



## ***Apprenticeships: A Firm Foundation***

A report for UCATT

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## Executive summary

The construction sector is a key part of the economy, accounting for about 8% of UK GDP and employing over two million workers.

The revival in Government interest in apprenticeships over the last ten years is a welcome development but despite both this and an extremely favourable decade of construction industry growth, employers are still reluctant to take on apprentices.

The industry now faces a growing skills crisis in terms of both skills gaps and skills shortages, which is likely to be exacerbated by the fact that the construction workforce is an ageing one. ConstructionSkills predicts that by 2010 the sector will need half a million new entrants and a major expansion in the four main trades (bricklayers, wood trades and interior fit-out, painters and decorators, and plasterers and dry liners).

The widespread use of false self-employment is a huge disincentive for contractors to take on apprentices – with little or no direct labour, there is little or no training. There is a clear correlation in the UK between those areas (like Scotland) in which direct employment is still common and the provision of high quality apprenticeships. The reverse (in areas like London) is also true - very few apprenticeships are offered and self-employment is the norm.

The main problem in the UK construction sector is that training is employer-led in a sector in which the majority of employers are not prepared to meet the responsibilities of leadership. Too many short-term gains for individual firms are taking priority over the long term interests of the sector and the country, not to mention the workforce.

This is being institutionalised with the Government's push on Programme Led Apprenticeships (PLAs). The problem with this initiative is that it involves a great deal of effort, a considerable amount of money, and the engagement of thousands of young people and all for what everyone agrees is an inferior option to that of an employed apprenticeship. As PLA trainees complete their college programme and find it difficult or impossible to be placed with an employer to gain the on-site experience and training necessary to gain the NVQ and other elements of the apprenticeship framework, the likelihood is that disillusion and cynicism will set in. These youngsters are likely to be lost to construction forever or, at the very least, set back and demoralised in their attempt to gain a construction related skill set. The very existence of the scheme is testimony to the continued failure of the industry to plan adequately for its own future. By underwriting the scheme instead of grappling with the real issue – the need to set up a system which rewards employers that take on apprentices and penalises those that do not – the Government is not only colluding in the sector's irresponsibility and short-sightedness, but encouraging it.

If ever exhortation and a 'light touch', laissez faire approach to training was going to work, it would have worked over the last decade, when the sector experienced ten years of solid growth, providing a stable platform on which to build a sustainable cycle of high quality training, direct employment and good quality construction.

Instead, we face a worsening skills crisis and therefore, it is time for the Government to adopt a more positive and inclusive approach in order to safeguard the future prospects of the sector. There are four elements to the new approach required: a genuine social dialogue; a positive

and proactive role for public sector procurement; a major push for recruitment in non-traditional areas; and improvements in vocational education and training in construction.

The union voice in construction is too often ignored or marginalised. This has to change and (together with other actors like employers, national government and the FE colleges) the representatives of construction workers have to be actively involved in every aspect of the discussion on training and apprenticeships policy: setting standards, monitoring quality, grant criteria and the design of training courses.

The Government is the most important customer of the sector and must use its procurement power to shape the market, change the industrial culture, particularly in widening the sector's appeal to a more diverse workforce, amend the labour process - specifically to reverse the growth of false self employment - and redesign and improve the construction vocational education and training system.

There may be more room for manoeuvre under both UK and European procurement law than has been assumed. Imaginative approaches as adopted by the Greater London Authority under the last mayor produced some very positive outcomes within the bounds of current legislation. It is not entirely clear how much leeway there is available under EU law but this will have to be tested. There may also need to be some amendments to UK legislation. But the key point is that the UK Government has taken a very narrow interpretation of the relevant legislation – a self-limiting approach which could be reversed.

The short termist approach that is dominant within the sector is poisoning the prospects for future long term success. This requires urgent action by the Government to remedy this as the employers have proved singularly incapable of doing it themselves. Involving all social partners (especially the unions) much more closely in the policy and provision of vocational education and training, will help to introduce a longer term perspective, and provide a driver to improve the standard and range of training available, as construction unions have an interest in ensuring that members and potential members are not only trained for the tasks in hand but are trained and able to cope with the changing skills demands of the industry in the future. Without positive intervention, the future for the sector looks bleak and the widely predicted problems will have a devastating impact. This is not inevitable, and it is within the hands of the Government to safeguard the future of the industry, but it requires the political will to do so.

# Part 1: Background

## *Introduction*

Apprenticeships in Britain have existed since the Middle Ages. In more modern times, the period of the late 1940s to the mid 1970s is sometimes seen as a 'golden age' of apprenticeships (Vickerstaff, 2003). In the mid 1960s, there were around 240,000 apprentices. However, the economic crises of the 1970s and 1980s saw a collapse in their numbers. By 1990, the 'average in learning' figure for apprentices was 53,000.

Today, apprenticeships are once again recognised as important but unlike many other European countries, the UK does not have a statutory definition of an apprenticeship (Ryan et al., 2006). McIntosh (2005: 251) suggests that it is commonly understood to mean:

a structured programme of vocational preparation, sponsored by an employer, juxtaposing part-time education with on-the-job training and work experience, leading to a recognised vocational qualification at craft or higher level.

He writes that what differentiates apprenticeship training from other forms of vocational education, such as the full-time college-based route, is the attachment of apprentices to an employer and the fact that they spend a significant proportion of their time in the workplace.

The Government defines an apprenticeship 'as a programme that the Government will fund against a Sector Skills Council-specified framework' (DIUS/DCSF, 2008: n.1, p.5). More specifically

An Apprenticeship is a form of vocational training based on a mixture of work-based and theoretical learning. For the Government to count training as an Apprenticeship and to be able to provide the relevant funds, an Apprentice must have spent a period of time as an employee during the Apprenticeship, and have an employed status at the time of completion.  
(DIUS/DCSF, 2008: 14)

In addition, in any government-funded apprenticeship, there are four core elements:

- The employer offers a place, is the primary provider of learning in the workplace, pays the Apprentice a wage, and supports their learning time requirements.
- The Apprentice is expected to contribute to the productivity of the employer and to undertake the requisite learning.
- The training provider (which might be a further education college, group training association or other work-based-learning provider) provides off-the-job tuition and often takes on much of the bureaucratic workload associated with the Apprenticeship on behalf of the employer.
- The Government – via the Learning and Skills Council – provides funds to cover the training costs of the Apprenticeship, although typically not the wage costs of training time.

(DIUS/DCSF, 2008: 14)

The Government also insists that while an apprenticeship is not a qualification in itself, it contains the following separately certified elements:

- A knowledge-based element (the theoretical knowledge underpinning a job in a certain occupation and industry, typically certified via a Technical Certificate).
- A competence-based element (the ability to discharge the functions of a certain occupation, typically certified via work-based assessed national vocational qualifications (NVQs)).
- Transferable or 'key skills' (literacy and numeracy).
- A module on employment rights and responsibilities.

The costs of apprenticeships are shared between the state, the employer and the apprentice:

- The state funds the qualification elements of the apprenticeship, at 100% for 16-18 year olds and at approximately 50% for those over 19.
- The employer funds the remainder of the training costs and makes a further contribution by paying the wages of young people, who are at first not productive, by providing the time of the on-the-job trainers and sometimes by supplementing the minimum requirements by funding additional key skills, team building and other development activities
- The apprentice contributes by accepting a lower wage whilst they are in training (LSC, nd)

In 1993 the new Modern Apprenticeship scheme (at Level 3) was announced as Government recognised the need to improve the quality of, and numbers involved in, vocational training and education. It became fully operational in 1995. A series of changes have taken place since 1997 and around 100,000 apprentices now complete apprenticeships each year in England compared to 40,000 in 2001/02 (DIUS/DCSF, 2008: 3). This represents an increase from 24% to 63% in the proportion of learners completing the full framework. It is not known how many apprenticeships still exist outside the government-funded scheme as no official data is recorded (Fuller and Unwin, 2007: 448).

Since 1997, the numbers starting on the programme has increased from around 75,000 to around 300,000 (DIUS/DCSF, 2008: 15). The Leitch report (2006) set a target of 500,000 people a year in apprenticeships in the UK, of which England's share is 400,000.

Only about 10% of the country's employers provide apprenticeships. In the private sector this works out to about 130,000 out of the 1.4 million VAT-registered businesses. The public sector sets a poor example, employing around 20% of the workforce but less than 10% of apprenticeship places – although the public sector also employs less young people generally than the private sector (DIUS/DCSF, 2008: 33). In order to meet the Government's targets, the proportion of employers offering apprenticeships would have to rise to 20%.

## The Construction Sector

The Government defines the construction sector in accordance with Division 45 of the Revised 2003 Standard Industrial Classification (SIC) (BERR, 2007: 229), that is:

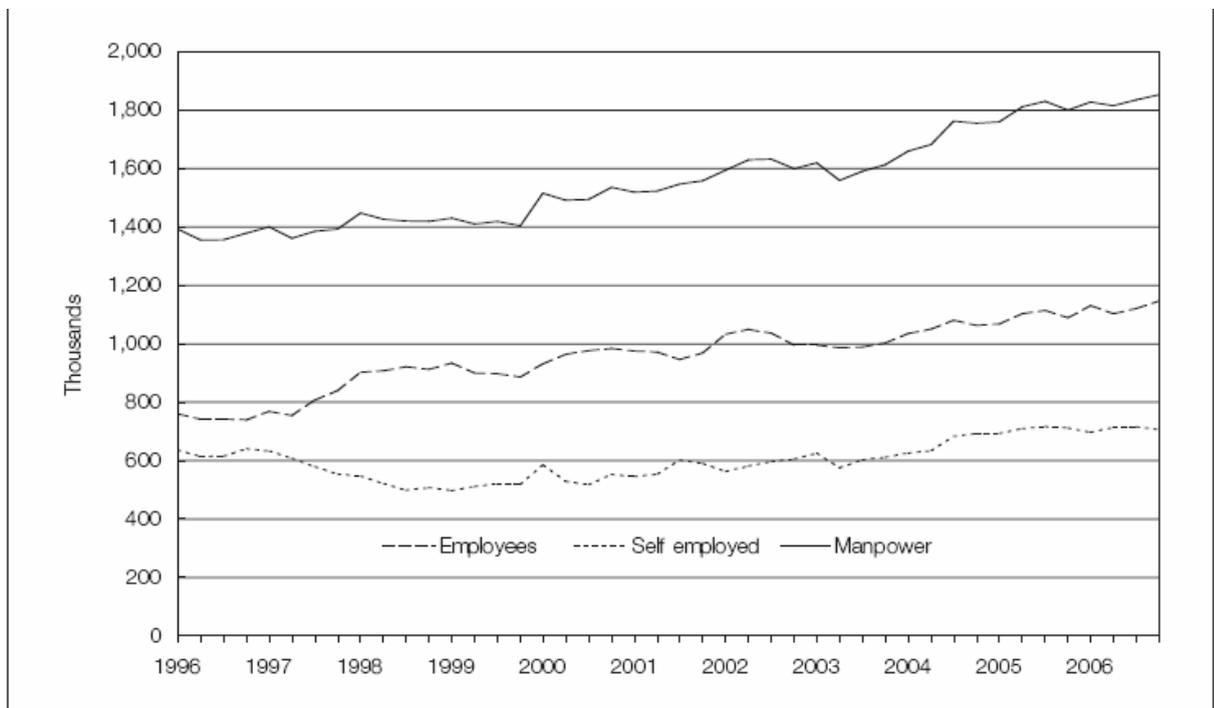
- General Construction and Demolition Work
- Construction and Repair of Buildings
- Civil Engineering
- Installation of Fixtures and Fittings
- Building Completion Work

