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Recruitment and Retention

Introduction to the workshop and its findings

This section presents a summary of the key issues facing the East Midlands construction industry relating to the recruitment and retention of a skilled and qualified workforce.

The participants were divided amongst four groups, each of which included a broad range of stakeholders from across the industry and the five counties. Each group included representatives of employers, local authorities, trades associations, professional bodies, client groups, educational establishments, the CITB and the research team. A list of the organisations who contributed towards the workshops can be found [here](#).

Following an introduction from the session chairman, the format for the workshop was for the research team to present a summary of the aims and objectives of the Bridging the Gap project, followed by a brief statistical analysis of the East Midlands construction labour market. Next, each group was asked to discuss the following areas, which had emerged from the [initial workshop](#), in relation to the overall theme, which was on recruitment and retention to the East Midlands construction industry. The following prompts were provided as an indication of the types of issues that had emerged from the initial workshop, but the participants were encouraged to discuss issues and solutions that they saw as most relevant.

- What types of people are choosing construction careers at present?
- What type of workforce do we want for the industry in the future?
- What problems exist with the structure and culture of the industry, which militate the attraction and retention of high quality entrants?
- How could the popular perception of the industry be changed?
- What sort of new entrant should the industry be trying to attract?
- How do we attract higher quality entrants to the sector?
- How should we promote careers within the industry?

Following an open discussion period, a member of each group fed back the key issues arising from the workshop in a plenary session, after which the participants debated the issues arising in an open discussion facilitated by the session chair. Flip charts were used to capture the principal issues emerging as being in need of address with regards to recruitment and retention in the regional construction labour market.

All of the discussions and ensuing discussion were recorded onto minidisk and transcribed verbatim. The transcripts were then analysed using the NUDIST NVivo qualitative data analysis package. This allowed issues to be coded and collated under headings extracted from the data in an inductive manner and for the full spectrum of opinions emerging from the groups to be compared systematically across the data set.

The findings of the workshop have been divided under headings derived from the analysis. In each case the headline issues stated by the informants as representing challenges for the industry in response to the questions posed have been stated, followed the principal issues emerging from the focus group workshop discussion that ensued. Finally, a range of possible solutions have been put forward, all of which were suggested by the participants of the workshop in response to the issues raised. These have, in turn, been collated and synthesised within the [recommendations](#) section of the CD-ROM.

Assessing the East Midlands construction skills shortage

An initial issue emerging from this workshop concerned the need to establish the precise nature of skills shortages within the Region. Whilst the skills requirement statistics for the region were of concern, many stakeholders remained uncertain of the severity of the shortage given trends in the current and likely future output of the industry.

Identifying the skills requirements of the East Midlands construction industry

Questions remain as to the extent of skills shortages within the East Midlands construction labour market. There is a need to establish both the nature and severity of the skills shortage within the region and to accurately forecast future need against demand and output forecasts. This knowledge would underpin any regional strategy for addressing skills and training issues within the East Midlands' construction labour market.

- The anecdotal picture emerging from the Bridging The Gap study suggests that the region is experiencing skills shortages across the five counties. However, the workshop also indicated that the skills 'gap' varied considerably between sub-sectors and counties. Several participants complained that the available statistics were contradictory and incomplete and that accurate disaggregated forecasts are not available at a county-specific level.
- It emerged that many industry stakeholders discuss skills shortages in fairly loose terms. There is a need to investigate and accurately establish both the size of the skills gap, and the tangible effect that shortages are having on construction companies' abilities to operate and meet client needs. This detailed knowledge was seen as essential for supporting the development of robust labour market policies and company-level measures that will benefit the industry in the long-term.
- Anecdotal evidence collected from some employers and industry stakeholders questioned the validity of the assumption that skills shortages were affecting the industry as the following examples illustrate:
 - A medium sized builder based in Northamptonshire had recently turned down 6 unsolicited apprenticeship applications. The firm takes on one apprentice each year, but had not had to advertise for apprentices in recent years.
 - Leicester City Council had 578 applications to fill just 24 new apprenticeship places in 2002.
 - In Derbyshire, evidence emerged of their being around 500 people wishing to undertake construction apprenticeships per year.
 - A CITB project co-financed by the LSC and ESF is exploring employer perspectives on the skills crisis within Nottinghamshire. Discussions and interviews with over 100 Nottinghamshire-based construction firms have revealed that most employers do not believe that there is a shortage of labour per se, but a shortage of high quality skills within the County.
- A greater consensus emerged regarding the quality of skills available within the region. The industry has been seen as a fairly easy sector to gain access to in the past, which has resulted in the industry being regarded as a 'last resort' for those unable to secure employment in other sectors. This has contributed to there being a large unqualified element of the workforce

