CITB
ConstructionSkills

EMPLOYERS' SKILL NEEDS SURVEY

AUTUMN 2003

Summary

- Approximately 500 construction companies drawn from across Great Britain were asked about workload and recruitment difficulties in October 2003

- Expectations of future workload were higher than last year, particularly so in the North West

- Nearly 70% said they were experiencing recruitment difficulties (a decrease on the previous year). The craft trades and Managers presented the most problems

- Filling vacancies in the permanent workforce was more of a problem than finding temporary contract workers

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

- Around one-third of companies had to refuse a contract because of a shortage of skilled staff

- Just under a half 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 approximately half of respondents said they trained and promoted from within, with just over a third saying they would recruit from other construction companies. While, only 14% said they would look to non-construction companies for possible recruits

1. Introduction

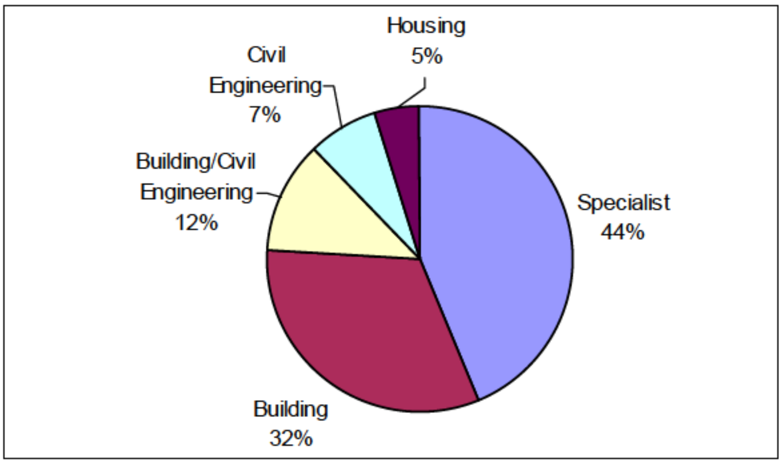
1.1 The fourth nationwide CITB survey of employers' skill needs was carried out by CITB Training Advisors on behalf of the Research Department during October 2003. The main aim of the survey was to provide information on skill shortages by region and type and on the severity of such shortages. The survey was structured to deliver 50 responses from each Regional Development Agency (RDA) area in England and 50 each from Scotland and Wales, making 500 responses in total, covering small, medium and large companies. The final sample achieved was 470, which was exactly the same as the number of completed questionnaires returned in 2002.

1.2 Achieving the same overall sample for two years running allows comparable analysis to be undertaken throughout this report. However the response rate for each region is not necessarily the same for both years, as shown in the table below.

	2002	2003
Scotland	52	72
Wales	45	50
North East	16	18
North West	54	32
Yorkshire and the Humber	45	28
East Midlands	27	30
West Midlands	38	48
South East	56	57
South West	51	50
East	41	34
London	45	51
Total	**470**	**470**

Due to the small samples in some areas, results should be treated with caution where regional analysis is required.

Chart 1
Main business activity of companies in sample (Autumn 2003)



