



## UK Construction and Infrastructure

# Mind the Gap: Bridging Jobs with People

- According to the Q1 2018 RICS Hiring Managers' Sentiment Survey, apprentices were the only group of workers to see a decline in the time taken to fill vacancies.
- Three-quarters of HR managers currently hire or actively employ RICS accredited graduates for progression to RICS membership with a third of these doing more so than in the past.
- RICS is leading the industry in promoting diversity and encouraging future talent to consider a career in the built environment via innovative programmes such as UrbanPlan and the Inclusive Employer Quality Mark (IEQM).
- Yet only 63% of professionals surveyed in Q4 2017 reported working for an employer with formal hiring policies in place to support diversity in the workplace.

Education and workforce development stand at the forefront of advancing our industry, economy and civil society. From 3D printing to building information modelling (BIM), digital transformation has permeated almost every aspect of business today, fuelling exponential growth in just-in-time and on-demand delivery processes.

The blurring of geographic boundaries has led to an unprecedented movement of people and products globally – a Fourth Industrial Revolution whereby smaller, faster and more powerful forces redefine the pace of efficiency gains. While the internet-of-things may have enhanced the way we communicate and transact, it has also deepened a divide favouring those with the knowledge and prowess to leverage these tools effectively. For the world built environment, this has manifested itself most profoundly in a structural skills gap.

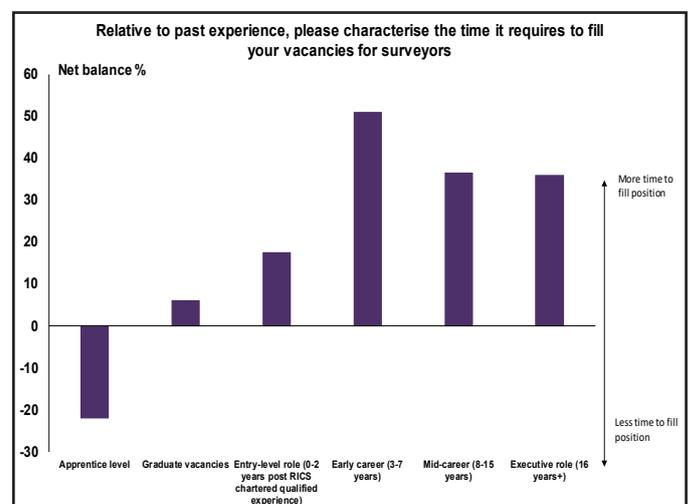
With nearly 430,000 construction workers set to have retired between 2010 and 2020, the industry must ensure that it can inspire new talent into the profession through innovative career pathways that appeal to a broader cross-section of society. Despite government efforts to bolster the prominence of apprentices through an apprenticeship levy introduced in the spring of last year, the effectiveness of workforce development schemes in the UK remain far from clear.

In a newly launched quarterly survey designed to gauge the sentiment of hiring managers in areas related to the surveying profession, RICS data in Q1 2018 reveal that apprentices were the only group of workers to see a decline in the time taken to fill vacancies (Chart 1). Indeed, this may be a direct response of employers taking advantage of the levy-funded government provisioning for near zero cost off-site training. Not surprisingly then, over 70% of respondents currently hire apprentices with just 8% expressing the view that apprentices do not fit their recruitment requirements.

Meanwhile, three-quarters of HR managers currently hire or actively employ RICS accredited graduates for progression to RICS membership with a third of these doing more so than in the past. Although 60% reported that recent hires met the advertised job specifications, nearly a third felt they were under-qualified.

Raising salaries and benefits proved the most effective strategies for hard-to-fill roles, particularly at the mid-career and executive levels. With the national employment rate in the UK at a record high of 75% coupled with a recent upward trend in full-time rather than part-time employment, both recruitment and the retention of staff have reportedly become more difficult as well.