operating within the region, which has in turn had an adverse affect on skills levels within the labour market.

- Despite the positive outlook for the industry across the region, the quality and commitment of those choosing construction careers within the region remains questionable. Employers are rejecting a large number of applicants because they are not of the required quality, both in terms of their entry qualifications and in terms of their attitude and commitment. Concerns abounded within the workshop that this could eventually lead to a decline in the quality of the East Midlands construction workforce and eventually to the demise of the region's indigenous skills base.
- A large proportion of small and medium sized companies have no desire to expand their businesses, particularly as the market will inevitably decline in future years. Many small companies prefer to trade at full capacity rather than take on new employees. Nevertheless, retaining existing skilled employees and ensuring skills succession through training and apprenticeship schemes remain of crucial importance to most construction firms.
- Major projects often require specialist skills which are only intermittently required within the East Midlands. These projects have the potential to distort skills demand within the region and to lead to oversupply in some areas. The focus of the region's training and recruitment should be on those areas where regional demand is likely to be consistent, as opposed to large one-off projects that may use transient and non-local workforces.

Recommendations

- The range and extent of the skills shortage across the region should be established through a thorough analysis of all available statistics, combined with a wide-ranging employer survey to ensure the development of an accurate picture of the region's skills needs. In order to reveal the precise nature of skills needs within the region, this work should be designed to establish both the lack of labour availability and the lack of high quality skills; within the labour market. This demands that the survey include a number of qualitative questions pertaining to the nature of skills available within the East Midlands. The survey could be administered through the trade federations, CITB and other relevant bodies in order to canvass the opinions of employers of all sizes and types.
- The educational attainment of those applying to enter the industry through modern apprenticeships and other training courses should be carefully monitored and used as a barometer of the attractiveness of the industry and the effectiveness of promotional campaigns. This should help to focus local labour market policies in the future.
- Care should be taken to avoid one-off major projects from distorting the overall skills requirement picture of the region. The focus of the region's training and recruitment should be on those areas where regional demand is likely to be higher and where a regional industry capacity is appropriate, as opposed to large one-off projects that may use transient, non-local workforces.

Maintaining an accurate, on-going picture of skills availability in the East Midlands construction labour market

The existing range of statistics is inadequate for the needs of the East Midlands construction industry. Based on current data sources, it is unclear where the demands for construction training are most acute (in terms of both the type of qualification and their location within the region). Furthermore, disaggregated demand forecast figures are not available at a sub-regional level, which would be necessary to engage in structured labour force and training provision planning.

- The existing statistics relating to skills, recruitment and training provide an inadequate picture of the industry's labour market within the region. They have been collected by a range of different bodies which renders accurate comparisons extremely problematic.
- Predictions as to the extent of the skills and training demand within the region currently rely upon anecdotal evidence from employers operating within the area. This applies to both the demand for new entrants and the need to up-skill those already within the labour market. This results in employers, funding agencies and training providers making fairly arbitrary decisions of where and how to market and provide training within the region. A solution would be for a single agency to take on responsibility for collecting, analysing and disseminating skills-related data within the region in order that construction firms can plan more effectively for the future.
- In trying to predict on-going skills requirements within the region, there is a need to collate data from individual companies that may be excluded from existing analyses. These include firms who do not pay the CITB levy or currently engage in training.
- The CITB already collates and analyses data and produces forecasts for employment and skills requirement for the East Midlands. Nevertheless, problems remain in communicating this information to the industry so that co-ordinated action to be taken to address the concerns that it raises.
- Industry stakeholders need to understand the regional skills and labour market situation, but also its relevance to the wider context of the East Midlands and national construction industry context. Thus, efforts to communicate skills and labour market information should seek to present this information in relation to the rest of the economy including the implications that this has for construction firms.

