CITB
EMPLOYERS' SKILL NEEDS SURVEY

AUTUMN 2002

Summary

- Approximately 500 construction companies drawn from across Great Britain were asked about workload and recruitment difficulties in October 2002

- Expectations of future workload although high were a little down on last year, particularly so in the South East

- Nearly 80% said they were experiencing recruitment difficulties (a slight rise on the previous year). The craft trades and Managers presented the most problems

- When asked about unfilled vacancies over the last six months, 20% of companies reported having at least one

- Around one-third of companies said they had been able to get the staff required by offering higher wages

- Regarding skill levels of their current workforce companies were mainly happy, but skills of new recruits were more of a problem

- When filling jobs one-half of respondents said they would look to recruit from other construction companies, with slightly less than half saying they would train and promote from within. Only 5% said they would look to non-construction companies for possible recruits

1. Introduction

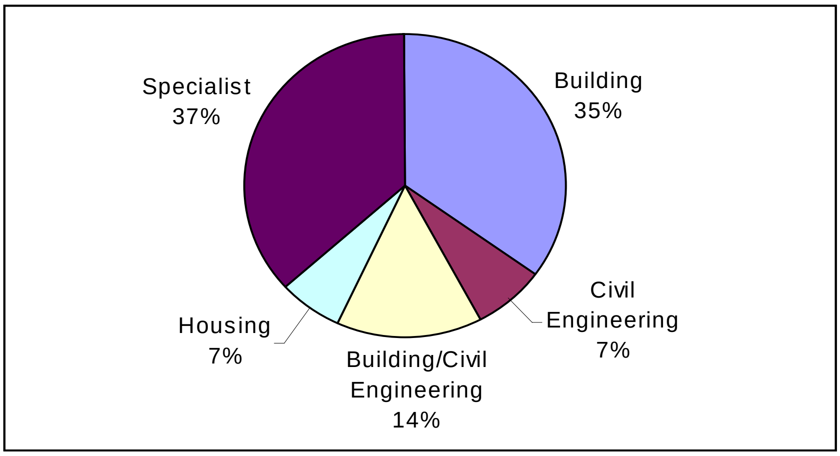
1.1 In October 2002, the third nation wide CITB survey of employers' skill needs was carried out by CITB Training Advisors on behalf of the Research Department. The main aim of the survey was to provide information on skill shortages by region and type and on the severity of such shortages. The survey was structured to deliver 50 responses from each CITB Area, making 500 responses in total, covering small, medium and large companies. The final sample achieved was 470.

1.2 The table below shows the number of responses from Scotland, Wales and each of the Regional Development Agency areas (RDAs) in England.

Scotland	52
Wales	45
North East	16
North West	54
Yorkshire and the Humber	45
East Midlands	27
West Midlands	38
South East	56
South West	51
East	41
London	45
Total	**470**

Due to the low number of responses in the North East (16) and the East Midlands (27), where regional analysis is required, this report will group together the North East and North West (The North) and the East and West Midlands (The Midlands), to make the results statistically significant.

Chart 1
Main business activity of companies in sample



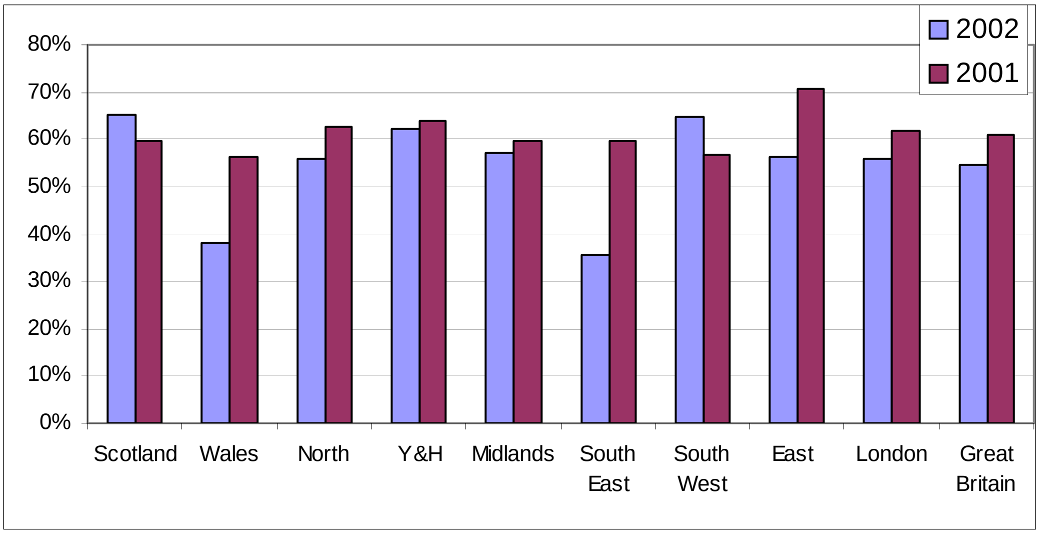
1.3 Chart 1 shows the spread of companies in the sample by their main activity. Companies specialising in Housing have been identified separately, although in practice much Housing, both New Build and Repair and Maintenance will be undertaken by 'General' Builders.