Chart 1: Tighter Labour Market

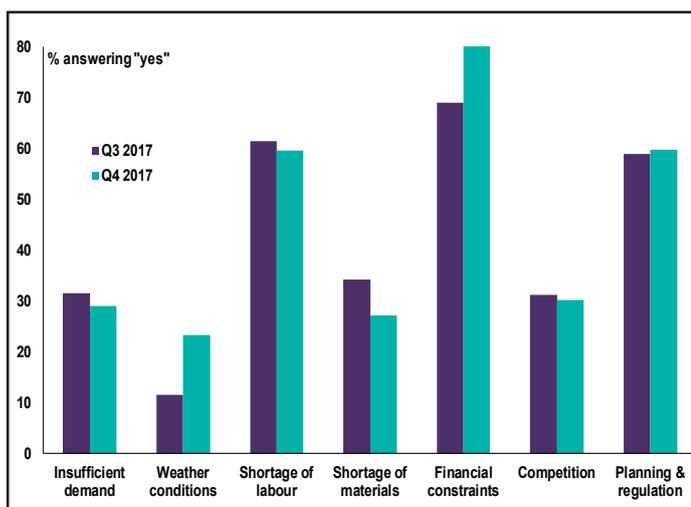


As with other forms of investment, workforce training and development occurs along a continuum with relatively long lead times. Based on RICS market research, the lack of sufficiently skilled workers has consistently been cited as a key impediment to growth in the construction and infrastructure industry for the past four years. Having eased throughout 2016, the intensification of labour shortages is biting once more with 60% of businesses in Q4 2017 expressing this as a factor limiting workload activity (Chart 2).

According to a recent RICS Construction and Infrastructure Market Survey, 42% of respondents feel that government-funded programmes are moderately effective but a full one-third are unsure. The quality of the talent pipeline is insufficient as well with less than half of employers who currently hire apprentices viewing them as a long-term solution to their hiring needs. Businesses point to the quality of available workers, rather than quantity, as being the principle driver of skill shortages. Indeed, 59% of our professionals note that improved education pathways and training would be the most effective policy response to alleviate labour supply pressures, while just under a third were of the view that direct government subsidisation of training would be the most effective.

These findings are supported by data from the Construction Industry Training Board (CITB) which shows that hard-to-fill vacancies have more than doubled since 2011. Meanwhile, a YouGov poll points to unflattering public perceptions toward the industry – only 11% think the sector is “exciting,” while 41% view construction as one of the least likely industries to require a higher form of education. The disconnect is startling given the extent to which modern society relies on the homes, offices, schools, hospitals, and transportation infrastructure that this industry builds in increasingly more innovative and environmentally sustainable ways.

Chart 2: Factors Limiting Building Activity



RICS is leading the industry in promoting diversity and encouraging future talent to consider a career in the built environment. In 2016, RICS became a founding partner of the Urban Land Institute’s UrbanPlan educational outreach programme. Designed to help students understand the role real estate plays in reviving and regenerating urban areas, these targeted, one-day workshops are delivered by industry professionals completely free of charge to 16 to 18-year olds in state schools across the UK. Utilising a mix of 3D town models and financial spreadsheets, the innovative curriculum goes to the classrooms to explain the wide range of careers available in the architecture, engineering and construction industries and how professionals work collaboratively on real projects. As a volunteer, bringing the urban environment to life for tech savvy young learners eager to apply academic principles to the practical challenges facing the world built environment has been equally rewarding.

Meanwhile, RICS remains committed to assisting employers in setting up and recruiting apprentices – quantity surveying and project management are just two of the ten surveying apprenticeships currently available. In September 2017, RICS launched Inspire 2020, a formalised volunteering programme of visits to schools and career events with the aim of achieving 2020 face-to-face hours inspiring young people into a surveying career by 2020.

The UK already suffers from low levels of productivity compared with most other G7 countries, so there is a pressing need to enhance opportunities for knowledge exchange and the upskilling of the workforce. Since 2015, over 130 companies have signed on to the RICS Inclusive Employer Quality Mark (IEQM) which recognises inclusivity as a core feature of employment practice. While this is a step in the right direction, only 63% of construction professionals we surveyed in Q4 2017 reported working for an employer with formal hiring policies in place to support diversity in the workplace. Broadening the pool of applicants to include more women and minority groups could help to develop a more sustainable pipeline of talent into the industry.

With firms reporting to have to turn down work due to shortages of staff, opportunities are abundant for those with the right skills in the right places. Indeed, the skills picture in the UK is a complex one that will require workforce development policies that evolve with the changing needs of the economy.

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