

# Employer Attitudes and Motivations regarding Learning and Training in Northern Ireland, Wave 16

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## Introduction

This report outlines the findings of the 16<sup>th</sup> wave of employer consultation for CITB and CITB NI, the first of which took place in 2005. In addition to providing UK-wide headline indicators, the survey was designed to allow the identification of regional differences, with results for Northern Ireland the focus of this report.

As well as providing an overview of the main challenges facing companies in the sector in Northern Ireland, their current economic situation and use of apprenticeships and training, the research also explores a number of topical issues, in this case including off-site construction, costs and methods of recruitment, earnings in the industry, and the revisions in the Northern Ireland CDM regulations.

# 1 Management Summary

## Introduction

- 1.1 This document reports on the Northern Ireland results for the 16th wave of employer consultation for CITB and CITB NI, the most recent in a series of UK-wide surveys dating back to 2005. The quantitative element on which this report concentrates consisted of 105 telephone interviews conducted in July and August 2016 with employers and the self-employed across Northern Ireland, covering the Construction trades sector and the Professional Services sector.

## Key Business Challenges

- 1.2 The two main challenges spontaneously mentioned by construction trades employers were the need to increase sales (31%) and difficulties finding suitably skilled staff (30%), following the trends observed since 2013, with the need to increase sales decreasing but difficulties finding skilled staff increasing. The proportion mentioning each of the other key challenges was little changed since 2015, other than a decrease in the proportion experiencing problems due to clients being slow to pay (14% in 2015 down to 2% in 2016). The EU Referendum was not a forefront concern, being mentioned by only 4%.
- 1.3 When prompted, almost half (47%) of all businesses (including those in both construction and professional services) indicated that finding suitably skilled staff was a challenge for them. Most of these employers felt the issue was negatively affecting their business, including causing projects to start late (16%), increased workloads for existing staff (16%) and restrictions to business growth (16%).

## Turnover levels and growth opportunities

- 1.4 Around a third of employers (32%) reported an increase in turnover over the last 12 months compared with the previous 12 months, significantly greater than the proportion that reported a decrease (11%), and leaving around half (54%) saying it had stayed at about the same level. This picture is considerably more positive than in 2015, when more reported a decrease than an increase (36% and 24% respectively). Results therefore suggest greater stability of turnover for businesses in the past year.
- 1.5 Most companies felt there were client or project types offering growth potential in the coming years. This was most commonly work for the general public (41%) and / or commercial clients (36%). Businesses were most likely to identify housing-related work as a growth opportunity in the next 2-3 years (40%), whether new build (25%) or repairs (25%).

## Apprentices and graduates

- 1.6 One third of Construction firms (33%) offer apprenticeships, with one fifth currently employing apprentices (20%). Results suggest apprentices account for around 6% of the workforce at the average construction company, in line with the UK-wide levels. One in ten (11%) Construction firms had taken on an apprentice in the last 12 months, unchanged from 2015 (10%).
- 1.7 If apprentice numbers in the sector are to increase one key means by which this could be achieved is via training existing staff as opposed to them being used mainly for newly recruited staff. Most Construction employers were aware that apprenticeships could be offered to existing employees (68%). In practice, a minority of those who offer apprenticeships make them

available to existing staff (44%; only 1% said they offered them exclusively to existing staff). An equal proportion (42%) offer apprenticeships to new recruits exclusively, including the fifth who were unaware they could be offered to existing staff.

- 1.8 Generally, employers' views were somewhat mixed on the suitability of apprenticeships for existing staff: half think them very (21%) or quite suitable (29%), while around two-fifths feel they are not very (19%) or not at all suitable (19%).

## Recruitment and Recruitment Challenges

- 1.9 Two-fifths of all employers had recruited or attempted to recruit in the last 12 months (40%), in line with the UK average of 42%. The types of employees most commonly sought were experienced people with high level technical or craft skills; 61% of those who had recruited in the last year aimed to recruit from this group.
- 1.10 The most commonly used recruitment channels were word of mouth (by 37% of recruiters) and paid press advertising (25%). Word of mouth was the most successful method for employers, with all using this method successful, whilst rates of recruitment through paid advertising in the press was lower, with around half of those using this method finding a successful candidate through it.
- 1.11 Most recruiters reported recruitment challenges in 2016 (69%), with this most often being simply a shortage of good candidates (41%). Nearly all felt these challenges affected their business in important ways, including having to recruit a member of staff with lower skill levels than desired (63%) or projects overrunning (56%). Two-fifths of those who had difficulty recruiting staff had to turn down work as a result (42%).

## Earnings

- 1.12 When deciding what to pay their staff, employers in Northern Ireland were more likely than the UK average to consider the pay levels offered by their competitors (73% compared with 51%) or to wait for employees to request a pay rise (39% compared with 28%).
- 1.13 Two-thirds of employers (67%) said that rates of pay for their staff had increased over the last twelve months and in most cases, the pay rises provided were above inflation (53% of all employers).

## Off-site Construction

- 1.14 Off-site construction is a method where individual parts of a building are constructed in a factory and then transported to a site for installation. Overall, a quarter of Construction businesses in Northern Ireland (24%) currently use off-site methods. One fifth of Construction businesses (20%) expect to use off-site construction methods in the next 3 to 5 years suggesting a stability of demand for these services.

## Health and Safety and revised CDM Regulations NI 2016

- 1.15 CDM Regulations were revised substantially for the construction industry in Northern Ireland in August 2016, and the survey included a section designed to gauge employer awareness and level of preparation.

- 1.16 In Northern Ireland, about half (53%) were aware of the impending new CDM regulations, and most of these employers felt they had a good (54%) or reasonable (33%) level of understanding of them. Two-fifths of those aware had looked for more information (42%).
- 1.17 Almost all companies in Northern Ireland (95%) were able to describe action that they had taken to ensure that their workers have the right health and safety knowledge, with seven in ten (68%) offering some type of health and safety training or guidance.

