

Averting a £90bn GDP crisis

A REPORT ON THE IMAGE AND RECRUITMENT CRISIS FACING THE BUILT ENVIRONMENT

SEPTEMBER 2017



MODERNISE OR DIE

THE BUILT ENVIRONMENT IS FACING A REAL AND IMMINENT CRISIS

ONE THAT THREATENS £90BN OF UK GDP IF WE DON'T ACT

AVERTING A £90BN GDP CRISIS

‘MODERNISE OR DIE’¹

As rallying cries go this was a clear one.

THE BUILT ENVIRONMENT IS FACING A REAL AND IMMINENT CRISIS

ONE THAT THREATENS £90BN OF UK GDP IF WE DON'T ACT

The built environment sector (shorthand for construction, development and related services), needs 400,000 recruits each year², but drawing new talent into an industry that, as our research shows, is still misperceived as ‘muddy’, ‘manual’, ‘male dominated’, ‘poorly paid’ and largely ‘non-academic’, is a fundamental challenge.

When you factor in a careers advice service that is offering ‘one hour, once’ to most pupils and using stereotypes outlined above, the UK has a fundamental problem, which could become a crisis.

People are the lifeblood of the built environment, not bricks and mortar. The UK construction industry alone employs 2.9m people – circa 10% of all UK jobs³.

Without people, we cannot build and maintain the homes, hospitals, schools, roads, rail lines, bridges, airports, power plants, offices, shops, factories and vast array of other buildings and infrastructure that our economy and communities need to function.

This is a huge challenge and one that is only increasing in scale. The government, through its Infrastructure and Construction Pipeline, has outlined over £300bn in public and private sector spend on UK infrastructure by 2020-21⁴.

Meanwhile, the UK’s housing shortage endures. A minimum of 200,000 new homes per annum need to be built⁵, though the latest cross-party House of Lords Economic Affairs Committee report says that this should be 300,000 homes per annum if we are to stand a chance of addressing market needs.

And we are battling against a recruitment shortage that is only increasing thanks to a mix of legacy issues like recession and retirement, exacerbated by more recent upheaval like Brexit.

The construction industry is currently losing around 140,000 people per annum in natural churn⁶. Meanwhile, we are still recovering from the 400,000 workers lost during the last recession⁷ while facing a potential Brexit challenge of 180,000 roles lost from the future migrant workforce⁸.

It’s time for businesses to act. We can play a big role in a solution. Companies like Kier have a vital role to play in changing mind-sets, reducing stereotyping, providing training and bridging the gap between the next generation and our industry.

Schools and councils alone cannot provide timely, comprehensive and persuasive careers advice on minimal budgets and with little resource, without intervention.

So, businesses need to use their most powerful asset, their own employees, to work as ambassadors with schools, colleges and universities to improve understanding, change perceptions and increase the flow of new talent.

At Kier, with the backing of the Institute of Directors (IoD) and the Government backed Careers & Enterprise Company, we are creating the 1% pledge.

At Kier we pledge 1% of our workforce as Kier Ambassadors who will work with schools and colleges over the next 12 months to engage with 10,000 pupils. They will share their pride and passion and explain the vast array of roles and opportunities on offer in our diverse, rewarding and vital industry.

We believe, together with our existing early careers campaigns, the 1% pledge could open up career opportunities for all new entrants.

Haydn Mursell

Kier Group CEO



Haydn Mursell
Kier Group CEO

We need
400,000 RECRUITS
each year

The construction industry is currently losing

140,000 PEOPLE
each year

1 HOUR ONCE

is what the careers advice service is offering to most pupils

¹ The Farmer Review of the UK construction labour model, October 2016

² Arcadis Talent Scale, February 2017

³ Response to the Industrial Strategy Green Paper from the Construction Industry Council [CIC], April 2017

⁴ National Infrastructure Pipeline, December 2016

⁵ Government Manifesto 2017

⁶ Response to the Industrial Strategy Green Paper from the Construction Industry Council [CIC], April 2017

⁷ Infrastructure at the election - post-Brexit investment, skills and innovation, ICE, May 2017

⁸ RICS figures, March 2017

METHODOLOGY

A survey of 2,000 parents, teachers and careers advisors of children aged 12-18 at secondary schools and academies in the UK state sector was conducted online.

