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London East  
2003-2005

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# Our main partners and stakeholders

We, the Learning and Skills Council London East, fund training and education for those over age 16 in Barking and Dagenham, Bexley, City of London, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge and Tower Hamlets.

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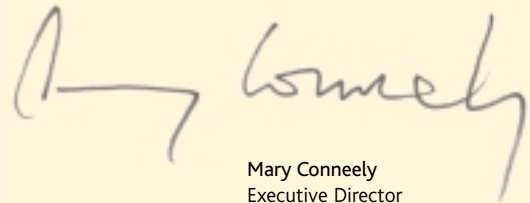
- in this publication where 'we' is used, it refers to the Learning and Skills Council London East, and
- we have used footnotes in this publication, shown as small numbers in the text, to acknowledge our sources of information, and the research done by other organisations.

- Basic Skills Agency
- Business Link for London
- Centres of Vocational Excellence (CoVEs) for the construction sector:
  - Barking College
  - Building Crafts College
- Connexions
- Construction Industry Training Board (CITB)
- DfES
- Further education colleges
- Higher education institutions
- Local authorities
- London Development Agency
- Private-sector employers
- Regeneration partnerships
- Thames Gateway London Partnership
- The Civil Engineering Contractors Association
- The Construction Confederation
- The Federation of Master Builders
- The House Builders' Federation
- Trade unions
- Training providers
- Work-based learning providers

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PHOTO REDACTED DUE TO THIRD PARTY



Mary Conneely  
Executive Director

We are in the middle of an exciting period of change. London East's 2 million residents have seen many changes in the last 10 years. The new developments announced for the Thames Gateway show that there will be further investment and increased opportunities during the next 10 years.

In every sector there is potential for growth. The proposal for major housing development in the Thames Gateway by the Deputy Prime Minister, in February 2003, is a boost for the construction industry. The Strategic Rail Authority and Transport for London have ambitious plans to develop the transport infrastructure. Health and social care, and financial services have their own challenges to meet as legislative changes place new demands on the workforce. The cultural and creative industries are thriving, and the retail sector can continue to grow with future town-centre redevelopments planned.

Our task, with you, our partners, is to make sure that London East is ready to meet these challenges with a highly skilled workforce. The consultation paper, *Success for All*<sup>1</sup>, in June 2002 set out the role of learning providers. It stated that "learning in an area must meet national and local skill needs... and be responsive to local employers and communities." This view was reinforced in the formal publication of *Success for All* which set out the joint plans of the DfES and the Learning and Skills Council, in November 2002, to reform the learning and skills sector and raise standards.

This series of workforce development strategies explains the issues affecting each industrial sector. Each strategy then suggests some realistic action to support the skills development of local people. The aims are to meet employers' needs, and to give individuals positive learning and employment experiences.

By delivering the actions in these 10 sector strategies, we will be helping to:

- fulfil our corporate objectives which we outlined in the Local Strategic Plan 2002-2005
- meet the requirements of the Learning and Skills Council's *National Policy Framework* for workforce development
- support the objectives outlined in London's *Framework for Regional Employment and Skills Action (FRESA)* published by the London Skills Commission, and
- meet the aims of the Skills Strategy White Paper (2003).

We hope that all partners and stakeholders in the various sectors will help deliver the plans presented in these very positive strategy documents. This will enable local people to improve their skills and make the most of the new opportunities being created in the Thames Gateway area.

## The Learning and Skills Council is responsible for funding and planning education and training for those over 16 years old in England<sup>2</sup>.

Workforce development is one of the most challenging and exciting parts of our work, and in November 2002, the national office published its *Workforce Development Strategy – National Policy Framework to 2005*.

The *National Policy Framework* was published at the same time as the Government report, *In Demand: Adult Skills in the 21st century – part 2*, produced by the Strategy Unit. These two documents suggested action that would promote workforce development. They state that we should:

- “raise informed demand for employment-related skills among individuals and employers
- support improvements to the responsiveness and flexibility of the supply side, and
- contribute to the development of an underpinning framework of better skills and labour market intelligence, responsive vocational qualifications and improved links to the wider educational agenda.”

Each sector strategy has an action plan which shows how we, at LSC London East, will take practical steps to meet those three objectives. By carrying out the action proposed for each sector, with you, our partners, we will directly contribute to delivering the LSC’s goals, which are to:

- “raise the participation and achievement of young people
- increase the demand for learning and equalise opportunities through better access to learning
- engage employers in improving skills for employability and competitiveness
- raise the quality of education and training delivery
- improve effectiveness and efficiency.”

This workforce development strategy for the construction sector is one of ten sector-based strategies. Each one describes the current issues in the sector nationally and locally. They give details of the current levels of employment and skills in the sector, and suggest where improvements in skills are necessary to meet the needs of the local and national economy.

The action plan for each sector gives details of the funding opportunities that are being made available to help individuals and organisations fulfil their potential.

### Workforce Development Strategies for London East

- 1 Construction
- 2 Cultural and creative industries
- 3 Financial services
- 4 Health and social care
- 5 Hospitality
- 6 Manufacturing
- 7 Public administration
- 8 Retail
- 9 Transport and logistics
- 10 Voluntary and community

<sup>1</sup> DFES, *Success for All – Reforming Further Education and Training*, Discussion Document, June 2002; DFES, *Success for All – Reforming Further Education and Training – Our Vision for the Future*, November 2002.

<sup>2</sup> This does not include higher education provision.

London's construction industry experienced steady growth during the 1990s. Further large public and commercial projects have been started in the last two years, and many more are proposed, particularly through the Thames Gateway initiative outlined by the Deputy Prime Minister in February 2003.

Although new projects are important, it should be noted that about 45% of the work in the sector is repair and maintenance of existing buildings.

Nationally, the overall construction workforce is around 1.9 million individuals, including those working in construction occupations outside the construction sector. In the London East area, the three main construction subsectors, general construction, demolition and wrecking, and installation, had almost 33,000 employees in 2001. There were a further 13,000 people employed in construction-related subsectors such as architecture.

The problem for the industry in Greater London is that it needs 8,100 new recruits each year (to 2006) to meet the demand, but only 4,000 are entering training by formal routes.

Employers are suffering significant difficulties in recruitment because of a lack of potential recruits, and a lack of sufficient skills among those who do come forward. In practice, the construction industry in Greater London resolves some of its recruitment difficulties by importing labour.

More than half the workforce is qualified at NVQ level 3 or above. There is expected to be a greater demand for managerial and professional staff, but a drop in the overall numbers of skilled manual workers needed. Skilled tradespeople will continue to be in demand. Expected shortage areas include:

- carpenters
- joiners
- electricians
- plasterers (in London East specifically), and
- quantity surveyors.