2. Expected Workload

2.1 As regards future workload, employers were a little less optimistic than in 2001. 54% of participating employers expected an increase (compared to 61% in 2001), 43% expected their workload to remain the same (compared to 36% in 2001) and only 3% expected a decrease over the next six months.

2.2 Chart 2 below shows regional differences in expected workload.

Chart 2
Percentage of employers expecting workload to increase over next six months

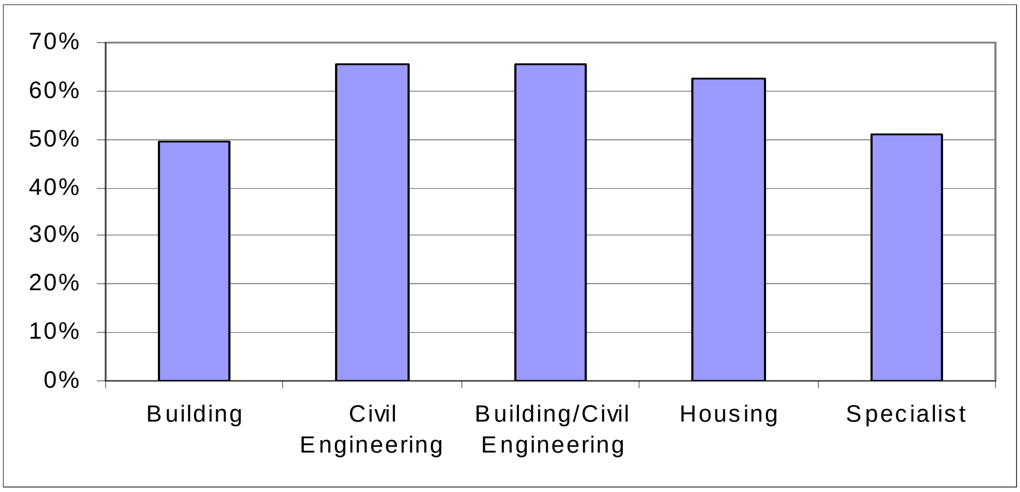


Note: The North includes the North East and the North West, The Midlands includes East and West Midlands

The percentage of employers expecting their workload to increase was lowest in the South East (36%) and highest in Scotland and the South West (both 65%). There have been some changes in 2002 compared to 2001. Most notably the percentage of employers expecting their workload to increase dropped from 60% to 36% in the South East. For the East it decreased from 71% to 56% and for London from 62% to 56%.

2.3 Chart 3 shows companies expecting to increase their workload over the next six months by Sector. Companies in Civil Engineering and Housing were the most optimistic.

Chart 3
Workload expected to increase over next six months by sector



3 Skill Shortages

3.1 The government's Skills Task Force report, 2000 distinguished between "skills shortages" – defined as an absolute absence of people with the required skills in the workforce and "recruitment difficulties" where employers could not attract workers in particular locations or at certain terms and conditions. A further category was described as "skills gaps" - this is where members of the existing workforce lack necessary skills to do the job.

In this survey it was decided to follow the same approach adapted slightly to suit construction employment. Questions were also included on staff development (both manual and non-manual) within the companies.

