

TRADING UP

A blueprint for
collaboration to
boost construction
apprenticeships





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Foreword

Master Builders are passionate about creating high-quality apprenticeship opportunities for the next generation. For the most part this is because builders start out as apprentices themselves.

I started my career as a carpentry apprentice at the age of 15. I spent three years being trained by a local company before I got my qualification and left to get more experience under my belt. I picked up skills in bricklaying and plastering before I was ready to set up my own business in 1975. Now both my sons and two grandsons have served apprenticeships in various trades including quantity surveying, gas, plumbing and electrical work.

Construction and the built environment impact and shape everyone's life, no matter where you're from or where you're going. Apprenticeships represent an important lever for social mobility, and they provide opportunities in all corners of the country.

Reading about how apprenticeships aren't as popular among young people, or as highly regarded as they once were, is devastating to me. An apprenticeship can be the launchpad for a successful career, and I'm calling on the Government to work with me and others to go further in promoting this fantastic offer to more people from all walks of life.

I am also calling on my fellow members of the Federation of Master Builders (FMB) to commit to training where they can. I understand and know first-hand the challenges of running a small construction business, and how quoting for the next job, working with clients and managing cashflow can mean that training doesn't even cross your mind. However, offering apprenticeships is a chance to give something back to the industry, win more work from clients, ensure resilience in your workforce and help with succession planning.

Small to medium-sized (SME) firms like mine train local people who are committed to their local area and reinvest into their community. I truly believe that by supporting SMEs to train, the Government will help draw more quality people into the industry. This will give employers like me the opportunity to get involved in delivering the important programme of work I see coming through over the next decade.



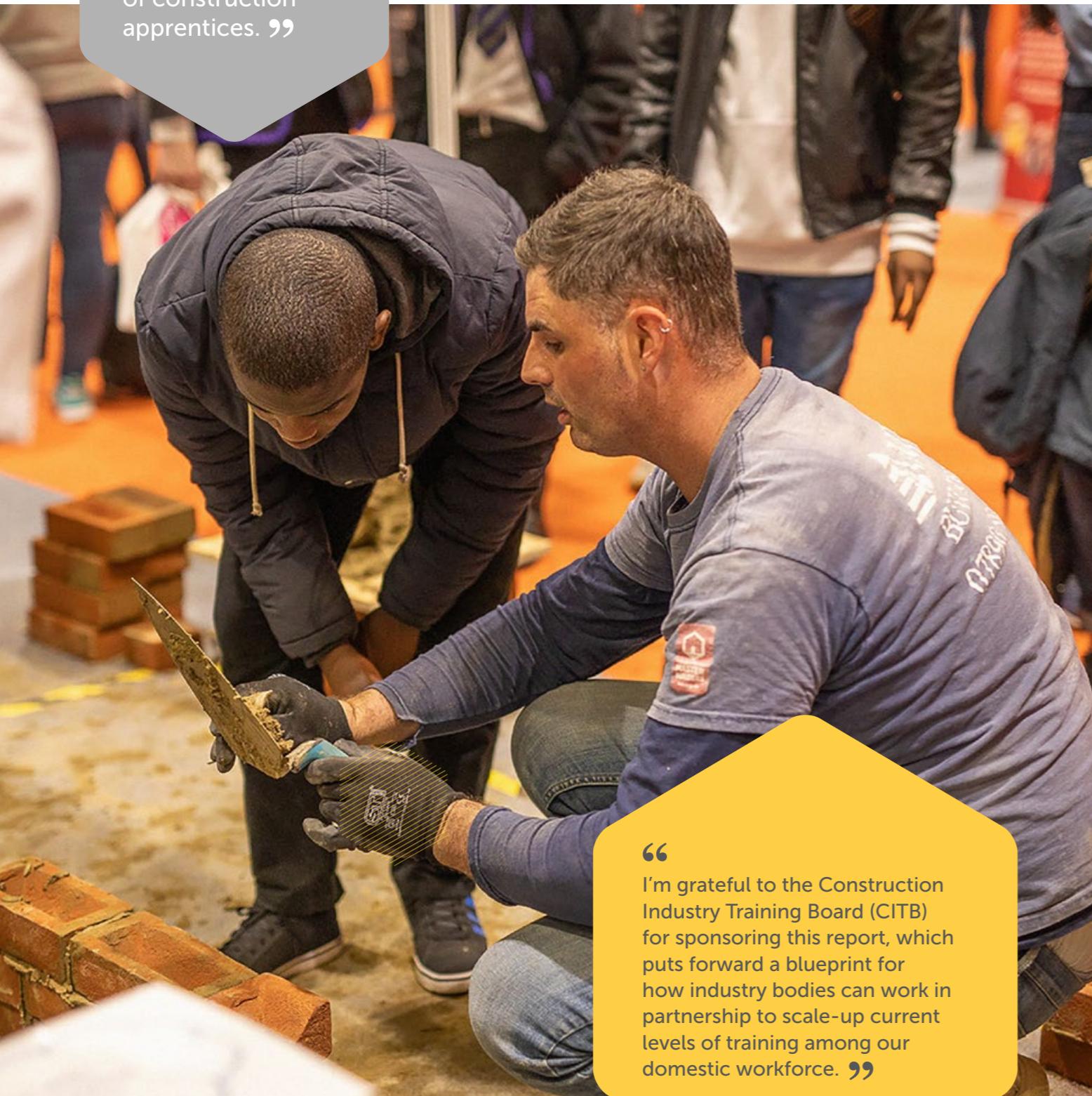
Arthur McArdle
National President
Federation of Master Builders



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I am also calling on my fellow members of the Federation of Master Builders to commit to training where they can. ”



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SMEs train over three-quarters (71%) of construction apprentices. **”**



“
I'm grateful to the Construction Industry Training Board (CITB) for sponsoring this report, which puts forward a blueprint for how industry bodies can work in partnership to scale-up current levels of training among our domestic workforce. **”**

Executive summary

The solution to the construction skills crisis is better collaboration. That means working together to encourage more young people into construction through apprenticeships, and to support the small to medium-sized (SME) businesses in construction that undertake most of the industry's training.

The FMB has a proud history of speaking up for apprenticeships and its members lead the way in this field. SMEs train over three-quarters (71%) of construction apprentices.¹ This proportion has increased since the FMB last published a report on skills in 2015.²

The construction skills shortage is well documented. Finding quality tradespeople is an everyday challenge for builders across the country. That the UK will adopt a points-based immigration system that only allows highly skilled tradespeople to come into the industry will further compound this shortage.

I'm grateful to the Construction Industry Training Board (CITB) for sponsoring this report, which puts forward a blueprint for how industry bodies can work in partnership to scale-up current levels of training among our domestic workforce.

This report looks at how the Institute for Apprenticeships and Technical Education should improve communications with SMEs to ensure that the standards they deliver work on construction sites of all sizes.

It also talks about how the Government should focus on improving their support for, and communication with, non-UK Apprenticeship Levy paying companies that train apprentices to an intermediate and advanced level. These firms are the cornerstone of apprenticeship training.

An important message from this report is that colleges, builders and local authorities need to create regular feedback loops for sharing information between one another. Learning from best practice case studies that have worked well on a local level is key to levelling up regional opportunities.

Furthermore, ahead of the CITB's consensus process, I'm calling on the CITB to focus its efforts on improving and enhancing its communication with SMEs who need more financial support and administrative help to train.

Builders must also work with these institutions to unlock training opportunities where they can.

Our conclusions are evidence-led. The FMB asked 247 England-based members over a two-week period in February 2020 about apprenticeships and training. The profile of respondents can be found in the appendix (page 30). Qualitative interviews were also conducted with FMB members, officials from relevant Government departments, local authorities and a representative of colleges.

As skills policy is devolved, we sent two separate surveys to FMB members based in Scotland and Wales on national initiatives during the same month.

I look forward to using this blueprint as a launchpad for working with Parliamentarians, Government officials and industry to achieve the step change in construction apprenticeship training that's urgently needed.*

Brian Berry
Chief Executive
Federation of Master Builders



*This report was researched and written in January and February 2020, before the outbreak of COVID-19

¹ Apprenticeships in England by industry characteristics 2018 to 2019, Table 1C, DfE, 2020, available at: <https://go.fmb.co.uk/2U5wUBq>

² Diffusing the Skills Time Bomb', FMB, 2015, available at: <https://go.fmb.co.uk/2vOPPbj>



Recommendations

A blueprint for collaboration to increase construction apprenticeships

Recommendations for the Institute of Apprenticeships and Technical Education (The Institute):

- **Recommendation 1 –** The Institute should increase flexibility in apprenticeship standard development policy to allow for the development of a multi-trade apprenticeship which will draw on fundamental elements of a range of specialist standards and lead to a 'general builder' occupation.
- **Recommendation 2 –** The Institute should improve accessibility to the apprenticeship standard development process to ensure that SMEs have a chance to shape all new standards being developed.
- **Recommendation 3 –** The Institute should ensure that construction apprenticeship standards include competency relating to industry knowledge, to career pathways and associated wage expectations at each stage.
- **Recommendation 4 –** The Institute should scale-up construction SME-targeted advertising as part of the 'Fire it Up' campaign.