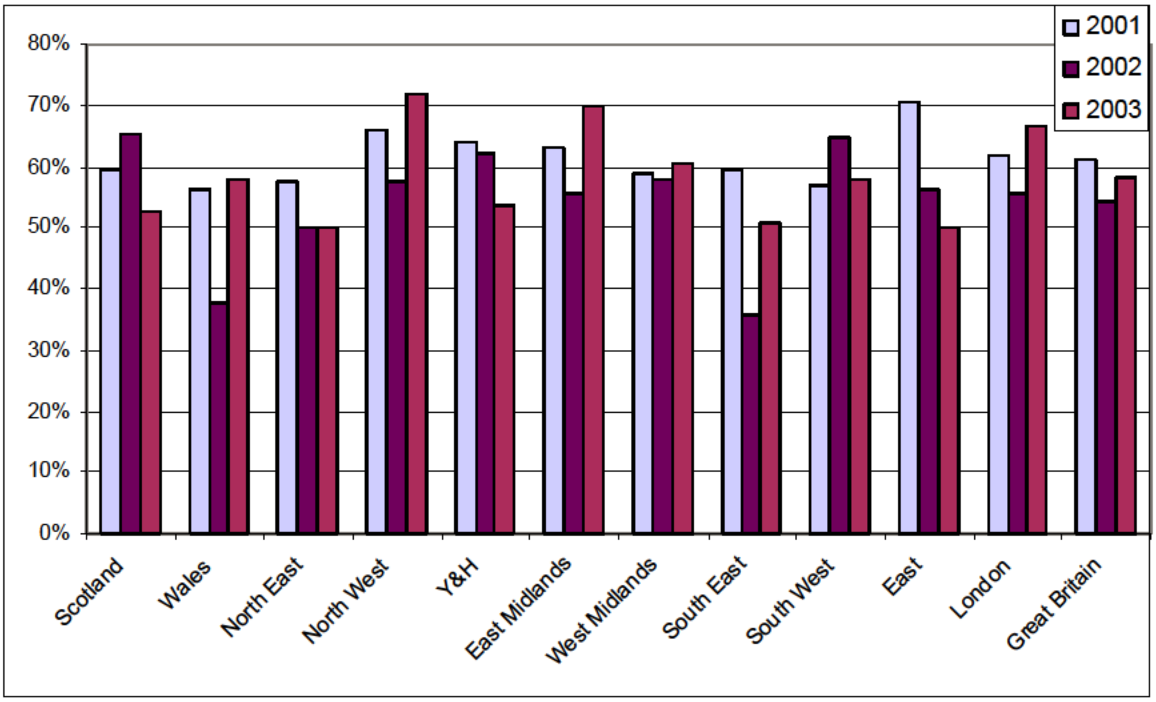
1.3 Chart 1 shows the spread of companies in the sample by their main activity. Companies specialising in Housing have been identified separately, although in practice much Housing, both New Build and Repair and Maintenance will be undertaken by 'General' Builders. The spread of main activity is comparable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

2. Expected Workload

2.1 As regards future workload, employers were a little more optimistic than in 2002. 59% of participating employers expected an increase (compared to 54% in 2002 and 61% in 2001), 36% expected their workload to remain the same (compared to 43% in 2002 and comparable to 36% in 2001) and only 5% expected a decrease over the next six months.

2.2 Chart 2 below shows regional differences in expected workload for the last three years.

Chart 2
Percentage of employers expecting workload to increase over next six months by region; three-year trend

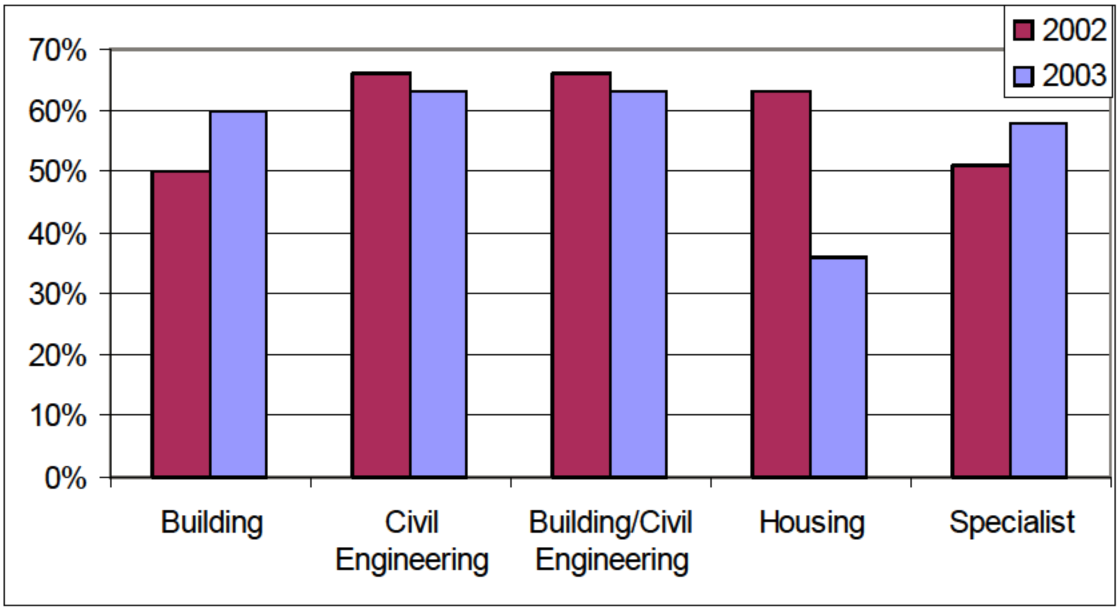


Note Regional analysis of areas with low response rates should be treated with caution