The skills needed in the construction sector are:

- flexibility
- IT
- problem-solving
- team-working, and
- customer care.

London draws in construction workers from south-east England and from abroad. In London East there is local supply through education and training providers. In 2000-2001, over 7,000 learners were enrolled during the year in our area, but fewer than half of those who originally enrolled left with a qualification. Nearly 3,500 actually completed their courses, and 62% of those achieved a qualification.

Local industry will need high-calibre staff at all levels to meet the demand for new projects. Leadership and management skills, and professional skills will be in demand, as will multi-skilled workers. Employees in the construction sector need to be able to work with new materials and techniques including the construction of prefabricated and modularised buildings. They also need to use IT and modern management principles in construction businesses.

The challenges for the sector are to:

- develop a training culture, particularly in smaller companies
- provide more training
- increase the range of learning, assessment and accreditation opportunities
- tackle its image of poor working conditions, and stress the opportunities available for graduates and non-graduates, and
- encourage more young people, more women, and people from ethnic minority communities to join the sector.

Funding of up to £875,000 is available through LSC London East for projects to develop the sector's workforce. The money is available to improve training, assessment and recruitment to the industry locally. There is also funding for a project to improve recruitment from under-represented communities into the sector.

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# Chapter 1

## The main features of the construction sector

### Introduction – a national and regional overview

During the period 1993-2000, the construction sector in London experienced steady growth, to a level in 2000, where demand for construction was considered to be at an all-time high<sup>3</sup>. Major commercial, public and infrastructure projects across London were expected to further extend demand, and the current situation, at the beginning of 2003, is outlined in Chapter 2.

The CITB's research<sup>4</sup> suggests that the industry in Greater London needs 8,100 new recruits each year (to 2006) to meet the demand, but only 4,000 are entering training by formal routes. Some gaps in provision are known to exist already, in specialist areas such as shop fitting, plant operation and steel fixing.

Employers are suffering significant difficulties in recruitment because of a lack of potential recruits, and a lack of sufficient skills among those who do come forward.

It is further exacerbated by the fact that employers traditionally recruit from a narrow band (young males aged 16 to 19) that is declining in numbers and has less interest in a career in the sector. The industry needs to widen the scope of its recruitment to draw in more people from outside this group – more women, members of ethnic minorities and more older people. It also implies a need to retain and develop staff more effectively<sup>5</sup>.

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Installation of cladding at 30 St Mary Axe. The building was designed by Foster and Partners for Swiss Re. Photograph by Grant Smith.



In practice, the construction industry in Greater London resolves some of its recruitment difficulties by importing labour. It draws in skilled construction labour from across the whole of the UK and from Europe. Skill shortages in London are likely to draw in workers from surrounding regions, potentially leading to sharp increases in skills shortages in those areas. CITB research<sup>6</sup> also reports that the number of construction firms in the region who were unable to bid for/had to refuse a contract due to a skill shortage was well in excess of the national figure (38% in Greater London compared to 24% nationally). Skills availability is, therefore, of critical importance to business development across the region.

Although more than half the staff in the industry are qualified to NVQ level 3 and above, there is still a problem of unqualified staff. The industry is attempting to reduce the numbers of unqualified site workers through a programme of training and accreditation. This is supported by the CITB grants system, by the CSCS (Construction Skills Certification Scheme) programme and by an increasing drive to make 'on-site assessment and training' available to employers (OSAT). However, there is a low number of OSAT providers in the region and the CITB confirms the need for "a robust programme of support in place to maximise adult NVQ achievements".

### The size of the industry

The first *Skills Dialogue* published by the DfES (then the DfEE) was *An Assessment of Skill Needs in the Construction and Related Industries*.<sup>7</sup>

The *Dialogue* defines the sector as including:

- site preparation
- the creation and completion of buildings and infrastructure, such as houses, offices, roads and bridges, and
- the installation of services and utilities.

It includes repair and maintenance, and new build – each one of these accounting for around 45% of total construction output, with infrastructure accounting for the remaining 11% based on contractors' output figures for 1998.

The CITB in its *Skills Foresight Report* (February 2002) defines the construction industry as:

"enterprises and individuals whose main activity is in the construction and maintenance of the built environment".

"It does not include professionals involved in the design of buildings ... nor does it include those whose *occupation is in construction but who work in other sectors*."

It cites the Labour Force Survey suggesting the overall construction workforce is "around 1.9 million individuals", including those working in construction occupations outside the construction sector in, for example, manufacturing. Most of its *Foresight Report* uses a narrower definition based on the *employer-based* DTI quarterly survey which covered about 1.5 million individuals (ie those working in the construction sector only). This figure was for 2000 and showed a modest increase over the previous year.

Over the 1990s there had been a sharp decline in the early part of the decade with the figures stabilising around 1.4 million in the last five years of the century. Within that figure there had been a significant shift in the numbers self-employed with the percentage dropping from 47% in 1996 to 35% by 2000. The *Foresight Report* notes that the LFS data shows a lower level of self-employment – 31% compared with the DTI figures.

The CITB Employment Model<sup>8</sup> forecast 1,475,000 employed in the construction sector for 2002 for Great Britain with this rising to 1,515,000 by 2006. Over that four-year period, it sees a cumulative national requirement of 381,000 new people to maintain the necessary employment level.

In the Greater London area, the construction industry is following the national pattern and has a large number of small and microbusinesses. There are almost 16,000 construction firms in Greater London, but over 55% of these are sole traders, and less than 1% employ more than 50 people.<sup>9</sup>

<sup>3</sup> CITB, *Greater London Construction WFD Plan, 2002*

<sup>4</sup> CITB, *Greater London Construction WFD Plan, 2002*

<sup>5</sup> DfEE, *An Assessment of Skill Needs in Construction and Related Industries, 2000*

<sup>6</sup> CITB, *Greater London Construction WFD Plan, 2002*

<sup>7</sup> The Research was undertaken by Business Strategies Limited, and it was published in 2000

<sup>8</sup> Source CITB Employment Model; Business Strategies

<sup>9</sup> CITB, *Greater London Construction WFD Plan, 2002*

## London East area

The following table shows the number of establishments/business units in the area covered by the LSC London East. There are 8,000 establishments<sup>10</sup> with up to ten employees and this is shown in [table 1](#). There are 19 larger business units employing over 200 people each. Eleven of these are in the 'General construction of buildings' category.

