

## Key Issues for Sector Intelligence Sheet – Demand Side Profile for Construction

### Sector Profile

- The construction sector is a significant part of the national and regional economy, both in terms of value added and numbers employed. In 2004 (most recent data available for GVA by sector and region) Construction accounted for 6.6% of the Region's Gross Value Added compared to 5.5% in 1994.
- Construction Skills Network Labour Intelligence figures<sup>1</sup> show that the West Midlands accounts for 8% of UK construction output, the same as the South West, Yorkshire and Humberside and Scotland. Output is forecast to grow at an annual average rate of 0.8% between 2009 and 2013. Currently the sector employs just over 226,000 people in the West Midlands.
- Employment levels vary by LSC area and county, with employment hot spots in Wolverhampton, South Staffordshire and North Warwickshire. In comparison construction employment is relatively low in Worcester and Coventry.
- The Construction sector is dominated by small employers. Those employing 10 or fewer staff account for 93% of the 19,527 regional employers.
- The age profile of the construction workforce is broadly in line with the regional average. However, the workforce is dominated by males (93%) and those from white ethnic groups (94%). Women who do work in construction tend to work in office based support roles rather than in professional occupations or skilled trades.
- The qualifications profile of the construction workforce contrasts to that of the whole workforce in the West Midlands. The sector has higher than average proportions with no qualifications or level 2 qualifications and lower than average proportions with a level 3, level 4 or above qualification.

### Future Employment

- The most recent forecasts focus on expected change in the sector between 2009 and 2013. It is very important to note however, that these forecasts are provisional and may not fully reflect the recent unprecedented turbulence in global financial markets, the slow down in the housing markets and the impact of this on the construction sector.
- The forecasts suggest that by 2013 total construction employment is expected to stand at around 221,960 in the West Midlands, with a slight decline in overall employment numbers of approximately 4,500 jobs between 2009 and 2013.
- However given net flows into West Midlands Construction employment and issues of replacement, it is estimated that approximately 4,000 additional workers will be required each year between 2008 and 2012. Greatest demand was for, The Wood Trades & Interior fit-out, Electrical Trades & Installation, Construction Managers and Professionals & Technical Staff.

### Recruitment, Skills and Training Issues

- The number of hard to fill and skills shortage vacancies have fallen within the sector between 2005 and 2007. However, construction still experiences a high proportion of hard to fill vacancies at 42%, compared to 24% across all industries and Skills Shortage Vacancies, 24% compared to 12% across all sectors in the West Midlands.
- The construction sector has a greater proportion of employers reporting skills gaps than the average across all industries (17% against 14%), whilst skills gaps as a percentage of employment (6%) are also above those across all sectors (5%).
- 56% of establishments have funded or arranged training for staff in the past 12 months, which is lower than the average of 65% across all industries. The proportion of establishments with a training plan (35% compared to 47%) and training budget (22% compared to 34%) also remained below the regional average across all sectors.

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<sup>1</sup> 2009-2013 Labour Market Intelligence West Midlands. Construction Skills Network / Experian / ConstructionSkills

## Supply Side Profile for Construction

### FE Enrolments by local Office

LSC	2005/06 (FO5)		2006/07 (FO5)		2007/08 (FO4)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	1,166	2,588	1,551	3,150	1,912	3,650	64.0%	41.0%
Black Country	1,925	3,664	1,904	2,562	1,961	2,269	1.9%	-38.1%
Coventry and Warwickshire	808	1,134	822	1,071	947	1,042	17.2%	-8.1%
Herefordshire and Worcestershire	669	1,096	783	593	766	580	14.5%	-47.1%
Shropshire	333	583	373	529	439	687	31.8%	17.8%
Staffordshire	1,060	2,244	1,253	1,443	1,532	1,310	44.5%	-41.6%
<b>WM</b>	<b>5,961</b>	<b>11,309</b>	<b>6,686</b>	<b>9,348</b>	<b>7,557</b>	<b>9,538</b>	<b>26.8%</b>	<b>-15.7%</b>