This was supplemented by a series of one-to-one interviews with careers advisors, to provide a representative sample of insight from education professionals across the UK.



MIND THE GAP

In its most recent survey of 91,000 employers, the Employer Skills Survey (2015) showed that the construction sector now tops its league table as it struggles to fill a staggering one in three construction vacancies, up from one in four in 2013.

This represents a shift from 2013 when vacancy density was highest in the Manufacturing, Business Services and Agriculture sectors.

Meanwhile sector specific reports show that the increasing demand for housing and infrastructure could leave the industry needing as many as 400,000 new recruits per annum⁹.

Workforce numbers in the construction industry are already short of where they need to be as it continues to recover from the 400,000 workers lost during the last recession¹⁰.

And this exacerbates natural churn as the industry failed to draw in new talent during the recession period to offset an ageing workforce profile. Consequently construction is now losing around 140,000 people per annum in natural churn, heavily underpinned by a third of the current workforce being aged over 50 and approaching retirement¹¹.

As if this was not challenge enough, the industry then faces a new and significant potential Brexit challenge of circa 180,000 roles lost from our future migrant workforce¹².

As an industry with an ample pipeline of work, it's already having to carefully consider which projects to take on based on available skilled resource. This pipeline of work provides sufficient opportunity to train and develop new talent, but if the sector is poorly perceived and careers advisors don't help children embrace jobs in the sector, we will face a delivery crisis that will stifle – if not contract – UK GDP and threaten the viability of communities.

**400,000
WORKERS**

lost during the
last recession



⁹ Arcadis Talent Scale, February 2017

¹⁰ Brian Berry, Federation of Master Builders

¹¹ Response to the Industrial Strategy Green Paper from the Construction Industry Council [CIC], April 2017

¹² RICS figures, March 2017

AN INDUSTRY WITH AN IMAGE CRISIS

The built environment is not unique in facing the skills challenge.

But it is an industry that faces a particularly high number of unfilled vacancies, thanks in large part to the poor public perception, appreciation and understanding of the industry.

In short it is an industry that faces a substantial image crisis.

Out of date clichés still pervade. From purely muddy boots and low salaries to non-academic roles and limited career pathways, few parents, careers advisors and pupils put a career in this sector at the top of their list of aspirations.

Of those we surveyed, a massive 73% of parents would not want their child to consider a career in the sector.

Over half of teachers and parents (54%) we surveyed still believe that there is a lack of career progression and that the industry is associated with lower skilled workers.

Over 40% of teachers are unaware or hadn't considered that there is even a skills shortage at all in the industry and a staggering 98% didn't know the true scale of the crisis.

Almost two thirds of teachers and careers advisors questioned (62%) held negative views of the industry as a route for their students to pursue.

This experience seems to reinforce gender stereotyping, with 62% of secondary school teachers and careers advisors thinking that less than one in ten of their female students would suit a career in the construction industry.

These stereotypes around male only and non-qualified roles are incredibly concerning and couldn't be further from the truth.

Kier, like many other major employers, offers a wide variety of apprenticeships and an extensive range of undergraduate and postgraduate programmes, and actively encourages, attracts and recruits a diverse range of talent into the sector.

In line with the misconceptions held around qualifications, parents also believe that the sector is poorly paid.

- Parents are most likely to think bricklayers earn £15-24k
- Parents are most likely to think electricians earn £25-34k

In reality this is around half as much as the industry average, and on some high profile infrastructure projects electricians have been earning circa £60k and bricklayers £70k.

Manual and muddy still dominates perception with 65% of parents thinking that physical strength is key and nearly half (48%) believing a role in the industry would mean having to be content with repetitive work.

Yet there are 2,000 different roles available at Kier alone and a large number of entry pathways into the industry.

Those surveyed still view the industry as:



“ Careers Advisor:

I rarely get girls asking anything about a career in construction. They are more likely to be into health, beauty or business studies. ”

“ Careers Advisor:

I'm not very au fait with careers in the construction industry. To be honest, it's not a sector that comes up very often. I tend to find that when it does, it's just with boys who want to start earning or don't want to or can't go to university. ”

2/3

of teachers and careers advisors held negative views of the industry as a route for their students to pursue

98%

of teachers don't know the true facing crisis of the skills shortage in the industry

73%

of surveyed parents would not want their child to consider a career in the sector

CAREERS ADVICE – A CHANGING LANDSCAPE

The careers advice service has changed drastically over the last five years. In 2012 the Government changed the legal duty to provide careers guidance, making it the responsibility of individual schools.