Recommendations for the UK Government:

- **Recommendation 5 –** The Department for Education should ringfence funding for colleges to recruit an Industry Liaison Officer.
- **Recommendation 6 –** HM Treasury should guarantee funding for non-Levy paying SMEs training apprentices aged 16 to 18 on Level 2 or Level 3 construction apprenticeship standards.
- **Recommendation 7 –** HM Treasury must make the Apprenticeship Levy more flexible.
- **Recommendation 8 –** The Department for Education must map out how the On-Site Construction T Level fits into the career pathway in construction and how people completing this course will gain competency in practical skills.
- **Recommendation 9 –** The Department for Education should leverage the National Skills Fund to provide funding to turbocharge upskilling in strategic construction occupations.

Recommendations for policy reform in Scotland:

- **Recommendation 10 –** The CITB in Scotland should work more effectively with Skills Development Scotland to support SMEs to recruit and train apprentices.
- **Recommendation 11 –** The Scottish Government should make the Flexible Workforce Development Fund more flexible to provide greater support for SMEs.

Recommendations for policy reform in Wales:

- **Recommendation 12 –** The Welsh Government should increase funding for construction college courses and apprenticeships.
- **Recommendation 13 –** Colleges in Wales should work with CITB to improve relationships with construction SMEs.
- **Recommendation 14 –** CITB should work with stakeholders to establish a Shared Apprenticeship Scheme in North Wales.

Recommendations for the Construction Industry Training Board (CITB):

- **Recommendation 15 –** The CITB should work with the FMB to promote opportunities for tradespeople to become apprenticeship assessors and develop grants for this training.
- **Recommendation 16 –** The CITB Strategic Plan should focus on improving communication with SMEs and other stakeholders on a local level and upgrading the financial and administrative support that is available to them.
- **Recommendation 17 –** The CITB should remove the cap on the Skills and Training Fund and provide funding according to need.

Recommendations for industry:

- **Recommendation 18 –** SMEs should diversify their recruitment process.
- **Recommendation 19 –** SMEs should commit to training where they can.
- **Recommendation 20 –** The FMB should develop an 'I train apprentices' logo for Master Builders to display.



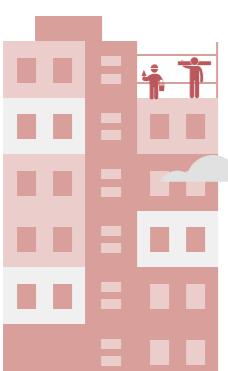


The construction skills shortage

The built environment and the economy

Each person interacts with, and depends on, the built environment every day. The construction industry represents 9% of Gross Domestic Product (GDP) and employs 3.1 million people.³ While construction output slowed significantly during the uncertain Brexit years, optimism is increasing following December 2019's decisive general election result.⁴

Boris Johnson's Government has pledged an 'infrastructure revolution', delivering flagship projects like HS2, Northern Powerhouse Rail and the Thames Tideway Tunnel. A commitment has also been made to build one million new homes over the next five years.⁵ The climate emergency underpins both challenges of delivering infrastructure and house building, demanding investment in innovation and new technology and in developing the necessary skills and knowledge to decarbonise. The 2018 Clean Growth Strategy says the energy use of new buildings must be halved by 2030 and the cost of greening existing buildings must be reduced too.⁶ The opportunities are immense, but the scale of this ambition also brings challenges.



The Construction Industry Training Board (CITB) has estimated that between now and 2023, construction output will increase in line with the UK's wider economic growth to create 168,500 jobs.

Skills shortages will hamper growth

The Construction Industry Training Board (CITB) has estimated that between now and 2023, construction output will increase in line with the UK's wider economic growth to create 168,500 jobs.⁷ This is a conservative estimate and is now likely to be even higher following recent policy commitments. However, the industry is already grappling with a shortage of workers at all skill levels.

The Federation of Master Builders' (FMB) State of Trade Survey has been tracking skills shortages for more than a decade. In recent years, more than half of builders have struggled to recruit core trades, as shown in Figure 1.⁸

Construction has historically struggled to recruit, train and retain people, and as a result 14% of the workforce hails from outside the UK.⁹ The introduction of a points-based immigration system that requires minimum skills and salary levels will lead to further skills shortages. When taken together with the aging demographic of UK construction, where nearly one third of workers are over 50, the time is now for the industry – and Government – to focus on training the domestic workforce in construction skills.¹⁰

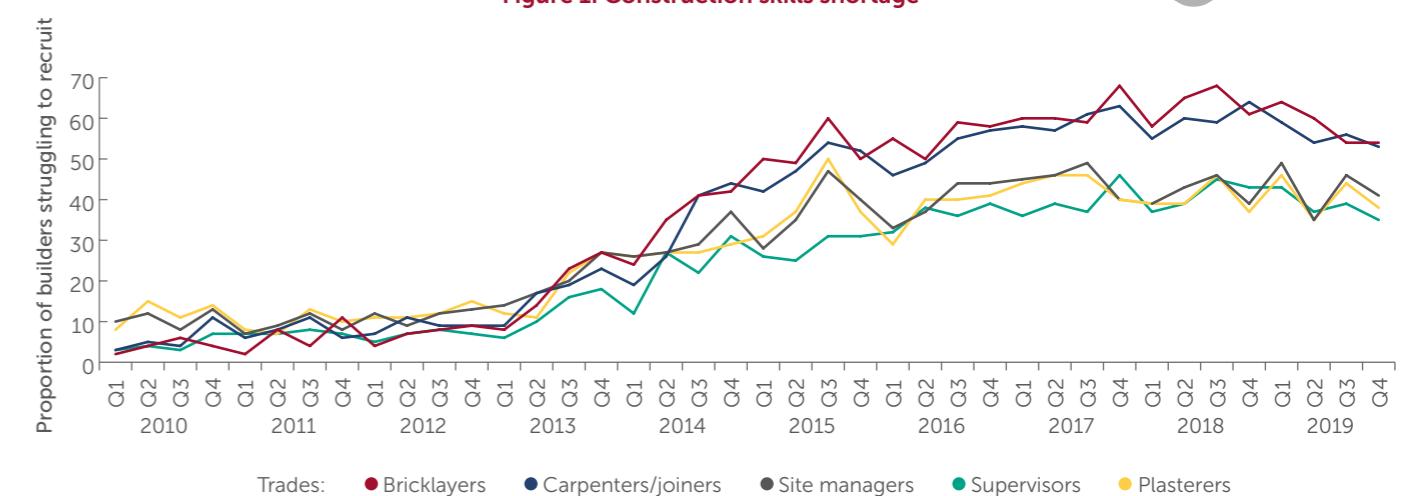


Figure 1: Construction skills shortage⁸

Solutions to the construction skills crisis

Levelling up apprenticeship training is key to recruiting more people into the industry.

The CITB is a Government-backed Industrial Training Board, established in 1964, that construction businesses are required by law to register with and, in most cases, pay a levy to. The CITB then reallocates funding for training. CITB are required to gain industry consensus every three years that it should draw a levy. It must do so again in 2020.

In 2015, the FMB published 'Diffusing the Skills Time Bomb' which put forward recommendations for removing barriers to SME builders training apprentices.¹¹

Two years before the report was published, the Government announced that apprenticeship frameworks would be replaced with standards as part of a move away from qualifications and towards competency. These standards would be developed by employers who dictate what they want from an apprentice in each role, the importance of which was later reiterated by Lord Sainsbury in his 2016 review of Technical Education.¹² In the FMB report, it was announced that two FMB-led 'Trailblazer' groups had been granted permission to develop bricklaying and plastering standards. Signed-off in 2018, these standards provide high-quality training in a broad range of practical skills.

The Apprenticeship Levy, introduced in 2017, draws a levy from all UK businesses with a payroll of £3 million or more. Designed to encourage investment in apprenticeships, employers receive funds back to pay for training either within their, or another business's, workforce. The FMB called for the Levy drawn from construction companies to be channelled back into CITB. However, the funds continue to be invested at the discretion of each business, not necessarily in construction roles.