Division 74.2 is also usually included in the overall figures for construction employment (professional consultancies):

- Architectural and engineering activities and related technical consultancy

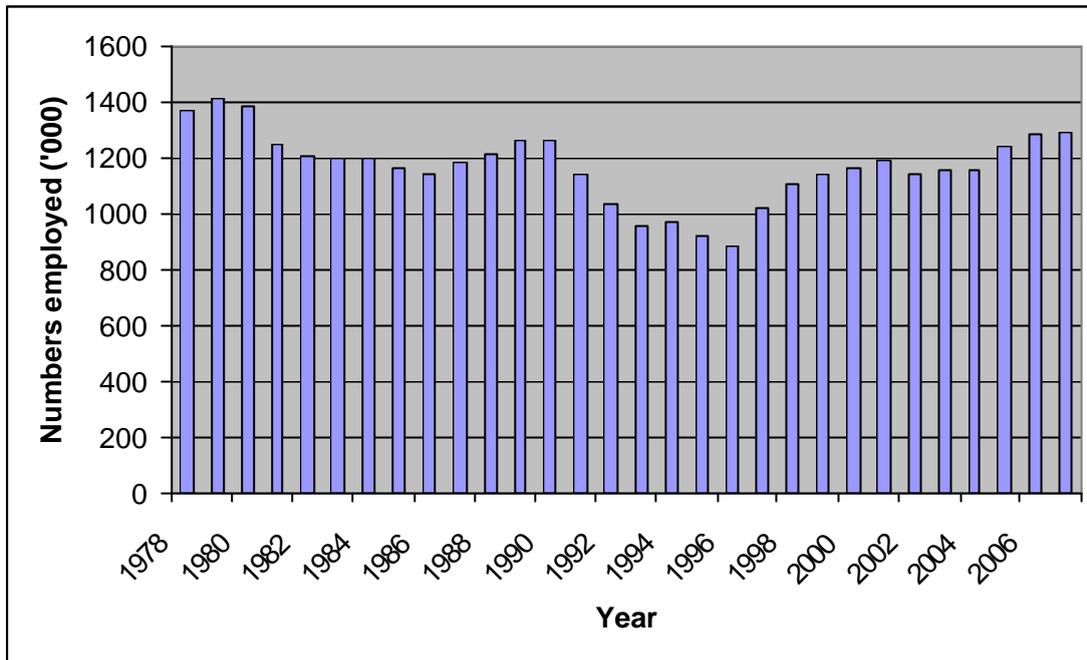
It is estimated that total employment in the construction sector is currently 2,616,660 (Construction Skills Network, 2008). Employment has been steadily rising for a decade (see Figures 1 and 2) with a 14% growth of employment since 1996 (ConstructionSkills, 2007a) and the expectation is that numbers will continue to rise over the next five years. However, although the construction sector follows the general pattern of the economy, it does so in a more volatile manner and upswings and downturns in construction are 2.3 times more pronounced than in the economy as a whole (OGC, 2006a: 6).

**Figure 1: Construction Manpower (quarterly) – seasonally adjusted**



Source: BERR (2007) Construction Statistics Annual 2007, p. 137

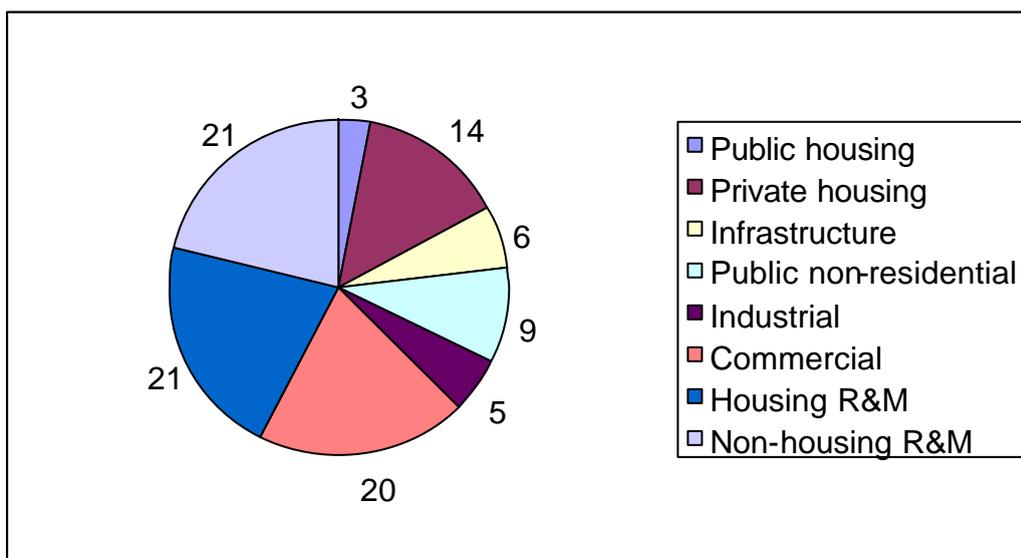
**Figure 2: Employee jobs in UK construction ('000s) – 3<sup>rd</sup> quarter, seasonally adjusted**



Source: Extracted from Employee jobs by industry: United Kingdom: thousands: Seasonally adjusted. Office for National Statistics. Dataset name: lms1

Construction generates £152bn of turnover and over £53bn of value added (Construction Skills Network, 2008). This represents about 8% of the UK economy in terms of Gross Domestic Product (ConstructionSkills, 2007a). Output can be broken down into several key areas (see Figure 2 below).

**Figure 3: Estimated construction output UK, 2007 (%)**



Source: Construction Skills Network (2008)

The UK construction sector is extremely fragmented. The Department for Business, Enterprise and Regulatory Reform (BERR) has 186,107 construction firms on its register (which covers Great Britain), employing 704,600 workers. If working proprietors are included, the numbers employed grow to 1,215,300 (the register does not include the majority of self-employed workers). Of these construction firms, just 54 employ more than 1,200 workers. More than 130,000 of these firms have between one and three employees (BERR, 2007). 90% of construction companies have less than 10 employees. (ConstructionSkills, 2007a). 284,000 construction workers are employed by firms with fewer than 25 employees (BERR, 2007). 80% of the construction workforce either works for small and medium enterprises (SMEs) (with less than 250 employees) or is self-employed, ranking it second highest for SMEs among all UK industries (Construction Skills Network, 2008). Table 1 compares the figures for construction with those for all UK industries.

**Table 1: Construction companies by size of company, UK: 2003**

	All industries		Construction	
	% of firms	% of employees	% of firms	% of employees
With no employees*	71.3	14.6	85.5	39.7
1-4	18.9	10.3	10.1	12.4
5-9	5.0	6.6	2.3	7.1
10-19	2.6	6.8	1.2	7.1
20-49	1.4	7.8	0.6	8.2
50-99	0.4	5.2	0.1	4.2
100-199	0.2	5.2	0.1	4.0
200-249	0.0	1.6	0.0	0.9
Total SME	99.8	58.1	99.9	83.6
250-499	0.1	4.9	0.0	3.3
500 or more	0.1	36.9	0.0	13.3

Source: Small Business Service Analytical Unit, cited in Construction Skills Network, 2007, p. 13.

\* comprises sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director.

The sector has a heavy reliance on subcontracting to SMEs and self employed contractors, employed on a short term, project-by-project basis. In terms of the make up of the workforce, employment in both manual and non-manual occupations is set out in Table 2.

**Table 2: UK Construction Sector Total Employment 2008**

Occupation	Employment in 2008
Senior & Executive Managers	9,140
Business Process Managers	64,870
Construction Managers	195,340
Office-based Staff (excl. Managers)	189,350
Other Professionals/Technical Staff & IT	35,870
Wood Trades & Interior Fit-out	292,350
Bricklayers	108,260
Building Envelope Specialists	99,970
Painters & Decorators	144,980
Plasterers & Dry Liners	43,980
Roofers	41,850
Floorers	42,980
Glaziers	46,090
Specialist Building Operatives nec	60,210
Scaffolders	21,140
Plant Operatives	43,460
Plant Mechanics/Fitters	23,730
Steel Erectors/Structural	26,890
Labourers nec	122,680
Electrical Trades & Installation	196,810
Plumbing & HVAC Trades	173,890
Logistics	35,100
Civil Engineering Operatives nec	62,010
Non-construction Operatives	248,020
<b>Total (SIC 45)</b>	<b>2,328,970</b>
Construction Professionals & Technical Staff	287,690
<b>Total (SIC 45 &amp; 74.2)</b>	<b>2,616,660</b>

Source: Construction Skills Network (2008)

Note: Some occupational groups end in the designation 'nec' (not elsewhere classified). This indicates that the occupations do not logically fit into precisely defined divisions or groups, or that they could fit into two or more of them equally well.

Construction is also a key sector for the Government. In January 2008, Stephen Timms, then Minister of State for Competitiveness, told the Commons Business, Enterprise and Regulatory Reform Committee, that construction will make a direct contribution to 16 of the 30 public service agreement goals set by Government and therefore 'is a critical industry for numerous departments' (Commons BERR Committee, 2008).

## Part 2: Future demands and potential problems

### *The challenge of growth*

There is a general perception that the UK construction sector is facing a skills crisis (e.g. LSC, 2006; Chan and Dainty, 2007) either in relation to skilled labour shortages and gaps or declining quality in construction work. This is not a new development but is arguably becoming more acute. The growing demands upon the sector have seriously exacerbated the situation and added urgency to the need to find a solution.