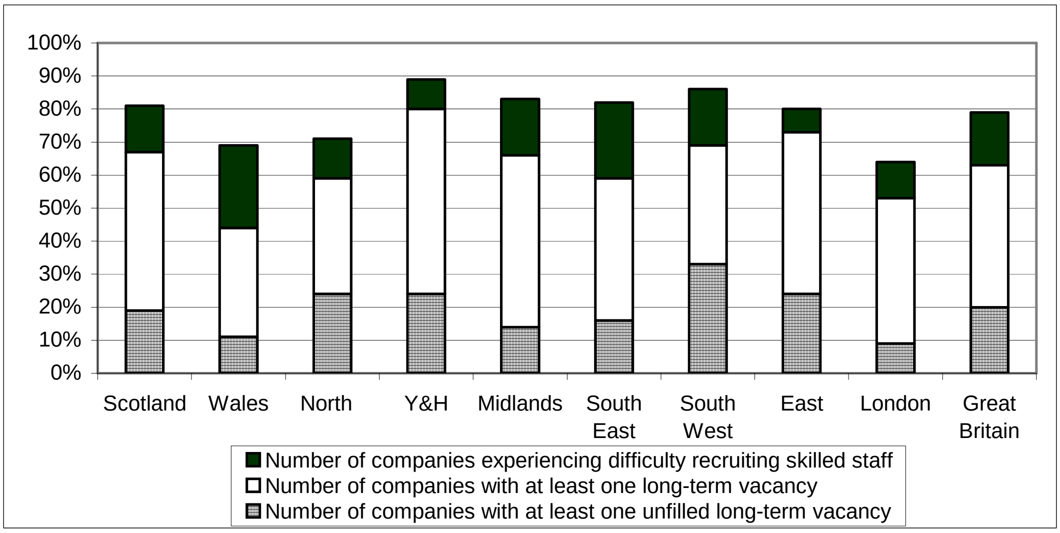
3.2 For Great Britain as a whole, 79% of companies said they had experienced difficulties in recruiting skilled staff in the previous three months (this compared with 76% in the Spring 2001 survey).

However, in a new question asked this year, only 63% of companies said they had had a long-term vacancy (i.e. in addition to normal recruitment for contracts). Furthermore, of these companies with a long-term vacancy, 69% of them had managed to fill it.

Consequently 20% of the overall number of companies in the sample (470) were left with a long-term vacancy which they were unable to fill. This result is close to that obtained in the DfES 2002 survey and of course considerably less than the 79% of companies who reported experiencing recruitment difficulties.

3.3 Chart 4 below shows the regional differences in recruitment problems.

Chart 4
Companies reporting skill shortages during last 3 months, Autumn 2002



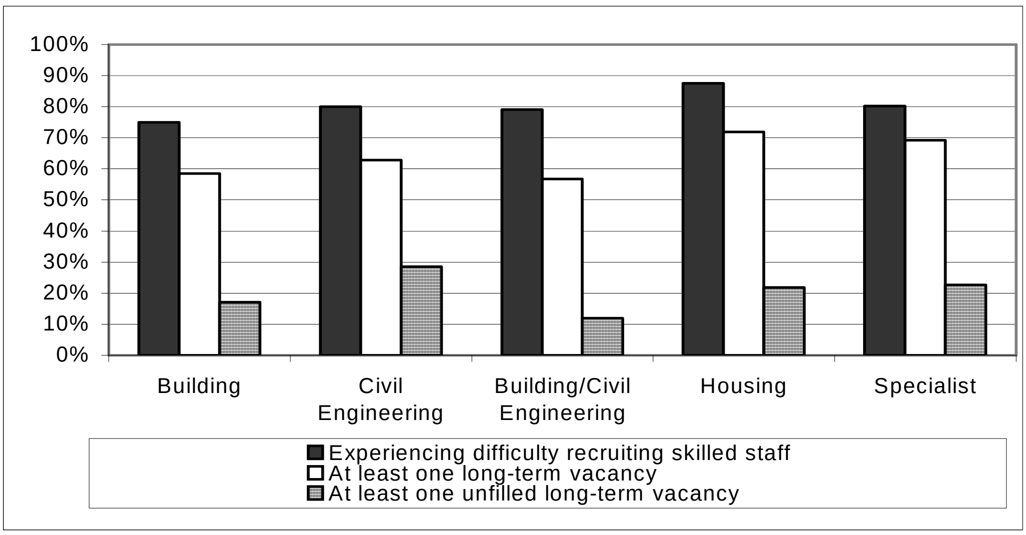
Note: The North includes the North East and the North West, The Midlands includes East and West Midlands