³ Op. Cit. Construction Sector Deal, page 2

⁴ HIS Markit/CIPS UK Construction PMI, 2020, available at: <https://go.fmb.co.uk/3967YQs>

⁵ Get Brexit Done, Unleash Britain's Potential, 2019, page 2, available at: <https://go.fmb.co.uk/2Psg1zg>

⁶ Clean Growth Strategy, BEIS, 2018, available at: <https://go.fmb.co.uk/32bHuud>

⁷ Construction Skills Network, CITB, 2019, available at: <https://go.fmb.co.uk/37Ht2LQ>

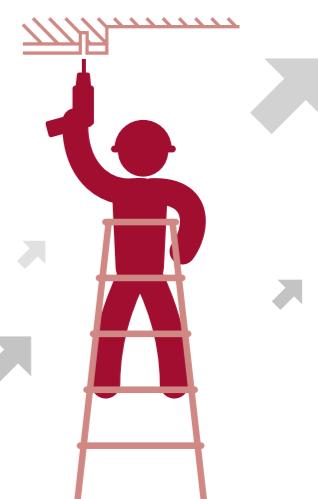
⁸ State of Trade Survey Q4 2019, FMB, page 14, available at: <https://go.fmb.co.uk/2Vulp91>

⁹ Migration and Construction, CITB, 2019, available at: <https://go.fmb.co.uk/2HDW5VR>

¹⁰ Office for National Statistics, Annual Population Survey, 2017, available at: <https://go.fmb.co.uk/2SI1z8d>

¹¹ Op. Cit., Diffusing the Skills Time Bomb

¹² Report on the Independent Panel of Technical Education, 2016, page 9, <https://go.fmb.co.uk/2HC2twX>





Apprenticeship standards were warmly welcomed while the UK Apprenticeship Levy had a frosty reception. The think tank EDSK published 'Runaway Training' in 2020 which suggested that the Levy has directly contributed to a reduction in the number of starts on apprenticeships, and the transition of emphasis from lower, entry-level, standards to higher, degree or Masters-level standards, also known as MBA Apprenticeships. EDSK even link the Levy to a decaying of esteem in the term 'apprenticeship'.¹³ Following this, the Secretary of State for Education announced an investigation into MBA apprenticeships.

In terms of construction apprenticeships, the number of starts on intermediate, or Level 2, apprenticeships has been decreasing year on year since 2015/16.¹⁰ Table 1 shows the number of September starts year to date. Government policies have not resolved this issue.

Table 1 – Number of starts reported in September on intermediate construction apprenticeships.¹⁴

2015/16 Full Year Total	6,058
2016/17 Full Year Total	5,542
2017/18 Full Year Total	5,351
2018/19 Full Year Total	4,990

Challenges and opportunities

Fostering apprenticeships is challenging in an industry of narrow profit margins, sensitivity to economic shocks and a prevalence of self-employed workers. These issues are symptomatic of the 'survivalist' structure of the industry, diagnosed by Mark Farmer in his 2016 labour market review.¹⁵

Looking to collaboration and strategic investment as a means of fixing these structural problems, the Government worked with the Construction Leadership Council (CLC) to publish the *Construction Sector Deal* as part of their Industrial Strategy in 2018. The Deal sets out five pillars of productivity, including 'people'. The aspiration is to increase the number of construction apprentices to 25,000 a year by 2020 through several interventions.

One such intervention has been to work with the Government on their response to the Sainsbury review, by developing the T Levels programme. T Levels represent a vocational equivalent to A Levels and are designed to help the UK build a technical education system that rivals the best in the world. With the first set of T Levels set to roll out in 2020, the need for a stronger technical and vocational education system was reiterated by Dr Philip Augar in his 2019 review of post-18 education.¹⁶

At an industry level, the *Construction Sector Deal* called for the CITB to be more strategic, future skills-orientated, and diversified. The Deal also says that leveraging public procurement is a key driver of change. Since the 2019 General Election there has been a focus on how to 'level up' parts of the UK. Indeed, the Centre for Policy Studies' 2019 report 'A Rising Tide' talks about the need for levelling up disadvantaged areas by working with local authorities to identify areas for investment.¹⁷



¹³ EDSK, Runaway Training, 2020, <https://go.fmb.co.uk/2SXCsNK>

¹⁴ 'Statistics: further education and skills', DfE, 2020, available at: <https://go.fmb.co.uk/2VwTtBs>

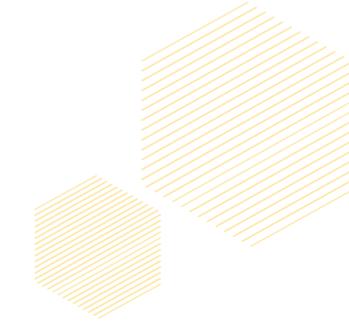
¹⁵ Modernise or Die, 2016, available at: <https://go.fmb.co.uk/328LJH2>

¹⁶ Op. Cit., Construction Sector Deal, page 4

¹⁷ Op. Cit., Report on the Independent Panel of Technical Education, page 17

¹⁸ Review of post-18 education and funding, 2019, available at: <https://go.fmb.co.uk/2SGZZDQ>

¹⁹ Centre for Policy Studies, A Rising Tide, 2019, page 27, available at: <https://go.fmb.co.uk/3bTJ6xe>



Builders and apprenticeships

Local builders have a key role to play in supporting and delivering the apprenticeship programme.

Apprenticeships are the cornerstone of productivity and social mobility. Builders create opportunities for young people in their local area..

- Over two thirds (68%) of FMB members are either currently training an apprentice or have done so in the past.
- The vast majority (85%) of builders who train apprentices recruit 16 to 18 year olds and more than one third (39%) recruit 19 to 24 year olds.
- 40% of completed apprentices will stay working at the company that trained them for at least three years, and those that leave will stay working in the industry and in the local area.

SMEs account for at least 99.5% of the overall population of construction. 12% of total SME turnover is accounted for in construction, and 11% of SME employment.²⁰

SMEs stand ready to unlock training opportunities but, due to the nature of the industry, need greater support to do so. Maximising opportunities for collaboration and a joined-up approach to apprenticeship training is crucial to this.

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99.5%
of the construction industry is accounted for by SMEs.

²⁰Business population estimates 2019, BEIS, available at: <https://go.fmb.co.uk/386YJhC>

High-quality apprenticeship standards are crucial for retention and productivity

Developing high quality apprenticeship standards

Small to medium-sized construction companies compete on quality and depend on their reputation to win work in their community. Employers therefore require highly skilled and quality tradespeople to ensure that the products and services they deliver are of an excellent standard.

SMEs require on-site tradespeople to be multi-skilled, adaptable, and able to assist with a range of tasks on site. To this end, SMEs most commonly train to an advanced level (Figure 2) and believe that apprenticeships should last for an average of three years (Figure 3). More builders believe that apprenticeships should last four to five years than one to two.

Figure 2: What level are you training, or have you trained, an apprentice to?



Figure 3: How many years do you consider an apprenticeship in the trades should last for?

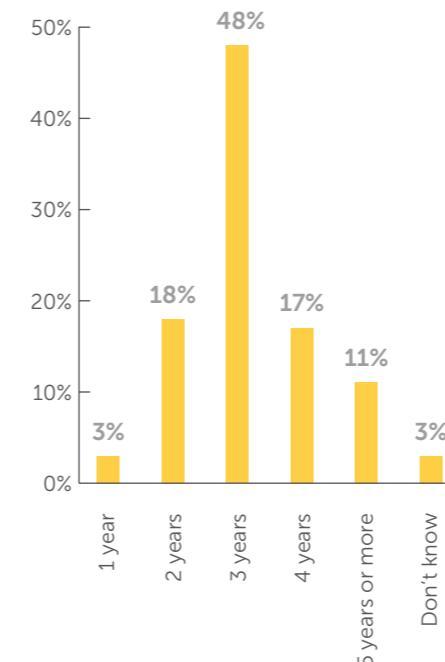


Figure 4: Which standards have you trained an apprentice on in the last five years?