The previous careers guidance service, provided by local authorities, was supplemented by additional resources like the Connexions service. But as part of the difficult choices made through austerity measures, funding for Connexions was cut, leaving a significant responsibility largely resting with schools themselves.

Some schools have embraced this new responsibility and tried to independently increase and enhance their careers advice offering. But given substantial and repeated budget cuts, other schools are unable to provide the kind of service that they would aspire to.

In recognition of this situation, in 2015 the Government created the Careers & Enterprise Company, which aims to provide a one-stop-shop for employers, schools, colleges, funders and providers to offer high impact careers and enterprise support for young people.

The Careers & Enterprise Company, working in collaboration with the Local Enterprise Partnerships across England, has built a national coordination network to connect the world of work to young people.

To date, over 1,700 business volunteers and over 110 Enterprise Coordinators have worked together to support over 1,700 schools and colleges to build strategic employer engagement plans, and through investment in proven programmes and employer engagement, more young people are being offered access to employer encounters that support them to succeed.

It's an approach that has huge potential if industry embraces it, and that is why Kier is creating the 1% pledge and ensuring that Kier Ambassadors will work with schools and colleges over the next 12 months to engage with 10,000 school pupils.

Meanwhile we continue to await the Government's new Careers Strategy, which will develop the Government's aims for careers guidance through to 2020.

Ambassadors will work with schools and colleges over the next

12 MONTHS

to engage with

10,000 STUDENTS

A CHANGING WORLD, BUT STATIC STEREOTYPES

Kier's research shows that despite the incredible pace of change and innovation happening all around us in society, very little has changed when it comes to careers advice, public perception and awareness of jobs and career opportunities.

“ Careers Advisor:

The world is changing and what is on offer is changing drastically. A lot of young people are still getting very outdated messages from home. 🗨️

“ Careers Advisor:

The sort of students I work with come from the types of families that want them to have a 'clean job', they wear a suit, get on the underground, and finish at 5 o'clock kind of job. 🗨️

“ Careers Advisor:

I don't think older people see the construction industry as a vibrant industry. In the old days, it wasn't a particularly good job. 🗨️

The research found information handed to teenagers aged

14-16

was too narrow and didn't present pupils with the full range of occupations available for school leavers.

GIVEN THAT TEACHERS AND CAREERS ADVISORS ARE UNAWARE OF THE TRUE SCALE OF THE SKILLS SHORTAGE IN THE BUILT ENVIRONMENT AND HOW THIS IMPACTS ON THE UK ECONOMY, THEY FAIL TO POINT PUPILS TOWARDS SECTORS AND JOB ROLES WHERE EMPLOYMENT PROSPECTS ARE HIGHER AND PLAY A VITAL ROLE IN UNDERPINNING UK GDP

CAREERS ADVICE – NO LONGER FIT FOR PURPOSE?



The Government's new Careers Strategy needs to address a system that is currently not working for employers or giving students enough exposure to the range of opportunities that exist in the modern world of work.

This is acknowledged by the Department for Education's Careers Guidance and Inspiration in Schools report¹³, which concludes: "Careers guidance in schools has long been criticised for being inadequate and patchy."

Education watchdog Ofsted has also previously stated in its own report that schools were failing to provide impartial guidance to pupils in their last few years of secondary education.

It found information handed to teenagers aged 14-16 was too narrow and didn't present pupils with the full range of occupations available for school leavers.

Given the limited window that any careers advisor now has with a pupil, the current practice tends to revolve around basing advice on their existing preferences, and helping students 'decide for themselves, through a process of listening, understanding and moderation'.

But given the huge perception issue that the construction industry faces, it will very rarely be the first sector a student will consider.

So the current approach is failing to recognise the shortfall in pupil awareness and understanding, which is then compounded by the level of awareness of those advising pupils.

Given that teachers and careers advisors are unaware of the true scale of the skills shortage in the built environment and how this impacts on the UK economy, they fail to point pupils towards sectors and job roles where employment prospects are higher and play a vital role in underpinning UK GDP.

Of those surveyed, only 19% of schools tailor their advice to the needs of the economy and industries with higher vacancies.

Ofsted has also warned that pupils are rarely told about options outside of an A-level route to university.