- There is a contrast between enrolments of young people and adults -whilst 16-18 year olds enrolments increased by 26.8%, 19+ enrolments saw a reduction of 15.7%, with BC, H&W and Staffs all showing significant decreases.
- Adults account for 59.9% of all FE Construction enrolments
- Over the three years female enrolments increased by 17.8% from 421 to 496, whilst male enrolments experience a slight decrease of 1.1%
- The top four occupational areas for enrolments were Construction Awards, Electrical Trades, Plumbers/H&V engineering and General construction Together these accounted for 87.1% of overall enrolments

### Enrolments by Level

LSC	2005/06 (FO5)		2006/07 (FO5)		2007/08 (FO4)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Age Band	#	11	#	#	0	0	-	-
Entry Level	#	11	#	#	0	0	-	-
Level 1	2,277	1,630	2,716	1,548	3,345	1,959	46.9%	20.2%
Level 2	2,894	6,192	3,133	5,458	3,514	5,289	21.4%	-14.6%
Level 3	726	2,858	789	2,078	623	1,964	-14.2%	-31.3%
Level 4, 5 or higher	#	65	#	71	#	115	-88.9%	76.9%
Unknown	50	553	44	192	74	211	48.0%	-61.8%
<b>Total</b>	<b>5,961</b>	<b>11,309</b>	<b>6,686</b>	<b>9,348</b>	<b>7,557</b>	<b>9,538</b>	<b>26.8%</b>	<b>-15.7%</b>

Note: # less than 10 enrolments

- Level 1 qualifications showed an increase of 20% between 2006/7 and 2007/8
- Level 2 qualifications accounted for 52.5% of FE enrolments
- 16-18 enrolments saw an increase of 26.8%, particularly at Levels 1 and 2
- Overall adult enrolments decreased by 15.7%, with increases in Level1 and Level 4 & higher qualifications
- Construction Awards (8155) and General Construction (3930) dominated Level 1 enrolments, accounting for 89.7%

- Electrical Trades (9663), Construction Awards (6617) and Plumber/H&V (5461) accounted for 82.1% of L 2 enrolments
- Enrolments for Construction Managers increased from 61 to 122 between 2005/6 and 2007/8. Over the same period Level 4,5&higher enrolments increased from 74 to 116

#### Work based learning enrolments (All learning Aims) by local office

Age Band	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	524	283	638	255	483	215	-7.8%	-24.0%
Black Country	1,402	492	1,562	631	1,576	683	12.4%	38.8%
Coventry and Warwickshire	793	318	804	276	729	223	-8.1%	-29.9%
Herefordshire and Worcestershire	790	412	734	408	661	415	-16.3%	0.7%
Shropshire	630	250	549	253	413	211	-34.4%	-15.6%
Staffordshire	1,758	543	1,882	713	1,851	736	5.3%	35.5%
<b>WM</b>	<b>5,897</b>	<b>2,298</b>	<b>6,169</b>	<b>2,536</b>	<b>5,713</b>	<b>2,483</b>	<b>-3.1%</b>	<b>8.1%</b>

- The 4 top occupational areas were Plumbing/H&V engineering, Construction Awards, Electrical trades and Laborers. These accounted for 76.7% of enrolments between 2005/6-2007/8
- 16-18 enrolments over this period numbered 17,779, accounting for 70.8% of overall enrolments
- The Black Country and Staffordshire are the only two sub regions which saw an increase in both youth and adult enrolments
- Between 2005/6 and 2007/8 there has been a slight (3.1%) reduction in 16-18 enrolments and an increase of 8.1% in Adult enrolments
- Females accounted for only 1.3% of overall enrolments

#### Train to Gain enrolments

LSC	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)	
	16-18	19+	16-18	19+	16-18	19+
West Midlands region	0	0	0	3,252	0	7,362