Recommendations

- An East Midlands research observatory could be established to act as a central resource for collecting and collating statistics for the region and disseminating to relevant stakeholders. These data are vital for any future policy planning measures undertaken as a result of a more co-ordinated approach to labour force planning within the region. Its specific role would be to: identify and collate the range of available statistics, conduct secondary analyses on the available data in order to identify significant trends for the region; identify any missing statistical information and conduct survey work to fill any gaps; differentiate/disaggregate statistics into distinct sub-sectors and geographical areas (notably county specific); and to disseminate the information to employers

and other relevant stakeholders. As part of their remit, they should take account of new projects and any labour market related initiatives likely to impact upon the region's skills and training demands.

- The CITB could have a central role to play in collecting and collating labour market information. It already produces regional skills forecasts as part of its Skills Foresight report. As a national organisation with regional offices it is also in a good position to collect and collate information from local sources.
- A regularly updated website could be used to present overviews of the industry's labour market situation, likely future trends and the implications for the regions firms. By mapping procurement activity across the region, the website could also show where peaks and troughs of activity were likely to take place and hence, where the recruitment opportunities could be found.

Disseminating and utilising regional construction labour market information

The dissemination and utilisation of construction labour market intelligence is currently poor. A lack of information renders it difficult for individual enterprises to make informed workforce planning decisions. This situation is particularly relevant to smaller employers who tend to have poor access to appropriate information necessary for workforce planning. Policy making bodies also need to use the data effectively to plan for future peaks and troughs in the demand cycle and to allow them to take a medium-long term outlook when developing regional labour market policies.

- Those who require information on new entrant availability, training demand and training provision cannot access information easily. Most employers, for example, are only aware of training provision if local colleges send lists of the programmes available in any particular year. There is an important role for labour market intelligence to inform the appropriate training structure is in place to meet local needs.
- Much of the current recruitment into the industry is informal with individual trainees contacting firms or being directed to firms through FE colleges. Long-standing links between colleges and firms help them point trainees in the direction of possible employers. However, a lot of smaller firms do not know the avenues to go through and do not maintain a regular dialogue with local colleges about either recruitment or training, largely because there is no forum for such communication to take place.
- Larger firms have the resources to assess the impact of changes in Government policies and changes and developments in the local economies of the region. Smaller firms do not have the time to find out this information that would inform their strategic decision-making. Nevertheless, if small firms are supplied with adequate data, then they are generally receptive to the need to plan ahead. Labour market statistics and econometric forecasts are complex and difficult to understand to those unfamiliar with labour force planning activities. The available statistics need to be summarised and developed into key action points in order that smaller firms and relevant agencies can respond to them effectively.

Recommendations

- Smaller companies need to be encouraged to think more strategically in terms of workforce planning. This could be facilitated through the provision of accurate labour market information via appropriate dissemination routes. These should be in the form of regular, easily digestible paper-based flyers summarising the key issues and their implications for the region's construction firms. They should also include references of where additional data can be obtained.
- The EMCF needs to receive regular updates on the region's labour market and training situation in order that it can plan for the future. Policy bodies could plan provision to suit demand in the medium to long term rather than immediate shortages and so relatively long term forecasts should be supplied to enable such planning in the future. As such an East Midlands Construction Industry Observatory could form part of the EMCF structure to collect and disseminate appropriate labour market information to inform strategic decision-making within the Forum. Again, communicating this information to companies could be facilitated by use of a regularly updated website.

have been run in the past, there is no similar resource available in the East Midlands. An example of a successful scheme is the centre set up in Coventry. This has been successful because local employers have supported it. Local FE colleges have seen a tangible improvement in the numbers of applications for craft courses as the work of the centre have begun to take effect.