## 2 Methodology and Employer Profile

### Methodology

- 2.1 This document reports on the Northern Ireland results for the 16th wave of employer consultation carried out for CITB and CITB NI, the latest in a series of UK-wide surveys dating back to 2005. Wave 16 comprised 105 structured quantitative telephone interviews with employers and the self-employed across Northern Ireland operating in the traditional building sector ('Construction') and in Professional Services sector.
- 2.2 The sample for the survey in Northern Ireland was drawn from a number of sources: CITB NI's databases of levy and non-levy payers, supplemented by Experian's employer database, specifically for the Professional Services sector and to extend coverage of the self-employed. Much of the sample for Wave 16 came from those agreeing at previous waves to take part in further research, supplemented with fresh sample from the same sources as described above.
- 2.3 At the UK level quotas were set by region / country, and size (number of staff employed directly across the UK). Results were then weighted to ensure that on these variables survey results were representative. The one exception is the self-employed. Because of the vast number of self-employed, if these were weighted to their correct proportions the overall survey results would be completely dominated by the findings among this group. Hence they were weighted to a negligible proportion of the total sample (1%) and in effect where we report overall results these are based on all employers (i.e. those currently employing other staff and hence excluding sole traders / the self-employed).
- 2.4 Where comparable data exists, results in this report are compared with results from earlier waves. These adopted exactly the same methodologies, other than the fact two waves were Construction sector only and excluded Professional Services firms (waves 9 and 13). The list below shows the main month of quantitative fieldwork for each wave – for Wave 16, fieldwork took place from 4th July to 5th August 2016:
  - Wave 1: February 2005
  - Wave 2: September 2005
  - Wave 3: June 2006
  - Wave 4: December 2006
  - Wave 5: August 2007
  - Wave 6: March 2008
  - Wave 7: July 2008
  - Wave 8: March 2009
  - Wave 9: November 2009 (Construction sector only)
  - Wave 10: August 2010
  - Wave 11: August 2011
  - Wave 12: May 2012
  - Wave 13: September 2013 (Construction sector only)
  - Wave 14: September 2014
  - Wave 15: August 2015
  - Wave 16: July 2016.

## Caution in interpretation

- 2.5 Results presented in this report are based on a relatively small number of interviews (105) and should best be treated as indicative. On a base of 105 interviews, sampling error, in the worst case scenario from a statistical reliability angle of a survey result of 50%, is approximately +/- 9.6%, which means that statistically we are 95% confident that the true result lies within the range 40.4% - 59.6% range. In the case of a survey result of 25% or 75% the sampling error falls to +/- 8.3%.
- 2.6 Furthermore, results were not weighted to be representative of each country / region individually, hence there is no guarantee that the results presented are fully representative of the sector in Northern Ireland. Hence again some caution is needed with the interpretation of the results.

## The profile of employers

- 2.7 In this section we briefly discuss the (weighted) profile of the 105 employers and self-employed / sole traders interviewed for the quantitative survey. This is background information to show the number of interviews on which results among sub-groups are based, and to show that the sample is broadly representative of the sector (though noting the point about the weighting of the self-employed made in paragraph 2.3). In the following table the first column of data shows the number of interviews conducted, while the second column shows the weighted profile.

	Number of interviews	Proportion once weighted
Self-employed	17	2%
2 to 9 employees	48	85%
10 to 24 employees	15	6%
25 to 99 employees	17	5%
100 or more employees	8	1%

## Sub-sector

- 2.8 Of the 105 firms interviewed in Northern Ireland, 81 operated in the traditional building (Construction) sector and 24 in Professional Services. At the UK level the data was weighted by sub-sector to be representative of the business population (81% Construction, 19% Professional Services), though this was not done at country level.

## Labour only sub-contracting

- 2.9 Construction firms were asked how many staff they currently employed on a labour-only sub-contract (LOSC) basis, such as the self-employed or those taken on via an agency. Two-thirds of all construction sector firms (66%) were employing labour-only sub-contractors at the time of the survey, higher than the UK-wide figure (55%) and a return to the 2014 level (65%), following a dip in 2015 (44%).

## Client base

- 2.10 Four-fifths of employers worked for the general public (80%), two-thirds (66%) for other commercial clients, and under half worked as sub-contractors for other construction or engineering firms (44%), or for public sector organisations (40%).
- 2.11 When asked for their *main* client type, respondents most often said the general public (43%), which represented an increase from 2015 (23%). The remaining firms were equally likely to work mainly as sub-contractors for other construction firms (24%) or other commercial clients (23%). One in ten (11%) worked mainly for government or public sector clients. This profile was very similar to the findings for firms in Great Britain.

## Federation Membership

- 2.12 Membership of trade federations, industry bodies or professional institutions was held by 37% of businesses. Membership was higher among those in the Professional Services sector (62% vs. 24% among those in Construction).
- 2.13 These statistics are not comparable to previous years because of improvements to survey design. This is because at Wave 16 those people stating that they were members of federation were asked the name of the organisation, and those providing the name of an organisation which was *not* a federation, industry body or professional institution (e.g. a government-run health and safety accreditation scheme) were excluded from the total.

### 3 Key Business Challenges

- 3.1 It is clearly important that CITB NI understands and monitors the key challenges that businesses in the sector face so that policy can be designed and communicated in a way that has maximum effect. It is also key to see how the industry currently perceives the core activities of CITB NI, namely learning, training and skills. This will give an indication of how easy or difficult it will be to convey key messages to the sector promoting training and skills development.
- 3.2 To this end, respondents were asked what the key challenges were currently facing their business. Results for Construction employers in Northern Ireland to this spontaneous question are presented in the following table, which shows responses over the last four waves, ranked in descending order, and compares them to the UK result.

Table 3.1 Key economic challenges for Construction sector employers 2013-2016 (spontaneous)					
	Northern Ireland				UK
Wave and Date	13 Sep 2013	14 Sep 2014	15 Aug 2015	16 July 2016	16 July 2016
<i>Base: all Construction firms employing staff</i>	114	81	85	65	1161
	%	%	%	%	%
Need to increase sales	53	39	43	31	22
Finding suitably skilled staff	3	13	21	30	21
Economic downturn	10	6	3	11	8
Competition	9	*	3	6	3
Rising costs of materials	4	4	4	5	3
Getting finance to expand	7	13	12	4	3
More work than can handle	-	1	2	4	6
Dealing with the effects of the EU Referendum	-	-	-	4	7
Clients slow to pay	28	23	14	2	8
Need to increase profitability	12	*	12	2	3
No particular challenges	3	3	15	17	21

\*\* = > 0% but less than 0.5%; \*- = 0%.

- 3.3 Although in 2014 and 2015 the findings suggested perhaps some improvement in the economic climate, the proportion of Construction firms in Northern Ireland mentioning the economic downturn as a challenge has increased again to levels last seen in 2013 (11% in 2016, compared to 10% in 2013). However, the proportion that were not currently facing any particular business challenges (17%) remains stable from last year (15%).
- 3.4 Similarly, the proportion that said increasing sales was a challenge (31%) continues to show a downward trend from 2013 (53%). Some indication of a continuing upturn is also seen in the proportion of Construction employers facing difficulties finding suitable staff, which at 30% has increased steadily since 2013 (2013 – 3%; 2014 – 13%; 2015 – 21%), although the increase this year is not statistically significant.
- 3.5 The various challenges identified by employers can be classified into:
- Supply side issues relating to supply of staff or skills;
  - Demand side issues relating to a lack of demand for work;
  - Costs of operation issues relating to the profitability of the work.
- 3.6 Analysis shows that despite the rise in concern about finding suitably skilled staff, overall demand side issues remain dominant for Construction employers in Northern Ireland, and are of concern to around half (51%) of Construction businesses, compared to a third (33%) facing supply side challenges. Fewer (14%) were concerned about issues relating to costs of operation, such as compliance with regulation, material costs, or needing to increase profitability, a significant fall compared to 2015 (29%).