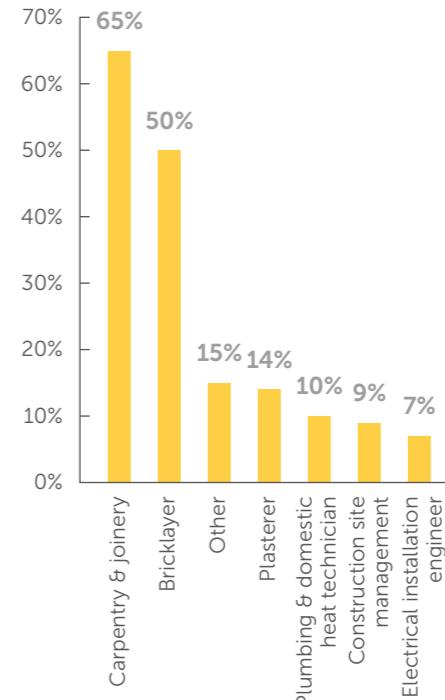
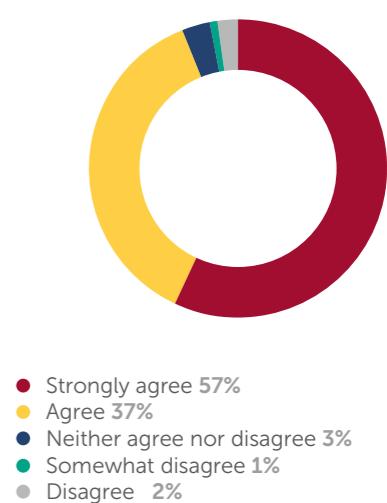


Figure 5: Do you agree or disagree that trade apprenticeships should require an individual to be trained in a broad range of hand skills?



“
Princebuild is currently training 17 trade apprentices. The plumbing and heating apprentices are trained on four-year Level 3 standards. If we trained apprentices to Level 2, it would be difficult to keep them in work permanently.”

Barbara Mehew, Company Human Resource Manager at Princebuild Ltd, a medium-sized company operating in the industrial and commercial sectors across the UK.

While SMEs will most commonly train apprentices in carpentry/joinery, bricklaying and plastering (Figure 4), some builders also report that they train individuals in ‘multi-trade’ or as a ‘general builder’. However, there is currently no formal standard for a multi-trade operative and therefore employers will tend to put the apprentice on a specialist course but informally give them exposure to a range of trades on site. When asked what apprenticeship standards were missing, most respondents said a multi-trade apprenticeship, containing a generalised knowledge of the crafts.

Training apprentices to a high standard increases their retention rate in the industry.

Developing high-quality apprenticeship standards that give apprentices a broad range of practical skills could increase the number of employers who train. Figure 5 further demonstrates the demand among employers for broadly skilled operatives.

Recommendation – The Institute for Apprenticeships and Technical Education (IfATE) should increase flexibility in apprenticeship development policy to allow for the development of a multi-trade apprenticeship which will draw on fundamental elements of a range of specialist standards and lead to a ‘general builder’ occupation.

Trailblazer groups developing trade apprenticeships must incorporate the needs of the SMEs when developing standards and ensure that they deliver broad competency allowing an apprentice to work on sites of all sizes.

Recommendation – The IfATE should improve accessibility to the apprenticeship standard development process to ensure that SMEs have a chance to shape all new standards being developed.

Time-poor SMEs struggle to engage in the standard development process, however they train 71% of construction apprentices.



Supporting well-rounded apprentices

Additional skills that are needed from apprentices include customer service, reliability and timekeeping. SMEs also report that apprentices would benefit from a better understanding of the industry, in order to cultivate more passion for their work. Some builders say that apprentices expect too much too quickly from the industry, and their disappointment (particularly relating to wages) impacts their work ethic.

Recommendation – The IfATE should ensure that construction apprenticeship standards include competency relating to industry knowledge, its different sectors, and to occupational routes, career pathways and associated wage expectations at each stage.



Addressing the shortage of end-point assessors

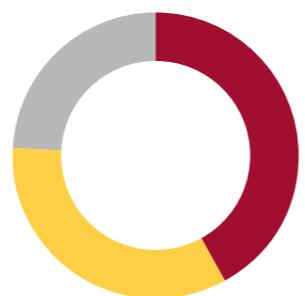
In their 2018 – 2021 Business Plan, the CITB indicate the need to assure the competency of apprenticeship assessors as a specific industry skills need.²¹ A shortfall in the number of apprenticeship assessors is delaying the qualifying of apprentices as well as damaging the relationship between colleges and employers.

CITB reported in 2017 that one in five people in the construction workforce was over 55 years old.²² Tradespeople retiring in the next five years could transition into assessing to increase their working life and utilise their extensive knowledge and experience for the benefit of the industry. Assessing also represents a steppingstone from industry into tutoring at colleges.

SME employers are willing to consider training as assessors when they retire (Figure 6).

Recommendation – The CITB should work with the FMB to promote opportunities for tradespeople to become apprenticeship assessors and develop grants for this training.

Figure 6: When you retire, would you be willing to consider training as an assessor?



● Yes 42% ● No 34%
● Don't know 24%

“

We waited two years for a completion certificate from one college. The apprentice wasn't able to acquire a CSCS card as a result, and therefore not able to look for a job elsewhere. ”

Kevin McLoughlin, Director of McLoughlin Group Holdings, a medium-sized painting and decorating company based in London.

²¹'CITB Business Plan 2018 - 2021', 2017, available at: <https://go.fmb.co.uk/2xDsUkI>

²²'Fuller working lives in construction', CITB, 2018, page 15, available at: <https://go.fmb.co.uk/2w6BS8P>

“
The current training within college frightens me, standards are poor, and the training is not always relevant. Too much focus on the housing sector and nothing aimed at the refurbishment and renovation market. This leads to the wrong attitude towards work from apprentices. ”

Ian Fitzgerald, Director of Fitzgerald's Carpentry and Construction Ltd, a micro firm based in the South West working in private housing and commercial sectors.

“

I trained part-time to become a college tutor and feel that I'm putting something back into the industry. I've noticed that some of the college tutors are teaching older methods of building, so talking to them in the classroom is a way of updating their knowledge and skills, too. ”

Robin Atherton, Director of Mack Construction, a small building company based in Yorkshire that specialises in large-scale refurbishment and house building.

“

A clear renumeration strategy or stratification to manage trainee expectations is missing. This would be tied in with goals and pay grades fixed to achieved said goals. ”

Growbuild Ltd, a micro business based in the East of England and involved in the repair and maintenance sector.



UK Government policy must be reformed to unleash large-scale apprenticeship training



Government funding

The Government co-sponsors 95% of the college training and assessment fees for apprentices of any age where the business does not pay the UK Apprenticeship Levy. This increases to 100% when a business with fewer than 50 employees takes on a 16 to 18 year old apprentice.

Awareness among SMEs of co-sponsorship is low, as demonstrated by Figures 7 and 8. Of these respondents, almost two-thirds (65%) were either currently training an apprentice or had done so in the past. The third (35%) who had never trained said the biggest barrier to them doing so was cost.

Figure 7: Did you know that the Government pays for 95% of the college costs of training and assessing an apprentice of any age for businesses with a payroll of less than £3 million?

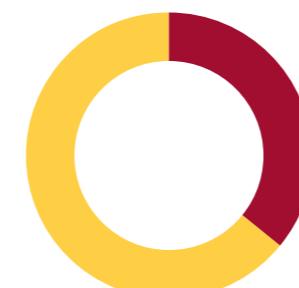


Figure 8: Did you know that the Government pays for 100% of the college fees for training and assessing a 16 to 18-year-old apprentice for firms with fewer than 50 employees?



“
We used to have many people approaching our business asking about vacancies, but the number has declined in recent years. The Government isn't doing enough to promote vocational education. **”**

Arthur McArdle, FMB President and Director of Woodfield Building Services, a small construction firm based in Staffordshire operating in the private domestic and housing sectors.

The Government pays any business recruiting a young apprentice £1,000 in grant over the first year of the apprenticeship. Awareness of this grant among all SMEs was low (Figure 9).

Non-Levy paying SMEs said they thought the Government funding referenced in Figures 7, 8 and 9 were good incentives to recruit and train apprentices (Figure 10).

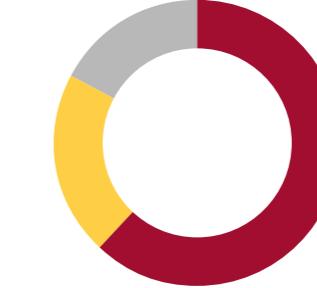
Of non-Levy paying firms with fewer than 50 employees and with no awareness of Government funding, almost half (48%) said it had become harder to train an apprentice in the past five years, compared to 6% who said it had become easier, and one quarter (25%) said it was about the same.

While the FMB promotes co-investment and grants to its members across various platforms, this funding is clearly not sufficiently promoted to those that need it and the Government must go further in promoting opportunities on a national level to SMEs.

Figure 9: Did you know that the Government pays £1,000 to all firms that hire a 16 to 18 year old apprentice, at the start of the apprenticeship?