In 2003 the percentage of employers expecting their workload to increase was lowest in both the East and the North East (50%) and highest in the North West (72%). As the chart above shows, there have been some changes over the three year period. Most notably the percentage of employers in the South East expecting their workload to increase dropped from 60% to 36% between 2001 and 2002 but rose again in 2003. Employers in Wales have stated a similar pattern, whereas in the East it has decreased each year from 71% to 56% to 50% (although as noted at the beginning of this report, caution should be taken with the results of areas with a small sample size).

2.3 Chart 3 shows companies expecting to increase their workload over the next six months by Sector. As was the case last year, companies in Civil Engineering and Building/Civil Engineering were the most optimistic. The most significant change between 2002 and 2003 has been the decrease in Housing companies expecting an increase in workload. Further analysis of the data shows that Housing companies were more likely to state that they expected their workload to remain the same over the next six months compared to any of the other sectors – 52% compared to an average of 34% for the other four sectors.

Chart 3
Workload expected to increase over next six months by sector; two-year trend



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.

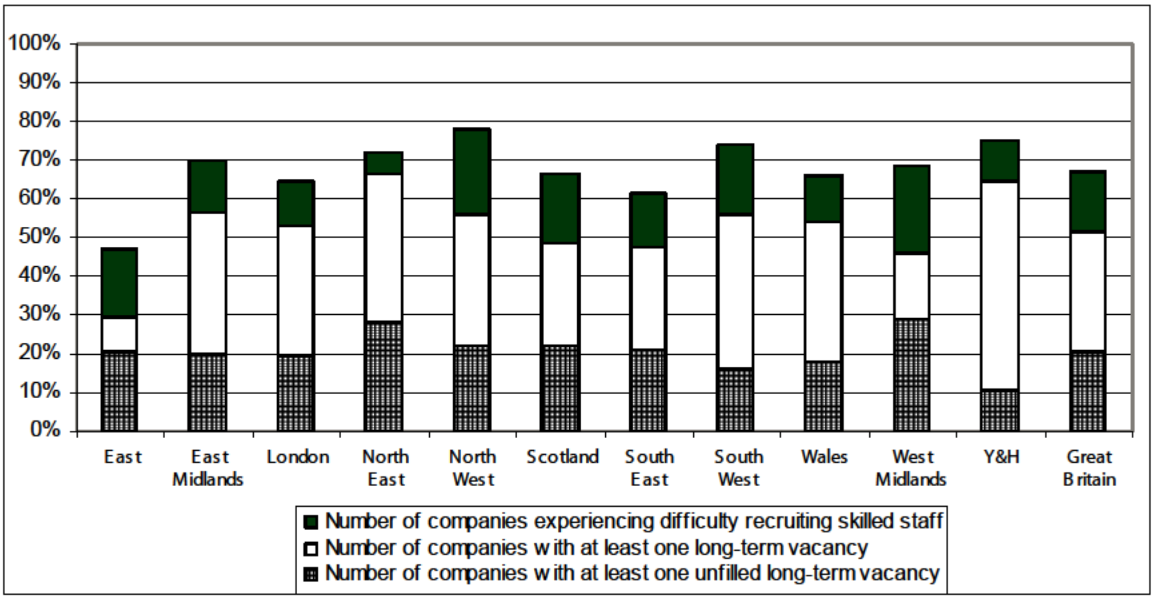
3.2 For Great Britain as a whole, 67% of companies said they had experienced difficulties in recruiting skilled staff in the previous three months (this compared with 79% in Autumn 2002 and 76% in the Spring 2001 survey).

However, only 51% 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, 60% of them had managed to fill it. Both these figures are less than those reported last year which were 63% and 69% respectively.