The shape of the industry in London East by business unit size is shown quite clearly in [figure 1](#). The different subsectors of the industry are shown in [figure 2](#) with the *building of complete constructions* being shown as the largest by numbers of business units. *Building installation* is the next largest followed by *architectural and engineering activities*. The last subsector would probably be outside the narrower definition used by the CITB in its analysis of the industry. In 2001, the three main areas of *demolition and wrecking*, *general construction*, and *installation* had almost 33,000 employees in the London East area, according to the Annual Business Inquiry survey. (see [table 3](#).)

[table 1](#)

Number of business units, London East, 2001

Business activity		Number of business units
Site preparation	Demolition and wrecking of buildings	91
	Test drilling and boring	3
Building of complete constructions etc	General construction of buildings etc	2,110
	Erection of roof covering and frames	222
	Construction of highways, roads etc	48
	Construction of water projects	3
	Other construction involving special trades	406
Building installation	Installation: electrical wires and fittings	705
	Insulation work activities	50
	Plumbing	506
	Other building installation	301
Building completion	Plastering	78
	Joinery installation	275
	Floor and wall covering	159
	Painting and glazing	412
	Other building completion	252
	<b>Subtotal</b>	<b>5,621</b>
Real estate activities	Real estate agencies	567
	Management of real estate	449
Architectural and engineering activities etc	Architectural and engineering activities	1,295
	<b>Total</b>	<b>7,932</b>

Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

[table 2](#)

Number of business units/establishments by numbers of employees, London East, 2001

Employee size band	1-10	11-49	50-199	200+	Total
Number of business units	7,265	539	112	19	7,932

Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

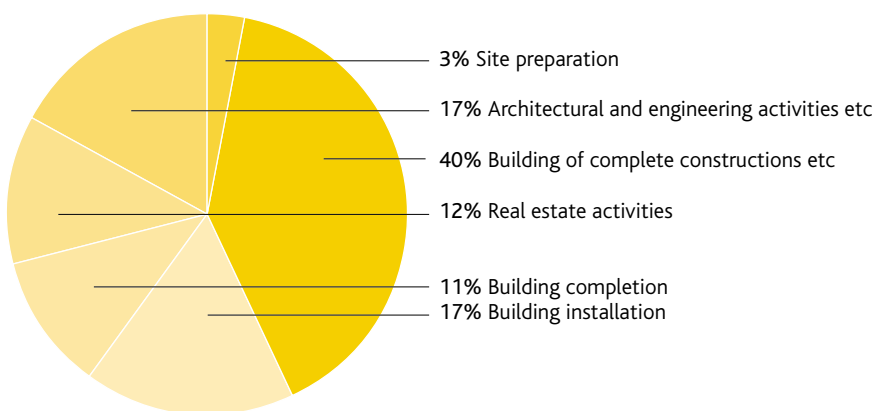
The numbers employed in the building of complete constructions at 40% is a higher percentage than that shown for the number of establishments and demonstrates the significance of this subsector. It corresponds to 18,310 people being employed in London East, while installation accounts for 13,336 employed.

The analysis by borough in *figure 4* shows the largest numbers in the construction workforce employed by companies based in Havering and Tower Hamlets.

The following tables and figures show the anticipated employment levels going forward to 2015 for the area covered by London East. They tend to show a decline in total in the early part of the twenty-first century compared with the high point around 1991. This follows the pattern of Great Britain as presented in the figures earlier in this strategy document. The issue, which will be discussed in later chapters, is how more people can be attracted to the industry to cover replacement needs, as well as service the expected demands by employers in the sector for the new big projects.

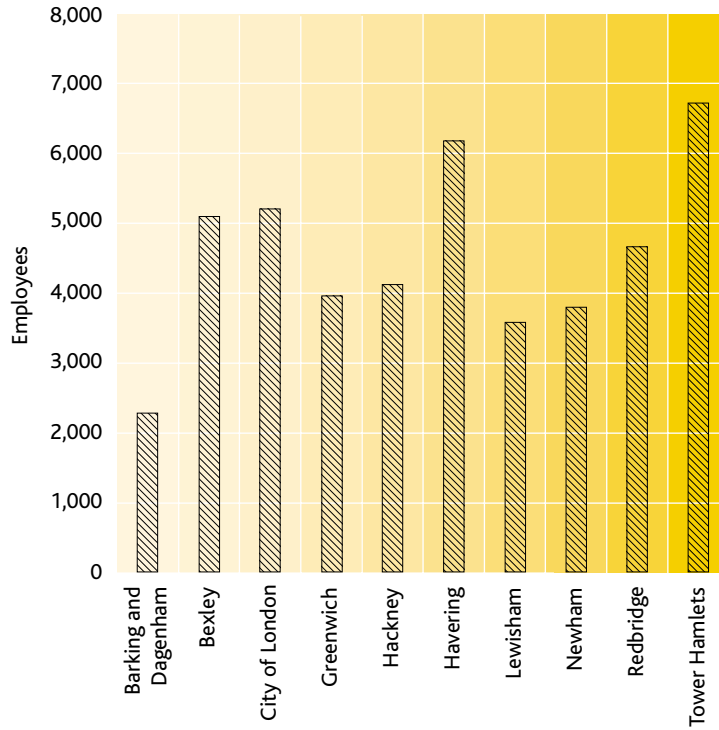
*figure 5* shows that the decline in self-employment evidenced in national figures for the 1990s will continue. Although this strategy will set out steps to increase female participation in the construction workforce, the forecast levels, which are drawn from economic modelling of national, regional and local factors, suggest that considerable intervention in the operation of the labour market will be required to draw this group in.

*figure 3*  
Percentage of employees by subsector,  
London East, 2001



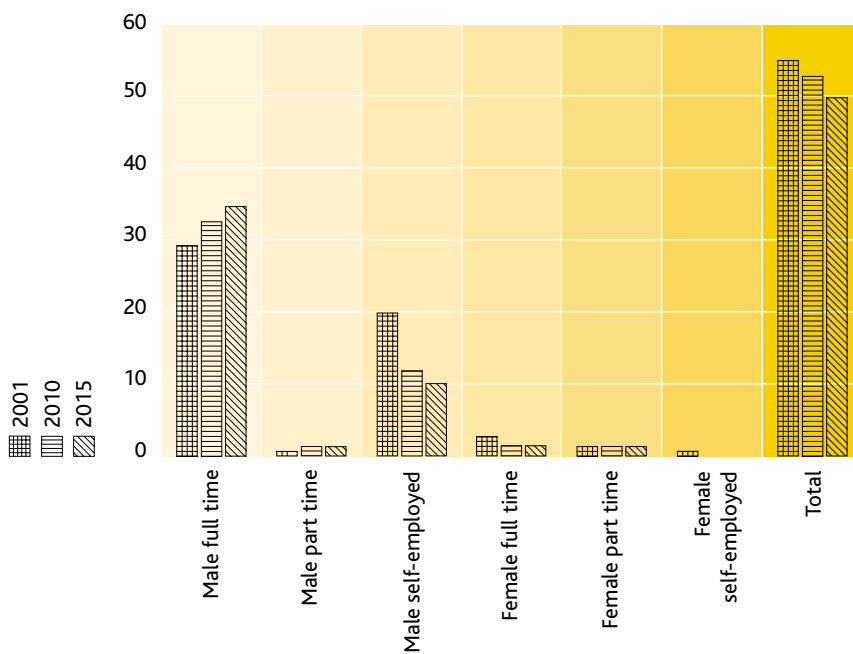
Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