ConstructionSkills (2007a: 37) predict that by 2010 the sector will need half a million new entrants. The construction workforce is likely to grow to 2.8 million by 2011 (ConstructionSkills, 2007a: 40). As well as sheer numbers, the quality will have to improve and therefore it will be necessary to recruit from the widest possible pool of talent. ConstructionSkills (2007a: 40) argue that trade skills like bricklayers and building envelope specialists, such as cladders and roofers, painters and decorators, scaffolders and wood trades workers will see the largest increases in employment. Table 3 (below) shows that by 2012 there will need to be a major expansion in the four main trades with an additional 13,390 bricklayers required, 26,980 in the wood trades and interior fit-out, 16,220 painters and decorators, and 3,090 plasterers and dry liners.

This projected expansion will require a matching expansion in training provision. Skills shortages reduce the ability of firms to win work, lower the capacity of the industry, slow down progress in infrastructure renewal and threaten the quality of build. If the UK construction training effort does not match the demand for skilled labour, ConstructionSkills (2007a: 40) warn that employers are likely to take a number of possible actions:

- hiring untrained people (so further reducing the competence of the workforce which will then affect quality, productivity and performance);
- 'poaching' trained staff from other firms (thus increasing wage inflation) or
- improving the productivity of the existing workforce.

Another option would be to increase the proportion of skilled migrant labour. However, as with the other options, this is not without risk. There is no guarantee that migrant labour in the quantity and of the quality required will be available over the next five years or so. Labour markets change and wages are rising in Poland for example, and are likely to continue to do so as Poland sees its own construction sector growing with rising living standards and infrastructure projects such as the new stadia for the European Football Championships in 2012.

**Table 3: UK total employment and average annual requirement (AAR) by occupation: 2008-2012**

	Employment		AAR
	2008	2012	2008-2012
Senior & Executive Managers	9,140	9,550	190
Business Process Managers	64,870	69,190	2,770
Construction Managers	195,340	208,630	6,350
Office-based Staff (excl. Managers)	189,350	199,340	6,420
Other Professionals/Technical Staff & IT	35,870	38,440	790
Wood Trades & Interior Fit-out	292,350	319,330	12,860
Bricklayers	108,260	121,650	5,550
Building Envelope Specialists	99,970	112,270	5,120
Painters & Decorators	144,980	161,200	4,490
Plasterers & Dry Liners	43,980	47,070	1,570
Roofers	41,850	45,500	2,020
Floorers	42,980	46,430	840
Glaziers	46,090	48,210	1,110
Specialist Building Operatives nec	60,210	65,010	2,210
Scaffolders	21,140	23,360	1,200
Plant Operatives	43,460	47,010	1,570
Plant Mechanics/Fitters	23,730	24,730	940
Steel Erectors/Structural	26,890	28,470	1,000
Labourers nec	122,680	128,810	1,940
Electrical Trades & Installation	196,810	210,740	9,960
Plumbing & HVAC Trades	173,890	188,740	4,690
Logistics	35,100	38,480	650
Civil Engineering Operatives nec	62,010	67,720	2,040
Non-construction Operatives	248,020	242,850	
<b>Total (SIC 45)</b>	<b>2,328,970</b>	<b>2,492,730</b>	<b>76,280</b>
Construction Professionals & Technical Staff	287,690	306,060	12,110
<b>Total (SIC 45 &amp; 74.2)</b>	<b>2,616,660</b>	<b>2,798,790</b>	<b>88,390</b>

Source: Construction Skills Network (2008) *Blueprint for UK Construction Skills 2008 to 2012*.

There is predicted growth across the UK, but the dominance of the south east of England in construction demand will continue over the next five years. According to ConstructionSkills (2007a: 41) 'Greater London, the South East and East should have increased their share of total construction output from 38.4% (2005) to 41.1% by 2011.' This is largely, but not exclusively, a result of the Olympics.

Although ConstructionSkills report (2007a: 37) that 'skills gaps are not perceived as a problem in the *existing* workforce' (my emphasis), they suggest that they do cause difficulties with new starters and that latent or hidden skills gaps 'are preventing the industry from addressing productivity and performance problems' (ibid). In any event this view contrasts with many other studies including those by the Chartered Institute of Building (CIOB). A 2005 pilot survey of construction employers carried out by the CIOB found that 91% of respondents anticipated skills shortages beyond 2005. 65% of respondents felt that the workforce was not sufficiently skilled. The findings of this small scale study were backed up the London Annual Business Survey 2005 (LDA, 2005) which found that a lack of skilled workers was the biggest factor affecting the performance of businesses in London, and that construction was one of the industries most affected. In a larger follow-up to the pilot, the CIOB (2006) reported that 88% of respondents had difficulties in recruiting craft/trade workers and the vast majority of respondents expected a shortage of skilled workers in the following year.

The situation is made more serious by the fact that the industry continues to expand at a time when the current workforce is ageing, schools face growing pressures from Government to shepherd young people towards higher education and the sector cannot find enough places for those youngsters who currently want to take up an apprenticeship. Research conducted by ConstructionSkills in June 2006 discovered that employers ranked finding suitably skilled staff as second only to increasing sales as the most common key business challenge (CITB-ConstructionSkills, 2007: 3). Demand for construction work is predicted to continue to grow. At this stage it is not clear what long term effects the current squeeze on credit and problems arising out of the US sub-prime crisis will have on the UK sector's predicted growth. To a considerable extent, demand is driven by Government policy. There are a series of ministerial commitments that will have (and already are having) a big impact on construction:

- house building
- infrastructure renewal, particularly in schools
- the 2012 Olympics and other large scale construction projects like the Thames Gateway

Of these, Government investment on education will overshadow everything else, including the Olympics. According to ConstructionSkills (2007: 40) the Government's Building Schools for the Future programme will release over £4.7 billion UK-wide for construction and information, communications and technology.

In the Housing Green Paper (DCLG, 2007), the Government announced a target of building 240,000 new homes a year by 2016. Asked about the workforce implications of this, John Slaughter, Director of External Affairs for the Home Builders Federation told the Commons BERR Committee (2007b):

it is probably in the order of 40,000 extra members of the workforce compared to roughly 280,000 that perhaps we have now.

Of these, he estimated that half would have to come from migrant labour. He was also asked about particular areas of skills shortage and identified the need for more 'bricklayers, carpenters and people like that' (Commons BERR Committee, 2007b). A large survey of house-building firms carried out by Clarke and Herrmann (2007) found that the skills supply problem was more acute in the house building sector than the construction sector as a whole. It particularly affected those companies involved in social housing and regeneration. The greatest recruitment problems reported were in relation to 'intermediate skill occupations, such as site managers and for skilled operatives, such as carpenters and joiners, bricklayers and plasterers' (Clarke and Herrmann, 2007: 524).

Chan and Dainty (2007) emphasise the difference between skills shortages and skills gaps. By skills shortages they mean a quantitative problem – in other words there are not enough bricklayers for example to meet demand. They argue that this has been a recurrent problem within construction for three decades and 'there remain widespread concerns that the industry will not have the labour capacity to cater for the projected growth in the medium term' (Chan and Dainty, 2007: 376). Anthony Thompson, Head of Skill, Pensions and Employment at the CBI told the Lords Committee on Economic Affairs (2007b: 52) that in the UK the skills shortages in the labour force are acute:

In construction it is that they do not have the skills, and when we have had a demand for those construction skills, whether it is plumbing, electrical, plastering or whatever, then migrant workers have come in to fill those skills shortages.

Chan and Dainty (2007) argue that there are also skills gaps – related to the quality rather than the quantity of skilled labour. This is supported by ConstructionSkills (2007a: 37) who note that at least 250,000 people in construction 'still need to improve their skills to meet NVQ/SVQ Level 2 requirements'.

In addition, Chan and Dainty (2007) refer to *latent* skills shortages – by which they mean those unrecognized by organisations as they have managed to cope operationally (although not necessarily effectively) without the requisite skills. They say that this 'making do' approach tends to be exposed within project-based construction.

### ***What are the problems?***

In a discussion at the House of Lords inquiry into apprenticeships, Lord Turner referred to the skills shortage in construction and asked the expert witness before the Committee on Economic Affairs (the economist Professor Stephen Nickell of Nuffield College, Oxford) to explain how this could come about as these jobs are relatively well paid and in demand. Nickell offered several explanations:

- The existence of a larger group of people who are extremely ill-equipped for the labour market in the UK than in most countries;
- The poor performance of the UK in providing appropriate skills for this group compared to many other countries, particularly northern European countries;
- The difficulties for an individual firm in taking a complete grip on training. Firm-specific training produces no problems but training in general construction skills, bricklaying skills and so on, carries with it perceived risks of poaching by other employers.

(Lords Committee on Economic Affairs, 2007b: 5)

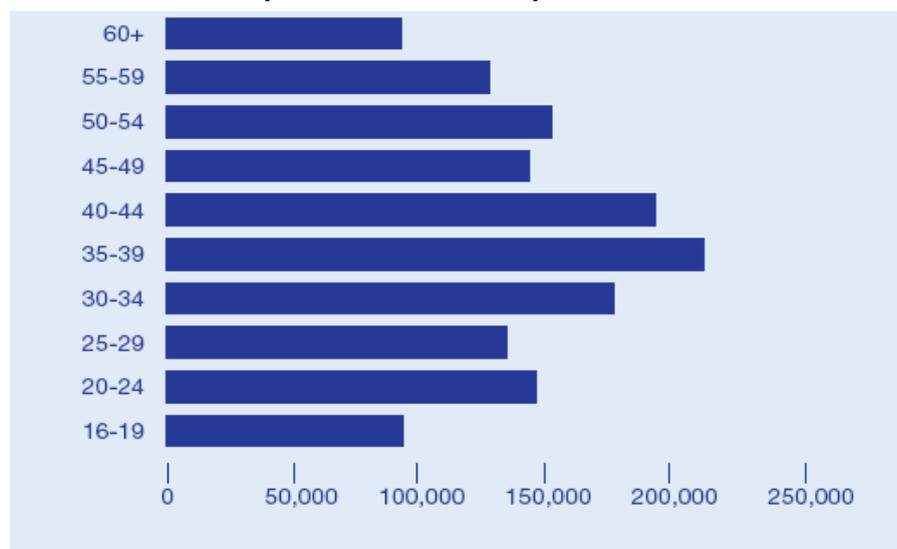
This can only be a partial answer however, as there are a number of other factors involved. The widespread use of self-employment within the sector is a major disincentive for individual employers to invest in training (Harvey, 2001; Winch, 1998) and is perhaps the most influential reason. It is also claimed that the sector has an unattractive image resulting in potential recruits choosing to work in other sectors (Dainty et al, 2000). This makes the demographic challenges faced by the sector all the more severe – fewer school leavers, and greater competition for them; in a period when large numbers of construction workers are retiring or coming up to retirement. It is also argued that introduction of new technologies has brought with it a requirement for new skills (Mackenzie et al, 2000). In fact it is sometimes claimed that the deployment of new technologies (such as pre-fabrication) is, in part, a response to the skills crisis. Other factors identified among the causes of the construction skills shortage are the cyclical nature of the market with its attendant sharp changes in employment and training levels, the fragmentation of the industry and the overall decline in training.