Consequently 21% 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 comparable to the 20% obtained in last year's survey and of course considerably less than the 67% 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 by region during last 3 months (Autumn 2003)



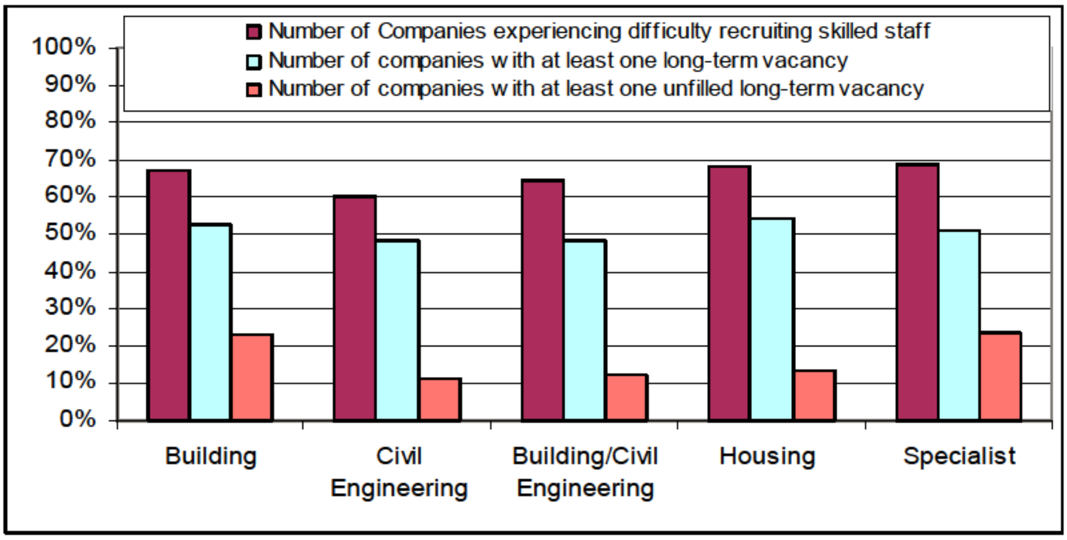
Note: *Regional analysis of areas with low response rates should be treated with caution*

The highest percentage (78%) of employers **experiencing difficulty recruiting skilled staff** was in the North West, and the lowest was in the East (47%). (This has changed from last year when the percentage of employers reporting recruitment problems in the East stood at 80%).

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

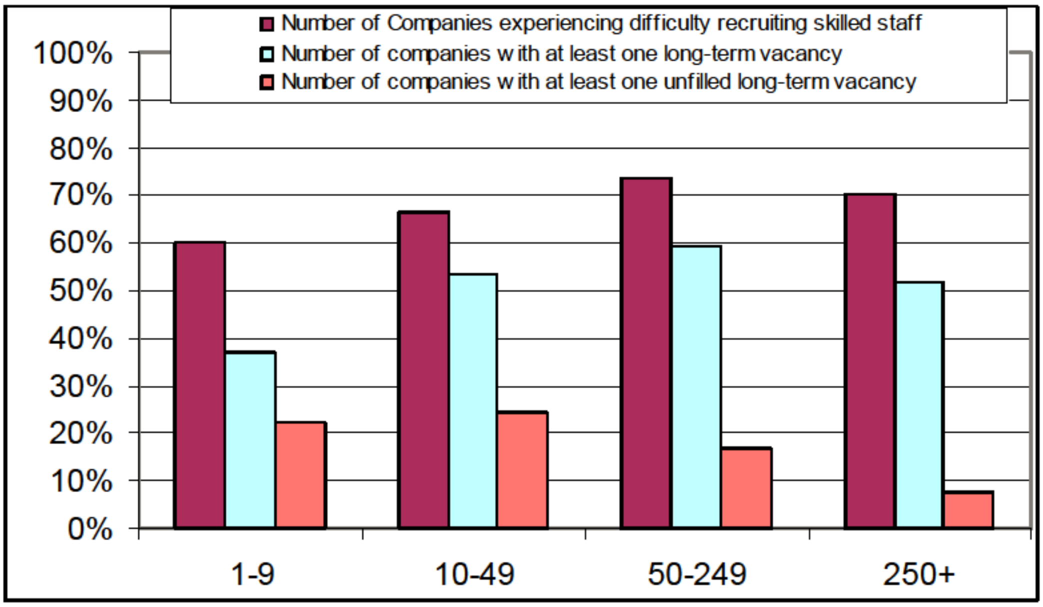
3.4 Chart 5 shows reports of skill shortages by companies' main activity or 'sector'. In terms of difficulty in recruitment there is a similar pattern across the different sectors, with Specialist firms reporting the most difficulty. In terms of unfilled vacancies both Specialist and Building firms were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