*figure 4*  
 Employees in the construction sector, London East, 2001



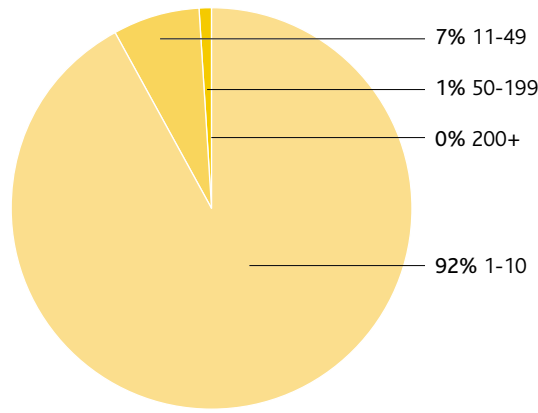
Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

*figure 5*  
 Employment levels in the construction sector, London East, 2001 to 2015 (thousands)



Source: CE/IER LEFM 2002

**figure 1**  
 Percentage of construction establishments by size, London East, 2001



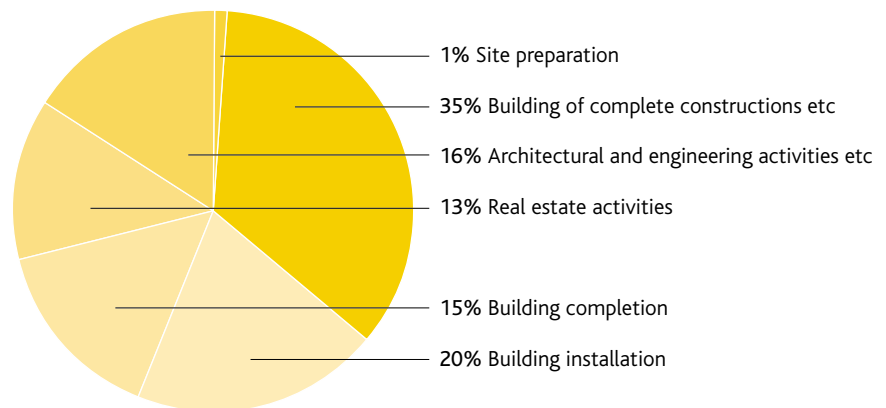
Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

**table 3**  
 Construction sector employees, London East, 2001

Number of employees by type of work, London East, 2001	
Demolition and wrecking of buildings; test drilling and boring	1,187
General construction of buildings, etc; erection of roof covering and frames; construction of highways, roads, etc; construction of water projects; installation: electrical wires/fittings; other construction involving special trades	18,310
Installation: electrical wires/fittings; insulation work activities; plumbing; other building installation; plastering; joinery installation; floor and wall covering; painting and glazing; other building completion	13,366
Real estate agencies	2,970
Management of real estate	2,499
Architectural and engineering activities	7,862
<b>Total</b>	<b>46,194</b>

Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

**figure 2**  
 Percentage of construction establishments by subsector, London East, 2001



Source: Annual Business Inquiry 2001, ONS Crown copyright (2003)

<sup>10</sup>The employer and employee numbers used in this section are from the *Annual Business Inquiry Survey*. They are based on the London East area, and cover a wider range of SIC codes to the CITB studies cited in this strategy document, and are not strictly comparable. This document has used a broader industry base similar to the Skills Dialogue approach.

## The workforce

The *Skills Dialogue*<sup>11</sup> identified some specific characteristics of the workforce that should be noted.

- The sector relies heavily on skilled craft workers and technicians – they account for nearly half the workforce. In fact, over half the workforce as a whole is qualified to NVQ level 3 or above.
- The sector is not heavily dependent on low-skilled workers, that is, semi-skilled or unskilled manual workers.

It also identified several future trends:

- increases in managerial and professional staff
- increases in customer-focused staff
- a decline in the numbers of skilled manual workers, and
- an increase in less-skilled manual workers.

The trends associated with the last two points can be attributed to a greater demand for cross-craft workers, perhaps with a wider range of skills, but at a less sophisticated level, who may, for example, be needed where prefabrication techniques are used. East London has several new examples of modular pre-fabricated building activity to solve its social housing needs. Nevertheless, the need for traditional craft skills remains, with a large, old housing stock in need of repair and maintenance.

## Industry drivers and the effect of new developments

The construction sector in London needs to be viewed, in part, from a regional perspective. Companies winning contracts to build in London East will draw labour from beyond London itself. This strategy will be looking at the shortfalls in supply for certain occupations, and those with skills will find employers in competition for their services.

The Thames Gateway, which extends beyond London East's area into Thurrock and Dartford, is earmarked for major new developments that will need the construction industry working at full speed.

As indicated earlier, almost half the sector's work is repair and maintenance, and there is a substantial housing stock in London East that was built between 1880 and 1940 that needs attention.

Changing household size and other aspects of social change, as well as population inflows, are all putting pressure on the construction industry to provide solutions to London's housing needs. One answer is prefabricated building. This has not had a major impact on the total market, but there are some innovative projects in London East. If these programmes expand, some jobs will be lost to the factories elsewhere in the UK, or abroad, where the buildings are created, but other jobs for multi-skilled assembly workers on-site will be needed.

## • Development projects in the London East economy

The London Development Agency (LDA), The Thames Gateway London Partnership and the Board of Transport for London have, in various public announcements, spelt out ambitious plans for infrastructure development. Some of these have happened, others are dependent on other agencies, including central government, for financial support. These projects will create construction jobs, but it is difficult to predict when some will receive the final go-ahead. Examples of recent and proposed developments that will require major inputs from the construction sector are set out opposite.

### Major building programmes led by the government and other public agencies

- **Thames Gateway – Housing the people** – announcement made by the Office of the Deputy Prime Minister, 5 February 2003.

The Government has announced development plans and funding proposed for four growth areas - Thames Gateway, Milton Keynes/South Midlands, Ashford and London-Stansted-Cambridge. It said: "These areas have the potential to accommodate up to 200,000 homes above levels in current regional planning guidance."