- Level 2 qualifications accounted for 92.7% of the 10,614 enrolments
- At level 2 the top four occupational areas were Plant operators, General Construction, Bricklayers/Masons and P&D, accounting for 59% of enrolments at that level
- 81% of Level 3 qualification enrolments were for Construction Managers and Construction professional and Technical staff qualifications

**ESF- Enrolments by local office – current contract**

LSC	2005/06 (P15)		2006/07 (P15)		2007/08 (P12)		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
Birmingham and Solihull	18	853	#	699	201	634	1016.7%	-25.7%
Black Country	236	78	519	268	884	256	274.6%	228.2%
Coventry and Warwickshire	50	445	94	895	136	553	172.0%	24.3%
Herefordshire and Worcestershire	96	108	165	302	155	149	61.5%	38.0%
Shropshire	0	14	0	97	0	69	0.0%	392.9%
Staffordshire	13	128	44	365	43	290	230.8%	126.6%
<b>WM</b>	<b>413</b>	<b>1,626</b>	<b>825</b>	<b>2,626</b>	<b>1,419</b>	<b>1,951</b>	<b>243.6%</b>	<b>20.00%</b>

Note: # less than 10 enrolments

- There were a total of 8,860 ESF enrolments over three years, of which 70% were adults
- There has been a large increase in ESF enrolments for 16-18 year olds from a relatively low base, particularly in B&S, BC, Staffordshire and C&W
- The four top occupations were General construction (accounting for 32.6% of L1-L3 enrolments) followed by Construction Awards, Bricklayers/Masonry and Plasterers
- Level 2 enrolments accounted for 53.5% of ESF provision, followed by Level1 at 32.7%
- Birmingham and Solihull, Black Country and Coventry& Warwickshire accounted for 77% of ESF enrolments

**Enrolments by programme for learners who have a disability or learning difficulty**

LSC	2005/06		2006/07		2007/08		% Change 2005/6 to 2007/08	
	16-18	19+	16-18	19+	16-18	19+	16-18	19+
FE	648	716	744	508	834	609	28.70%	-14.94%
WBL	482	112	584	158	427	135	-11.41%	20.54%
TtG	0	0	0	58	0	102	0.00%	-
ESF	12	31	57	32	74	23	516.67%	-25.81%
<b>Total</b>	<b>1,142</b>	<b>859</b>	<b>1,385</b>	<b>756</b>	<b>1,335</b>	<b>869</b>	<b>16.90%</b>	<b>1.16%</b>

- Encouragingly 16-18 LLDD enrolments across all programmes have increased by 16.9% between 2005-2007/8, this is due in part to significant increases in FE and ESF
- FE LLDD enrolments in 2007/8 accounted for 8.4% of overall construction enrolments, which is below average LLDD across other sectors which stands at 13.8%

**Success Rates**

Construction success rates in FE are low and sub regions range from 61.6% in Birmingham and Solihull to 71 % in H&W. Whilst success rates in the sector have seen an increase from 57.7% to 68.2% over three years, this averages 64.2% which is significantly below the West midlands sectors' average of 76.5%. The retention rate at 79.6% is more impressive although this is still below the overall sector average of 86.9%.

In 2007 WBL success rates across all sectors in the West Midlands stood at 66.1% for apprenticeships and 66.8% for advanced apprenticeships. Construction Apprenticeship success rates are slightly below average at 63.3%, however there has been a steady increase from 51.2% in 2005/6. Advanced Apprenticeships are higher than the average at 69.3%, showing an increase from 41.3% over three years.

## **Key issues and responses**

### **Employer Engagement**

#### **Apprenticeships**

Engaging construction firms in the supply chains to take on placements and apprentices has always been difficult. Initiatives such as the On-site Assessment and Training (OSAT) and Construction Skills Certification Scheme (CSCS) has driven firms down the route to up-skilling their employees through on-site training to NVQ level 2 but rarely beyond. The current downturn in the housing market has effected recruitment and retention of Apprentices and we must look at ways of countering the redundancies through re-introduction of those apprentices at risk back into the sector.