Chart 5
Companies reporting skill shortages by sector during last 3 months (Autumn 2003)



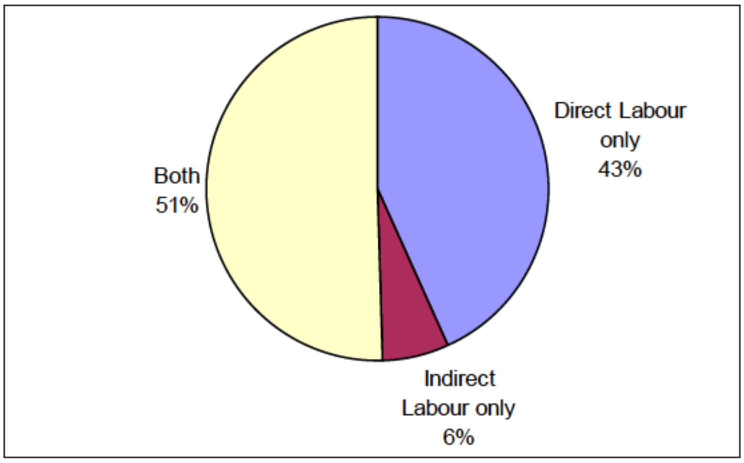
3.5 Chart 6 shows skills shortages by size of company. This shows that medium and larger sized companies (more than 50 employees) are having the most difficulty in recruiting skilled staff. However in terms of having at least one unfilled long-term vacancy, small firms with less than 50 employees were worst off.

Chart 6
Companies reporting skill shortages by number of employees during last 3 months (Autumn 2003)



3.6 In a new question included in this year's survey, employers experiencing difficulty recruiting skilled staff were asked whether this applied to direct labour only, indirect labour only or both. The results are shown in Chart 7 below.

Chart 7
Percentage of companies whose recruiting difficulties were for…
(Autumn 2003)

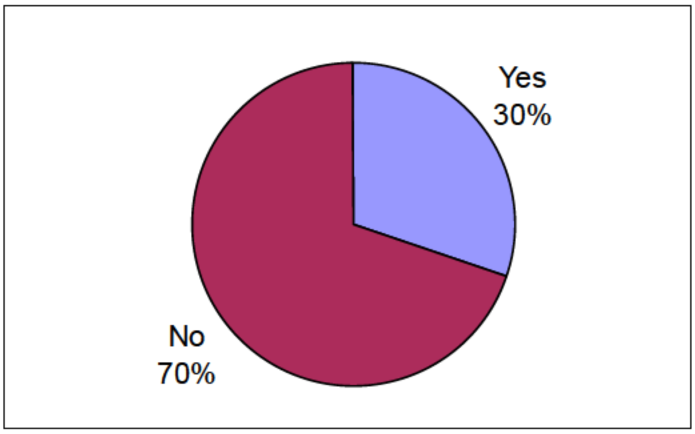


For Great Britain as a whole, approximately half reported that recruitment difficulties applied to both direct and indirect labour, with only a small proportion stating it applied to indirect only.

From these results it could be inferred that companies find recruitment of indirectly employed workers less of a problem than finding permanent staff. Other research shows indirect employment to be much more common for site-based skilled trades, whereas permanent staff are, in many firms, limited to head office white collar/clerical jobs. One possible interpretation is that recruitment of site-based workers is not seen as a problem for main contractors as long as they can rely on sub-contractors to manage it for them. However where the contractor wishes to recruit staff (site-based or office-based) into permanent direct employment, then difficulties arise.