"More than £600 million will be made available for the growth areas for site assembly and remediation of brownfield land, delivery mechanisms, additional affordable housing and essential local infrastructure."

The London Gateway's share of this financial support is around £446 million. The press release indicated that a new Cabinet committee would be put in place to take forward the process regarding the Thames Gateway and that it was likely to create "some 300,000 new jobs by 2031".

If all the proposed housing takes place, it will imply a long-term demand for more than 100 primary schools and at least one new hospital. Again, this will create significant demands on the construction industry.

The above proposals have major implications for this Workforce Development Strategy for the Construction Sector. The LDA identifies other projects that are ongoing or proposed that involve the skills of the construction sector:

- **The Royal Arsenal at Woolwich**, where a disused, contaminated site is being transformed into a mixed-use development of housing, industry, heritage and leisure facilities.
- **The Gallion's Approach development**, which was recently given the go-ahead, and includes a marina, a new hotel and more than 400 apartments.
- The LDA is also involved in master planning 45 hectares of land in **South Dagenham** for high-density mixed use, which could accommodate at least 4,000 new high-quality homes and services.
- **The Development of Silvertown Dock**, which will see the creation of 4 million square feet of new mixed-use development, 3500 residential units and a world-class aquarium.<sup>12</sup>
- **Thames Gateway Bridge and other river crossings**

"...the Board of Transport for London gave the green light to the new Thames Gateway Bridge, linking Barking to Bexley, linking up businesses and residents on the north and south banks..."

There are four proposed projects to facilitate movement across the Thames. None as yet has the formal go-ahead. London First, quoted in the *London Evening Standard*, suggests one may have government support. Again some, or all of these proposals when approved will have an impact on the demand for different types of construction work, as will other transport infrastructure activities detailed over the page:

<sup>11</sup> DfEE, *An Assessment of Skill Needs in Construction and Related Industries*, 2000

<sup>12</sup> LDA press release, 28 November 2002

#### • Stratford Redevelopment

Major developments are envisaged as a result of the Channel Tunnel Rail Link passing through Stratford. One of the private-sector developers, on its website, describes the potential changes as follows.

"The masterplan will create an extension to Stratford town centre which will include a full range of retail, commercial, leisure, municipal, hotel and residential uses. Spectacular new buildings will establish a high quality urban environment...A new public space 'Stratford Place' will be created above and around the International Station as a focus for the development. A secondary axis containing commercial leisure and additional retail activities will provide a link to Leyton in the east. A residential community is (sic) created in the north linked to the new centre, the existing Clays Lane Estate and residential communities in space of the Lea Valley and Hackney Marsh is extended into the town centre as part of the open space system."<sup>13</sup>

#### • Crossrail

The Strategic Rail Authority in its Strategic Plan for 2003 is working on the details of this proposal. Legal powers to start the development will not be sought until at least November 2003, at the earliest. This project has always been seen of significant importance to East London and appears to have been deferred again as a cost-benefit analysis is awaited.

#### • East London line extension

The Strategic Rail Authority's presentation of the situation on the East London line extension is more optimistic in that "enabling works and land acquisition are currently under way, but no concession has been let." The target date of 2006 is unlikely to be met, with 2008 being more likely.

#### • Hackney Stadium

Michael Ward, Chief Executive of the LDA said: "Our purchase of Hackney Stadium will bring greater impetus to the regeneration of the Hackney Wick area, which is part of the Thames Gateway, one of the LDA's priority areas. Development of this site alone will generate several hundred jobs and lead to the establishment of dozens of firms. It is an area of great potential which has been held back by problems such as fragmented land ownership and contamination".<sup>14</sup>



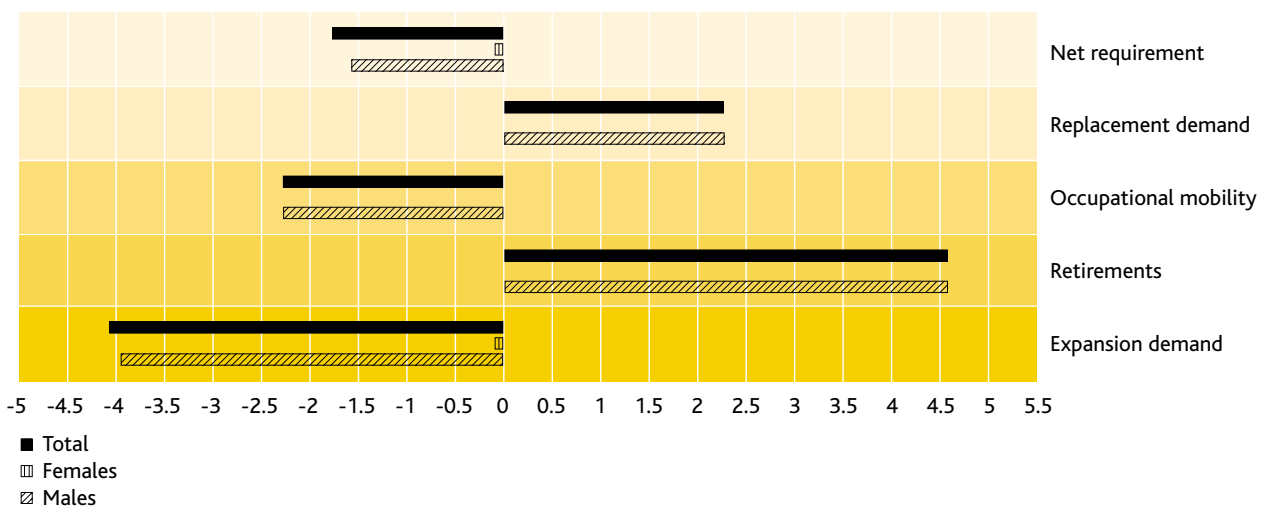
The Government's decision to back a British bid for the Olympic Games could have a dramatic effect on the amount of construction work required in London East. Unfortunately, the final decision will not be taken until 6 July 2005 by the Olympic Committee, so the amount of construction work that will be carried out in the next two years may be limited.

The private sector also has some high-profile plans for the City. The German property company DFIA plans to submit proposals to the City of London Corporation to build on Bishopsgate. The proposed building, at just over 700 feet, could potentially be the City's tallest building, although still almost 100 feet shorter than Canary Wharf. If it achieved planning permission, it could feature on London's skyline by the end of 2006. Its rival for the title, the City's tallest building, could be the Minerva Tower which is planned for Houndsditch. This proposal has also to achieve planning consent.