### **An ageing workforce**

The future skills needs of the construction sector is closely linked to the age profile of the current workforce. Compared to the UK working population as a whole, the age profile of the construction workforce is significantly biased towards the 30–44 age bracket. Over the next 20 years, the industry will lose around 30% of its workforce through retirement (ConstructionSkills, 2007a) and there is growing concern in the industry about the implications of an ageing workforce (Pearce, 2003).

Figure 4 (below) illustrates the age spread among manual workers in construction. ConstructionSkills (2004) notes that ‘the key demographic skills issues are the loss of key skills due to retirement, and the addition of new skills through recruitment in the lower age groups.’ Over the next few years there is likely to be continuing pressure due to the decline in the number of school leavers: an increase in those staying on to study at AS, A level and degree level. Those with academic qualifications are less likely to work in manual trades and may look for careers in other occupations and sectors. The Government’s target of 50% participation in higher education will further reduce the pool of available talent for vocational training.

**Figure 4: Age profile of the industry by major occupational classifications (manual workers)**



Source: ConstructionSkills (2004) Skills Needs Analysis for construction

In evidence to the Commons BERR Committee (2007a) UCATT General Secretary Alan Ritchie pointed out:

The average age of a craftsman in the construction industry is 54. We are estimating we need 70,000 people coming in every year to our industry. There is no training being done. We had 50,000 youngsters last year apply for craft apprentices in construction; we could only find 7,000 young people apprenticeships.

### **Wider needs of society**

From the Government's point of view there are broader societal issues about options for young people and questions of social exclusion. These were referred to by Richard Diment, Director General of the Federation of Master Builders. He told the Commons BERR Committee (2007c):

We are certainly aware that we need to increase two to three-fold the number of apprentices that are going through the industry as an absolute minimum if we are going to have the sort of numbers of skilled craftsmen for the construction industry as we move on beyond the turn of this decade. Not just because the industry needs them but because I think socially the country needs them, with all the evidence we have about young people who are drifting rather aimlessly through life, and to ensure that they have got some skills which will enable them to support themselves and their families for the rest of their working lives.

### **Impact of extending school leaving age/training to 18**

In a speech at the University of Greenwich in October 2007, the Prime Minister outlined the Government's plans to raise the school leaving or training age to 18. He said that at 18 or 19 every young person 'should graduate from school, college or an apprenticeship with good qualifications or a certificate on the way' (Brown, 2007). The measures were announced in the Queen's Speech (BBC, 2007) and mean that by 2013 in England, all pupils will stay in education or training until the end of the school year in which they turn 17. The leaving age will be raised to the 18th birthday by 2015. As well as the Education and Skills Bill, which will change the age of compulsory participation in learning as outlined above, the Apprenticeship Reform Bill sets out the right to public funding for Apprenticeships.

Mr Brown also referred to the proposed new diplomas and a planned overhaul of apprenticeships. This will consist of several aspects:

- A new matching service, similar to the UCAS university service, so that young people in any area can be matched up with businesses wanting and offering apprenticeships in every area of the country;
- A widening of the number of employers who now join the apprenticeship programme, building on the 130,000 employers across Britain currently offering apprenticeships;
- Making the public sector a better partner in apprenticeships, including changes in Whitehall itself;
- A legal duty on the Learning and Skills Council to provide sufficient apprenticeship places in every area so that an end can be put to a situation in which there can be only 95 apprenticeships completed in Hackney but over 2,500 in Hampshire.

(Brown, 2007)

There will be additional funding for those who wish to go on to an advanced apprenticeship or further education:

- advanced apprentices will have a credit of at least £3,000 through a Skills Account to pay towards their costs.
- from this year the Government will pay the college fees of young people up to the age of 25 studying the equivalent of A levels and giving access to an adult learning grant of £30 a week.

(Brown, 2007)

The Government will also create a new National Apprenticeship Service (NAS), scheduled to be fully functional by April 2009 (DIUS/DCSF, 2008: 32). Initially it will work as a distinct service within LSC. Operating at both national and regional level, it will:

- Have overall responsibility for delivery of the Government's policy on Apprenticeships;
- Co-ordinate the funding of all Apprenticeship places;
- Assess potential providers for quality and value-for-money;
- Act as a national information and marketing service;
- Establish and maintain a national matching service for employers and would-be Apprentices;
- 'Own' the Apprenticeships blueprint;
- Develop a model Apprenticeship Agreement;
- Have responsibility for administration of the Apprenticeship 'credit' initiative;
- Oversee the specification and provision of all future management information;
- Promote Apprenticeships.
- Manage a task force initiative to overcome the particular barriers to the growth of the programme in London.

(DIUS/DCSF, 2008: 27-29)

## **Unwillingness of employers to take on apprentices**

Despite all the high profile work done by Government on apprenticeships in recent years, in England since 2004 the construction sector has seen a gradual decline in both the number of employers taking on apprentices and the number of apprentices recruited by each employer (CITB-Constructionskills, 2008b: 20).

There is a general problem of employer short-termism in relation to training in the UK. As Grugulis (2003: 470) points out, 'employers generally respond only to short-term skills needs, usually in an *ad hoc* way; few, if any, plan skill formation and development over more than two years'. There are a number of problems in meeting the government's ambitious aims of apprenticeship uptake:

- to a certain extent the programme has not completely shaken off the poor image of its youth training schemes predecessors
- schools feel conflicting demands as the targets for apprenticeship take-up clash with other government targets for young people to remain in full-time education and, in particular, to increase numbers aiming for a university place.
- not enough employers are willing to provide places for apprentices and so many young people cannot enter this pathway (Fuller and Unwin, 2007: 448).

Sir Michael Latham, Chairman of ConstructionSkills, emphasised that there is not a recruitment problem with young people. He contrasted the position in the south of England with that north of the border, where he said there is

a very substantial proportion of apprentices taken on in Scotland because in Scotland there is still an employment/apprenticeship/direct employment culture which is good. The further you go down south the less that is the case. We have found that there are somewhere between seven and a half and 10,000 youngsters who are full-time students at colleges of further education, particularly in the south of England, who have not got an employer. If they have not got an employer then, first, they have not been scrutinised by CITB, by ConstructionSkills, and secondly, if they have not got an employer they will not get any site experience, and if they have not got any site experience they cannot get an NVQ and cannot complete a framework apprenticeship. (Commons BERR Committee, 2007a)

This has other impacts, including on diversity within the sector. Clarke (2007) points out that 62% of those training in construction are based in further education colleges, and many of them are classified as unemployed. Even when trained, very few will be able to gain employment in the industry because they do not have the necessary work experience or employer placement. A disproportionately high number of this group that have trained in FE but are unable to enter a construction job are youngsters of ethnic minority background.

Stephen Timms, then Minister of State for Competitiveness, told the Commons Business, Enterprise and Regulatory Reform Committee (2008), that the 'key restraint' was the need for more high quality employer places than are currently available. He identified this as the contribution required from the construction industry. However, he said that he had not set a target for the industry and wanted to 'encourage more employers, and employers in larger numbers, to make those places available.'

Some companies continue to take on apprentices. Carillion for example trains around 2,200 apprentices a year, Kier has taken on between 64 and 92 a year for each of the past five years, and the Balfour Beatty Group has around 450 apprentices currently in training, slightly down from a figure of 500 apprentices in training five years ago. On the other hand, Taylor Woodrow Construction point out that although they run a number of training/sponsorship schemes, they 'do not run an apprenticeship scheme as we do not employ any trades direct' (all company details supplied in correspondence with the author).

Max Hamps, Director of ConstructionSkills Apprenticeship says that 'many firms still think that taking on an apprentice is costly or time consuming, or that drop out rates are high' (ConstructionSkills, 2007c). Pressed as to the reasons for employers' reluctance in England, Latham said that answers included concerns over the effort of engaging an apprentice only to see them poached by a rival employer. His response was to tell such employers that

what you need to be doing is taking on more people as youngsters, and the way you are likely to keep them is if you pay them properly and see they have a good job and have a chance of moving up through the firm and so on. (Commons BERR Committee, 2007a)

Clarke (2007) suggests that employers' abdication of responsibility for training is due to a combination of the following:

- health and safety considerations;
- the decline in collective bargaining concerning training;
- lack of trade union pressure with the exclusion of trade unions from modern apprenticeships;
- lack of obligation and regulation, as evident from the limited use of statutory levies;
- the decline in long-term employment with firms;
- self-employment and the extensive use of subcontracting;
- the easier alternative of using migrant labour; and
- lack of links with further education colleges.

Latham conceded that there is considerable resistance among employers, which is greater in the south of the country. While it is true that there are several reasons why employers are loathe to take on apprentices, the key explanation is the incidence (and financial advantages) of self-employment. Many of the other reasons are related to this central issue. Unless ministers deal with this, they are unlikely to meet their ambitious goals on apprenticeships.

## **Self-employment**

According to ConstructionSkills (2007a: 39) 'the incidence of self-employment in the construction sector has increased more quickly than that of direct employment.' In the years 2000-2004 self-employment increased by 28% whereas direct employment in the UK construction industry increased by just 1%. Self-employment in wood trades, bricklaying, plastering, and painting and decorating - the four main craft trades - accounts for 60% of their total UK employment (ConstructionSkills, 2007a: 39). ConstructionSkills estimate that more than a third (37%) of all those working in the industry are self-employed. Although this is a slight drop from 40% in 1997, it remains one of the highest in Europe. There is also evidence that it is now back on the increase and that the ConstructionSkills figure underestimates the degree of self employment. Harvey and Behling (2008: 27) put the true figure as over 50% of the total construction workforce.