### The impact of Brexit

- 3.7 Dealing with the effects of the EU Referendum was a new challenge for businesses in 2016; the survey fieldwork took place in the weeks immediately following the EU Referendum result and so the findings reflect initial reaction in the sector. In Northern Ireland, fewer than one in twenty (4%) businesses mentioned Brexit as a key challenge facing their business.

### Recruiting (suitably skilled) staff

- 3.8 Around a fifth (22%) of firms (including those in both construction and professional services) spontaneously reported finding staff a challenge, showing no change from the proportion reporting this in 2015 (21%). When prompted, close to half (47%) reported that finding suitably skilled staff was an issue, an increase from 2015 (31%), although in line with the wider UK result.
- 3.9 Construction sector employers were asked which occupations they felt were in particularly short supply; amongst the 43 answering the most common occupations mentioned were carpenters / joiners (mentioned by 8) and bricklayers (5), which were both also the most commonly mentioned professions in 2015. However, due to the small base sizes, caution should be applied if extrapolating from these figures.
- 3.10 The vast majority of employers experiencing difficulty finding suitably skilled staff felt this was having a negative impact on their business (84%). The most common impacts were: projects

starting late (16%), increased workloads for current staff (16%), not being able to grow as they would like (16%), and projects over-running (14%).

## 4 Turnover levels, and growth opportunities

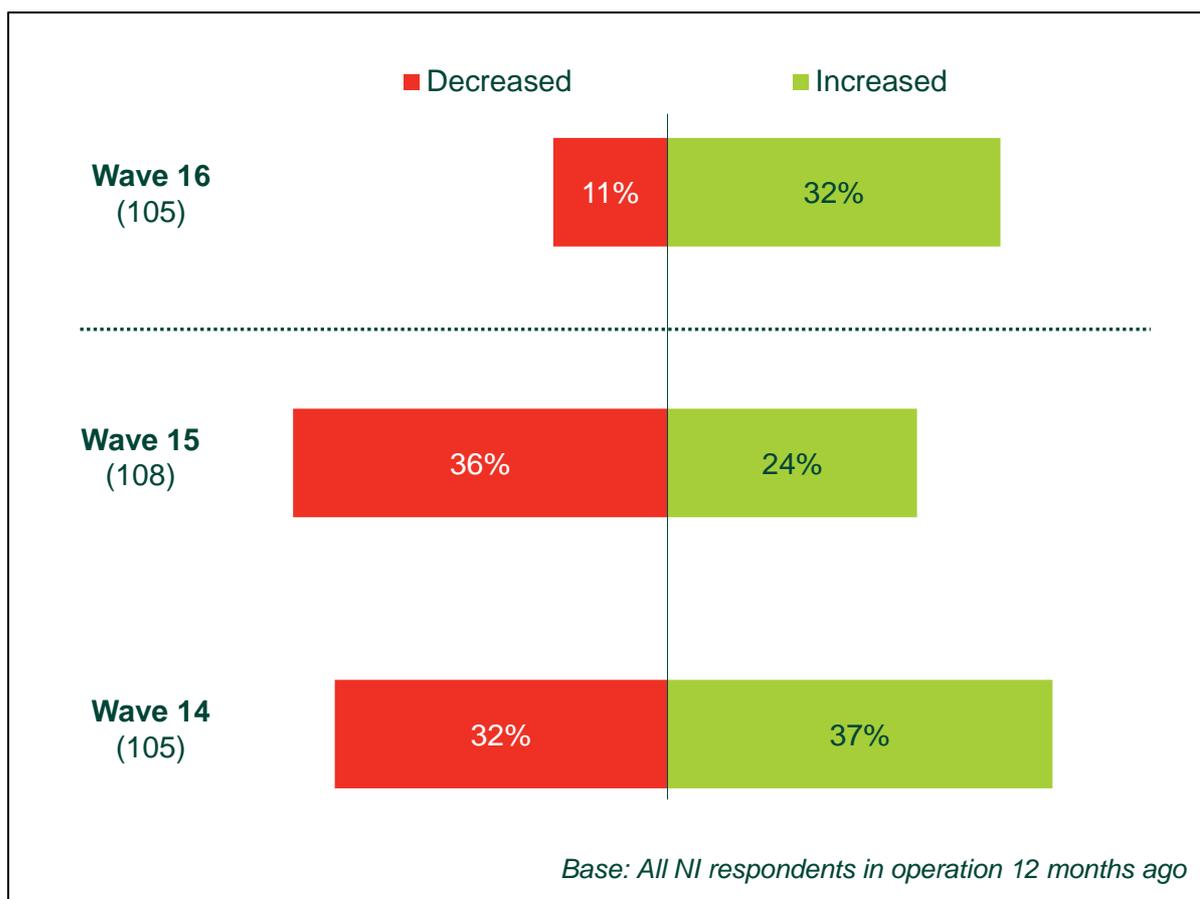
4.1 This chapter explores how firms have fared in terms of recent turnover, and their expectation for turnover in the coming 12 months. Both are explored at a very broad level (increasing or decreasing, or staying at about the same level). The final section also explores the types of client or work which firms expect to offer growth potential in the next 2 to 3 years.

### Sales / Turnover

4.2 Employers were asked how their turnover in the last 12 months compared with the 12 months before that. Around a third reported an increase (32%), similar to the 2015 levels (37%); however, the proportion reporting a decrease was significantly lower in 2016 at a tenth (11%) compared with almost a third (32%) in 2015. This perhaps reflects the lower proportion of employers stating that they needed to increase sales, as mentioned in the previous chapter. Half (54%) said their turnover had stayed at around the same level.

4.3 Comparisons with 2015 (wave 15) and 2014 (wave 14) are shown below in figure 4.1 below, with the figures for 2016 showing increased stability of turnover compared with recent years.