### Demand levels for construction work in London

CITB pan-London figures see a marginal upward shift of 1% annually in construction related employment during the period 2002 to 2006. A decline is seen in the number of plasterers required, but carpenters, joiners, and electricians will all be needed in greater numbers. For all trades and professional posts the annual requirement totals 8,100. Looked at cumulatively, over the five-year period, the requirement is for 40,500 people to enter the industry in the London area. As can be seen from the forecasts of employment levels in the London East area, the major difficulty will be replacing those who retire.

figure 6  
Replacement demand for skilled construction trades, London East, 2002-2007 (thousands)



Source: CE/IER LEFM 2002

<sup>13</sup>Stratford City Masterplan – Chelsfield website 7 February 2003

<sup>14</sup>Michael Ward, Chief Executive to the LDA quoted in an LDA press release, 10 January 2003.

- Skills shortages and gaps – now and in the future.

Several different trends are in evidence, but they are not contradictory. Construction output will continue to grow over the longer term, but employment levels in the industry will continue to decline as modest productivity improvements take place. And although the numbers in employment will decrease, the need for labour and evidence of skill shortages will grow. There are several problems:

- large numbers of older workers will leave the industry over the next decade
- young people, particularly men aged 16-19, a staple inflow to the industry, are not coming forward, and
- at a professional level, too few people are choosing construction-related careers, even though there is overall growth in professional and managerial posts.

At the point of recruitment, employers are seeing skill deficiencies in applicants coming forward, and this exacerbates the skills shortage.

At a regional level, as indicated above, skill shortages are already known to exist in some areas in Greater London, most notably for carpenters and joiners, bricklayers, painters and decorators. The Employers' Skill Needs Survey Spring 2001, cited in the CITB Skills Foresight Report (2002), stated that 81% of employers in London had experienced difficulties in recruiting skilled staff. There are also significant increases predicted in the demand for professional, managerial and clerical staff. The *Skills Dialogue* report for the construction sector argues that skills shortages are unlikely to be relieved by a sharp increase in learning provision. It suggests that further research is required to establish the match between learning provision, learner engagement and skill demands in the region.

Employers interviewed in the preparation of this *strategy* in London East reinforced the view that there was a major shortage of skilled trades – as identified in the Greater London survey work – but added plasterers to the list of shortages in craft trades, and quantity surveyors to the shortages of professional staff.

Part of the skills shortage problem can be attributed to the image of the industry. It is seen by some young people as having poor working conditions and limited career prospects, and is less attractive than other occupations when there is a tight labour market. Staff development and training opportunities also seem restricted when such a high percentage of the industry consists of small or microbusinesses which historically have been less willing or able to invest in staff training.

The *Skills Dialogue* Report identifies a perceived need to develop flexibility, problem-solving, team-working and customer-care skills among skilled (craft) workers nationally. This is thought necessary for the sector to change its working practices, secure better prices (competing on quality rather than price) and increase its efficiency.

Many of the challenges which employers in the sector face are influenced by, or derived from, the need to change corporate culture and improve employer engagement with learning and business development. The close relationship between business development and workforce development has been acknowledged widely. The National LSC Workforce Development Strategy supports this by emphasising the need to develop senior managers and leaders as a means to develop organisational culture, and thus employer engagement.

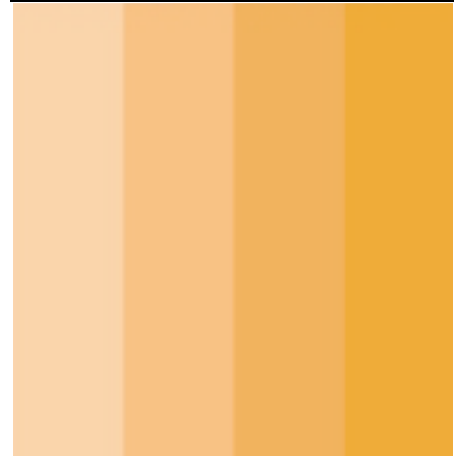
- Changing construction methods and technological innovation

The UK is less advanced than its European neighbours in using prefabrication methods in the construction industry. This is changing, and the range of building projects identified for London East in the previous section will give some opportunities for innovative approaches to constructing new buildings. If this happens the skills mix required will change. Assembly skills will be increasing in demand. Workers employed in these activities will need to be familiar with new materials being used, and require a range of skills to *finish* buildings that have had many of their basic services incorporated in the factory before shipping.

"Quicker, better quality house building through modern methods of construction is needed to deliver the housing required. The Housing Corporation's 2003/04 challenge fund will make a substantial contribution in this direction by delivering 1,800 out of the 4,400 extra homes in London and the South East using modern, off-site construction techniques."<sup>15</sup>

Whether it is traditional or new building techniques, there will be a greater need for professional, managerial and supervisory skills in the industry, and a greater need for IT skills to manage design processes and material procurement and for quality control.

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• Social and economic change

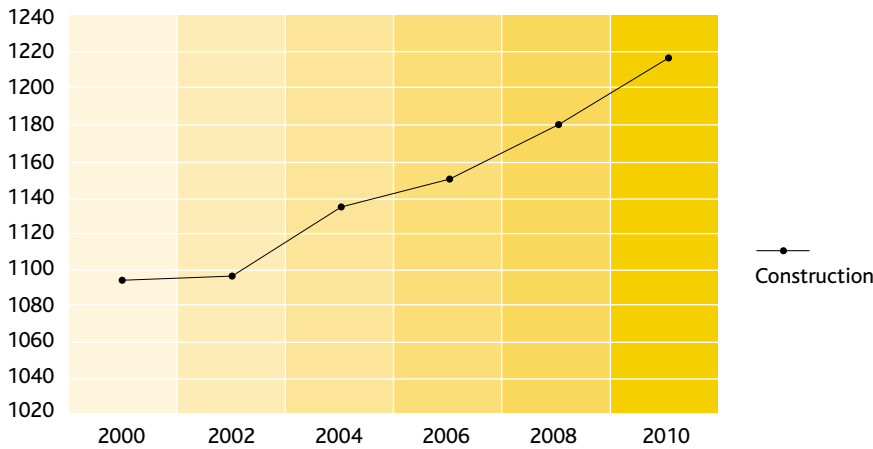
The development projects described in this chapter give some indication of the changes taking place in the East London area. During the next 15 years the population of London is set to increase by 700,000 and, from the government's proposals, much of this may be concentrated to the east of the city, with major house-building programmes, particularly to support the regeneration of the Thames Gateway area, and to offer affordable accommodation to key workers, as indicated in recent announcements from the Deputy Prime Minister's Office: "London will share in the £4.736bn being provided for housing investment in the three south-eastern regions over the next three years. We expect at least £1bn of this will be invested in key worker housing."