The attractions for prime contractors of such an arrangement are obvious. Flexibility to hire and fire to meet fluctuations in demand and the avoidance of employers' National Insurance contributions are significant financial advantages and amount to a hidden subsidy from the State. Self-employment in construction has increased markedly over the last 30 years, although it has gone down from the peak of the early 1990s (see Table 4). David Fison, Chief Executive, Skanska UK plc, told the Trade and Industry Select Committee:

...the danger is that our industry is fundamentally short-term (we have short-term projects) and you cannot deny the attraction of being able to bring in and take out a resource, and there is this conflict which exists.  
(Commons Trade and Industry Committee, 2007)

Fison's solution was to urge more long-term construction programmes allowing construction companies to recruit and train.

**Table 4: Employment in the UK Construction Industry 1970-2002**

Year	Total employed (000s)	Directly employed (000s)	Self employed (000s)	Trainees (000s)
1970	1802	1170	405	84
1980	1696	975	495	69
1990	1703	668	718	46
1995	1375	436	621	
2002	1613	591	586	34

Note: Figures for trainees were discontinued by DoE in 1989 and those for 1990 are therefore from 1989. The figures exclude those in public authority Direct Labour Organisations. The figures for 2002 are for Further Education First Year Entrants to NVQ 2 and 3 courses.

Source: Department of the Environment (DoE), Housing and Construction Statistics and Department of Trade and Industry (DTI), Construction Statistics Annual. Cited in Clarke (2005: 484)

While the attractions to employers are clear, the disadvantages – both to the individual ‘self-employed’ workers and to the industry as a whole - are equally obvious. Part of construction’s ‘image problem’ is undoubtedly to do with the incidence of false self-employment where workers are encouraged to register as self-employed, even though to all intents and purposes they have all the characteristics of an employee (see Harvey and Behling, 2008 for a rigorous discussion of the legal and tax definitions). By fostering ‘self-employment’, construction firms are choosing flexibility above productivity and sacrificing not only training but innovation (Winch, 1998). Without large scale direct employment, insecurity is heightened for individual workers and responsibility for training is abdicated by the prime contractor. It is estimated (Harvey and Behling, 2008: iv, 22) that between 375,000 and 433,000 construction workers are currently falsely self-employed – a round figure of 400,000 - with an additional figure for genuinely self-employed of between 270,000 and 325,000.

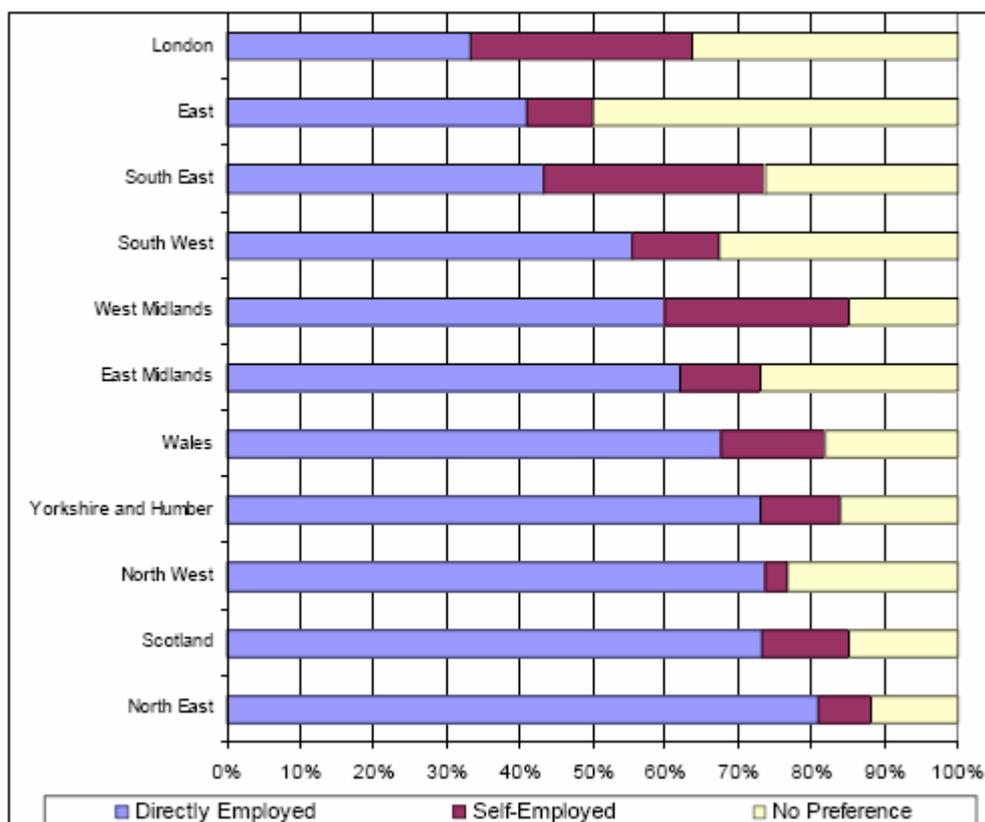
With no direct employees, there is little incentive to invest in skills and qualifications. This has a series of knock-on effects: it leads the industry down a low cost, low skill and low productivity route (Harvey, 2001). All the risks of accidents, unemployment, sickness, retirement and economic fluctuations are passed to individual workers, and the Exchequer loses out on millions of pounds of revenue.

There is a regional factor in the incidence of self-employment with much more in the south of England than in Scotland, Wales and the north. This creates different cultures within the industry relating to employment, training and careers. As UCATT General Secretary Alan Ritchie explained to the Commons BERR Committee (2007a):

...when you come further down the country, the CIS [the Construction Industry Scheme relating to tax and self-employment rules] really begins to bite and that is why you will not get the training, because you do not employ anyone. What happens at the present time is that to people who are employed you pay a training levy grant off your wages bill of 2% by law. You avoid it; you do not pay it; because you have no wages bill. They are all self-employed.

The 2004 CITB-ConstructionSkills survey of employers' skills needs found that the preference for a directly employed workforce among employers 'follows a definite north to south pattern' (CITB, 2004: 17), see Figure 5 below.

**Figure 5: Employers' preference for employment status of recruits by area**



Source: CITB-ConstructionSkills Employers' Skill Needs Survey 2004

The long term trend towards the use of self-employment has (perhaps inevitably) run hand in hand with a reconfiguration of the industry which has, in turn, deepened the movement to self-employment. Construction companies restyle themselves as service companies with few, if any, directly employed craft or manual employees. As was put by Lindsay Hoyle MP, member of the Commons BERR Committee (2008):

...if you take a company like AMEC they no longer employ the people, they do not have apprentices, because they have become a service company and they do not employ the skills they used to have. They used to take apprentices on but all of that is disappearing. I think that is the problem with the big companies, they subcontract all the work.

### Employment of migrant labour

There is a lack of data on the employment of migrant labour in construction. However ConstructionSkills (2007a) report that in a survey they conducted, only 4% of employers (excluding the self-employed) had employed any non-UK citizen in the last 12 months, although

larger firms were more likely to have done so than smaller firms (6% of the workforce of firms employing more than 250 workers compared with 2% of the total current workforce).

Based on an analysis of the total number of tests (for CSCS cards) taken in the UK by candidates using Eastern European voiceovers or interpreters, it is estimated that less than 2% of the UK Construction workforce, eligible to work on major construction sites, comes from Eastern Europe (Apprenticeship Ambassadors Network, 2007). These figures should be treated with caution as some workers whose first language is not English will still take the test in English if they feel their language skills are good (also not all tests are converted into cards and the figure will also include re-tests).

According to Stephen Timms, then Minister of State for Competitiveness:

The proportion of migrants working in the construction sector has increased since 2001 from 4.6% of the sector workforce to 7.7% in 2006. The proportion in London was always much higher and it has also jumped much further, so in 2001 it was 21.5%, in 2006 41.9%...  
(BERR Committee, 2008)

Clive Young, Assistant Director, BERR Construction Sector Unit, conceded to the Committee that it is difficult to obtain reliable data about migrant workers because many work as self-employed, 'so in fact it is difficult to get the numbers of the genuinely self-employed who are working in this area and also difficult to forecast' (BERR Committee, 2008). He also said that ConstructionSkills are carrying out a study and estimate that of a manual workers' total of 1.8 million in construction, there are about 144,000 migrant workers. CITB-ConstructionSkills (2007: 6) concede that widescale use of the migrant labour 'is not a sustainable solution', particularly as a 'predicted decline in migration in the medium term could uncover latent skill gaps' (CITB-ConstructionSkills, 2008b: 6).

UCATT General Secretary, Alan Ritchie underlined the centrality of the CIS and its relationship with both training and migrant labour:

It is not just down to migrant labour; it is inherent with the CIS certificate within the industry in different parts of the country... So the problem we have with apprentices and bringing young people into the industry is inherent in the CIS card, and that includes foreign labour that is coming in.  
(BERR Committee, 2007a)

## **Low pay for apprentices**

Research by the Apprenticeship Taskforce noted that low pay is one of the reasons for early drop out from apprenticeships (TUC, 2008a). In a survey of over 5,000 apprentices, Ullman and Deakin (2005) found that 9% of construction trainees earned less than £80 net per week. Apprentices under the age of 18 or in the first year of their Apprenticeships are exempt from the National Minimum Wage. As Apprenticeships tend to be of shorter duration than in the past because they are now largely based on competency rather than time served, many apprentices are exempt from the National Minimum Wage. This is particularly the case given the majority of apprentices are aged 16-18.

The Learning and Skills Council (LSC) currently insists that employed apprentices in England are paid at least £80 per week. This measure was brought in as a measure of protection against exploitation but the rate has not been increased since it was first introduced in August 2005. The TUC (2008a) is calling for change and recommends:

- The LSC should increase the minimum contractual pay for apprentices to £110 per week from August 2008 onwards.
- The LSC should establish an effective enforcement regime to ensure that all apprentices get at least the minimum contractual payment.
- The TUC will discuss the possibility of establishing similar measures with the relevant authorities in Scotland and Wales.
- The Government should include a review of the minimum wage apprentice exemptions in the next Low Pay Commission round.

As the table below illustrates, the overall paybill costs within the construction sector would be minimal.

**Table 5: Construction sector paybill, apprentices and the impact of £110 per week**

All employees (thousands)	Paybill (excluding on-costs) £ millions	Number of apprentices	Apprentices paid below £110	Per cent increase in pay-bill needed to pay all apprentices £110
1,466	£40,765	19,651	19%	0.01%

Sources: DfES 2005, ONS Labour Force Survey Microdata Service Summer 2007, ONS Annual Survey of hours and Earnings 2007. Cited in TUC (2008a)

However, even such a welcome improvement is a long way short of the rate negotiated with UCATT. At the moment when they leave college, youngsters could still be paid as little as £80 a week. However, a craft based apprentice after two years of study can expect to be paid at least £238 per week under the Construction Industry Joint Council (CIJC) Working Rule Agreement (UCATT, 2008a).

