important - that all staff are fully trained and hence none needed Apprenticeship training (12% in 2009 and 14% in 2008). This indicates again that these employers think very much in terms of their existing workforce rather than expansion.
- 8.16 Many of the other answers given (as in 2008) point to Apprenticeships not being felt to be relevant for their type of organisation, at least in their current circumstances, for example because they have a fully qualified workforce, they are too small, or staff in their organisation do not have to be qualified.
- 8.17 Some of these responses imply that if circumstances changed they might be willing to consider Apprentices. A small number also suggest potential interest but say Apprenticeships do not exist for their particular specialism within Construction (4%). Others however, appear not to like the idea of taking on Apprentices, for example preferring to take on qualified staff (8%) or older workers (4%).
- 8.18 As in 2008 results suggest that a variety of messages are required to help persuade employers to offer Apprenticeships, but in 2009 the main barriers appear to be concerns about the economy and the capacity of employers to incur the costs of offering Apprenticeships.

Reasons for not offering Apprenticeships (spontaneous)	
<i>Base: all employers not offering apprenticeships (500)</i>	%
Not enough work to be able to take on Apprentices	16
All staff fully trained	12
Financial constraints / training too expensive	10
Prefer to recruit those already fully trained / qualified	8
Recession / uncertainty / downturn	6
Not relevant to our business / not necessary / we don't need them	6
No vacancies / not taking on new staff	6
Business too small	6
Haven't got the time	5
Not worth time for the money received	4
No Apprenticeships available for our industry / sector / specialism	4
We / the job does not require staff to be that highly skilled	4
We don't take on young people	4
Don't know enough about Apprenticeships / what would need to do	3
About to retire / company closing	3
No direct staff – all subcontractors	3
Don't take on young people	3
Previous bad experiences with Apprentices	3
Don't know	7
Other reasons above 1%: poor attitude of young people / applicants (2%), new business (2%), too much paperwork/bureaucracy (2%)	

Likelihood of Apprenticeship starts in the next 12 months

8.19 Only around one in six employers (16%) expected someone to start an Apprenticeship at their establishment in the next 12 months, and only 4% thought this very likely. As shown in the following chart, expectations of having Apprenticeship starts increases with size of firm.



8.20 Those with skill gaps were more likely than average to expect to have Apprenticeship starts in the next 12 months (38% - 19% thought it very likely), suggesting this is often a way to meet skill needs. Predictably employers with current Apprentices (14% very likely) and those who offer Apprentices but do not have current Apprentices (23% very likely) are more likely than average to anticipate taking on such staff.

8.21 Geographically there was relatively little variation, though fewer in the East Midlands than average appear to expect to have Apprenticeship starts in the near future (just 1% thought this very likely).

9 Conclusions

9.1 The survey has shown that the recession has severely impacted the construction sector:

- More than half cited the recession and low / uncertain demand as a current constraint on sales and output, and two thirds expected it to be a limit on their business over the next 12 months
- More than a third of firms (36%) said they employed fewer staff because of the recession
- Among firms that train, because of the recession 31% were now making less use of external providers, 30% were spending less on training per employee and 24% were training fewer employees.

9.2 The recession has reduced employer demand for skilled staff, as illustrated by the fact that far fewer construction contracting sector employers in Great Britain in 2009 than in 2008:

- Had any periods over the previous 12 months when they lacked the number of skilled staff they needed (45% in 2008, 11% in 2009)
- Experienced recruitment difficulties for skilled staff (29% in 2008, only 8% in 2009)
- Report skill gaps among their current staff, this mainly because most skill gaps arise from staff having been recently taken on. In 2008 construction contracting sector employers described 6% of their directly employed workforce (some 74,000 employees) as lacking proficiency. In 2009 this had fallen to 4% (some 50,000 employees).

9.3 On training, results suggest that slightly fewer employers than in 2008 have arranged any training for their staff, that the proportion of workers receiving training has increased slightly but less intensive training is being given (in terms of days per recipient).

9.4 Throughout the study, there are relatively large differences by size of employer, and sole traders / the self-employed often quite closely match micro employers in attitudes and behaviour regarding recruitment, skills and training. However, while large employers are more likely to have skills gaps or to have Apprentices, on such issues as the *proportion* of staff with a skills gap or the number of Apprentices as a proportion of the total number of staff employed, findings were much more even by size of establishment.

- 9.5 Relatively low base sizes for the current survey restrict the scope for reliable country and regional analysis, but the results *suggest* some degree of geographic variation:
- Employers in the Midlands appear to have been particularly affected by the recession
 - Employers in Wales and the North West reported a higher than average proportion of their staff as lacking skills
- 9.6 The professional services sector was added to the 2009 survey. In some areas results are fairly similar to the construction contracting sector. However, there are strong indications that professional services firms have been more likely to have attempted to recruit skilled staff and more likely to have encountered recruitment difficulties, less likely to report skill gaps and exhibit greater engagement with training.
- 9.7 In the 2008 report, findings were compared with the National Employers Skills Survey 2007. The 2009 NESS survey results will not be published until 2010, but it will clearly be interesting to compare findings of the current survey with those of NESS, and NESS will enable comparisons to be made with other sectors.
- 9.8 The NESS survey does not cover sole traders or the self-employed. Results among this group for the current survey has showed they generally 'continue' the pattern found among employers whereby on such measures as awareness of training initiatives, the incidence of skills gaps and the incidence of training decreases with the size of employer. One important point though is that because of the sheer number of sole traders and self-employed in the industry, and because a relatively large proportion of sole traders admit to lacking skills (17%), the survey results suggest that there are far more sole traders and self-employed with skill gaps than there are among the directly employed.