The thrust of the Government's policy is to bring about sustainable communities, and many of the proposals aim to reclaim brownfield sites and promise houses, jobs and transport for the Thames Gateway area. The first challenge is for funding to be made available to develop these new, locally focused, but interrelated communities. The second challenge is to develop a construction workforce to build them.

Economic forecast for the construction sector in London East

The major infrastructure work discussed in this chapter is of enormous importance to the sector. The GDP contribution of the sector to the subregion is shown below.

figure 7  
Value added<sup>16</sup> by the construction industry  
(£millions at 1995 prices)



Source: CE/IER LEFM 2002

<sup>15</sup>Office of the Deputy Prime Minister, Sustainable communities in London: Building for the future, 5 February 2003

<sup>16</sup>figures have been standardised to prices as at 1995, to show real growth, and are in millions of pounds.

### Introduction

There are several forms of supply to the industry:

- individuals in work in other sectors
- individuals not in work joining the industry
- individuals coming through from education and training providers qualified (or unqualified) to the sector, and
- individuals from other countries – qualified or unqualified.

The CITB in its *Foresight Report* describes the flows in and out of the industry which it regards as high. Nationally it sees a net inflow into the industry from all sources of about 1%.

### Workforce mobility

The CITB's *London Workforce Development Plan* looks at the magnet effect that London has in drawing in a construction workforce from across the UK and beyond to support major projects. The *Workforce Mobility* study raised several different questions in relation to construction 'commuters'. How much further training will be required for construction workers who are being *imported* into the Greater London area? They could be job-ready, but if they are not, they may need further training and development. The study also remarks on the increase in migrant labour that is non-English speaking, and suggests that English language training is an important skill requirement, perhaps essential when issues of health and safety are considered. At the very least, better communication skills will improve the efficiency and effectiveness of the workforce.

### Current levels of education and training provision in the sector

Two of the main purposes of this strategy are to:

- encourage local people to gain jobs in the industry, and
- improve the skills of the workforce.

An analysis of the ISR\* for 2000-01 shows the level of recently funded further education provision. It gives an indication of the volume of the learners, their age and ethnicity, and subsectoral interest.

Over 7,000 learners were enrolled during the year, but fewer than half of those who originally enrolled left with a qualification. Nearly 3,500 actually completed their courses and overall achievement set against the numbers who completed was 62%. The most successful group of learners was studying at level 3.

The majority of students were enrolled on part-time provision (69%). When analysed by borough of residence, the highest incidence of learners on construction courses was found in Havering and Bexley, followed by Greenwich and Lewisham. Compared with recently published figures relating to the ethnicity of the workforce, there are some encouraging features in table 7 which shows a relatively diverse learner population. Disappointingly, 16% of learners have not provided information on ethnic background.

Half of all learners were in the age cohort 25 to 59, and although there were nearly 1,700 enrolments by 16 to 18 year olds, the majority did not complete their courses, with only 329 actually leaving the programme with a full achievement.

\* Individualised Student Records

The subprogramme tables show the dominance of crafts skills with nearly 2,500 enrolments, and mechanical services with almost 3,000 enrolments. Environmental and construction technologies had a combined total of 533 enrolments, but only 371 completed. In percentage terms Construction crafts was worse with only 45% completing and less than 25% achieving when achievements are considered as a percentage of enrolments.

**table 4**

Construction enrolments by qualification level studied, London East, 2000-2001

	%	Enrolments	Completions	Achievements	%
1 and Entry Level	24	1712	941	506	54
2	38	2665	1299	722	56
3	20	1442	734	570	78
4, 5 and HE	4	286	72	25	35
Other	14	996	389	291	75
		<b>7101</b>	<b>3435</b>	<b>2114</b>	<b>62</b>

**table 5**

Construction enrolments by mode of study, London East, 2000-2001

	%	Enrolments	Completions	Achievements	%
Full time, full year	25	1765	925	492	53
Full time, part year	6	445	302	242	80
Part time	69	4891	2208	1380	63
		<b>7101</b>	<b>3435</b>	<b>2114</b>	<b>62</b>

**table 6**

Construction enrolments by borough of learner, London East, 2000-2001

	%	Enrolments	Completions	Achievements	%
Hackney	11	809	418	221	53
Lewisham	12	830	394	253	64
Newham	11	800	399	235	59
Tower Hamlets	5	369	190	97	51
Barking & Dagenham	9	637	267	182	68
Bexley	14	1012	429	265	62
Greenwich	13	942	509	273	54
Havering	16	1084	549	415	76
Redbridge	9	618	280	173	62
		<b>7101</b>	<b>3435</b>	<b>2114</b>	<b>62</b>

In London East there are 10 work-based learning providers offering NVQs from levels 1 to 4 and Foundation or Advanced Modern Apprenticeships spanning 17 different specialist areas.

**table 7**

Construction enrolments by ethnic background of the learner, London East, 2000-2001

	%	Enrolments	Completions	Achievements	%
Bangladeshi	1	65	31	17	55
Black African	4	318	159	92	58
Black Caribbean	7	467	259	124	48
Black Other	3	183	90	47	52
Chinese	0.5	20	7	4	57
Indian	3	195	104	60	58
Pakistani	1	55	30	17	57
White	61	4378	2094	1320	63
Other Asian	1	51	29	19	66
Other	3	223	109	60	55
Not known/provided	16	1146	523	354	68
		<b>7101</b>	<b>3435</b>	<b>2114</b>	<b>62</b>

**table 8**

Construction enrolments by age of the learner, London East, 2000-2001

	%	Enrolments	Completions	Achievements	%
Under 16	4	251	3	0	0
16-18	24	1686	617	329	53
19-20	10	682	281	154	55
21-24	11	767	373	204	55
25-59	50	3626	2124	1407	66
60 and over	1	9	32	16	50
Age missing	0.5	20	5	4	80
		<b>7101</b>	<b>3435</b>	<b>2114</b>	<b>62</b>

**table 9**

Construction enrolments by subprogramme areas, London East, 2000-2001

	Enrolments	Completions	Achievements	%
Construction crafts	2,462	1,113	586	53
Construction technology	341	264	197	75
Mechanical services	2,987	1,623	1,051	65
Civil engineering	1,028	285	185	65
Environmental technologies	192	107	57	53
<b>Totals</b>	<b>7,101</b>	<b>3,435</b>	<b>2,114</b>	

The seminal work, *Re-thinking Construction (The Egan Report)*<sup>17</sup> advocated new approaches to work in the construction sector. It proposed the adoption of modern supply chain principles and lean production methods.

It suggested greater use of prefabrication methods and noted the impact that this would have on productivity, project costs and completion times. Finally, as well as advocating a greater insistence on sound quality management principles, it suggested a re-alignment of the industry around processes that were needed to achieve project requirements, rather than thinking in terms of craft trades.