### **Lack of diversity in the workforce**

ConstructionSkills (2007a: 40) note that the demographic pressure exerted by an ageing workforce and the increased popularity of Higher Education is reducing the pool of labour available to the sector. One of the responses of the industry has been to look at the possibilities of recruiting apprentices from non-traditional sources, as well as adult training and retraining. The Equal Opportunities Commission (EOC) (EOC, 2004; Miller et al, 2005) drew a clear link between those sectors of the economy experiencing skills shortages, like construction, and the under-representation of women. The Commission (EOC, 2004) called for widening recruitment pools to include more women, arguing that this offers a solution. However as the TUC (2007: 74) points out 'even where there are skills shortages in a sector, most employers still will not employ non-traditional recruits'. Chan and Dainty (2007: 376) report that that there has been

some small amount of progress in recruiting among women and ethnic minorities to plug skills shortages. Nevertheless, in recent years there has been no change at all in the proportions of apprenticeships taken up by women as the table below shows.

**Table 6: Apprenticeship starts – proportion of women apprentices in construction frameworks, 2002/03 and 2006/07**

	2002/03	2006/07	% change 2002/03 – 2006/07
<b>% women apprentices (level 2 and level 3)</b>	1.3	1.3	0

Source: [www.apprenticeships.org.uk](http://www.apprenticeships.org.uk), cited in TUC (2008b)

Women make up around 10% of total employment in construction, but only 1% of manual and 30% of non-manual employment. The construction sector manual workforce remains the most gender imbalanced in the UK (ConstructionSkills, 2007a: 39). The proportion of the construction workforce from ethnic minorities nearly doubled from 1.5% in 1994 to 2.8% in spring 2004. This is still significantly lower than the 6.9% present in the working population as a whole (ConstructionSkills, 2007a: 39), but the construction workforce is the most white-male dominated of all major UK industrial sectors (Dainty and Bagilhole, 2005: 995). Women and ethnic minorities are both more highly represented in professional services than in manual occupations, but still under-represented compared with the UK workforce as a whole (ConstructionSkills, 2007a: 39). Despite the fact that the CITB provides a grant to employers that employ under-represented groups, uptake among minority ethnic groups is lower than average in construction (Perez-del-Aguila et al, 2006). CITB-ConstructionSkills (2008) set itself a target of recruiting 463 female and ethnic minority trainees in 2007 but managed to recruit only 299, which was a 22% drop from the 387 recruited the previous year. CITB-ConstructionSkills (2008: 19) conceded that this was 'a disappointing end to the year for diverse recruitment into apprenticeships', especially as £500,000 was allocated to the 'Women Into Work' project to increase the opportunities for, and recruitment of, women into construction.

In its evidence to the Lords inquiry into apprenticeships, the TUC (2007: 74) identified a variety of reasons for this imbalance in the sector:

- the stereotypical views about 'appropriate' job roles for women and men held by some employers;
- a traditional view of suitable recruitment 'pools' (for example, white men in construction, women in childcare and care work);
- workplace culture (such as sexist or racist jokes, bullying and harassment);
- work practices (for example, long hours, lack of quality part-time work);
- lack of facilities (such as lack of single sex changing rooms); and
- absence of 'critical mass' from a particular group, which may make it more difficult to settle into a workplace and feel supported at work

The TUC also argued that EOC investigations showed that some employers, usually the smaller, non-unionised ones, view discrimination as acceptable. Furthermore, that even with senior management support, unless middle or line managers are also committed to equality and diversity, discriminatory workplace cultures can continue to exist. Frances O'Grady, TUC

Deputy General Secretary told the Lords inquiry (Lords Committee on Economic Affairs, 2007b: 81):

If you take an industry like construction, where I believe there is top level commitment to equality issues, the figures, as again I am sure you know all too well, are pretty shocking in respect of young black people and young women going into apprenticeships, less than three per cent, and no shift for decades on that figure despite all the pronouncements at the top of the industry. We know there are going to be issues of unconscious discrimination. Fundamentally there are issues about the nature of the industry itself and the degree of subcontracting and indirect employment, false self-employment, that militate against grappling with this problem.

## Part 3: Current training in construction

The construction industry faces a paradox in that surveys commonly report that companies believe that there is not enough training taking place and not enough training placements (for example, CIOB, 2006) and yet there is a continuing difficulty in getting employers to take on apprentices. Likewise in surveys, employers claim that they prefer to recruit a direct, permanent workforce (CITB-ConstructionSkills, 2004; Mackenzie et al, 2000) and yet continue to rely on various forms of contingent labour.

### **Governance**

Following a Government reorganisation, the Department for Innovation, Universities and Skills (DIUS) was given responsibility for apprenticeships, the wider adult skills agenda and the Leitch Implementation Plan, which sets out the actions Government will take to raise the skills base, build productivity, increase social inclusion and improve economic performance.

CITB is one of two organisations that are currently still recognised as an Industry Training Board. It has a substantial operation with over 1400 staff in full time equivalents. Its activities are partly funded by the statutory levy (see below). In 2003, CITB, working together with the Construction Industry Council and CITB Northern Ireland (also a statutory body), was recognised as the Sector Skills Council for Construction, collectively known as ConstructionSkills. It is responsible for administering the apprenticeship scheme, a task that was formerly the job of the National Joint Council for the Building Industry (NJCBI).

Trustees of CITB-ConstructionSkills are appointed by the Secretary of State, normally for a five year period after a public appointment process. The main trade associations are asked for nominations for candidates from the employers and nominations for employees are made by the unions. Education sector candidates are appointed after consultation with the relevant education Ministers in England, Scotland and Wales. Out of 25 members, there are just two union nominees on the Board compared with 14 employer members. The chairman and deputy chairman are also effectively employer nominees, leaving one client member, two education members and four observers (one of whom is also from the employers).

**Table 7: Board Members of CITB-ConstructionSkills**

Name	Category of member
Ian BILLYARD, Leeds College of Building	Education Member
Bob BLACKMAN, Unite the Union	Employee Member
Professor Barry CLARKE, Newcastle University	Education Member
David COCHRANE, Sir Robert MacAlpine	Employer Member
Peter CUNNINGHAM, Constructing Excellence	Client Member
Andrew DUNCAN, Department for Innovation, Universities and Skills	Observer
Derek FIELD, McCarthy and Stone plc	Employer Member
George FRASER, Tulloch Group	Employer Member

Name	Category of member
Trevor GAMBLE, Ramble Containers Ltd	Employer Member
David HARRIS, Cowlin Construction Ltd, Cardiff	Observer
Geoff HOLT, Associated Roofing and Maintenance Ltd	Employer Member
Chris JONES, HBG UK Ltd	Employer Member
Sir Michael LATHAM, DL, Willmott Dixon Ltd	Chairman
Geoff LISTER, Greenwood Estate and Property Maintenance Ltd	Employer Member
Ian MILLER, SkyBlue	Employer Member
John MILNE, Daly (Painting Contractors) Ltd	Employer Member
Tim PEACH, Taylor Woodrow Construction Ltd	Employer Member
Martyn PRICE, Carpentry Management Contracting (CMC) Ltd	Employer Member
Harold RACKHAM, G N Rackham & Sons Ltd	Employer Member
Alan RITCHIE, Union of Construction, Allied Trades and Technicians	Employee Member
Peter ROGERSON, OBE, The Rogerson Group Ltd	Deputy Chairman
Lesley WALLIS, CITB (Northern Ireland)	Observer
James WATES, Wates Group Ltd	Employer Member
Graham WREN, Stent	Employer Member
Clive YOUNG, Department for Business, Enterprise and Regulatory Reform	Observer

Source: CITB-ConstructionSkills (2008)

## **Funding**

The construction sector is one of only two sectors that still operate a training levy (the other is the film industry). CITB-ConstructionSkills collects the levy from all liable employers. It was introduced with the Industrial Training Act of 1964. The CITB-ConstructionSkills Levy rates are 0.5% of the wage bill for direct employees and 1.5% of the value of any payments on labour-only sub-contractors. If a firm's wage bill is less than £73,000, they do not pay the levy at all, but still qualify for grants, advice and support. In 2006, firms who paid no levy employed over 10,800 New Entrant Trainees and received £26.7 million in training support. In 2007, £165.4 million was collected in levy and £137.7 million distributed in training grants (CITB-ConstructionSkills, 2008b). Just over a third of the firms registered, pay the levy (around 27,000) (Commons BERR Committee, 2007a). Sir Michael Latham of ConstructionSkills told the Commons BERR Committee (2007a):

Our surveys show us that about 70 to 75% of the industry support the levy because they realise that this is the only way that effective training would take place.

As Table 8 reveals, it is the smaller firms who train most new entrants. Richard Diment, Director General of the Federation of Master Builders (FMB) says that of the FMB's 13,000 members, 22% are currently employing apprentices. He claims that 'something like 70% of

apprentices currently being trained in the construction industry are being trained through SMEs' (BERR 2007c). Without the CITB-ConstructionSkills Grants (predominantly funded through the levy), the small firms would simply not be able to afford to train any operatives and the industry as a whole would suffer.

**Table 8: Levy, training support and new entrant trainees in 2006**

	Total	Number of Employees		
		Small 0-49	Medium 50-249	Large 250+
Levy (,000s) in £	152,362	69,847	38,928	43,587
Training Support (,000s) in £	146,948	74,452	39,505	32,991
Number of New Entrant Trainees	41,543	27,154	10,745	3,644

Source: CITB-ConstructionSkills <http://www.citb.co.uk/citblevy/whatisthelevy/whysouldiregister.asp>

Larger companies not only benefit through employing the skilled workers trained by SMEs later in their careers, but are also often recipients of large amounts of money themselves. Table 9 shows which contractors were in receipt of the largest sums from ConstructionSkills in 2007 (Carillion is substantially higher than the others because it operates its own training agency for apprentices). However, the figures provide a useful rough idea of the training taking place within individual companies (see Annex for full list of major recipients of ConstructionSkills funding). These figures should be viewed with caution because not all of those who receive funding support for training use it for apprenticeships. Many companies use it for white collar training. For example, as pointed out earlier, Taylor Woodrow Construction run a number of training/sponsorship schemes but do not employ any trades apprentices.

