

Brexit Leadership Group – Skills

The Brexit Infrastructure Group

The Brexit Infrastructure group was established to ensure that Government negotiators are fully informed of the key issues that affect our ability to deliver infrastructure that supports a prosperous society and economy, both during and beyond the UK-EU negotiations.

Looking across infrastructure investment, skills, codes and standards, research and innovation, and procurement the Brexit Infrastructure Group is an authoritative source of information for infrastructure and construction advice for Government during this period of uncertainty.

This briefing covers the skills strand and has been produced by the below working group chaired by Amanda Clack at RICS.

Skills working group

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Summary

A number of factors have contributed to the skills shortage in the construction sector including cyclical construction industry workload, a risk-averse culture, its demographic makeup and its business model. This is not conducive to skills development.

Brexit presents an additional layer of complexity to this problem. In the long term, with effective partnership between government and industry we can address these skills challenges. However, in the short to medium term it is vital we have access to skills from outside the UK in order to deliver against the commitments for infrastructure, housebuilding and broader construction.

UK construction sector skills profile - Impact of Brexit

Losses suffered in the recession, coupled with a lack of diversity and aging workforce work are holding back the sector. We have yet to recover fully the 270,000 construction sector jobs lost¹ in the recession. Moreover 430,000 are set to retire² between 2010 and 2020 as the industry faces an ageing workforce with around 30% being over 50³. The sector is at a 'skills cliff edge' with numbers of new entrants failing to offset those retiring. Upskilling the existing workforce to utilise new technologies, to increased productivity and retain expertise will help to soften the impact but this will not resolve the underlying issues.

¹ [Nomis: official labour market statistics](#) - custom query on workforce jobs by industry (accessed 22/08/16)

² UK Commission for Employment and Skills (2012): [Sector Skills Insights - Construction](#) (Evidence report 50)

³ [DWP: Statistics on workers by sector](#)

The industry is finding it difficult to attract new talent, particularly women and minority groups which is limiting. CITB⁴ estimate that more than 230,000 new recruits will be needed between 2016 - 2020 to meet expected construction demand, that's not factoring losses due to retirement. The long timescales involved in training new construction workers means the short to medium term outlook for the UK in meeting its skills need is bleak.

Moreover, the skills profile varies by trade. For example, anecdotally, the majority of plumbers are EU national whilst a majority of electricians are UK national. This complicates the way in which skills issues should be addressed. General industry figures do not accurately capture the extent of the skills shortage in certain trades. A project with shortfall in just one key skill area will be delayed as a result.

Brexit exacerbates the issue leading to increased uncertainty not only to existing EU migrants, but also the potential to attract future talent. The ONS figures⁵ suggests that in Q1 2016 around 9% (194,000) of the construction workforce in the UK were EU nationals. Regionally the figures are more pronounced with migrants comprising 54% of construction workers in London⁶. This will mean that the impact of Brexit will be felt unevenly between urban and rural communities.

The RICS' Construction market survey data show that skills shortages remained one of the main factors' surveyors felt was impeding growth. The UK's capacity to deliver on housing and major infrastructure projects will be reduced by at least 7% (more in London) if the skills issue is not addressed. This comes at a time where the government aims to double housing delivery and embark on a series of large scale infrastructure projects. Separately, there are indications that construction firms have had to delay starts or turn down work due to a shortage of staff.

Government policy

The government ambition for 3 million new apprenticeships in this Parliament, and the introduction of degree equivalent apprenticeships, are laudable. However, although attracting the 865,000 16-24 year olds who are not in education, training or employment⁷ can go some way to reaching the target, government and industry must find a way to convince a significant proportion of school leavers to opt for apprenticeships over a degree.

The introduction of the apprenticeship levy also presents a challenge to the sector. Apprenticeships on offer do not meet the needs of industry as a whole as skills are often too specific to firms providing the training. In addition, the costs of training some construction workers are more than the proposed allocated funding cap under the new levy arrangements. For example a steeplejack apprenticeship was allocated £6,000 but industry estimates that it actually costs £20,000.⁸ This has led to concerns that our industry might lose out if funds raised through the levy aren't ring fenced. Given the uncertainty and tight timescales for implementation the government should delay the introduction of the levy until 2018 to develop programmes to deliver the skills we need.

⁴ Construction industry training board (CITB 2016) : Industry Insights - Construction Skills Network ([accessible online](#))

⁵ Office of National Statistics (2016) Labour Force Survey for January - March 2016

⁶ Rolfe and Hudson- Sharp (2016) - The impact of free movement on the labor market: case studies of hospitality, food processing and construction

⁷ House of commons library: Briefing paper: NEET: Young People Not in Education, Employment or Training

⁸ Build UK

The government also intends to provide a long term forward view of projects and programmes through the National Infrastructure Delivery Plan⁹, the National Infrastructure Commission and in the National Infrastructure Plan for Skills. Delivery of these projects, some identified as nationally significant, will be severely constrained due to a lack of skills.

Solutions and recommendations

- **We must secure the rights of existing EU workforce in the UK construction sector.** This must be done in conjunction with development of a workable skills based migration system that provides access to skills. One of the easiest ways in which this can be done is by offering non-UK construction students opportunities to remain and work in the sector for a set period of time following the completion of studies.
- **Skills and practices must evolve alongside cultural and technological change to attract a diverse workforce, reduce the intensiveness of labour and change industry skills needs.** This involves developing means to upskill an ageing workforce to managerial/consultancy level (or acting in a more formal mentoring capacity) to retain valuable skills and expertise, understanding and supporting (or accelerating) investment in emergence of new technologies and their impact on skill (e.g. potential for cross industry recruitment from manufacturing, IT and design) and redesigning apprenticeship schemes to deliver multiple and transferable skills in response to industry demands.
- **A new pathway for entry into the sector at a post graduate level for established professionals wanting to transition into the construction sector. With appropriate levels of higher apprenticeship funding.**

Successfully resolving our skills issues would make the UK a world leader in the field of technical construction expertise, which could significantly strengthen our position as an exporter of skills and services.

⁹ HM Treasury (2016): National Infrastructure Delivery Plan 2016–2021 (available online)