The Construction Challenge in Greater Manchester: Employment, Skills and Training

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1. Introduction

The Inclusive Growth Analysis Unit (IGAU) at the University of Manchester has been conducting a short knowledge-exchange project[1] focused on the employment, skills and training challenges facing the construction sector in Greater Manchester (GM). The project was triggered by three interrelated concerns:

- The need to understand how progress can be made towards inclusive economic growth in Greater Manchester and the potential of using a sector-based approach;
- The need to address long-standing problems in the sector's skills and training model and the wider national skills 'system'; and
- The potential shortage of skilled and semi-skilled workers in the sector resulting from the UK's exit from the European Union.

It involved desk research on the construction industry in GM and the skills challenges, including those related to Brexit, as well as new research on construction training provision in GM, undertaken from the perspective of potential learners looking for courses.

At the time of circulating papers to Economy Scrutiny Committee, the report on the work is in draft for consultation with GM construction employers and GM colleges. It will be published by end January 2018 on the IGAU website (www.manchester.ac.uk/inclusivegrowth).

2. Summary of Findings

2.1. Construction and Inclusive Growth

Construction is arguably a key sector in relation to inclusive growth. It is a large and growing sector which offers relatively good pay, 'middle jobs' in skilled trades, and opportunities for progression.

However there are well known long-standing and interconnected systemic problems that require sustained attention if the sector's potential for growth and inclusion are to be realised. These include:

[1] The project was funded by the ESRC Impact Acceleration Account

- An ageing workforce
- The need to improve the sector's image to attract younger workers, including more women and ethnic minorities
- The need to raise skill levels across the board including in the use digital technologies and new materials
- an increasing culture of self-employment;
- a 'boom and bust' business model which suffers from low profit margins;
- a mismatch between skill demand and training supply;

2.2 The Construction Workforce in Greater Manchester - size and trends

Approximately 90,000 people work in construction in GM and numbers are increasing.
Forecasts for GM indicate 'a significant scaling up of activity in the construction sector'. Projected demand for new construction jobs by 2035 ranges from 19,000 to 22,400. Technological developments mean that an increasing number of these jobs will demand high-level skills.

There are around 9,000 construction businesses in GM, the vast majority of which (92%) are micro-businesses employing fewer than 10 people. In 2016/17, 35% of GM construction workers were self-employed and 3% in other 'flexible' employment.

The current workforce is ageing. 32% of GM construction workers are aged 50 or over (up from 25% in 2007). Numbers of young workers have declined.

82% of Greater Manchester's working age population is classified as white, but 95% of residents who work in construction are described as white, making construction by some way the least ethnically diverse of the city-region's major industry groups.

Within GM, construction employment is distributed relatively evenly, geographically, but there are LA areas (Manchester, Oldham and Rochdale in particular) where there are fewer construction workers than expected given the size of the working age population.

2.3 The impact of Brexit on construction employment patterns in GM

In the North West, it is estimated that around 3% of construction workers are migrant workers (defined as 'foreign born') compared with 54% in London. Approximately half of these are non-EU migrants. If these figures were applied in GM, the number of EU-born construction workers could be estimated at about 1350. Loss of EU workers thus appears to be a relatively small scale issue compared with the broader problem of skill shortages, increasing demand and declining numbers of younger workers.

There may be other impacts of Brexit including knock-on effects from any loss of EU workers in the London construction labour market, increasing costs for raw materials, and business uncertainty, which may affect willingness to invest in training. However these are not yet known and will need to be the subject of ongoing monitoring.

2.4 Skill Shortages and Training Challenges in Construction

National and local research shows that the construction industry faces serious and prolonged skills shortages. There tend to be greater skill shortages in particular trades (such as experienced bricklayers and quantity surveyors, carpenters and joiners, fitters, steel erectors, floorers and electricians) and an oversupply of people qualifying as scaffolders, plasterers and dry-liners[2]

Aligning training provision with employers' needs is particularly challenging in construction due to the density of micro businesses, labour insecurity and the project-based organisation of the industry.

In addition there are long-standing concerns about the image of the sector and the inadequacy of careers advice and guidance. Levels of knowledge among careers guidance professionals is low: in a recent survey 32% said they had 'good' knowledge, 54% 'limited' knowledge; and 13% no knowledge of the construction industry.

It is estimated that one in five apprentices in England fail to complete their apprenticeships because they do not reach the required standard in Maths and English.

Employers need to focus as much on the upskilling of their existing staff as on initial training for young people. Research by CITB shows that many workers stay in the sector for many years, and want to. Adults who are already working in construction represent a major asset to the industry in meeting its skill shortages.

2.5 The GM Training Landscape

Construction training is offered by a wide range of providers in GM. As well as the websites for further education colleges, an internet search for construction throws up a number of other types of training provider, some of whom work with the colleges; for example Heyrod Training Services with Salford City College. Some providers offer specialist courses, NVQ assessment and apprenticeships such as the Growth Company (formally the Skills Company), the North West Skills Academy and ProCo.

The pattern of provision is locally variable and complex, and it is not clear how it relates to the needs of employers or learners nor to any wider considerations such as a desire to promote access to good employment in areas with a high prevalence of low skill or poverty. For example, in some occupational fields (notably Brickwork and Carpentry and Joinery) in some colleges and training providers, it is possible to progress from Level 1 up to Level 3, whilst in others progression is limited or non-existent.

[2] Greater Manchester Chamber of Commerce (2017) *Construction Sector Pipeline Analysis.*

Additionally, there is a striking lack of clarity and consistency in terms of entry requirements and progression opportunities, for example:

- different entry requirements for the same level of course including maths and English attainment and expectations about ‘personal skills’;
- inconsistent information about course costs for adults and whether support (e.g. for transport or materials) is available for both adults and young people – some websites provide no details;
- inconsistent detail about the length of course and progression opportunities even within the same institution;
- marginalisation of information for adults – many websites highlight information for school leavers.

Similar difficulties are evident in the way apprenticeships are advertised. It is also difficult to gain an accurate picture of the number of apprenticeship vacancies at any one time due to the fact that it is not compulsory for employers to post them on the national Apprenticeship Service website. What is noticeable from the available figures is the preponderance of Level 2 apprenticeships. Research from New Economy shows that, in 2014/15, 56% of all adult apprenticeship starts were at Level 2, 38% at Level 3, and 6% at Level 4. This is a concern given the demand for Level 4 skills in the construction sector and suggests that not enough has been done to develop progression routes.

3 Conclusion and recommendations

The construction industry is a potentially important one for inclusive growth, but faces a number of challenges. At present, there are a number of initiatives aimed at helping all the stakeholders develop a better understanding of what drives each other’s behaviour. Yet there doesn’t seem to be a clearly co-ordinated strategy across GM for tackling the long-standing problems affecting both skill supply and demand. Provisional recommendations suggest ways in which a more coordinated approach could be developed to enable all the stakeholders to work together. These include:

- The formation of a high level working group to create a meta-analysis of the challenges across the construction landscape and outline strategic priorities.
- A new focus on business support services to help employers improve their business and create the conditions for higher demand for training and better utilisation of skills, and to help build collaborative approaches between employers.
- An audit of training provision, leading to the design of training pathways for new entrants to the sector, short cycle courses for upskilling and retraining adults, and the development of a common approach to the way course information is displayed.