**Table 9: Main Recipients of ConstructionSkills funding support for training (2007)**

Recipient	£'000
Carillion* – CITC £5,634,000 – Other £689,000	6,323
Balfour Beatty	2,726
Morgan	2,462
Taylor Wimpey	2,436
Kier	2,046
Barratt	2,006

Source: CITB-ConstructionSkills (2008) Annual Report 2007

\* Operates managing agencies for the Construction Industry Training Centres (CITC) and therefore had access to higher levels of New Entrant Training grants.

For employers who take on trainees, ConstructionSkills offers mentoring and support from an Apprenticeship Officer as well as grant support to registered employers over three years for

traditional apprenticeships, to support training (ConstructionSkills, 2007c; 2008b). The grants available for apprenticeships are set out in Table 10 below.

**Table 10: Apprenticeship Grants (England, Wales and Scotland)**

Grant Ref	Description	App only (£)	AA conv. (£)	AA direct (£)
A01	Registration onto an apprenticeship scheme	200	n/a	200
A02	1 <sup>st</sup> year attendance on approved training	1,600	n/a	1,600
A03	2 <sup>nd</sup> year attendance on approved training	1,400	n/a	1,400
A31	NVQ/SVQ Level 2 achievement	500	n/a	* 500
A04	App/NT framework achievement	1,750	n/a	*1,750
A05	3 <sup>rd</sup> year attendance on approved training	**n/a	**1,000	**1,000
A32	NVQ/SVQ Level 3 achievement	n/a	700	700
A06	AA/MA framework achievement	n/a	2,250	2,250
	<b>Total</b>	<b>5,450</b>	<b>3,950</b>	<b>9,400</b>

Source: ConstructionSkills

<http://www.cskills.org/traininglearning/citbgrant/grantsavailable200708/supportforapprentices/englandwales/index.asp?subpage=howmuch>

<http://www.cskills.org/traininglearning/citbgrant/grantsavailable200708/supportforapprentices/scotland/index.asp?subpage=howmuch>

\* In England and Wales if the apprentice is completing an AA direct apprenticeship they may not complete the [NVQ Level 2 \(A31\)](#) or the [App](#). However, the value of the grants will be paid to the employer when the apprentice achieves the AA. In Scotland, if the apprentice is completing an MA direct apprenticeship they may not complete the NT framework achievement. However the value of the grant will be paid to the employer when the apprentice achieves the SVQ Level 2 (A31)

\*\* In England and Wales, grant for 3<sup>rd</sup> year attendance is only payable if the apprentice is: (a) studying for the AA direct route or (b) has achieved an App (A04) and is converting onto an MA programme. In Scotland, grant for 3<sup>rd</sup> year attendance (A05) is not generally available. However, employers of apprentices who are required to attend a third year at college to complete their MA framework will be entitled to a grant of £1000.

Employers taking on Programme Led Apprentices are eligible for grants of up to £3,000 (ConstructionSkills, 2008c). Having already completed a maximum of two years in college, they then need to complete a 9-12 months work-based learning component with an employer. As they are available to work on site without any day release (having already completed the college aspect) and because of the short length of time left to complete, these are seen as attractive to employers and also possibly more financially attractive than full apprenticeships.

### ***Different types of apprenticeships and training***

In the view of Peter Rogerson, Deputy Chairman, ConstructionSkills, the 'plethora of different types of training available' creates difficulties and in addition there are 'some issues to do with devolution because we have to deliver into different methods in Scotland and in Wales than we do in England' (Commons BERR Committee, 2007a). The geographical variations in systems and provision are discussed in more detail after this section. Here we examine the range of schemes associated with construction apprenticeships:

- Apprenticeship frameworks
  - Apprenticeships - Intermediate level
  - Advanced Apprenticeships
- 'Indentured Apprenticeships'
- On site assessment and training (OSAT)
- Programme-led apprenticeships (PLAs)
- Young Apprenticeships
- Adult apprenticeships

Construction is a sector that has traditionally used apprenticeships. Table 11 below shows how construction compares with other sectors. There were 184,300 apprenticeships and advanced apprenticeships starts in 2006-07 in England. Table 11 illustrates the share between the different sectors. In construction, planning and the built environment there were 27,500 starts, of which 20,600 were for Apprenticeships and 6,900 for Advanced Apprenticeships.

**Table 11: Starts by programme type and sector subject area: 2006-07**

Sector subject area	Apprenticeship	Advanced apprenticeship	Total
Retail and Commercial Enterprise	34,900	8,100	43,000
Business, Administration and Law	26,200	10,200	36,400
Engineering and Manufacturing Technologies	17,600	17,100	34,600
<b><i>Construction, Planning and the Built Environment</i></b>	<b><i>20,600</i></b>	<b><i>6,900</i></b>	<b><i>27,500</i></b>
Health, Public Services and Care	15,200	8,400	23,600
Information and Communication Technology	4,300	2,100	6,400
Leisure, Travel and Tourism	3,700	1,900	5,600
Agriculture, Horticulture and Animal Care	3,000	900	3,900
NVQ not started	1,700	1,100	2,800
Arts, Media and Publishing	100	200	200
Education and Training	100	0	100
Unknown	100	0	100
<b>Total</b>	<b>127,400</b>	<b>56,900</b>	<b>184,300</b>

Note: Numbers rounded to the nearest 100

Source: Learning and Skills Council, cited in Written answers, Monday, 10 March 2008

## **Apprenticeship Frameworks**

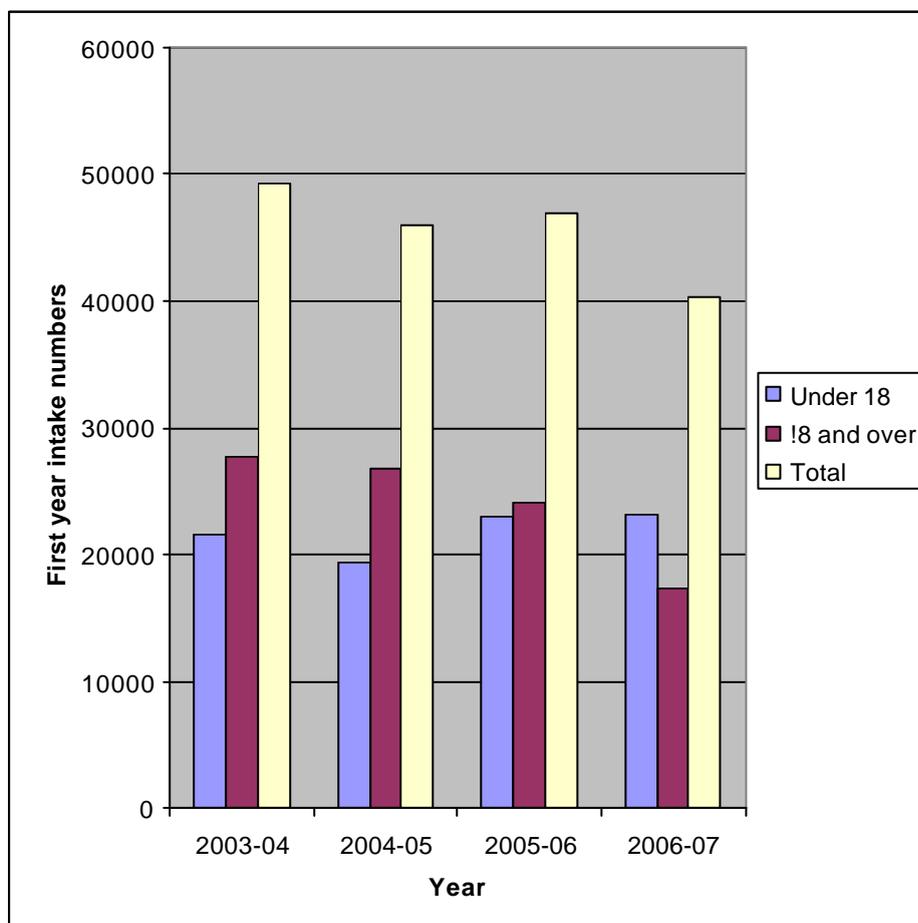
ConstructionSkills (2007a: 16) claims to have one of the largest throughputs of Apprenticeship Frameworks across the country issuing around 10,000 completion certificates every year. Many of the trainees at Intermediate level will go into self-employment on completion of their apprenticeship and will continue without taking further formal qualifications. ConstructionSkills

estimates that about a quarter will move on to an Advanced Apprenticeship or to achieve NVQ/SVQ Level 3.

The Apprenticeship/Foundation Modern Apprenticeship at Level 2 and Advanced/Modern Apprenticeships at Level 3 are delivered on Work Based Learning. It should not be confused with the Construction Apprenticeship Scheme (see below) which is directly related to the Grant Scheme, but run in parallel with Work Based Learning. Some Advanced Apprentices may go further still and progress to a Higher National Certificate; Foundation Degree (in England, Wales and NI); NVQ/SVQ Level 4 and a Level 3 technical or supervisory work role.

Overall accurate figures in relation to apprenticeships are not that easy to find. For example, of the 46,000 new entrants recruited onto construction training courses in 2004/05 (which included degree/diploma courses) about 39,000 trainees started on craft and operative level courses and according to the CITB, 13,000 were enrolled on full time FE courses leading to City & Guilds certificates without any clear progression to NVQ training. Therefore 26,000 were on work based learning programmes like apprenticeships but this may also include activities like OSAT that are also LSC funded. CITB recruit around 9,000 apprentices a year, approved Construction Industry Training Contractors (Carillion/Boots) take about 1,400 and a further 1,900 are taken on by college-based apprentice training providers. Non-CITB organisations like local authorities also take a number of construction apprentices (Apprenticeship Ambassadors Network, 2007).

**Figure 6: ConstructionSkills trainee numbers survey: First-year intake 2003-04 to 2006-07 (Great Britain).**



Source: BERR, Construction Statistics Annual 2004-7

## Indentured Apprenticeships

Construction has a strong tradition of 'Indentured Apprenticeships'. These involve a binding contract between Apprentice and Employer. They vary in different parts of the UK:

- the Construction Apprenticeship Scheme (CAS) in England and Wales;
- the Scottish Building Apprenticeships and Training Council; and
- the Jobskills apprenticeship framework in Northern Ireland.

The CAS began in August 1998 and is a registration scheme offering a 'formal' apprenticeship for craft and technical areas in a construction-related occupation. The scheme is owned by the industry and administered by the CITB. It is aimed at school leavers and operates throughout Great Britain (that is, not in Northern Ireland) (CITB, 2008). Every year over 10,000 young people join the CAS (ConstructionSkills, 2008a).