**Figure 4.1 Change in turnover over the previous 12 months compared with the 12 months prior**

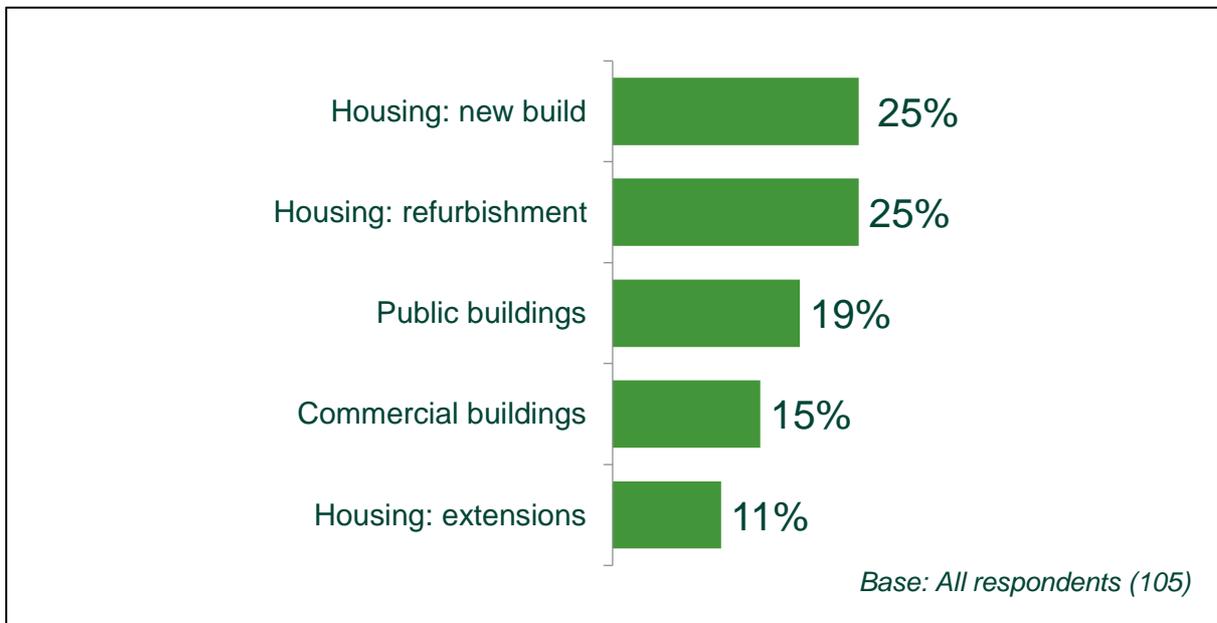


4.4 This increase in security was further demonstrated by business' expectations for the coming 12 months, with half (54%) expecting their turnover to remain the same and two-fifths (40%) predicting an increase. Only 3% thought that their turnover would decrease, lower than the proportion that estimated this last year (17%).

## Growth Opportunities

- 4.5 Businesses were asked which types of clients they expected to offer the main growth opportunities in the next 2 to 3 years. Most commonly, businesses expected growth to come from work for the general public (41%) or from commercial clients (36%). Under a fifth (18%) expected growth opportunities in work for the public sector, and a similar proportion (17%) felt that working as a sub-contractor offered opportunities for growth.
- 4.6 By project type, businesses were most likely to expect growth to come from housing-related work (40%), with equal proportions expecting work from new builds (25%) or repairs (25%). A fifth (19%) felt there would be growth opportunities from the construction of public buildings, followed by commercial buildings (15%). Although housing remained the primary area of expected growth, the proportion anticipating growth from new build housing (25%) had decreased from 40% in 2015. The specific areas identified by businesses are shown in the chart below, where mentioned by more than 5% of respondents.

**Figure 4.2 Types of work offering growth opportunities in the next 2-3 years (prompted)**



## 5 Apprentices and Graduates

5.1 This chapter explores issues surrounding current and future recruitment, skills and supply of apprentices (within Construction firms) and graduates and interns (within Professional Services firms). Comparisons are made with recent previous waves of the panel research where possible.

### Current patterns of employment of apprentices, interns and graduates

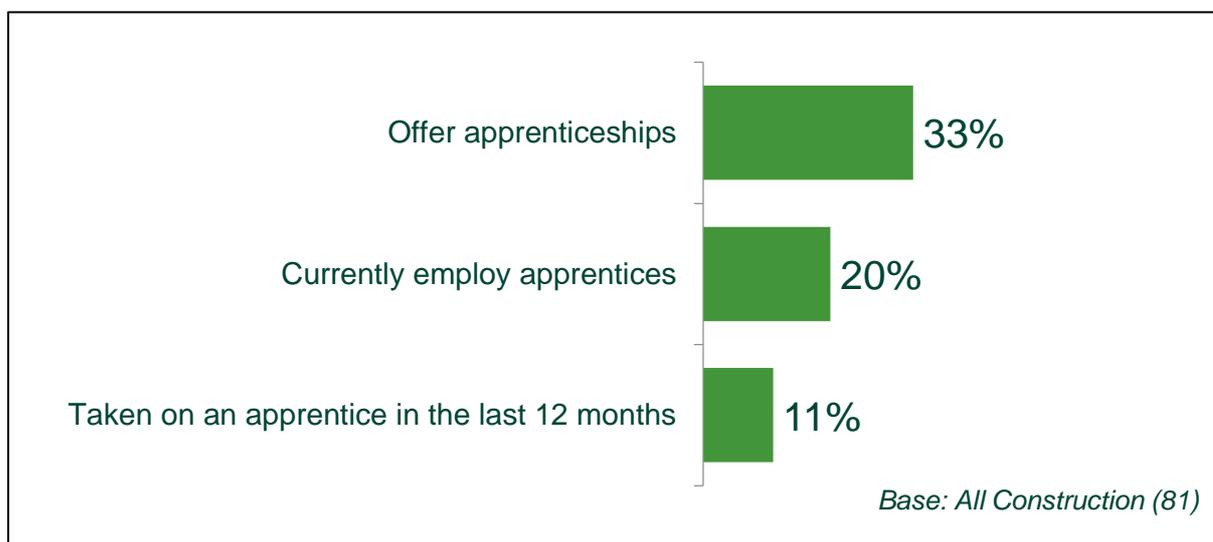
5.2 One third (33%) of Construction firms offer apprenticeships, with a fifth (20%) currently employing apprentices. Consistent with the 2015 findings, the mean number of apprentices employed by Construction firms was 0.4 (i.e. two for every five firms), in line with the wider UK (0.5).

5.3 Of the 24 respondents currently employing apprentices, 21 reported all of them working in traditional construction trades and two employed some in traditional roles and some in office based roles (with one unsure of the area of the apprenticeship).

5.4 Results suggest that apprentices account for around 6% of the workforce at the average Construction company in Northern Ireland, in line with UK-wide levels.

5.5 One in ten (11%) Construction firms had taken on an apprentice in the last 12 months, consistent with 2015 (10%). Of firms that had recruited any apprentices, the average number hired was two.