The London Skills Forecasting Unit<sup>18</sup> in its research reinforced this point in listing the work areas that would be in most demand in the capital in 2002. They were to be:

- linings/sheathings/partitioning
- surface finishes
- furniture/equipment installation
- in situ/pre-cast concrete
- structural steel
- cladding/covering
- mechanical heating/cooling systems, and
- service installation and specification.

The *Skills Dialogue* suggested nationally there would be a rise in numbers in professional services as industry changes took place, and this would prompt a general increase in the overall qualification levels of the workforce. There would be a decline in the numbers of craft workers. However, the replacement demand requirement for skilled workers, as retirements affect the industry over the decade, means that there should be no reduction in the training provision available. Finally, there will be a need for lower level, multi-skilled workers if changes in building techniques are utilised in new projects.

On a national level the skill shortages were seen in 2001 as:

- carpentry and joinery, and
- bricklaying.

Looking to the future, these occupations would remain in demand, as would electricians, managers, clerical staff and plumbers. Local employers in London East also expressed concern at the shortages in most craft trades.

The industry has consequently had to employ some inadequately skilled labour, and accepts that quality may be sacrificed.

The image of the industry needs to be improved to encourage a wider variety of applicants, and needs to give greater involvement to the training process in-house, as well as working with public organisations to develop an effective and relevant curriculum offer. This would start to meet some recruitment and skills deficiencies faced by the industry.

<sup>17</sup> DETR, 1998

<sup>18</sup> *Building Skills, A study of Construction Skills for the London Skills Forecasting Unit, 1999*

### Regional workforce development priorities

At a local level the Construction Industry Training Board identified five priority areas for Greater London in its Workforce Development Plan for 2002. These are:

- "Qualifying the existing workforce
- Attracting and supporting graduate entry
- Creating a diverse workforce
- Improving industry competitiveness and performance, and
- Addressing the gap between (learning provision) supply and demand."

It was advocating the continuance of the On-Site Assessment and Training initiative that has focused on accrediting the unqualified workforce. There was also a recognition that there is a shortage of construction professionals. This has resulted from a lack of supply coming through with insufficient demand from students for degree courses in construction-related programmes. London East employers confirmed this, and also indicated a shortage of quantity surveyors.

Steps to create a more diverse workforce are needed in London East as well as Greater London. As can be seen from the ISR statistics quoted in Chapter 3, there is a more diverse learner population in London East's further education colleges than in the industry as a whole. However, it is still not proportional to the subregional population as a whole.

The need for improved industry competitiveness and performance is very important for London East. Local industry will need high-calibre staff at all levels to meet the demand for the new infrastructure projects. Leadership and management skills and professional skills will be in demand, as will workers with multi-skills to shape the new Thames Gateway area. Leading industry players will need to attract and retain staff in a very competitive environment. To the north and the west, Stansted and Heathrow Airports will demand labour for their infrastructure programmes. More immediately, the re-development of Kings Cross will also continue to use construction labour. London East needs to work with other stakeholders to increase the supply of skilled and qualified workers in the whole of London and the South East. It is more than a local issue, but for London East the ambitious plans for the area need to be effectively resourced.

It is hoped that the 'pan-London Construction Skills Forum' mentioned in the action plan can be an effective mechanism for defining the gaps in learning supply, and suggesting appropriate actions for key partners.

### Barriers to learning

Part of the work of a 'pan-London Construction Skills Forum' will be to help overcome the barriers to workforce development and learning experienced by companies and individuals.

There is a need:

- to develop a training culture, particularly in smaller companies. It is essential to recognise that training is an investment and not a cost. This is a significant problem because the majority of firms in the industry are small or micro-businesses
- for training provision and qualifications to meet the needs of a modern construction industry; and acceptance that new skills are developing with new building techniques, and that modular learning programmes that draw from several traditional areas may provide a more meaningful skillbase for the individual
- for all stakeholders to present a favourable image of the industry to potential applicants. Young people, women and members of ethnic minority communities may all feel that jobs and/or careers in construction are insufficiently welcoming compared to other occupations. The industry must address its image of poor working conditions, and stress the opportunities available for graduates and non-graduates alike, who can be part of an exciting industry that uses technology probably more than it uses muscle power, and
- to facilitate more training opportunities. This means more locally-based training facilities with appropriately qualified and committed staff, and more commitment from employers to support the future training supply.



### We will work with our main partners to:

- increase the quality and range of labour market information on a regional and subregional basis to help plan the supply of education and training available to the sector
- raise awareness of the employment / skills needs that will emerge through the major infrastructure projects planned for London East / Thames Gateway, and enable local people to access those job opportunities through appropriate education and training activity
- increase the opportunities for gaining information, advice and guidance about careers at all levels in the sector
- increase the range of learning, assessment and accreditation opportunities in the sector
- increase the levels of ongoing learning in the construction workforce regionally and subregionally
- improve the image of the industry to encourage more young people, more women, and people from ethnic minority communities to join the sector and thus create a more diverse workforce

- raise employer and employee awareness of learning opportunities, assessment and accreditation facilities, including e-learning and on-site assessment
- encourage greater employee engagement in learning to improve individuals' skills and adapt to industry changes
- find innovative ways to support small and microbusinesses to develop their workforce
- support the sector in raising quality and gaining accreditation for its efforts, such as Investors in People (IIP) recognition, and
- support employees in the sector who lack basic skills, IT skills or English language skills to access appropriate learning opportunities.

### We will:

- support the creation of a 'pan-London Construction Ethnic Minority forum', led by the CITB
- support the creation of a pan-London Construction Skills Forum, led by the CITB and engaging London LSCs and the LDA, and
- continue to encourage the Centres of Vocational Excellence in London East in their work.

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CITB (2001) *People Skills Scoreboard*

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DfES (2000) *An Assessment of Skill Needs in the Construction Industry*

## Appendix

Standard industrial classification codes	Construction subsectors
45.1	Site preparation
45.11	Demolition and wrecking of buildings
45.12	Test drilling and boring
45.2	Building of complete constructions etc
45.21	General construction of buildings etc
45.22	Erection of roof covering and frames
45.23	Construction of highways, roads etc
45.24	Construction of water projects
45.25	Other construction involving special trades
45.31	Installation: electrical wires and fittings
45.3	Building installation
45.32	Insulation work activities
45.33	Plumbing
45.34	Other building installation
45.41	Plastering
45.4	Building completion
45.42	Joinery installation
45.43	Floor and wall covering
45.44	Painting and glazing
45.45	Other building completion
70.3	Real estate activities
70.31	Real estate agencies
70.32	Management of real estate
74.2	Architectural and engineering activities etc

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