Figure 10: Do you consider Government funding to be good incentives to recruit and train an apprentice?



SMEs are concerned that the Government is not speaking for the value of construction apprenticeships.

Many SMEs operate across several sectors (Figure 32), and predominantly in the private housing sector. Their clients are parents, teachers and carers who will influence the career choices of young people. Given that firms have an important role to play in promoting opportunities, these interactions therefore represent an opportunity to improve the perception of apprenticeships.

An 'I train apprentices' logo will increase visibility of members' contribution to training and will educate clients about apprenticeships. This logo would be displayed on the FMB members' Find a Builder online profile, encouraging young people to send in their CVs.

Recommendation – The FMB will develop an 'I train apprentices' logo for Master Builders to display.





The UK Apprenticeship Levy

In their 2019 Conservative Party Manifesto, the Government pledged to reform the Apprenticeship Levy by working with industry to identify and respond to blockages in the system.²³

A small number of FMB members pay the UK Apprenticeship Levy (Figure 11). SMEs that pay the Apprenticeship Levy are concerned that it is not supporting them to deliver the training that's needed.

The largest Levy-paying companies in construction do not tend to directly employ on-site tradespeople. However, these trades are in short supply (Figure 1). Transferring funds between employers is time-consuming and SMEs raised concerns that this could be perceived as favouritism in the supply chain.

As at 31 August 2019, there were 1,020 commitments to transfer funds between apprenticeship service accounts, of which 780 have been recorded as apprenticeship starts. Just 20 of these were in Construction, Planning and the Built Environment.²⁴

Greater flexibility in the Levy relating to the payment of funds, the transfer of funds, the proportion that can be transferred, and the pooling of funds on a local or sectoral basis should be introduced.

Recommendation – HM Treasury must make the UK Apprenticeship Levy more flexible.

Figure 11: Do you pay the UK Apprenticeship Levy?

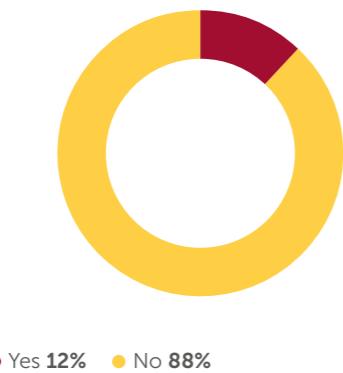


Table 2: If you have ever taken on a work experience student, how much time on average per day did you spend with the student and therefore not working as normal?²⁵

I have never trained a work experience student	150
Less than 1 hour	5
1-2 hours	34
2-3 hours	28
3-4 hours	12
4-5 hours	11
5-6 hours	7
6-7 hours	4
7+ hours	12

“

That the Levy must be paid on a monthly basis is problematic, for a company like HB Projects, to manage cashflow. In addition to salary payments we have hourly paid workers, whose hours fluctuate dependent on work activity, which makes it difficult to plan for Levy payments. ”

Beverley Peace, Group Compliance Director at HB Projects, a medium-sized construction company operating in the commercial and retail sectors across the UK.

“

We invite college students to complete one week's work experience as part of our apprentice recruitment process. Scaling-up to a 45-day placement is not viable because it would require the student to work away from home. Diary management would also require significant resourcing. ”

Barbara Mehew, Company Human Resource Manager, Princebuild Ltd, a medium-sized company operating in the industrial and commercial sectors across the UK.

²³Op. Cit., Get Brexit Done, Unleash Britain's Potential, page 33

²⁴DfE, Apprenticeship and levy statistics: October 2019, available at: <https://go.fmb.co.uk/2SJ10en>

²⁵Taken from a survey of 263 SMEs conducted by the FMB for two weeks during Q1 2019

T Levels

T Levels represent a flagship Government policy that seeks to raise the bar on vocational education and create a new bridge for young people to come into the construction industry. This is something we welcome.

SMEs are concerned, and in some cases confused, however, by the way the On-Site Construction T Level fits into the occupational route map for someone coming into the industry.²⁶ T Levels are set at Level 3, however many of the corresponding apprenticeships are set at Level 2. The way in which T Levels will dovetail with apprenticeships remains unclear.

There are also concerns regarding the sector's capacity to deliver the mandatory 45-day industry placement. Interventions must be made to build capacity for industry placements ahead of the On-Site Construction T Level being rolled-out in 2021.

Table 2 (see page 18) demonstrates the level of engagement with work experience among SMEs. That most builders have never offered work experience demonstrates the need to transform the industry's culture as a matter of urgency.

While a week's work experience can be manageable for some companies, co-ordinating the 45-day placement is challenging in an industry of project-based work.

Two identified motivators for employers taking on T Levels students could be a 'try before you buy' approach to training apprentices, or a financial incentive.

The former would go some way to addressing concerns of employers over the quality and commitment of candidates that come forward for apprenticeship vacancies (Figure 23). However, it is not clear whether a T Level student would need to do an apprenticeship afterwards to improve their practical skills or what competency they would already have in that respect.

With regards to a financial incentive, the CITB currently offers a £200 grant to businesses offering work experience lasting between two and six weeks. However, Table 2 suggests that a business would most commonly lose 67.5 hours – or just under three days – of productivity during a 45-day work experience placement, the cost of which would vastly exceed £200.

The Government should look at best practice initiatives that bring together both on-site training and financial incentives for employers and scale-up these examples.

Recommendation – The Department for Education must map out how the On-Site Construction T Level fits into the construction occupational route map and develop a programme which supports these students to achieve competency in practical skills upon completing their course.

“

In 2018, CITB identified a small sample of students completing full-time painting and decorating courses in London. They then reached out to employers who would take these students on for six months, and who would receive £160 a week in grant as a result. McLoughlin Holdings employed one of these individuals, who they assisted with the practical side of their training to achieve an NVQ Level 2 in painting and decorating. ”

Kevin McLoughlin, Director of McLoughlin Holdings, a medium-sized painting and decorator company based in London



²⁶IfATE, occupational map, available at: <https://go.fmb.co.uk/2vbWaO7>

Scottish Government must support SMEs to train apprentices

Scotland's construction sector requires 13,950 skilled workers to enter the industry over the next five years.



“
Better incentives, like grants, or reductions in taxable contributions towards employing apprentices would help unlock more training opportunities. **”**

Euan Bennett, Director of Noble Property Solutions Ltd, an all trades building contractor based in Paisley.

In Scotland, the picture is more positive. Apprenticeships are on the rise, with the number of apprentices benefitting from work-based learning rising for the eighth consecutive year.²⁷

One quarter of all apprenticeship starts are in construction.²⁸

While FMB Scotland continues to lobby for parity between academic and vocational education pathways, Government funding continues to be weighted in favour of academic and higher education pathways.²⁹

Skills Development Scotland must collaborate more effectively with CITB

Skills Development Scotland (SDS) is the national skills body for Scotland. It helps employers get the skills they need and individuals achieve employment. Scotland's construction sector requires 13,950 skilled workers to enter the industry over the next five years.²⁹

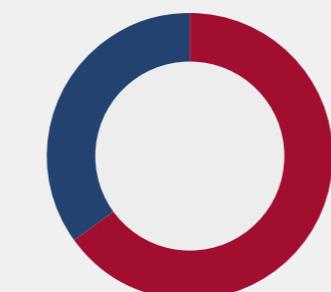
CITB recently increased its grant funding for employers from £10,250 to up to £14,500 in 2019, but awareness among SMEs could be higher (Figure 12).

SDS must improve co-ordination with CITB to engage SMEs and communicate what funding and support is available. The industry must also commit to assisting SDS to plan for future skills needs by diversifying their recruitment process and advertising vacancies on apprenticeships.scot.

Recommendation – The CITB in Scotland should work more effectively with Skills Development Scotland to support SMEs to recruit and train apprentices.

One quarter of all apprenticeship starts being in construction.

Figure 12: Did you know that the CITB four-year apprenticeship grant for employers has risen from £10,250 to up to £14,500?



● Yes 65% ● No 35%

Figure 13: What level are you training, or have you trained, an apprentice to?