Over two thirds of parents (74%) surveyed agreed that current careers advice is still tailored to steer children into higher education, following a traditional route of A-levels through to degree studies.

This insight comes at a time when the Government is clearly backing vocational training, with Phillip Hammond announcing in the March budget the Government's new T-Level programme, reducing 13,000 qualifications to 15 courses, which cover core vocations, including construction.

Our research shows that the UK's current careers advice service is a potential threat to vocational training, and puts the whole agenda of harnessing apprenticeships and developing an effective T-Levels programme in jeopardy.

And it's a threat we have to address, otherwise the UK will continue to languish near the bottom of the International League Table for Technical Education, with insufficient skilled labour that will take its toll on UK GDP and the very landscape that we live in.



19% of schools tailor their advice to the needs of the economy and industries with higher vacancies

74% of parents agreed that current careers advice is still tailored to steer children into higher education

¹³ Department for Education: Careers Guidance and Inspiration in Schools

ENTRY POINTS INTO THE INDUSTRY

In advising children, it is vital that parents, teachers and careers advisors have a full and current understanding of the ways in which they can progress a career, what qualifications they need, what costs are involved and what support is available to them.

Despite over an incredible three quarters of those questioned (76%) in our research being aware of apprenticeships as a route into the industry, almost half of parents (45%) said that they wouldn't encourage their child to take an apprenticeship when leaving school as they don't carry as much prestige as a degree.

It points to an outdated view of apprenticeships that is echoed by the careers advisors surveyed. One careers advisor confirmed:

“ Careers Advisor:

30 years ago, apprenticeships were something completely different to what they are now. A lot of parents have very outdated ideas and the idea that their child needs to pursue the ‘gold standard’ of university and actually, if you haven't been to university, then you haven't really reached your full potential. ”

“ Careers Advisor:

I think it's a vicious circle. As we don't really have many students who are interested in careers in the sector, we don't really prioritise it. ”

76%
of those surveyed were not aware of apprenticeships as a route into the industry

81%

of parents were unaware that major construction companies can cover the cost of a degree course

It demonstrates a real need for the industry to work with schools to share a more modern definition of apprenticeships, which includes the full mix of subject options, and reinforces the breadth of opportunity, which is only likely to increase following the introduction of the levy.

And despite parental passion for the 'gold standard' of university education, a large proportion of parents (61%) that we surveyed said that the cost of a university education is now a real deterrent.

This is where again the industry has a vital role to play. Kier, like many other large employers, sponsors hundreds of undergraduates on related degree programmes each year, enabling them to secure a degree alongside relevant work experience.

An overwhelming 81% of parents were unaware that major construction companies can cover the cost of a degree course, supporting their child's learning and offering a guaranteed entry point into the industry upon completion of their studies.

Worryingly, 62% of teachers were also unaware of this, while 74% said that increased tuition fees have had some influence on whether or not they would recommend higher education as the most appropriate route for students.

‘ONE HOUR, ONCE’ IS NOT ENOUGH

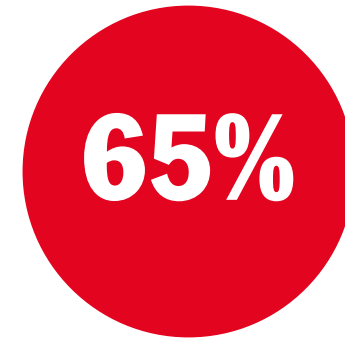
Visiting a careers advisor is, in most cases, still discretionary from Year 8 (pupils aged 12/13) up until Year 11 (pupils aged 15-16), when pupils generally receive a single one-to-one interview.

Kier's research revealed that careers advice is sporadic at best in Years 7 and 8 at school. Of those surveyed, 65% of 11-13 year olds receive no careers advice at all.

And yet this is the point at which they are expected to choose their GCSE subjects – without having had any guidance on the type of careers that might appeal to them and what types of subjects would best enable them to explore this route.

Shockingly only a quarter of all 13-15 year olds (27%) receive one hour of careers advice from a teacher or professional careers advisor.

Unsurprisingly, over two thirds (68%) of parents questioned believe that children aged 12-18 do not receive enough advice at school and that any guidance has no real bearing on future career choices.