- Problems exist with providing school children with meaningful insights into the industry as there are insurance restrictions on where they can visit and the type of activities they can be involved in on work experience placements. Providing insights within the safer environment of training facilities and colleges may offer a suitable alternative.
- A particular problem exists in promoting non-craft careers such as technician level opportunities. Whereas at both craft and professional levels there are mechanisms in place to support recruitment (through the CITB and the individual professional bodies respectively) at a technician level there is no real champion to promote it or push technical careers. This has led to a decline in entry to HNC/HND qualifications.
- At a professional level, colleges and universities are suffering from a decline in student numbers and so courses are being cut back and scaled down. This has been identified in the Fairclough Report (2002), which extrapolated that at current rates, there will be no graduate intake by 2012. Despite these problems, the professions have not developed a co-ordinated response to target potential college and university entrants towards careers in the professions. This is surprising given that most professional bodies operate a regional structure and work together in other forums.

Recommendations

- The EMCF should be proactive in promoting more interaction between the region's employers and schools, perhaps via initiatives such as CAGE or the Engineering Ambassador Scheme. It should also promote the benefits of developing local partnerships with schools in order to raise the profile of the industry and create links with employers.
- The possibility of setting up a **Construction Curriculum Centre** in the East Midlands, learning from the experiences of previous centres such as that at Coventry, should be investigated. This should be a stand-alone centre in which children would gain an insight into the industry and its career options from an early age.
- The region's FE college and private sector training facilities could be utilised to provide school children with a taste of construction craft careers in a safe environment. This would mitigate the health and safety concerns, which prevent younger children from visiting construction sites.
- As part of any schools-based promotional activity, technical training routes should be promoted as valid alternatives to vocational craft and undergraduate educational routes.
- Regional branches of the professional bodies and institutions should work together to promote the construction professions and related HE qualifications. This should involve the region's universities in promoting the industry and all of its professional and managerial careers.

Diversifying the pool of potential entrants

The need to work towards diversifying the workforce emerged as one of the most widely discussed issues at this workshop.

Employers currently depend on school leavers as a source of new entrants into the industry, the vast majority of whom are white males. However, the demographic trough and the high levels of employment within the region will render this traditional source of new entrant inadequate for the future needs of the industry. It is clear that existing recruitment mechanisms and processes are ineffective in making the industry more attractive to underrepresented groups. Women, ethnic minorities, disabled people, the long-term unemployed, ex-offenders, and mature new entrants are all underrepresented within the construction sector in the region.

- The effects of the demographic trough and the increasing numbers of school leavers going into full-time education demand that the industry targets alternative sources of new entrants to the labour market. The historical reliance on the recruitment of white men is likely to be inadequate to meet the needs of the region's construction labour market in both the long and short-term. Young white men represent only a fraction of the available labour force and so by definition this is restricting the quality of entrant to the industry.
- A number of non-traditional groups were identified as offering potential sources of new entrant recruitment for the industry:
 - Unemployed people – In addition to those on the Jobseekers allowance and officially classed as unemployed, another 5m people are potentially available for work. This represents a large pool of potential entrants for the construction industry, particularly if the industry became more flexible in its employment practices. Initiatives such as **Ambition Construction** have been effective in attracting the long-term unemployed to a construction training scheme, but barriers exist to them finding employment after they have undergone an initial training period. Reasons for this include the industry's preference for school leavers and confusion about the support for funding training for mature entrants to the sector (see below).
 - Mature new entrants – Older new entrants, such as those looking for a career change, offer a good potential source of new entrant labour to the region's construction labour market. However, most would require higher wages than the existing training rates for post 16-19 year old trainees. Although the benefits of employing mature apprentices are well recognised (better life skills, an established work ethic, etc.) higher salary costs prevent smaller employers from taking them on. Employers also perceive that it is difficult to bring older people into the industry because of problems in securing funding support for their modern apprenticeships and NVQs.
 - Women and ethnic minorities – Both groups are currently underrepresented across the region within the construction sector (see training supply figures). Women, despite representing almost half of the working population are not currently attracted to construction careers which are seen largely as a male domain. Similarly, few ethnic minorities are attracted to the industry, even in areas of dense ethnic minority population within the region. Several national campaigns have been effective in raising awareness of the industry such as **National Construction Week**.
 - University dropouts - As more people are entering full-time higher education, increasing numbers are becoming disillusioned with academic studies after they have commenced them. These represent a pool of employees who may be receptive to vocational opportunities at apprenticeship and technician levels.