#### **Train to Gain**

Level 2 remains the primary qualification favored by the sector, accounting for 92.7% enrolments. The Plant Operator qualification at Level 2, due to the renewals of CPSC trade cards, continues to dominate enrolments. New flexibilities allowing 2<sup>nd</sup> level 2 qualifications are seen as opportunities for emerging areas such as Business Improvement Techniques, Waste Management, Piling, Plant, Demolition and Gas operators.

#### **Regional response**

The delivery of Apprenticeships and Train to Gain are key targets for Sector Skills Councils and Sector Compact agreements. Skills Academies deliver project-specific on-site training through work-based learning centres at significant projects. Regionally LSC Skills approach has been to introduce a 'mini-academy' model, testing it initially in four supply chains. These schemes go some way towards alleviating the issues of up skilling the workforce and in terms of overcoming barriers to upskilling the workforce.

#### **Further approaches for consideration:**

- Through the SPN and Construction Champions Forum identify groups of employers to participate in a co-ordinated approach to delivery of apprenticeships and Train to Gain in supply chains, similar to that of the mini-academy model.
- Investigate various models, including Building Schools for the Future (BSF) and LSC capital projects and models adopted by Local Authority/Housing for ways to incorporate apprenticeship engagement into initial tendering procedures and agreements.
- Co-ordinate an approach to introduce a rescue package, similar to that at Rover, linking into NAVMS and the new matching service being introduced by Construction Skills.
- BIT modules and materials have been adapted for use by the Construction industry. These are currently at pilot stage but will be rolled out nationally by January 2009.
- Summit Skills, in conjunction with WM Skills Brokerage, to target Trade Associations and employers.
- Local offices working with providers to identify trainees at risk and re-locate as appropriate.

## Supply and Demand

The Sector still has higher proportion of employers reporting skills gaps, with 17% against all sectors average at 14%; this is more prominent in rural areas. Forecasts for increased employment demand over the next five years are Wood trades/Interior fit-out, Electrical trades, Construction Managers and Prof/Tech staff.

### Key issues

- Level 1 Construction Awards and General Construction qualifications continue to dominate FE enrolments, each have increased by 22% and 44% respectively, although balance sheet recommendations was for an overall 20% reduction. Increases of Level 1 apply to all sub regions.
- Level 3 provision in Electrical trades have seen an increase in enrolments by 1.9% in the last year, whilst Plumbing has decreased by 7.7%, both are well below the recommendation to increase by 20%.
- FE enrolments in Floorers & wall tillers, Glaziers, Scaffolders and Steel Erectors have increased although WBL has remained low and static.
- Encouragingly enrolments for Construction Managers and higher level qualifications have increased, well beyond the 25% increase recommended, greater efforts are still needed to meet the growing year on year demand.
- Summit Skills desire to eliminate stand alone technical certificates.
- Annual demand requirements for Wood trades/Interior fit-out at 470 substantially outstrip FE enrolments for 2007/8 of 42.

### Regional Response

- Specialist Provider Network to review the revised data and agree on a plan of action to progress recommendations.
- Summit Skills to complete their scoping exercise and publish evidence on standalone technical certificates and progression routes.

### Local response

- There is still a need to increase Level 3 in Electrical and Plumbing as this is still an industry standard.
- Reduce Level 1 provision by 25% Construction Awards and General Construction qualifications.
- Minimum increase by 25% of enrolments in Wood trades/Interior fit-out.

### Quality

FE colleges in the Specialist Provider Network to continue to towards completing TQS part B and share best practice within the network and with other providers. Review of MLP to be incorporated into quarterly meetings.

Local offices to encourage FE Part B attainment through strengthen links with SPN and the sharing of good practice through regular reports.