**Figure 5.1 Employment of apprentices by Construction firms**



### Reasons for not having recently recruited any apprentices, interns or recent graduates

5.6 Firms that had not recently taken on apprentices, graduates and interns were asked why they had not done so. The most commonly cited reason was that they had not been recruiting at any level (53%), broadly similar to the situation in 2015 (67%). A minority of firms also stated that the costs were too high (18%), apprentices/graduates take up too much time (18%) or that these members of staff were not relevant or appropriate for their business (17%).

## Apprenticeships for existing employees

- 5.7 If apprentice numbers in the sector are to increase, one key means by which this could be achieved is via training existing staff as opposed to them being used mainly for newly recruited staff<sup>1</sup>. To this end a number of questions in this wave asked about awareness that apprenticeships could be used in this way.
- 5.8 It is worth noting that while the traditional model in Construction is very much towards most apprentices being new recruits, this is far from the norm across the economy as a whole. In a BIS survey conducted in 2015 of over 5,000 Level 2 and 3 apprentices<sup>2</sup>, only around half (48%) were recruited specifically with the intention of doing an apprenticeship. The report noted that approaches to recruitment vary considerably by framework, with individuals undertaking more 'traditional' frameworks more likely to be recruited on to their apprenticeship, while only around a third of apprentices on a Health (32%) or Retail (35%) framework were recruited specifically as an apprentice (i.e. they were established employees when they began their apprenticeship).
- 5.9 Construction employers were asked whether they were aware that apprenticeships could be offered to existing employees; 68% said that they were, in line with the UK average. While high, the figure does suggest that more could be done, even among those that offer apprenticeships, to make employers aware that apprenticeships can be used for existing staff.
- 5.10 In practice, a minority of those who offer apprenticeships make them available to existing staff (44%; only 1% said they offered them exclusively to existing staff). A similar proportion (42%) offer apprenticeships to new recruits exclusively, including a minority (13%) who were unaware they could be offered to existing staff.
- 5.11 Employers' views were somewhat mixed on the suitability of apprenticeships for existing staff: half think them very (21%) or quite suitable (29%), while around two-fifths feel they are not very (19%) or not at all suitable (19%).
- 5.12 Construction sector employers offering apprenticeships were asked how they plan to offer them after the introduction of the Apprenticeship Levy in 2017. The most common response was that they would offer them to both new recruits and existing employees (38%), although three in ten (29%) said that they would offer them only to new recruits.

## Early leavers

- 5.13 Consistent with the UK average, one in ten (10%) Construction employers have taken on an apprentice in the last three years who chose to leave before completing their apprenticeship. All of these businesses reported that the apprentice had left both the company and the sector.

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<sup>1</sup> *The Future of Apprenticeships in England Implementation Plan* (2013) indicated that "Apprenticeships will be available to new and existing employees, but should only be offered to the latter where substantial training is required to achieve competency in their occupation."  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/522182/bis-16-257-apprentice-evaluation-learner-survey-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522182/bis-16-257-apprentice-evaluation-learner-survey-2015.pdf)

## Future plans

- 5.14 A third of all firms (33%) said they were at least quite likely to take on an apprentice in the next 12 months, on par with last year (32%). This reflects the maintained stability for business over the last number of years, and is in line with the long term trend levelling off after recovery from recession (2011 – 4%; 2012 – 14%; 2014 – 31%).
- 5.15 On average, Construction firms expecting to take on apprentices said they were on average likely to take on one or two apprentices, a mean average of 1.3.

## Long term trends in the supply of apprentices

- 5.16 A third (34%) of Construction employers felt there are more people wanting to become apprentices than positions available. This proportion maintains a long term downward trend, from 72% who thought this in 2011, to 42% last year. The trend is likely to reflect changes in demand for apprentices as much as changes in the supply of people wanting to be apprentices.

## 6 Recruitment and Recruitment Challenges

6.1 This chapter examines recruitment activity, including the proportion that have recruited over the last 12 months, the methods used and the satisfaction with these, recruitment costs and the main challenges encountered when recruiting.

### The proportion recruiting / attempting to recruit

6.2 Two-fifths of all employers had recruited or attempted to recruit in the last 12 months (40%), similar to the UK average of 42%. As would be expected, this varies from between a third (33%) of those with 2 to 9 direct employees, to 89% of those with 10 to 99 employees. Of all businesses who attempted to recruit, the average number of new employees taken on was three.

### Recruiting staff: types of staff recruited

6.3 As shown in Figure 6.2 below, experienced staff with high level technical or craft skills were the most sought after staff, demand for which has almost doubled since the 2015 wave (35%). Conversely, firms reported hiring a much lower proportion of experienced site labourers this year (32%) than last year (61%).