- Skilled workers from other regions - The region could seek to target populations from outside of the East Midlands. Some organisations in the region have already attempted to do this. Derby Homes actively recruited for housing staff in London and assisted staff to relocate. The attractions of living in the East Midlands include a good quality of life, reasonable housing costs and good infrastructure/communications with the rest of the country, but these need to be marketed more effectively.
- Skilled workers from other industries - Many people have transferable skills, in management, ICT and some craft skills areas of direct relevance to construction. These entrants would require some up-skilling/retraining, but significantly less than new entrant trainees.
- Ex-offenders - The prison population may provide a useful source of recruitment. Prison rehabilitation schemes provide a high standard of training, but are hampered by a lack of connectivity with the workplace which would need to be overcome.
- Immigrant labour – Some companies in the East Midlands are beginning to look at immigrant labour from places such as Eastern Europe to fill short-term skills needs. However, they face significant legislative barriers and practical problems relating to the need to: provide long-term work permits/visas, assess their skill levels, provide assistance with housing and ensure language ability (especially in relation to health and safety).
- Lower achievers - Anecdotal evidence suggests that there are potential new entrants who wish to enter the industry, but who cannot meet the industry's entry requirements (such as the CITB's initial entrance test). These lower-achieving applicants could offer an appropriate source of semi-skilled labour from which the industry can draw if alternative entry routes could be established for them.
- A wider range of recruitment methods is required in order to attract non-traditional entrants to the industry. It is believed that bespoke methods would be needed to attract each of the groups listed above.
- Examples of initiatives to attract women and ethnic minorities emerged from the focus group workshop which could be built upon in other counties. For example, Leicester City Council (LCC) have targeted women's centres/groups, libraries in black communities and Jobcentre Plus offices in the communities rather than just advertise through the main job centres. Through working with a variety of agencies and initiatives including schools, they have guaranteed 12 places a year and have given an undertaking to provide short work placements at any time of the year. As a result of these policies, Asian and black people are now proportionately represented and women constitute around 10% of their workforce.
- Clearly, there is a danger of creating a training supply of non-traditional entrants if they then struggle to gain employment opportunities within the industry. Addressing sexism, racism and bigotry within the industry is fundamental to ensuring a sustainable source of new labour in the future.
- Positive action measures are legal within employment law, the purpose being to encourage more people from particular groups to apply. The appointment system itself must be on merit as positive discrimination is currently unlawful. The option to use positive action measures needs to be communicated to construction employers within the region.

- The East Midlands should adopt the successful practices already developed in other areas such as in the West Midlands, where public sector housing projects have been used to support a recruitment and training drive aimed at increasing the proportion of women and ethnic minorities in the industry.

Improving staff retention

As well as recruiting new entrants to the industry, it was also recognised within the workshop that the sector faces difficulties in retaining its existing skilled workforce.

It emerged that most construction companies are suffering from retention difficulties, both in terms of losing staff to competitors operating within and outside of the region, but also in terms of losing staff to other industries. Wage rates for highly qualified and skilled craftspeople are increasing to levels, which are placing inflationary pressures on the cost of construction work. These are indicators of the tight labour market conditions currently affecting the region that must also be addressed as part of an overarching workforce development strategy.