The highest percentage (89%) of employers **experiencing difficulty recruiting skilled staff** was in Yorkshire and the Humber, and the lowest was in London (64%). (This has changed from last year when the percentage of employers reporting recruitment problems in London and in Yorkshire and the Humber stood at 81% and 80% respectively).

However the highest percentage of employers reporting at least one **unfilled long-term vacancy** were in the South West.

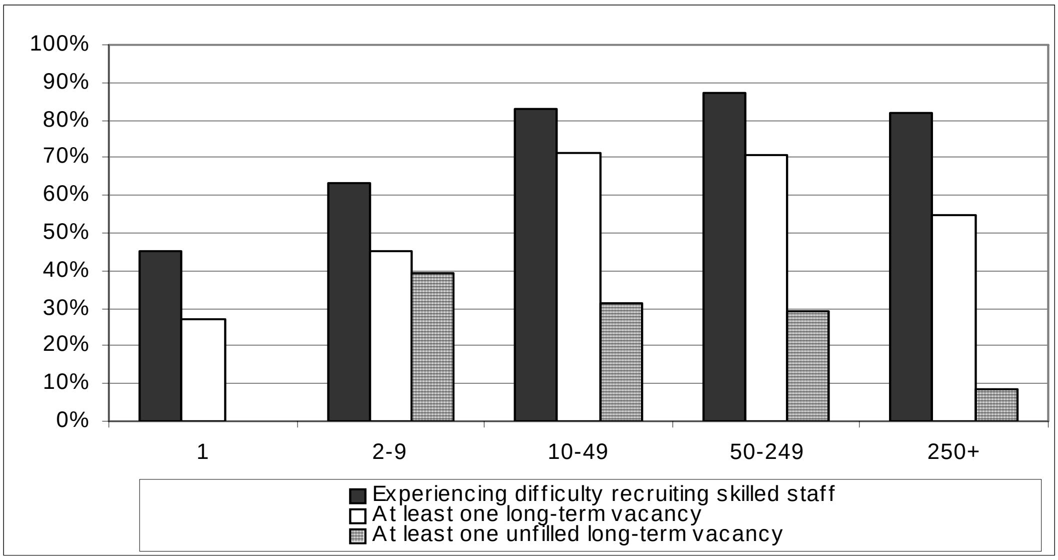
3.4 Chart 5 shows reports of skill shortages by companies' main activity or 'sector'. In terms of difficulty in recruitment there is a similar pattern across the different sectors, with Housing firms reporting the most difficulty. However, in terms of unfilled vacancies, firms in Civil Engineering were the most affected.

Chart 5
Companies reporting skill shortages by sector during last 3 months, Autumn 2002



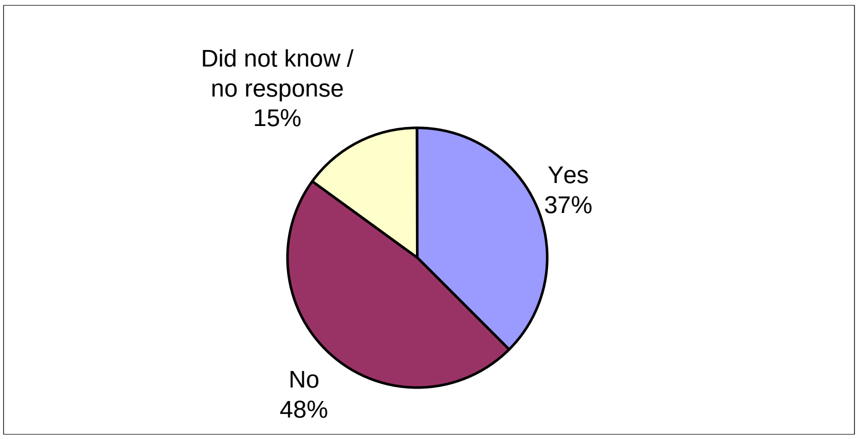
3.5 Chart 6 shows skills shortages by size of company. This shows that medium and larger sized companies (more than 10 employees) are having the most difficulty in recruiting skilled staff. However in terms of having at least one unfilled long-term vacancy, small firms with less than 10 employees were worst off.