**Figure 6.1 Types of employee recruited or attempted to recruit**

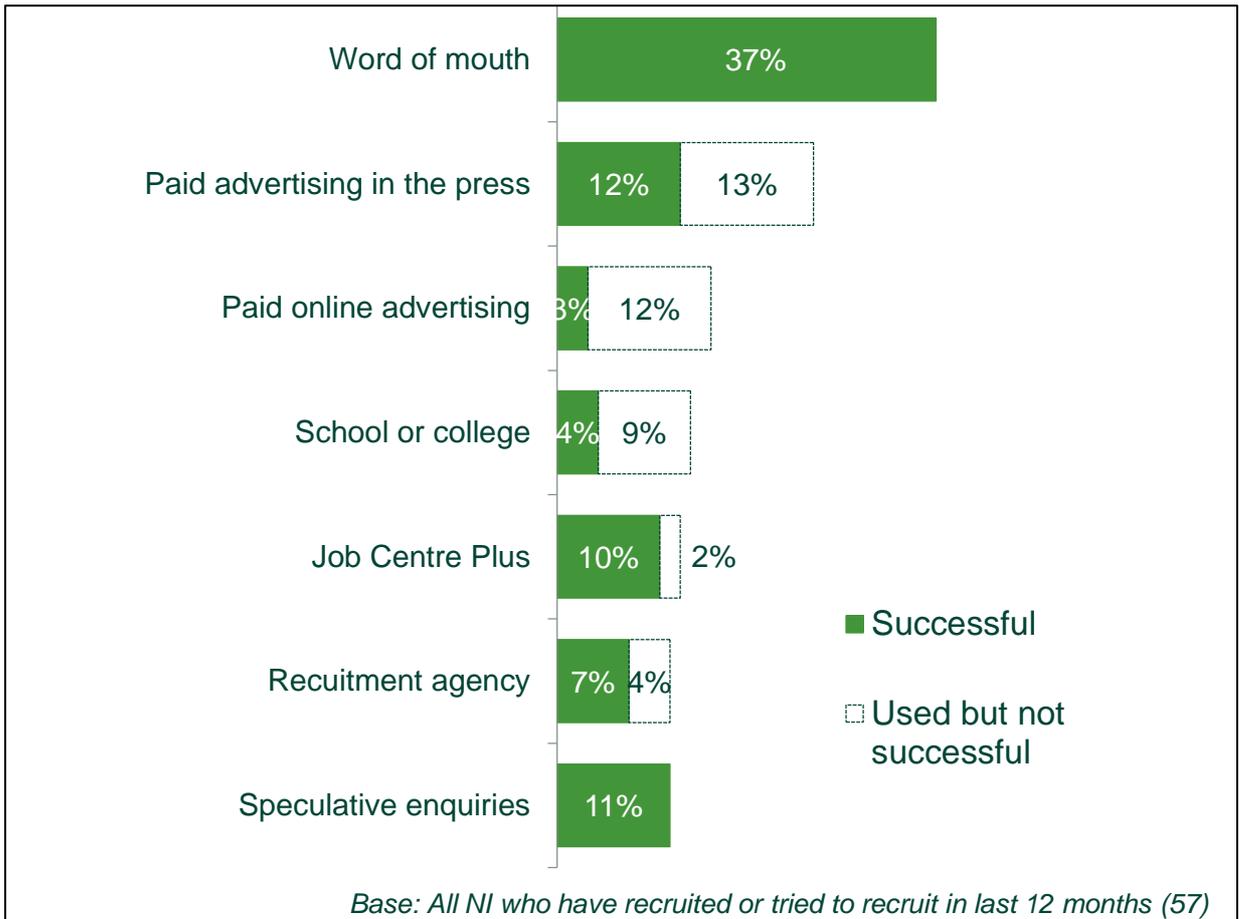


6.4 Amongst those who had attempted to recruit staff in the last 12 months, the method most commonly used was word of mouth (37%), followed by paid advertising in the press (25%).

6.5 In terms of success recruiting, word of mouth was again the most mentioned (37% of those recruiting were successful using this method), whilst success through paid advertising in the press was lower, at 12%.

6.6 Note the following chart shows the proportion of recruiting businesses who reported any successful recruitment via that method. It does not take into account the volume of recruitment achieved through each method.

**Figure 6.2 Recruitment channel used/successful**



### Recruitment costs

6.7 As in 2015, companies were considerably more likely to say that their recruitment costs had increased in the last 2-3 years (33%) than decreased (1%), although more than half (54%) said that their costs had remained that same.

6.8 On average, those recruiting in Northern Ireland spent £506 on 'out of pocket' recruitment costs, equivalent to £112 per employee recruited. In terms of time costs, businesses that had attempted to recruit spent on average £658 on recruitment activities in the last 12 months. Half of recruiting employers (51%) said they incurred no out of pocket costs, reflecting widespread use of word of mouth (and receiving speculative enquiries); a quarter (24%) said no (significant) time costs had been incurred.

## Recruitment challenges

- 6.9 Seven in ten firms (69%) who had tried to recruit staff over the last 12 months reported some degree of challenge in doing so, which was consistent with 2015 (70%). The most common challenge was a shortage of good applicants, mentioned by two-fifths (41%), followed by a general shortage of applicants (25%).
- 6.10 Firms who experienced recruitment challenges were asked why they felt this was the case. The most commonly mentioned reason, stated by a fifth (19%) of those who had difficulty, were poor perceptions or a negative image of the sector. A further 14% stated that there were issues with the approach to recruitment, and one in ten (11%) said there were issues with people leaving the industry, or a lack of skill or qualifications held by applicants (10%).
- 6.11 A delay in finding a suitable candidate was one of the main consequences of the recruitment challenges mentioned by businesses, experienced by 77% of those who had difficulties. Similar proportions had to recruit someone with a lower skill level than desired (63%) and had projects that had taken longer to complete due to staff shortages (56%). Two-fifths of those who had difficulty recruiting staff had to turn down work as a result (42%).
- 6.12 These results clearly indicate that recruitment problems are more than an inconvenience and affect companies' bottom line. They also indicate the importance of CITB NI's work to improve the image and appeal of the sector.

## 7 Earnings

7.1 This section focuses on how employers decide what to pay their staff, whether pay rates have increased over the last 12 months and, if so, for which occupations.