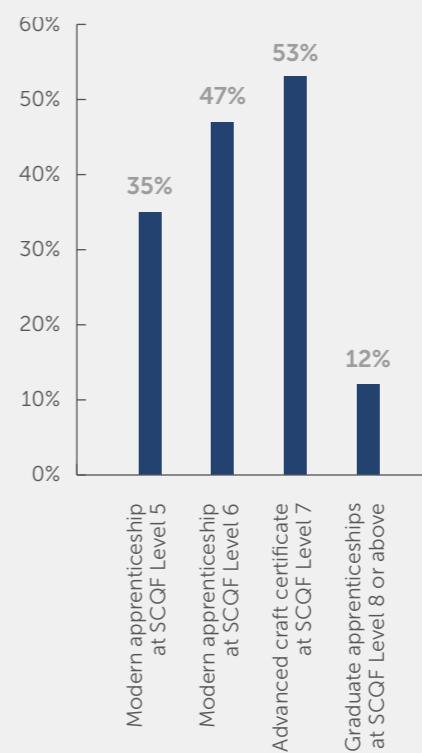
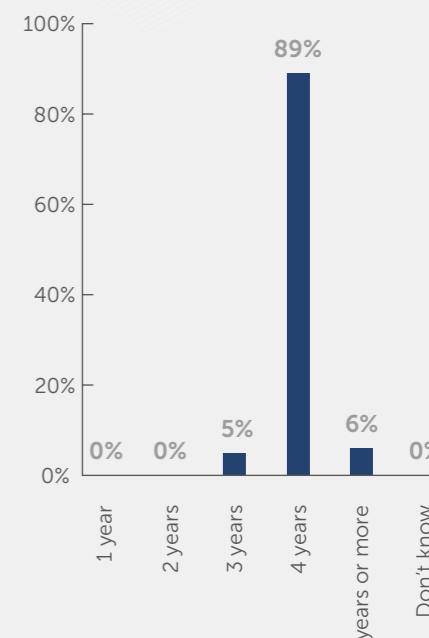


Figure 14: How many years do you consider an apprenticeship in the trades should last for?



Transforming the UK Apprenticeship Levy in Scotland will provide quality apprenticeships

Construction building apprenticeships in Scotland last four years at Scottish Credit and Qualifications Framework (SCQF) Level 6. SMEs are committed to maintaining this high-quality training (Figure 13 and 14).

Given their commitment to high standards of training, SMEs are well placed to support the apprenticeship development process in other ways and should be supported to train as assessors to help deliver apprenticeship qualifications. FMB Scotland will be supporting a CITB/Energy Skills Partnership campaign to promote this opportunity in 2020.

Scotland's share of the annual Apprenticeship Levy pot was £239 million for 2019-20.³⁰ This is distributed back to levy payers in Scotland through the Flexible Workforce Development Fund.³¹ However, this fund is not available to SMEs. While Levy-payers can transfer their funds down the supply chain, there is little evidence that this is taking place. Making it easier for Levy payers to share their funds with SMEs will ensure that training is of a high quality in the industry.

Recommendation – The Scottish Government should make the UK Apprenticeship Levy Flexible Workforce Development Fund more flexible to provide greater support for SMEs.

²⁷Skills Development Scotland, 2019, available at: <https://go.fmb.co.uk/2VgSPrr>

²⁸Ibid.

²⁹Op. Cit. CITB Construction Skills Network

³⁰Holyrood News March, 2017, available at: <https://go.fmb.co.uk/2wloGaq>

³¹<http://www.sfc.ac.uk/funding/college-funding/flexible-workforce-development/flexible-workforce-development-fund.aspx>



Welsh Government must do more to promote construction apprenticeships

An additional 1,310 construction workers will be required in Wales every year for the next four years to deliver forecasted workloads.³² However, the industry is already grappling with chronic skills shortages.

Welsh Government should invest more in vocational education

SMEs train the majority of apprentices in the construction industry and with the right support can play a significant role in increasing provision. 100% of the SMEs in Wales that we surveyed are either currently training an apprentice or have done so in the past (Figure 15).

Welsh Government funding is weighted in favour of academic pathways. Furthermore, the curriculum in Wales is focused on academic attainment over vocational education. This is having an impact on the ability of SMEs to recruit apprentices (Figure 16) who say it has become harder to recruit in the past five years.

“

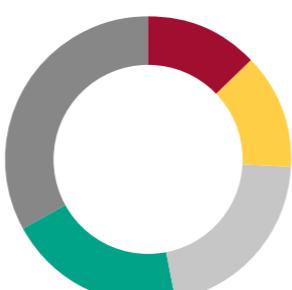
Colleges have no incentive to produce quality tradespeople. They receive Welsh Government funding regardless of the end product and therefore quantity is prioritised over quality.”

Ken Pearson, Director, Bluestone Builders, a small building company based in Pembrokeshire, involved in private and public housing sectors as well as private commercial.

Figure 15: Do you currently employ an apprentice?



Figure 16: Do you feel that it has become easier or harder to take on an apprentice over the last five years?



Recommendation – The Welsh Government must increase funding for construction college courses and apprenticeships.

Creating a culture of collaboration between colleges and SMEs

Anecdotal evidence suggests that the number of people who enter full-time construction further education courses but drop-out before entering the construction industry is worryingly high.³²

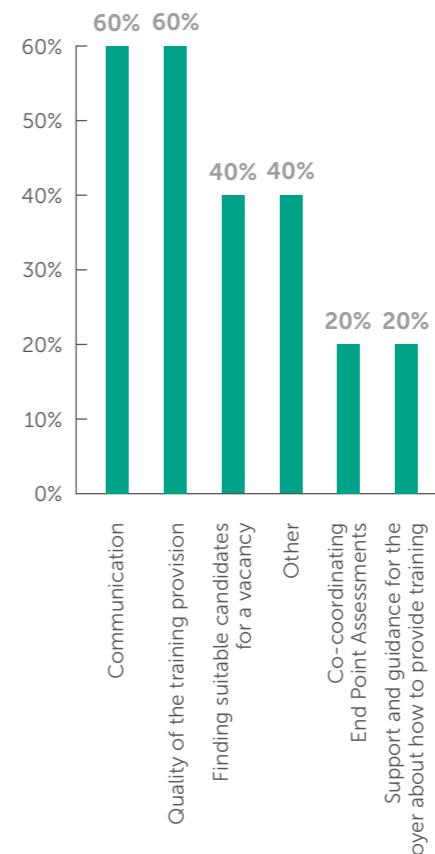
SMEs reported that the most common challenges they face when working with colleges is the lack of, or poor, communication and the quality of the training (Figure 17).

CITB should act as an honest broker between colleges and SME employers to facilitate upskilling from industry to college tutors and improve the quality of training provision. Creating links between college and SMEs will help to identify more opportunities for students completing full-time college courses.

Recommendation – Colleges in Wales should work with CITB to improve relationships with construction SMEs.

Two Shared Apprenticeship Schemes operate in South Wales (Cyfle Building Skills in the South West and Y Prentis in the South East) and have been very successful in providing SME building firms with the opportunity to offer apprentices on-site experience without committing long-term. This is helpful for SMEs who often cannot guarantee a secure pipeline of work.

Figure 17: What are the problems that you have encountered when working with colleges?



Recommendation – CITB should work with stakeholders to establish a Shared Apprenticeship Scheme in North Wales.





Creating feedback loops between colleges and builders

Colleges are one of the most popular resource for builders learning about apprenticeships (Table 3 – see page 25) and recruiting candidates (Figure 18).

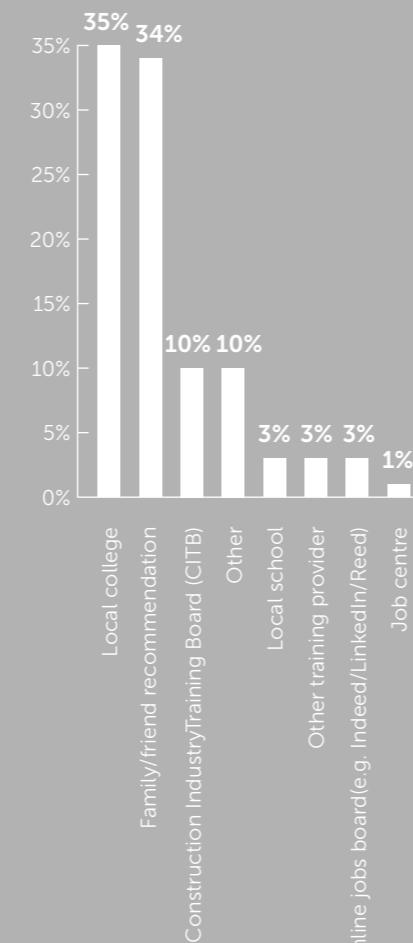
Improving the way in which employers and colleges work together is therefore essential to scaling-up apprenticeship training in construction.

Lack of understanding in non-specialist colleges about industry-specific career pathways is causing problems for SME construction firms as colleges tend to rely on one or two proactive employers in the local area who are willing to engage.