Chart 6
Companies reporting skill shortages by number of employees



3.6 Companies reporting difficulties were asked whether offering higher wages had helped them recruit skilled staff. Chart 7 below shows that for around $^{1}/_{3}$ of companies this had been a successful strategy. This could be interpreted as indicating some room for manoeuvre in an otherwise "tight" labour market. However, if companies are simply "bidding-up" each others workforces then wage inflation will occur which will add to the industry's costs. Although earnings in construction have risen by 6-7% in the last year – higher than in the rest of the economy – the situation is patchy and excessive increases have only been reported in some areas.

Chart 7
Percentage of companies able to get skilled staff they require by offering higher wages



4. "Difficult to Recruit" Occupations

4.1 Table 1 looks at difficulties in recruiting, vacancies and unfilled vacancies for each occupation. Areas of most difficulty are shaded. In terms of **difficulties in recruiting** Carpenters and Joiners, Bricklayers, Plasterers, Professionals and Managers present the most difficulties.

However in terms of having **long-term vacancies** the pattern is a little different, so that General Labourers, Plant Mechanics and Operatives and Clerical and Supervisor staff are highlighted, along with Managers and Professionals. These are all occupations which often form part of a companies permanent workforce, as opposed to those who may normally be hired on a project by project basis.

Finally, looking at occupations where vacancies are remaining unfilled (arguably the most acute areas) the picture changes again to highlight Plant Mechanics, Plasterers and Roofers.

Table 1
"Difficult to Recruit" occupations

	2001	2002		
	Experiencing Difficulty Recruiting		**At least one long-term vacancy**	**At least one unfilled long-term vacancy**
Managers	14% *note 1*	14%	76%	26%
Clerical		6%	74%	20%
Supervisors	*note 2*	11%	78%	40%
Professional	17% *note 3*	15%	80%	55%
Technical		10%	74%	43%
Carpenters & Joiners	41%	34%	67%	34%
Bricklayers	34%	27%	60%	46%
Painters	12%	11%	60%	32%
Plasterers	15%	15%	61%	63%
Roofers	10%	3%	47%	57%
Floorers	3%	4%	65%	36%
Glaziers	1%	1%	29%	50%
Scaffolders	5%	4%	65%	23%
Plant Operatives	9%	7%	79%	44%
Plant Mechanics	4%	2%	80%	75%
Steel Erectors	1%	*	50%	0%
General Ops/Labourers	16%	12%	82%	41%
Electricians	7%	4%	35%	29%
Plumbers	16%	10%	61%	36%
Base	*All companies in sample*		*Companies experiencing recruitment difficulties*	*Companies with long-term vacancies*
	491	*470*		

[1] In 2001 survey, Managers & Clerical occupations collected together
[2] In 2001 survey, Supervisors were not listed as an occupation
[3] In 2001 survey, Professional & Technical occupations collected together
* less than 1%

A possible pattern emerges as follows. If companies are asked which occupations present most recruitment difficulties they will mention Carpenters and Joiners and Bricklayers – who are most numerous in the workforce. However when asked about vacancies (as opposed to normal project by project recruitment) they will refer to their core workforce members including Clerical staff, Supervisors, Labourers and Plant Mechanics.

These vacancies may not however be hardest to fill (for example Clerical staff) whereas others including Plasterers, Roofers and Plant Mechanics are causing the most severe difficulties.

Generally in thinking about skill shortages it would be helpful to bear in mind differences between volume of shortages, as opposed to intensity of difficulty. Also for construction companies how they recruit temporary as opposed to permanent staff.