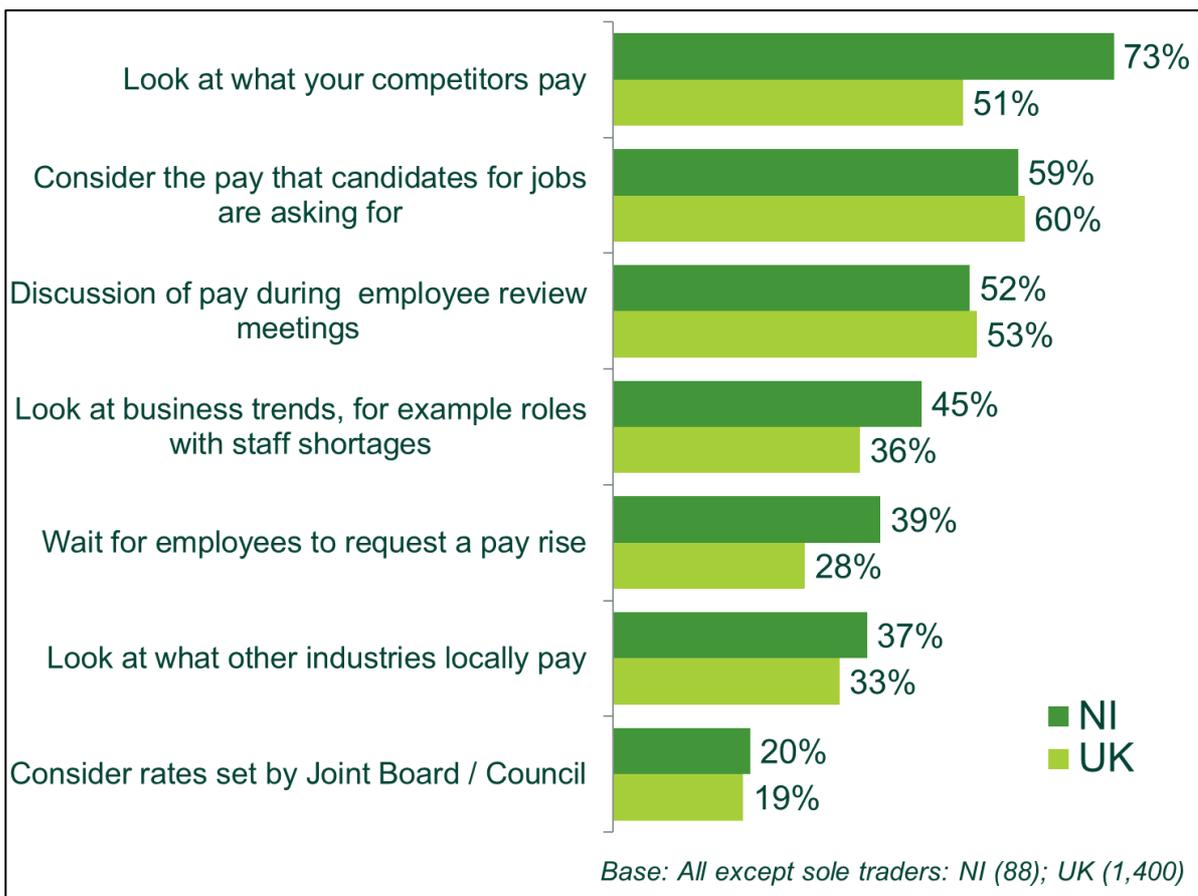
### How employers decide what to pay

7.2 When deciding how much to pay employees, three-quarters of employers (73%) consider pay levels offered by their competitors, a greater proportion than the UK average (51%). More than half consider the pay that candidates ask for (59%), and around half carry out regular reviews with employees which include discussions of pay (52%).

7.3 Less commonly, 45% of employers look at trends within the business, for example where they are having problems filling vacant posts. A similar proportion wait for employees to request a pay rise (39%) or look at what other industries locally pay (37%). One-fifth (20%) take into account rates set by Joint Industrial Boards or Councils.

7.4 As shown in the chart below, firms based in Northern Ireland were more likely than UK firms overall to look at what their competitors pay and to wait for employees to request a pay rise.

**Figure 7.1 How firms decide what to pay their employees**



7.5 As shown in Figure 7.1, most employers take into account what competitors pay, whether this be within construction or in other industries locally. Most of these employers say they find out about the market rate through informal contacts with other businesses (62%). Other less

common means these employers use to assess competitor rates include getting information from job applicants (18%), via word of mouth (13%), from looking at job adverts (7%) or industry knowledge or experience (5%), all of which are consistent with UK-wide methods.

### Wage increases

- 7.6 More than a third (35%) feel that there have been occupations where pay has increased over the last 12 months due to a shortage of candidates or due to high demand in the industry, in line with the UK-wide figure (30%).
- 7.7 Furthermore, two-thirds of employers (67%) said that rates of pay for their staff had increased over the last twelve months. In most cases the pay rises were above inflation (53% of all employers), and 15% had given increases significantly above inflation. Only a quarter (23%) said that their rates of pay had remained the same, and 4% reported a decrease.

## 8 Off-site Construction

- 8.1 Off-site construction is a method where individual parts of a building are constructed in a factory and then transported to a site for installation. It was introduced to Construction sector employers as follows:

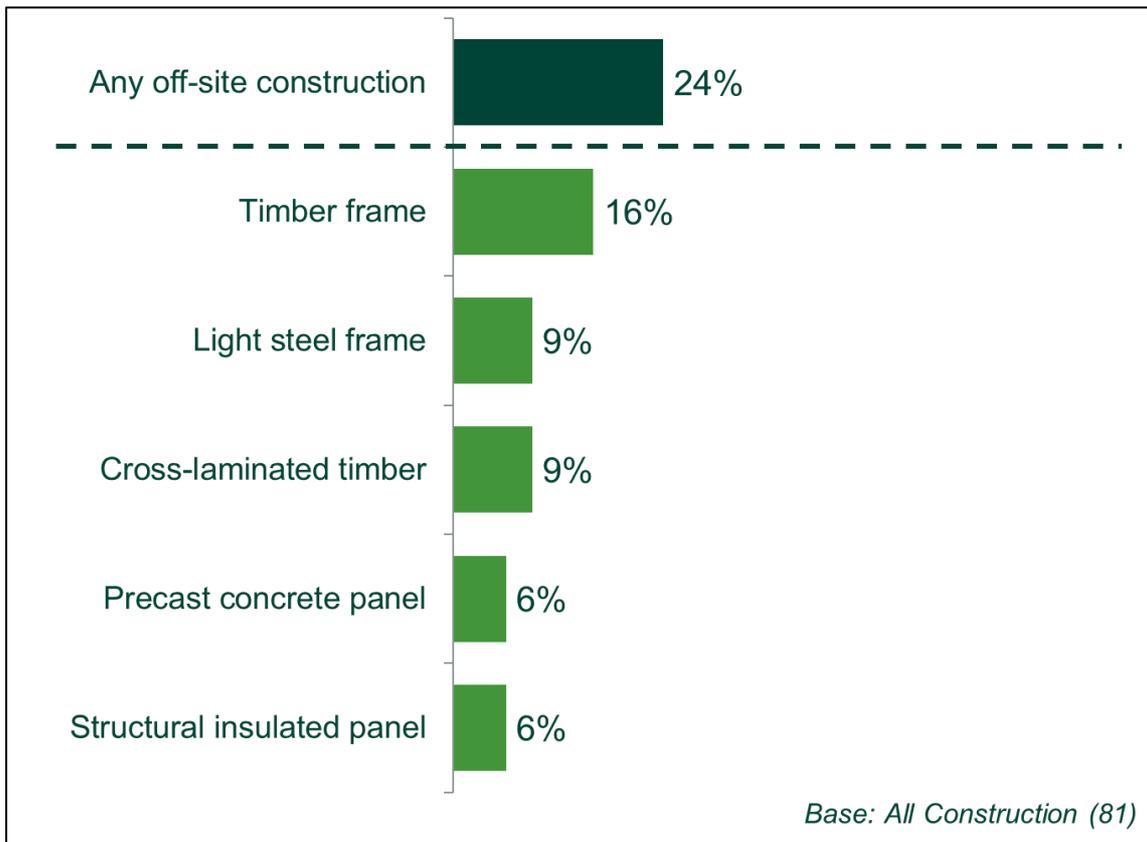
*“We would like to ask you a few questions about your involvement with off-site construction. For this survey, ‘off-site construction’ is defined as a method in which individual parts of a building are constructed in a factory then transported to a construction site for installation. Note that standard manufactured units such as windows, door-sets, roof trusses etc., which would be used in otherwise traditionally-constructed buildings, are NOT considered as off-site construction for purposes of this research.”*

- 8.2 This wave of research explored the prevalence of off-site construction within the Construction sector, the types of off-site construction being used, as well as looking at the extent to which businesses plan to use these methods in the future and how this may impact on the demand for training and skills.

