

REC CONSTRUCTION

The Recruitment & Employment Confederation's (REC's) specialist Construction sector group provides a forum for any recruiter supplying to the construction sector to discuss policy, market conditions and regulatory issues affecting their businesses.

SECTOR DEVELOPMENTS

Whilst yet to equal its performance in early 2008, the construction industry is showing signs of a real recovery from the recession, driven by demand for housing and infrastructure. This offers opportunities for employment agencies as labour supply tightens, but agencies need to stay abreast of how recent policy changes may impact on their business models.

"The REC Construction group is the voice of recruiters specialising in construction and is committed to raising standards across the industry. In addition to serving our members, we represent the views of recruiters to the wider construction community."

Simon Noakes, Chair of REC Construction.



65.8%

of workers are working in the same region where they started their careers.



2.9%

Annual growth in construction at September 2014

Recovery:

Output in the construction sector grew by 3.5% in the twelve months to September 2014, the sixteenth consecutive period of year on year monthly growth. This growth has been driven by increased spending on infrastructure and the growing demand for new housing as consumer confidence returns. ONS statistics show that from 2009 to 2013, spending on new infrastructure increased by £4,269m to a total of £15,007m per annum, whilst spending on new housing increased by £6,548m to £22,467 per annum. This is close, but still below the record £25,626m spent on new housing in 2007. Whilst this growth has been strongest in London, CIOB recently reported it is expanding to the rest of the UK.

Skills Shortages:

This growth is exacerbating existing skill shortages. During the downturn 12% of the workforce (400,000 workers), but 39% of those under-25, left the industry, whilst apprenticeships dried up.

With business picking up, an extra 36,400 workers are predicted by the CITB to be required each year in construction. The CITB also recently found 36% of construction businesses that tried to fill vacancies (18% of all businesses in the sector) experienced difficulties. The workers most in demand are general labourers, carpenters and bricklayers, but there are increasing shortages throughout the industry. The lack of workers is hurting the industry, with 55% of businesses unable to fill positions experiencing increased costs, 47% losing business or having to pass on opportunities and 28% missing deadlines. Despite this, only 23% of construction businesses experiencing difficulties finding workers increased their recruitment spending, and only 17% tried new recruitment methods.

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Solutions:

Creative solutions will be required to plug the skills gap and recruitment agencies will have a key role to play in finding these solutions. Areas of focus include increasing opportunities for young people, labour mobility and diversity.

Youth:

The construction sector has an ageing workforce and this has led to growing calls for increased apprenticeships. Currently, London and the South East only train half the workers it needs, a shortfall of nearly 15,000. The reason for the shortfall is complex, but according to research by BIS and the CITB, construction has an image problem with young people and many clients also have an issue with young workers, with 83% of employers with difficulties filing vacancies reporting candidates lack the right attitude and motivation, which is more than report a lack of experience. Giving young people with the right attitude a chance to gain experience in construction is critical.

Labour mobility:

Workforce mobility can be improved. On average, 65.8% of construction workers are working in the same region in which they started their career, but this figure is 85.7% in Wales and 85.2% in the North East of England. Moreover, despite widespread perceptions, only 5.7% of construction workers are originally from outside the UK.

Diversity:

The construction industry is still overwhelmingly white (94.9%) and male (89%). Encouraging greater workforce diversity will help the industry continue to grow.

Get Involved

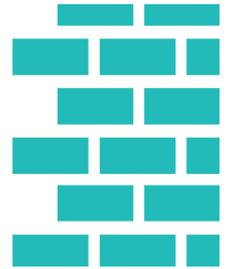
The best way to keep up to date with what is happening in construction is to come to the next REC sector meeting. You should also make sure that you are signed up to receive REC member updates for the construction sector and regularly visit the REC website.

The REC always welcomes member feedback and contributions to consultation processes and reviews. With consultation on travel and subsistence payments ongoing, now is the time to make your views heard.

REC's Policy Priorities for 2015:

- To ensure that the importance of recruitment agencies to the construction sector and economy is communicated to all major parties in the lead up to the General Election in May 2015.
- To assist members to clearly understand the changing policy and legal environment around recruitment, including the impact of changes to the tax system.

Workers most in demand are general labourers, carpenters and bricklayers



POLICY UPDATE

The Government's recent changes to the CIS scheme intended to tackle "false self-employment" are still reverberating through the industry. Employment agencies need to be aware of the changes, their obligations and potential liabilities. HMRC have made it clear that they will be targeting the construction sector using a targeted anti-avoidance rule (TAAR). The REC legal team has prepared clear, easy to read guidance on the changes and what they mean for your business, and will keep members updated as the Government finalises the reporting obligations due to commence in April 2015.

The Government is also considering changes to the treatment of travel and subsistence payments under the tax system. These payments are important for many workers in construction, with 5.7% of construction workers living in temporary accommodation and an average commute for workers of 28 miles each way. The REC welcomes the review, given long-standing concerns over worker exploitation, aggressive tax minimisation schemes and market distortion, but the Government needs to ensure the construction sector is not disadvantaged given its special needs. The REC recently provided a submission to the government on the issue and will keep members informed of developments.

Further information and data sources

- BIS: UK Construction: economic analysis
- CIOB: The Real Face of Construction
- CIOB: No More Lost Generations
- CITB: Workforce Mobility and Skills
- CITB: Skills and Training in Construction
- LCC/KPMG: Skills to Build
- ONS: Output in the Construction Industry

www.rec.uk.com/construction