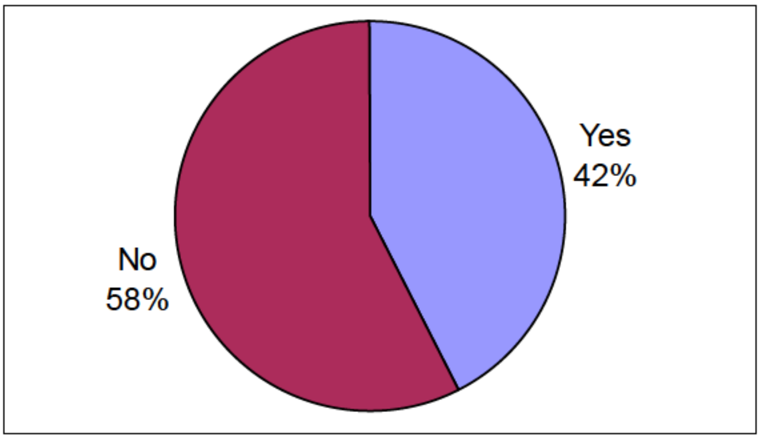
3.7 Companies reporting recruitment difficulties were asked whether they had had to refuse a contract due to a shortage of skilled staff. Around one-third of such companies stated that they had encountered this problem in the past three months, as shown in Chart 8 below. This is equivalent to 19% of all companies in the sample.

Chart 8
Percentage of companies who had to refuse contract due to a shortage of skilled staff (Autumn 2003)



3.8 These companies were also asked whether offering higher wages had helped them recruit skilled staff. Chart 9 below shows that for just under half of companies this had been a successful strategy. This is equivalent to 27% of all companies in the sample.

Chart 9
Percentage of companies able to get skilled staff they require by offering higher wages (Autumn 2003)



4. "Difficult to Recruit" Occupations

4.1 Table 1 looks at difficulties in recruiting, vacancies and unfilled vacancies for each occupation in both 2002 and 2003. Areas of most difficulty are shaded. In terms of **difficulties in recruiting** Wood Trades, Bricklayers, Plasterers, Managers and General Operatives/Labourers presented the most difficulties in 2003. With the exception of Professionals (where difficulties appear to have eased) these results are directly comparable to the previous year.

However in terms of having **long-term vacancies** the pattern is a little different (although they are very similar in both years), so that Managers, Plant Mechanics, Professional and Technical staff are highlighted, along with Clerical and Supervisors. Again other research shows these to be occupations which usually form part of a company's 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, Plumbers, Roofers and Supervisors. Out of the three columns in the table these results display the biggest changes between the two years. Although Plant Mechanics and Roofers have remained 'top' as occupations with at least one unfilled long-term vacancy, the percentage for Plumbers on the other hand has nearly doubled between 2002 and 2003.

Table 1
"Difficult to Recruit" occupations

	Experiencing Difficulty Recruiting		At least one long-term vacancy		At least one unfilled long-term vacancy	
	2002	2003	2002	2003	2002	2003
Managers	14%	13%	76%	95%	26%	36%
Clerical	6%	4%	74%	81%	20%	41%
Supervisors	11%	10%	78%	81%	40%	62%
Professional	15%	6%	80%	87%	55%	35%
Technical	10%	7%	74%	87%	43%	48%
Wood Trades	34%	31%	67%	66%	34%	47%
Bricklayers	27%	24%	60%	67%	46%	57%
Painters	11%	7%	60%	71%	32%	45%
Plasterers	15%	15%	61%	63%	63%	60%
Roofers	3%	9%	47%	59%	57%	62%
Floorers	4%	3%	65%	50%	36%	43%
Glaziers[1]	1%	1%	29%	*	50%	*
Scaffolders	4%	3%	65%	54%	23%	57%
Plant Operatives	7%	6%	79%	76%	44%	50%
Plant Mechanics	2%	3%	80%	92%	75%	82%
Steel Erectors[1]	*	*	50%	*	*	*
General Ops/Labourers	12%	12%	82%	71%	41%	50%
Electricians	4%	4%	35%	56%	29%	50%
Plumbers	10%	10%	61%	54%	36%	68%
Base	*All companies in sample* 470		*Companies experiencing recruitment difficulties*		*Companies with long-term vacancies*	

* Less than 1%
[1] In 2002 and 2003 the number of both Glaziers and Steel Erectors was less than 10

A possible pattern emerges as follows. If companies are asked which occupations present most recruitment difficulties they will mention Wood Trades 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 Professional and Technical staff, Managers and Plant Mechanics.