4.2 Table 2 further breaks down recruitment difficulties by occupation in each region. (Because of small samples detailed results at this level should be treated with caution). For the occupations generally in short supply regional variations were considerable: from 41% in the East to 22% in Wales for Carpenters & Joiners and 45% in the Midlands to 16% in London for Bricklayers

As regards other occupations, e.g. Professionals, Plasterers, and Managers the national pattern was more similar to the regional figures. There were some exceptions. For example employers in the East experienced difficulties in recruiting Supervisors (22%) and Technical occupations (20%).

Table 2
Percentage of employers experiencing difficulties in recruiting skilled staff, Autumn 2002 by RDA Area

RDA AREAS	Scotland	Wales	The North	Yorkshire & The Humber	The Midlands	South East	East	London	South West	Great Britain
Managers	21%	2%	15%	18%	20%	16%	22%	7%	8%	14%
Clerical	15%	4%	2%	4%	3%	5%	7%	9%	4%	6%
Supervisors	12%	4%	7%	18%	12%	14%	22%	7%	12%	11%
Professionals	17%	11%	11%	13%	14%	21%	32%	13%	8%	15%
Technical	12%	9%	6%	11%	11%	11%	20%	9%	8%	10%
Carpenters & Joiners	38%	22%	26%	38%	40%	39%	41%	36%	39%	34%
Bricklayers	25%	27%	19%	38%	45%	34%	20%	16%	22%	27%
Painters & Decorators	12%	4%	11%	13%	17%	13%	15%	2%	14%	11%
Plasterers	4%	11%	17%	11%	22%	30%	15%	16%	10%	15%
Roofers	2%	0%	6%	4%	3%	0%	7%	2%	6%	3%
Floorers	2%	0%	7%	4%	6%	5%	2%	2%	2%	4%
Glaziers	0%	0%	2%	0%	5%	0%	5%	0%	2%	1%
Scaffolders	2%	0%	4%	7%	6%	2%	2%	7%	10%	4%
Plant Operatives	4%	7%	9%	16%	6%	4%	10%	4%	10%	7%
Plant Mechanics	6%	2%	6%	2%	2%	0%	2%	0%	0%	2%
Steel Erectors	0%	0%	2%	0%	2%	0%	0%	0%	0%	0%
General Operatives	13%	11%	9%	20%	11%	21%	10%	2%	12%	12%
Electricians	6%	2%	4%	0%	9%	4%	7%	2%	4%	4%
Plumbers	6%	13%	15%	4%	11%	18%	7%	9%	6%	10%

Base: All firms (470)
Note: The North includes the North East and the North West, The Midlands includes East and West Midland

4.3 Table 3 shows the difficulty in recruiting different occupations in each **sector** of the industry. For General Builders and Housing companies, Bricklayers and Carpenters present the most difficulty. For Civil Engineering firms, General and Plant Operatives are the most difficult. Managers, Supervisors, Professionals and Technical staff were difficult to recruit generally.

Table 3
Percentage of employers reporting difficulty in recruiting by Sector

	Building	Civil Engineering	Building/ Civil Engineering	Housing	Specialist
Managers	15%	32%	32%	29%	10%
Clerical	4%	18%	8%	18%	6%
Supervisors	14%	36%	23%	25%	6%
Professionals	15%	25%	26%	32%	16%
Technical	9%	25%	23%	18%	9%
C&J	63%	21%	47%	50%	28%
Brick	50%	29%	45%	57%	12%
Paint	15%	0%	11%	21%	15%
Plasterers	27%	4%	28%	14%	12%
Roofers	3%	0%	4%	4%	6%
Floorers	5%	0%	6%	4%	5%
Glaziers	3%	0%	4%	0%	1%
Scaffolders	2%	4%	6%	7%	8%
Plant Ops	2%	39%	8%	18%	8%
Plant Mechanics	0%	7%	2%	0%	5%
Steel Erectors	0%	7%	0%	0%	0%
General Ops	12%	43%	9%	18%	14%
Electricians	11%	0%	2%	11%	2%
Plumbers	20%	0%	9%	25%	7%

It is important to note that the sample of companies for this survey are drawn from the CITB's register. This covers those whose main activity is in Building, Civil Engineering and Specialist Building. Skill needs of other companies in the industry, for example Electrical and Plumbing contractors are not covered. This is reflected in the figures for electricians and plumbers.