- Currently there is virtually full employment within the region (typically taken as being at or below 4%). The construction industry therefore faces harsh competition from other industry sectors for its new entrants and to retain its existing workforce. An example given was that of electricians, who have the option to work within a number of different sectors.
- Particular concerns were expressed over losing the indigenous skills of the region to other areas of the country, particularly the West Midlands and the South East. Media attention on the high wages being paid on high profile projects such as Heathrow Terminal 5 were seen as having the potential to fuel migration to other areas.
- A number of methods of ensuring that firms retained their skilled craft and professional employees arose during the workshop including:
 - The need for employers to ensure that employees appreciate the full range of benefits obtained from direct employment, such as the total remunerative value of an employment package.
 - Achieving the **Investors in People** standard, the national standard that sets a level of good practice for training and development of people to achieve business goals. This demonstrates a commitment to training and developing employees.
 - The implementation of proven human resources management practices known to encourage staff retention, such as incremental pay scales for apprentice trainees, taking account of work/life balance needs where possible, improving working conditions and canvassing employer opinions via workforce surveys. Apprentice training contracts were also advocated to ensure that trainees see out a period of time with the employer to safeguard their investment.
- Although high levels of staff turnover are an inevitable symptom of increasing scarcity of skills within the labour market, several employers believed that they could do more to work collaboratively with their competitors rather than poach each other's staff. Some companies within the region have adopted informal resource sharing agreements, where surplus labour is borrowed to help firms cope with peaks (and troughs) in demand.

Recommendations

- Longer-term promotional campaigns should be supplemented with shorter-term strategies for addressing the immediate skills needs of the region. Rapid growth has made the East Midlands skills shortages more acute than most other UK regions and so measures are needed to retain those already within the labour market. The EMCF should develop mechanisms to help the regions firms to develop their employment practices so that employees feel motivated to remain within the industry.
- The EMCF should take a lead in encouraging the region's employers to work towards achieving the Investors in People standard, in order that they can demonstrate a commitment to training and developing their employees. Collaborative groups of employers should be set up throughout the region with the aim of engendering a more collective and less competitive approach to addressing the industry's skills needs. Informal resource sharing agreements have already been developed where surplus labour is borrowed to help forms cope with peaks (and troughs) in demand.

Summary

This workshop has revealed an acute need to develop a more structured and systematic approach to addressing the regions skills shortage. This should centre around robust policies for marketing the industry across the region, based on detailed and accurate forecasts of demand needs. This statistical picture must be kept regularly updated if the promotional activities are to address the needs and not result in an over- or under-supply of people to the sector. The region's employers must also be kept informed of trends in the industry's labour market and the likely changes induced by economic pressures and cycles in demand.

Efforts to sustain a future supply of indigenous skills for the region must centre around a robust promotional campaign for the industry spearheaded by an East Midlands Construction Forum. This strategy should seek to broaden the appeal of the industry to under represented groups by promoting the range of careers and opportunity which exist across the sector's craft, technical and professional roles. It is this shear diversity of opportunity which could act as the catalyst to increase the pool of those wishing to embark upon construction careers.

Gaining access to schools in order to influence pupils and their teachers is crucial to raising the profile of the industry. There are many ways that this could be achieved ranging from lobbying for construction subjects and examples to be embedded within the curriculum, to targetted promotional days aimed at selling careers through role models and presentations. All of these activities are being used to promote the sector to a greater or lesser extent, but the good practice needs to be shared across counties if the region as a whole is to benefit from the good practice already being used. Similarly, excellent progress is being made in addressing these issues in neighbouring regions such as the West Midlands. Emulating initiatives such as the Coventry Construction Curriculum Centre would enable the East Midlands to gain a head start in addressing its own skills needs and promoting the long-term prosperity of the sector.

Finally, the East Midlands cannot afford to lose its current trained workforce, whether this is to competitors within or outside of the region or to other industries and sectors. Tight labour market conditions and a shortage of skills generally place all construction employers under pressure to recruit aggressively in order to meet their immediate skills needs. Nevertheless, East Midlands

construction firms could help themselves by working together more effectively to develop collaborative approaches to meeting their short-term skills needs.