These vacancies may not however be hardest to fill (for example Professional staff) whereas others including Plumbers, 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 (see 3.6).

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 48% in the South West to 21% in the East and South East for Wood Trades and 34% in the North West to 10% in Scotland for Bricklayers

As regards other occupations, e.g. General Operatives, Plasterers, and Managers the national pattern was similar to the regional figures. There were some exceptions. For example Roofers; which employers in both the North East (28%) and the South East (26%) experienced difficulties in recruiting.

Table 2
Percentage of employers experiencing difficulties in recruiting skilled staff by Region during last 3 months (Autumn 2003)

	East	East Midlands	London	North East	North West	Scotland	South East	South West	Wales	West Midlands	Yorkshire & Humber	Great Britain
Managers	9%	17%	18%	11%	3%	6%	14%	18%	20%	8%	25%	13%
Clerical	0%	10%	6%	6%	9%	3%	2%	0%	8%	4%	7%	4%
Supervisors	6%	3%	20%	17%	9%	3%	12%	8%	12%	4%	11%	10%
Professionals	6%	7%	10%	11%	6%	4%	4%	8%	10%	4%	7%	6%
Technical	0%	10%	8%	6%	3%	35%	9%	6%	6%	6%	18%	7%
Wood Trades	21%	33%	24%	39%	31%	22%	21%	48%	28%	23%	46%	31%
Bricklayers	24%	30%	14%	33%	34%	10%	16%	26%	28%	19%	32%	24%
Painters & Decorators	0%	10%	4%	6%	6%	13%	5%	10%	4%	6%	11%	7%
Plasterers	9%	10%	16%	11%	22%	7%	7%	18%	24%	17%	11%	14%
Roofers	0%	7%	12%	28%	3%	6%	26%	10%	8%	2%	0%	9%
Floorers	0%	0%	4%	0%	0%	0%	2%	4%	4%	4%	4%	3%
Glaziers	0%	0%	0%	0%	0%	3%	2%	2%	2%	0%	0%	1%
Scaffolders	3%	0%	4%	6%	6%	3%	4%	4%	2%	0%	0%	3%
Plant Operatives	0%	3%	10%	0%	9%	1%	4%	8%	12%	6%	11%	6%
Plant Mechanics	0%	3%	2%	6%	3%	0%	4%	4%	2%	2%	4%	3%
Steel Erectors	0%	0%	0%	0%	0%	11%	2%	0%	2%	0%	0%	0%
General Operatives	3%	23%	14%	11%	13%	3%	4%	12%	18%	10%	18%	12%
Electricians	9%	3%	4%	6%	3%	10%	0%	6%	2%	6%	4%	4%
Plumbers	9%	7%	16%	6%	16%	0%	4%	12%	18%	4%	4%	10%

Base: All firms (470)
Note: Caution should be used with regional analysis of areas with low response rates

4.3 Table 3 shows the difficulty in recruiting different occupations in each **sector** of the industry. For General Builders, Building/Civil Engineering and Housing companies, Bricklayers and Carpenters present the most difficulty. For Civil Engineering firms, General and Plant Operatives are the most difficult. While Specialist companies found it more difficult to recruit Wood Trades and Roofers.

Table 3
Percentage of employers reporting difficulty in recruiting by Sector

	Building	Civil Engineering	Building/ Civil Engineering	Housing	Specialist
Managers	23%	19%	31%	20%	15%
Clerical	4%	10%	14%	7%	6%
Supervisors	13%	14%	31%	13%	13%
Professionals	11%	5%	28%	13%	4%
Technical	9%	14%	19%	13%	7%
Wood Trades	65%	14%	53%	60%	34%
Bricklayers	62%	24%	58%	53%	10%
Painters & Decorators	8%	-	3%	40%	11%
Plasterers	36%	5%	19%	47%	11%
Roofers	9%	-	8%	13%	21%
Floorers	5%	-	6%	7%	4%
Glaziers	1%	-	3%	-	1%
Scaffolders	3%	-	8%	-	5%
Plant Operatives	4%	43%	11%	7%	8%
Plant Mechanics	2%	14%	-	-	5%
Steel Erectors	1%	-	3%	-	-
General Operatives	23%	43%	19%	33%	9%
Electricians	11%	5%	3%	20%	1%
Plumbers	22%	-	14%	40%	9%

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.