11-13 year olds receive no careers advice at all

Example of a range of Kier's collateral

THE VITAL ROLE OF BUSINESS...AND GOVERNMENT

We cannot rely on local or central government to resource and deliver the much needed transformation of student career advice.

Given the enduring pressures on budgets and the demands of critical care services that are naturally going to take precedence over other services, the private sector is going to have to step up.

As the backing of the IoD demonstrates, this is an issue that industry already identifies with, but does need a vehicle to translate interest and investment into that nationwide network.

We've already outlined the role of the Careers & Enterprise Company, and it's a model that business needs to embrace.

However the Careers & Enterprise Company only has a remit across England as education is devolved, so we need to ensure that a collaborative framework between the private sector and schools and colleges spans every corner of the UK.

What Kier will do...others could follow – 1% pledge

We believe it's important to make a pledge that is simple and tangible, that others could easily replicate.

At Kier we are pledging 1% of our workforce as Kier Ambassadors, working with schools and colleges across the UK and engaging with at least 10,000 pupils in the first 12 months.

No one is better placed to explain a job and the journey into it than someone currently doing that role. Add in the pride and passion that our people demonstrate and we have a potentially potent mechanism for not just accurately informing, but also inspiring and engaging with the next generation.

In recognition that we don't just face a skills shortage but also an image crisis, we are doing more to share our pride and passion with the public. We have invented a new mechanism to sit on buildings and project sites – the Virtual World Plaque – to enable the public to explore a digital world of information on a project.

They can read the history, meet the people shaping the project or delivering the service, and see the plans, images, videos and other collateral, which helps people better understand our work, but also – importantly – lets them see that it is far more than bricks and mortar; it's about shaping the world and leaving a legacy in communities.

We are also creating a range of new materials for secondary school pupils, including a new careers microsite and a new work experience resource. We will be working with partners the IoD and the Careers & Enterprise Company to maximise the impact of the resource we are offering, and to share ideas and encourage other businesses to follow suit.

If every company in the FTSE Index followed the 1% pledge as part of their commitment to employment and skills, we could create a powerful network of real world advisors, to inform and inspire the next generation.



Every pupil, and their parents, should have access to good quality information about future study options and labour market opportunities. They will need the support of an informed adviser to make best use of available information.
– Addressing the needs of each pupil
Pupils have different career guidance needs at different stages.

WHAT GOVERNMENT COULD DO

There is no little evidence, as this report shows, that we need a transformation of approach when it comes to careers advice.

With lack of skills, poor rates of productivity and very low takeup of effective vocational training, we put our future economy and society in jeopardy.

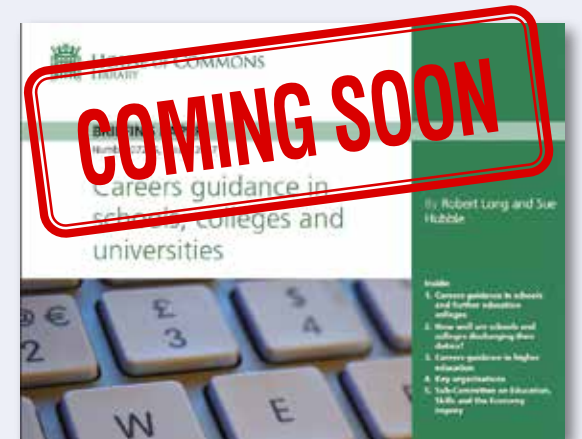
In its new Careers Strategy we would ask the Government to address the current imbalance in guidance and outdated levels of understanding of industries.

Policy asks:

1. Supporting the role of the Careers & Enterprise Company to ensure young people have access to four or more encounters with the workplace in all schools and colleges across England
2. Mandate that every school gives children a minimum of three one hour careers advice sessions – the first session with a school advisor, follow up sessions with ambassadors from relevant industries.
3. Ensuring the frameworks and resources are in place to support schools and colleges to meet all of the eight benchmarks identified by the Gatsby Foundation¹⁴ for best practice careers advice
4. Mandate that the careers advice process begins as early as possible in a young person's life to enable them to make informed choices about their subject/course selection



HM Government



Opportunities for advice and support need to be tailored to the needs of each pupil. A school's careers programme should embed equality and diversity considerations throughout.
– Linking curriculum learning to careers

All teachers should link curriculum learning with careers. STEM subject teachers should highlight the relevance of STEM subjects for a wide range of future career paths.