### Prevalence and use of off-site construction currently

- 8.3 Overall, a quarter (24%) of Construction businesses in Northern Ireland currently use off-site construction methods, which is similar to the UK-wide prevalence (16%).
- 8.4 The types of off-site construction methods used by businesses at present include timber frame (16% of all businesses), light steel frame (9%) and cross-laminated timber (9%). Some firms also mentioned the use of precast concrete (6%) and structural insulated panels (6%).

**Figure 8.1 Use of off-site construction methods amongst Construction firms**



### Future expectations

8.5 The survey suggests there will be little change in the use of offsite construction methods growth in the next five years: 20% of Construction businesses expected to use off-site construction methods in the near future (compared with 24% currently). The types of offsite methods that businesses expected to use in the future were similar to the currently used methods; 14% mentioned light steel frames, 13% timber frames and 10% cross-laminated timber.

## 9 Health and safety and the CDM Regulations NI 2016

### Introduction

9.1 This chapter explores:

- The extent to which businesses have changed the way they plan, monitor and manage their work in regard to health and safety in the last 12 months;
- Whether employers have changed their approach to ensuring staff have the right health and safety skills, knowledge and experience since April 2015;
- Awareness and understanding of the new CDM Regulations NI 2016, and whether businesses have looked for any further information on the revisions to the regulations.

9.2 The CDM Regulations are the main set of regulations for managing the health, safety and welfare of construction projects. On 1<sup>st</sup> August 2016, the Construction (Design and Management) Regulations NI 2016 replaced the previous regulations. As the majority of the fieldwork was carried out during July, prior to the legislation being introduced, questions focus on the level of preparation for the new regulations undertaken by businesses.

9.3 The key changes to the updated legislation were as follows:

**1. All projects must have:**

- a. Workers with the right skills, knowledge training and experience;*
- b. Contractors providing appropriate supervision, instruction and information; and*
- c. A written construction phase plan.*

**2. Projects where more than one contractor is involved (domestic or non-domestic) must have all listed at 1 above plus:**

- a. A principal designer and principal contractor must be appointed; and keep*
- b. A health and safety file.*

**3. If work is scheduled to:**

- a. Last longer than 30 working days and*
- b. Have more than 20 workers working simultaneously at any point in the project; or*
- c. Exceed 500 person days*

**then 1 and 2 above apply, and in addition the client must notify HSENI about the project.**

## The proportion making changes to the way they plan, monitor and manage health and safety

- 9.4 Over the last 12 months, two-fifths (37%) of NI businesses had made some change to the way that they plan, monitor or manage their work in regards to health and safety to at least some degree (this was asked overall, not specifically in relation to CDM). This group includes 6% who had changed the way they work in this area to a 'great extent' and 13% that had changed their approach 'somewhat'. Three-fifths (62%) indicated that they had made no changes at all.
- 9.5 Among the two-fifths that had made any changes, just over half said that the changes had made a significant (13%) or a slight positive impact (43%) on their business. Only 1% said that the changes had a negative impact, with the remaining 44% reporting that the changes made no difference.
- 9.6 Almost all of the businesses whose changes had a positive impact specified that this included formalising their health and safety processes (97%). Most also agreed that it had raised the profile of health and safety in their business (84%) or reduced accidents or improved safety (80%).

## Health and safety skills

- 9.7 NI firms could describe, when asked, some kind of action they had taken to ensure that their workers had the right health and safety skills, knowledge and experience (95%), which was higher than the UK-wide proportion of firms who were able to describe the actions they had taken (79%).
- 9.8 The most common method of ensuring workers had the correct awareness of health and safety concerns was by providing on-going training (43%). A quarter (23%) ensured their staff had CSCS cards, whilst 17% made use of external advice or guidance.
- 9.9 Overall seven in ten (68%) businesses offered some form of health and safety training or guidance, and a quarter (26%) test or accredit their staff to confirm that they are sufficiently skilled in this area.
- 9.10 Although the CDM Regulations NI (2016) did not come into force until August 2016, at the time of the survey, 28% of NI firms had changed their approach to ensuring that their workers have the correct health and safety knowledge, skills and experience since April 2015, when the GB level changes were introduced. Businesses reported having made a variety of changes, including increased efficiency in training or stricter health and safety training processes (24%), increased familiarity with the current regulation (18%) and a greater awareness of their health and safety training obligations (16%).

## Awareness of the new CDM Regulations NI 2016, among businesses and clients

- 9.11 Business in Northern Ireland were asked whether they had heard of the new CDM regulations which came into effect on 1st August 2016. Responses were split, with around half aware (53%) – there was no clear size pattern, but Professional Services firms had much higher levels of awareness than Construction firms.
- 9.12 Most businesses who were aware of the new regulations said that they felt that they had a good (54%) or reasonable (33%) level of understanding, with very few having a poor understanding

(3%) or no understanding (4%). This equates to just under half (47%) of all businesses having a good or reasonable understanding of the new regulations, once businesses which have not heard of the regulations are included.

### Sources of information

9.13 Two-fifths (42%) of those aware of the CDM Regulations (NI) 2016 said that their company had looked for further information or guidance about the regulations. Of this group<sup>3</sup>, most had looked for information from a Health and Safety consultant or organisation (72%), with three in ten seeking advice from a trade federation or similar body (30%).

9.14 Those who were aware of the new regulations and had not sought information or guidance<sup>4</sup> mostly felt confident that they would know where to go if they needed information; two-fifths (40%) were very confident and a further half (53%) were fairly confident.

### Client checking of health and safety management arrangements

9.15 Employers were asked how involved clients are in checking the health and safety management arrangements of the respondent's firm. There were a wide range of responses, roughly evenly split between clients very involved (32%), somewhat (29%) and not very involved (33%), with 5% saying they were not at all involved.

### Tender requirements

9.16 Businesses were asked how the requirements expected of their company when bidding for work had changed over the last 5 years. The question was not asked exclusively in relation to health and safety. In line with UK-wide levels, the vast majority felt tender requirements to have increased (40%) or stayed the same (53%) over the last 5 years. Very few (3%) thought requirements had eased.

9.17 Frequently mentioned increases in requirements included more bureaucracy (18%) and accreditation (14%), more regulation in general (13%) and increased requirement for phase plans (13%).

9.18 Of the firms that felt that tender requirements had changed, responsibility was normally felt to lie with the Government (20%) or UK-based clients (19%). After this there was little consensus as to who has driven increased tendering requirements, with mentions of the following organisations: the EU (10%), main contractors (8%), and other clients (6%). Three in ten (28%) did not know the source.

9.19 Most businesses (79%) did not feel there were any particular types of client whose tender requirements were more challenging or onerous than others. A minority of firms mentioned public non-housing (12%) or housing (8%) clients.

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<sup>3</sup> Note small base size (24), results to be treated with caution

<sup>4</sup> Note small base size (29), results to be treated with caution

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