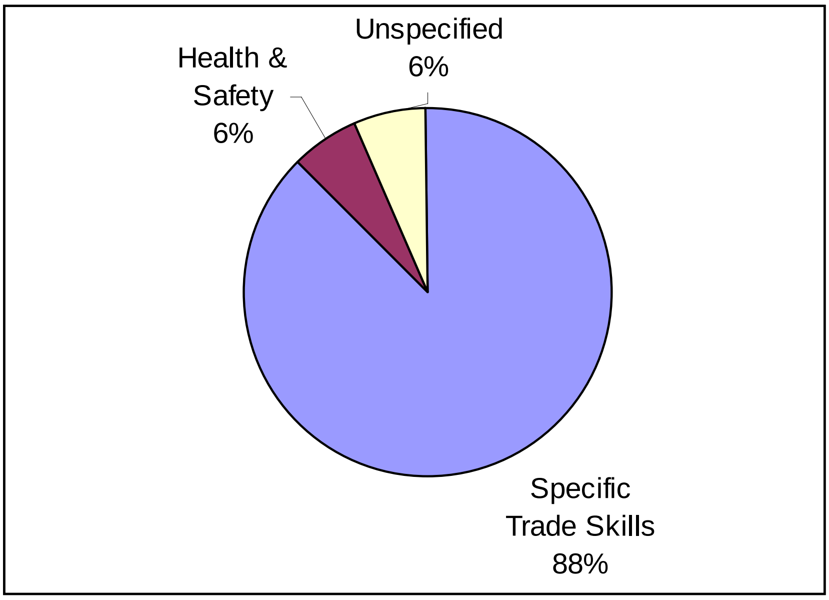
5. Skill Gaps

5.1 The results of the survey seem to indicate that as far as construction employers are concerned 'skill gaps' are not a particular problem for **existing** employees. The majority of employers (85%) were satisfied that their existing employees were able to cope with current requirements, including dealing with new technology, new construction methods and/or new materials.

However approximately 50% of participating employers reported problems with **new** employees who, although trained and qualified for certain occupations, still lacked a variety of skills required. This response is possibly not surprising since new trainees will need to do some on-the-job training even if formally qualified. This is probably more so in the construction industry than in other sectors.

Chart 8 below shows the skills in which new recruits are deficient. Trade specific skills were most frequently cited, with Health and Safety being singled out by a minority of employers.

Chart 8
Types of skill deficiency in new recruits as reported by employers



6. Staff Development

6.1 The aim of this section of the survey was to establish the importance of in-house training and promotion compared to recruiting from other companies, either in the construction industry or in other sectors.

Employers were asked what percentage of their staff they trained and promoted from within, as opposed to recruiting from other construction companies or from non-construction companies. The question was asked for managerial, professional and operative recruitment.

Table 4 shows that recruitment from other construction companies is most common, followed closely by trained and promoted from within. Recruitment from outside the industry is relatively rare.

Table 4
Staff Development

	Trained and Promoted from within	Recruited from other construction companies	Recruited from non-construction companies	Total
Managers	45%	50%	5%	100%
Professional Staff	43%	50%	7%	100%
Skilled Operatives	46%	49%	5%	100%

Base: All employed by sample

These results are consistent with the results from the Labour Force Survey, which show an annual inflow into construction from other industries of between 4% and 5%.

7. Conclusion

7.1 Results from the current survey show that difficulties in recruitment were still high affecting 79% of participating employers, slightly above what they had been in Spring 2001. However in terms of unfilled vacancies, a more strict definition of skill shortages, a lower (but still significant) percentage of 20% was reported.

Overall employers were satisfied with their existing workforce but a considerable proportion (approximately 50%) felt new employees lacked certain skills.

The majority of employers were optimistic about future trends expecting either an increase (54%) or no change (43%) in workload. This is mainly unchanged from the picture last year.

Recruitment from outside the industry is still relatively rare, with the majority of staff being sourced from other companies or trained from within the company.

Where teams are formed and dispersed on a project by project basis, as is the case in parts of the construction industry, effective recruitment becomes a critical factor in business success. As activity levels rise, recruitment difficulties will increase and this is reflected in reports from companies. However for labour market planning it may help to distinguish recruitment difficulties from actual shortages – as represented in terms of unfilled vacancies.