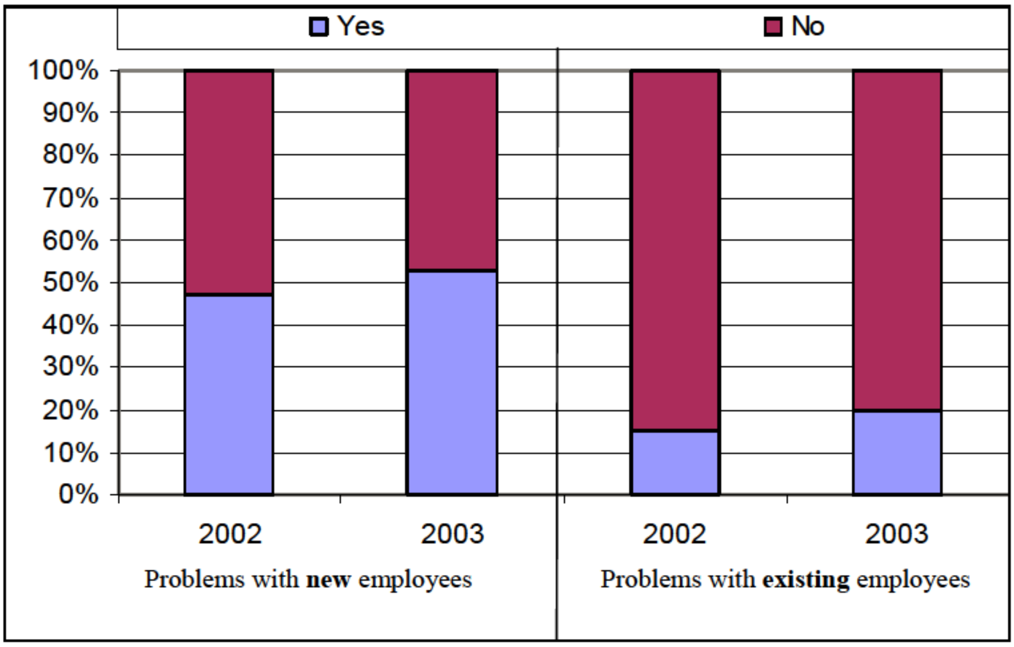
5. Skill Gaps

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 (80%) 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.

Both these results are directly comparable to those from last year's survey as shown in Chart 10 below.

Chart 10
Skill gaps for both new and existing employees; two-year trend



6. Staff Development

6.1 The aim of this section of the survey is 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 the results from both the 2003 and 2002 surveys. The data reveals quite a change between the two years with employers favouring training and promotion from within, followed by recruitment from other construction companies in 2003, in contrast to the previous year. The biggest change however, has been the increase in the numbers being recruited from outside the industry.

Table 4
Staff Development

		Trained and Promoted from within	Recruited from other construction companies	Recruited from non-construction companies	Total
2003	Managers	60%	28%	12%	100%
	Professional Staff	44%	29%	27%	100%
	Skilled Operatives	45%	43%	12%	100%
2002	Managers	45%	50%	5%	100%
	Professional Staff	43%	50%	7%	100%
	Skilled Operatives	46%	49%	5%	100%

Base: All employed by sample

7. Conclusion

7.1 Results from the current survey show that difficulties in recruitment had eased again in 2003 but were still at a high level, affecting 67% of participating employers. In terms of unfilled vacancies, a more strict definition of skill shortages, a lower (but still significant) percentage of 21% 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 (59%) or no change (36%) in workload. This is mainly unchanged from the picture last year, 56% and 43% respectively and is directly comparable to the results two years ago which were 61% and 36% respectively.

Although, recruitment from outside the industry is still relatively rare, it has increased in the 2003 survey. But the majority of staff are being trained and promoted from within the company or sourced from other construction companies.