Half of SME construction firms say they have encountered problems when working with a local college (Figure 19) and of those who reported problems, the most common difficulty highlighted is lack of communication (Figure 20).

Increasing communication channels between colleges will improve the apprenticeship recruitment experience for SME construction firms who would then be more likely to go back and train again.

Figure 18: How do you most commonly find apprentices?



Information source	Percentage
Local college	35%
Family/friend recommendation	34%
Construction Industry Training Board (CITB)	10%
Other	10%
Local school	3%
Other training provider	3%
Online jobs board (e.g. Indeed/LinkedIn/Reed)	3%
Job centre	1%
Ex-forces scheme (e.g. BuildForce)	1%

Table 3: Before you hired your first apprentice, how did you get information about apprenticeships?

Responses Information source	Frequency
CITB	51
Local college	39
FMB	4
Family	4
Company	3

“

It's sometimes difficult to get a foot through the door in some colleges. I wanted to advertise for an apprenticeship vacancy in a local college, but they refused unless I promised to send the apprentice to their establishment.”

Barbara Mehew, Company Human Resource Manager at Princebuild Ltd, a medium-sized company operating in the industrial and commercial sectors across the UK.



Figure 19: Have you ever encountered any problems working with a local college when training an apprentice?

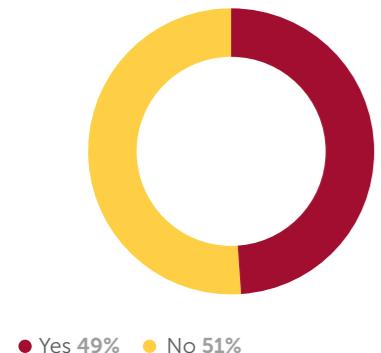
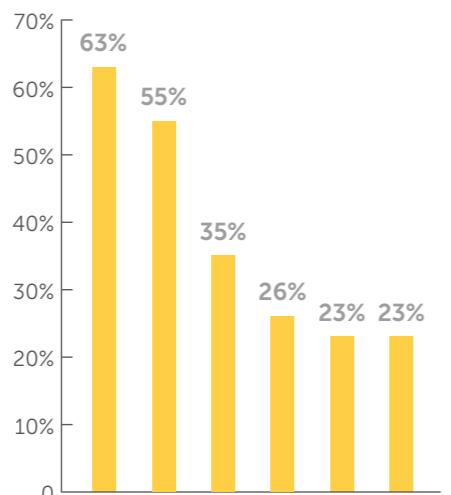


Figure 20 also shows that builders are concerned with the quality of provision in some colleges. Specific issues raised in the survey included students and college tutors having a lack of relevant industry knowledge and awareness of tools. Improving communication channels between colleges and builders will help whereby industry can help tutors keep up to date with innovation.

Introducing a dedicated Industry Liaison Officer into all colleges would create feedback loops between colleges and industry.



Figure 20: What, if any, are the problems you have encountered when working with colleges?



This Officer can identify suitable students for apprenticeships and reach out to local employers to find vacancies.

The Officer could work with construction employers to identify gaps in the colleges' industry knowledge and give feedback about changes in the industry. They can arrange for upskilling opportunities for them, perhaps on site.

The Officer can also address the concerns of some SMEs regarding outdated equipment and tools in colleges, and co-ordinate a joint approach to the Local Enterprise Partnership to request funding to upgrade equipment.

Recommendation –
The Department for Education should ringfence funding for colleges to recruit an Industry Liaison Officer.





Reforming the CITB & working in partnership with the industry

“

CITB should focus on improving its communication with SMEs, and that could include increasing their engagement on a local level. Investing in the CITB's network of local advisors could strengthen ties between CITB and the industry's smallest businesses.”

Chris Carr, Director of Carr & Carr (Builders), a small house building company based in North East Lincolnshire.

Apprenticeships

Leveraging the CITB as a pre-existing framework for targeted investment in SMEs is key to unlocking apprenticeships.

SMEs said the main barrier to them taking on an apprentice for the first time was the cost (Figure 21). Complexity and bureaucracy of the process is also a significant barrier, and it was also reported that more information was needed to demystify the recruitment process.

SMEs do not feel that the CITB is currently supporting them effectively to claim grants and access support, as demonstrated by Tables 4 and 5 that show that more than half (59%) of SMEs think CITB is performing poorly in relation to providing grants, and almost two-thirds (64%) believe they should do more of this in the future.

SMEs also say that CITB grant should be paid on a monthly basis to aid cashflow.

SMEs require greater support and clear, regular communication from the

CITB about the process of training an apprentice, and the grant and funding that is available to them. Awareness in this space is far too low.

CITB should provide a dedicated apprenticeship hotline that is clearly available on their website.

Furthermore, CITB should invest in putting more personnel on the ground who can speak directly to SMEs who are hard to reach.

By engaging on a local level, CITB will also have the capacity to represent the construction industry on local authority skills boards, and speak for the skills shortages and vacancies specific to their local area.

Recommendation – The CITB Strategic Plan should focus on improving communication with SMEs and other stakeholders on a local level and upgrading and increasing the financial and administrative support that is available to them.

Figure 21: What are the main barriers to you hiring an apprentice?



Recruitment

SMEs commonly recruit new entrants through family and friends (Table 3).

While knowing an individual personally can help SMEs to address the barrier cited in Table 5 of concerns over the 'quality of candidate', recruiting via word of mouth has an impact on the diversity of candidates coming into the industry by the CITB.

SMEs should encourage all unsuccessful apprenticeship or vacancy applicants to register with the CITB.

While advertising online could dramatically increase the number of applicants that an employer has to process, it could also help to capture the level of interest for construction apprenticeships among local people, who can be directed to more appropriate routes into the industry by the CITB.

Furthermore, recruiting through word of mouth prevents local authorities from capturing data on vacancies in their area.

Recommendation – SMEs should diversify their recruitment process.

“

Within the South East Local Enterprise Partnership (LEP), alongside the LEP employer-led Skills Advisory Panel, county-level local business and skills boards are convened to discuss skills shortages in the local area and future need. They are typically representative of small businesses and are locally-led.”

Louise Aitken, Skills Lead at the South East Local Enterprise Partnership.

Table 4: For each of these activities indicate how well you think CITB is currently performing in relation to activities to support construction careers³⁴

	Very poorly	Poorly	Neither well nor poorly	Well	Very well	Don't know
Grants to support investment in construction apprentices	38%	21%	12%	12%	5%	13%
Grants to support investment in construction qualifications	35%	22%	14%	10%	4%	14%
Grants for construction specific, standardised, short-duration training	34%	18%	17%	12%	3%	16%
Direct funding and commissions to address industry wide skills issues	36%	21%	12%	6%	4%	21%
Support for small & medium-sized employers with company specific skills issues	57%	18%	3%	5%	1%	16%
Industry campaigns to promote training opportunities, initiatives and innovations	39%	23%	13%	6%	3%	16%

Table 5: Looking to the future, do you think the CITB should do more or less of the following activities?³⁵

	CITB should not do this	Much less	Less	About the same	More	Much more	Don't know
Grants to support investment in construction apprentices	19%	1%	1%	7%	26%	38%	8%
Grants to support investment in construction qualifications	22%	1%	4%	4%	26%	36%	7%
Grants for construction specific, standardised, short-duration training	21%	1%	4%	7%	22%	39%	5%
Direct funding and commissions to address industry wide skills issues	24%	1%	1%	14%	13%	37%	9%
Support for small & medium-sized employers with company specific skills issues	20%	1%	1%	5%	16%	49%	8%
Industry campaigns to promote training opportunities, initiatives and innovations	24%	1%	1%	7%	27%	31%	8%

³⁴Taken from a survey of 77 SMEs conducted by the FMB for two weeks during January 2020

³⁵Ibid.



Upskilling

The Government has pledged £9.2 billion to be invested in upgrading the energy efficiency of people's homes, and to roll out the Future Homes Standard in 2025³⁶ as part of their response to the climate emergency and the need to reduce carbon emissions associated with our homes.

However, fewer than 5% of SMEs are currently involved in the energy efficiency retrofit sector.³⁷ That means there is a significant gap in green construction skills, and investment in upskilling is essential if the Government is to show that the UK is leading in building capacity in this sector ahead of hosting the 26th UN Climate Change Conference of the Parties in November 2020 (COP26). For example, there are currently only 20,000 air source heat pumps installed a year, but this form of heating is likely to become a mainstream source of heat, following the introduction of the Future Homes Standard.³⁸ There will therefore need to be a significant retraining programme to ensure that the has enough installers to be able to deliver heat pumps at scale.

The Government should leverage the National Skills Fund to promote upskilling in strategic occupations within construction over the next five years, such as those relating to digital and low-carbon innovation. This includes heat pump installers and retrofit co-ordinators. They should make vouchers available that will provide additional incentive for SMEs looking to move into growing markets.

Recommendation – The Department for Education should leverage the National Skills Fund to provide funding to turbocharge upskilling in strategic construction occupations.

CITB should play a leading role in supporting any green upskilling programme. CITB administers the Skills and Training Fund which provides grants to SMEs for attending short duration courses. Companies with fewer than 50 employees can apply for up to £5,000 annually.

However, Tables 4 and 5 show that SMEs do not feel that the CITB is currently performing well in relation to providing grant to SMEs for fulfilling business-specific skills needs. Three quarters (75%) of SMEs think CITB is performing poorly against this metric, and almost two-thirds (65%) would like to see them improve going forward. CITB should work to give the industry greater confidence that they will support upskilling.

³⁶Op. Cit. Get Brexit Done, Unleash Britain's Potential, page 55

³⁷Taken from a survey of 789 SMEs conducted by the FMB for two weeks during January 2019

³⁸Future Homes Standard, Ministry of Housing, 2019, available at: <https://go.fmb.co.uk/2vleazL>

Figure 22: In the next five years, are you planning on attending, or sending an employee on, an external short course to increase knowledge and skills in your business?

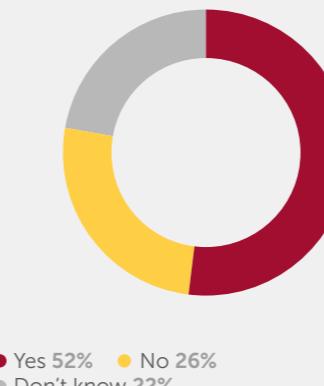


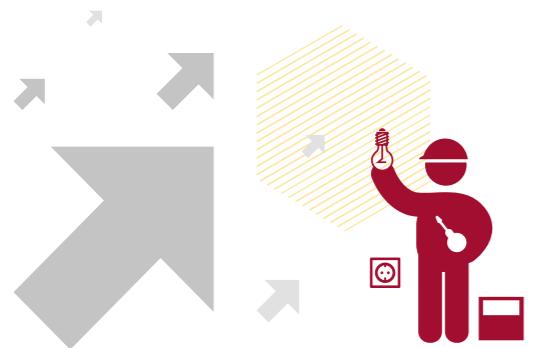
Figure 23: What additional knowledge and/or skills will you acquire on the external short course?



“

As an SME construction company, we believe in training and want to upskill all members of our team. I want to send two operatives on a CIOB course this year, but this will take over half the current grant of £5,000 and will mean that other team members will lose out. The Skills and Training Fund cap is not sufficient because if a company with 50 employees wanted to upskill every individual, it would only have £100 per person to do so. The Fund should be allocated according to need and should encourage those companies who want to train. ”

Annie Summum, Public Affairs Director at Kisiel Group, a small house building company based in London.



There is ample opportunity for the CITB to deliver the Skills and Training Fund to SMEs, as in the next five years, one in two builders are planning on either attending, or sending an employee on, an external short duration course (Figure 22).

More builders are planning to upskill their employees on an informal, internal basis over the next five years than are planning to invest in external upskilling, as demonstrated by a comparison of Figures 22 and 24.

When asked what the content of this informal training would include, responses focused on practical skills and knowledge, and teaming up junior tradespeople with more experienced operatives and engineers (Figure 25). Also referenced were opportunities for employers to cascade knowledge they had recently learnt on an external course onto their staff via toolbox talks.

When asked what knowledge and skills they were set to acquire, the most common response related to management skills or keeping up to date with regulation change in the fields of health and safety or building regulations (Figure 23).

Recommendation – The CITB should remove the cap on the Skills and Training Fund and provide funding according to need.

Figure 24: In the next five years, will you upskill any of your employees using your own specialist knowledge and/or skills informally while on site?

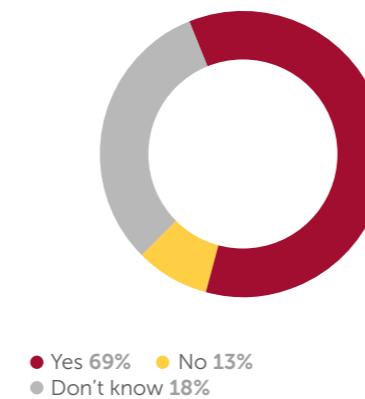
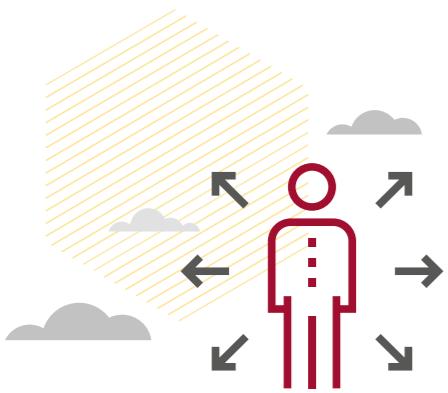


Figure 25: What skills/knowledge will you upskill your employees in informally on site?





Appendix – profile of respondents

15%
of respondents were based in London

34%
of respondents operate in the private housing sector

39%
of respondents employ between 2 and 5 people

25%
of respondents have a turnover of between £200,000 and £499,999

The Federation of Master Builders (FMB) asked 283 builders in England, Scotland and Wales over the course of two weeks in February 2020, about the challenges they face engaging with the apprenticeship programme and upskilling their existing employees.

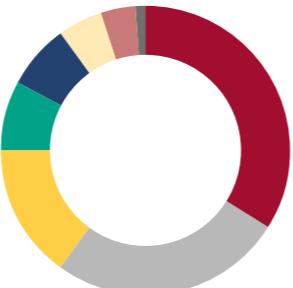
The profile of the respondents is as follows:

Figure 29: Where is your firm based?



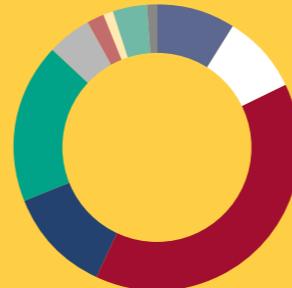
- London **15%**
- Southern Counties **14%**
- Midlands **13%**
- South West **13%**
- Eastern Counties **8%**
- North West **8%**
- Yorkshire and Trent **10%**
- Northern Counties **5%**
- South West Wales **3%**
- Edinburgh, the Lothian & Clackmannshire **2%**
- Glasgow, East Dunbartonshire and Larnarkshire **2%**
- Dundee, Angus, Perth, Kinross and Fife **1%**
- Aberdeenshire (including Aberdeen), Moray and Shetland **1%**
- Argyll and Bute, Stirling West and Dunbartonshire **1%**
- Inverclyde, Ayrshire, Renfrewshire, East Renfrewshire **1%**
- Highlands, Eilean Siar and the Orkneys **1%**
- North Wales **1%**
- South East Wales **1%**

Figure 30: Which sector(s) does your business primarily operate in?



- Private housing **34%**
- Housing – repair and maintenance **26%**
- Private commercial **15%**
- Non-housing – repair and maintenance **8%**
- Private industrial **7%**
- Public housing **5%**
- Public non-housing **4%**
- Infrastructure **1%**

Figure 31: How many people does your firm directly employ?



- I'm a sole trader with no other employees **9%**
- 1 **1%**
- 2 - 5 **39%**
- 6 - 9 **12%**
- 10 - 20 **18%**
- 21 - 30 **5%**
- 31 - 40 **2%**
- 41 - 50 **1%**
- 50 - 249 **4%**
- 250+ **1%**

Figure 32: What is your approximate annual turnover?



- Under £50,000 **4%**
- £50,000 – £84,999 **6%**
- £85,000 – £199,999 **16%**
- £200,000 – £499,999 **25%**
- £500,000 – £999,999 **21%**
- £1 million – £2.49 million **14%**
- £2.5 million – £4.99 million **7%**
- £5 million+ **7%**





About the Federation of Master Builders

The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry representing thousands of firms across England, Scotland, Wales and Northern Ireland. Established in 1941 to protect the interests of small and medium-sized (SME) construction firms, the FMB is independent and non-profit making.

About the Construction Industry Training Board (CITB)

CITB is the industry training board for the construction sector in England, Scotland and Wales.

It's our job to help the construction industry attract talent and to support skills development, to build a better Britain.

We are an executive non-departmental public body in charge of our budget and activities. Sponsored by the Department for Education, we are also accountable to government ministers, and ultimately Parliament.