## On site assessment and training (OSAT)

The industry on site assessment and training (OSAT) programme began five years ago. Peter Lobban, Chief Executive of ConstructionSkills explained the reasoning behind it to the Commons BERR Committee (2007a) as follows:

The industry has typically recruited in a fairly informal way. The vast majority of the companies are extremely small businesses; the industry is very much run on a subcontract basis, risk of contracts is passed down on the contract, and people have quite often started work on site as a labourer without necessarily doing a formal apprenticeship, and then through the years they have learnt on the tools. We have found a way of assessing them and of training them on the job, it is called "on-site assessment and training"...

He went on to report that in 2007 ConstructionSkills will qualify 50,000 people who were already working in the industry. Under the scheme, workers who have 'learned on the tools' are given top-up training to make them fully competent. He also explained that it is reinforced by the Construction Skills Certification Scheme (CSCS) which is increasingly demanded within the industry as a proof of competence.

Much of the work done by the various providers and bodies involved in construction training involves attempts to circumvent the problems created by the simple fact that not enough apprenticeships are being offered by employers. Consequently, as Peter Rogerson, Deputy Chairman, ConstructionSkills told the Commons BERR Committee (2007a)

Thousands of young people are on publicly funded, full-time college courses and do not get a qualification at the end of them... but, as far as we are concerned, unless we have practical engagement with employers on site, we cannot get the fully funded framework, we cannot complete an apprenticeship and those people float into employment...

Some of the people who take part in the OSAT programme are effectively people from failed training programmes, that is, trainees who completed their college course but could not get a placement to complete their apprenticeship. However as Rogerson points out, these people are effectively funded by the Government twice – the first time in a trainee programme that did not

result in a work placement and hence a full apprenticeship and secondly through the OSAT programme (Commons BERR Committee, 2007a). This double funding is obviously wasteful.

UCATT is involved in the OSAT scheme, for example through the UCATT/Preston OSAT Partnership which employs 32 qualified experienced assessors in a specialist dedicated OSAT centre,

### **Programme-led apprenticeships (PLAs)**

ConstructionSkills (2007c) describes PLAs as a scheme in which young people complete a full-time construction college-based course before completing the practical aspects required to attain NVQ Level 2 through a continuous placement of up to 12 months with an employer. This is seen as attractive to employers because it requires from them a much shorter time commitment than traditional apprentices.

On programme-led apprenticeships, trainees spend an initial period at college or with a training provider. Their study involves gaining vocational knowledge, work skills and key skills before they start work with an employer to complete their national vocational qualification (NVQ) and the other elements of the full apprenticeship framework. This model was first proposed by Sir John Cassels in *Modern Apprenticeships: The Way to Work*, the report of the Modern Apprenticeship Advisory Committee, in September 2001 (DfES, 2001). They were introduced in pilot form in 2003-04. Unfortunately, there are several problems with this model – not least the difficulties in placing trainees with employers – but also the over-reliance on under-funded FE colleges with over-stretched staff attempting to cope with a dynamic industrial sector.

The Government's preferred apprenticeship route remains that of 'employer-led apprenticeships', that is, apprenticeships with direct employment from the beginning to completion. But the Government argues that there are exceptions:

...it is accepted that there will be situations in which employed Apprenticeship places are not available and there are good reasons for the acquisition of those elements of an Apprenticeship that do not require employment either on the job or in an employer placement. Education Maintenance Allowances (EMAs) provide programme-led apprentices with financial support that is equal to that provided for college and school sixth form courses.

(LSC, 2007: 3)

This is a growing area and the Learning and Skills Council (2007: 12) reported that the proportion of apprenticeships that are programme-led has increased to around 15 per cent. In 2004-5, there were 1,885 construction PLA starts in work-based learning and 6,812 Construction, Planning and the Built Environment PLAs in FE (LSC, 2007: 13).

The emphasis placed by Sir Michael Latham, Chairman of ConstructionSkills, is that it is the only option in the absence of sufficient places for prospective apprentices. He told the Commons BERR Committee (2007a) that they had liaised with various industry groups (the Major Contractors' Group of the Construction Confederation and the Major Home Builders' Group, part of the Home Builders' Federation) and arranged to place a number of trainees who did not have any site experience with their subcontractors. This has not been necessary in Scotland as all of the youngsters have been placed with employers.

Peter Rogerson, Deputy Chairman, ConstructionSkills told the Commons BERR Committee (2007a) that in terms of programme-led apprenticeships:

I would hope that by the end of next year we would be looking at something in the order of between 15,000 and 18,000 people completing a framework using the supply chain from the major contractors, but they will not start with us, they will not be in our management agency and the CAS arrangement will still be the 7,000 to 8,000 people going through.

The LSC claims that it 'is currently too early to gauge the level of progression from PLAs in FE to Employer-led Apprenticeships' (LSC, 2007: 13). But there have clearly been some problems in placing PLA trainees with employers as a recent Government report (DIUS/DCSF, 2008: 6) stated:

We will protect the Apprenticeship brand, reforming so-called Programme led Apprenticeships to strictly specify the acceptable minimum level of tie-in with employers. These conditions will need to be fulfilled in order to allow any marketing in association with the Apprenticeship brand. We will maintain the existing practice of only counting as Apprentices those who have had an employed status.

The problem with this initiative is that it involves a great deal of effort, a considerable amount of money, and the engagement of thousands of young people and all for what everyone agrees is an inferior option to that of an employed apprenticeship. As PLA trainees complete their college programme and find it difficult or impossible to be placed with an employer to gain the on-site experience and training necessary to gain the NVQ and other elements of the apprenticeship framework, the likelihood is that disillusion and cynicism will set in. These youngsters are likely to be lost to construction forever or, at the very least, set back and demoralised in their attempt to gain a construction related skill set. The very existence of the scheme is testimony to the continued failure of the industry to plan adequately for its own future. By underwriting the scheme instead of grappling with the real issue – the need to set up a system which rewards employers that take on apprentices and penalises those that do not – the Government is not only colluding in the sector's irresponsibility and short-sightedness, but encouraging it.

The TUC (2008c: 6) has warned that given the difficulties in securing sufficient places with employers for prospective apprentices, 'there would be an incentive to expand Apprenticeships through programme-led approaches.' In order to be clear about progress, the TUC has called for programme-led routes to be distinguished from employed Apprenticeships in any published statistical data and that programme-led approaches should not be counted towards the Government's target of 400,000 Apprenticeships in England by 2020. In response to a Parliamentary Question from Stephen Hepburn MP, David Lammy the Minister for Skills (Hansard, 2008d) confirmed that:

...Targets for apprenticeships are for work-based apprenticeships only. Programme-led apprenticeships are ...excluded from our targets because apprenticeships are employer led and these learners are not participating in a full apprenticeship framework of work-based training.

## **Adult apprenticeships**

Most education and training programmes associated with apprenticeships have been aimed at school leavers or young people recently out of school. In evidence to the Commons BERR Committee, Peter Lobban Chief Executive of ConstructionSkills was a little cautious about targeting adults, remarking that:

...they are more difficult because people have got many more family commitments as they become adults and the pay that you offer is not the pay you can offer a 16- or 17-year-old, so it is much more difficult.  
(Commons BERR Committee, 2007a)

However, in February 2008, David Lammy, Parliamentary Under-Secretary of State for Innovation, Universities and Skills reported to the Commons:

We recently announced that, for the first time, funding will be targeted specifically at expanding apprenticeships for adults aged over 25. That will mean 30,000 such apprenticeships costing £90 million over the next three years.  
(Hansard, 2008a)

## **Young Apprenticeships**

The Young Apprenticeship scheme was introduced in September 2006 and 14 -16 year olds will study for a Level 2 vocational qualification alongside the school curriculum. It is a pre-apprenticeship programme which incorporates the GCSE in Construction and the Built Environment (in England and Wales a pilot Single and Double Award GCSE in Construction and the Built Environment was brought in from September 2005). It aims to give young people a 'taste' of the industry.

In UCATT's view it represents the wrong solution for the wrong problem. The union argues that the problem is not convincing young people to choose construction as a career option (they cite the hugely oversubscribed ConstructionSkills intake), but rather the reluctance of employers to offer places to prospective apprentices. In addition, UCATT believes that age 14 is very young to be narrowing down options at GCSE level in order to be able to apply for a vocational path that may not be available due to employer unwillingness to take on apprentices.

## **Construction Skills Certification Scheme (CSCS)**

Obviously the CSCS is not a training scheme but it is widely used by contractors as a 'skills identity card'. Membership of the Construction Skills Certification Scheme involves passing a Health and Safety test and being registered, profiled and certificated to NVQ Level 2 standard. There are currently over 600,000 workers registered with CSCS or an affiliated skillcard. CSCS cards can be obtained through the Experienced Worker Route by gaining an NVQ level 2 or 3 (except for certain ex-apprentices). The Major Contractors Group (MCG) is committed to 100% registration on all MCG sites even though they missed the original target of achieving this by the end of 2003.

The scheme is managed by CSCS Limited, a not-for-profit company, whose board includes representatives from UCATT and the other construction unions. It is administered by ConstructionSkills under contract.

## Geographical differences

Apprenticeship schemes vary throughout the UK as illustrated in Table 12 (below). England and Wales broadly share the same approach with two tiers of apprenticeship – Foundation and Advanced Apprenticeships. In Wales the Advanced Apprenticeships are called Modern Apprenticeships. Both tiers of apprenticeship lead to National Vocational Qualifications (NVQs), Key Skills qualifications and Technical Certificates. In Scotland, the Scottish Building Apprenticeship Training Council Scheme takes place over a four year period and also has two levels – Apprenticeship (Level 2) and Modern Apprenticeship (Level 3). Northern Ireland has three levels: Access Training (Level 1), Traineeships (Level 2) and Apprenticeships (Level 3).

**Table 12: Geographical variation in apprenticeship schemes**

Part of UK	Schemes
England	<p>Two levels of apprenticeship:</p> <ul style="list-style-type: none"> <li>- Foundation Apprenticeship (NVQ Level 2)</li> <li>- Advanced Apprenticeship (NVQ Level 3).</li> </ul> <p>Both lead to NVQs, Key Skills qualifications and Technical Certificates.</p>
Wales	<p>Two levels of apprenticeship:</p> <ul style="list-style-type: none"> <li>- Foundation Apprenticeship (NVQ Level 2)</li> <li>- Modern Apprenticeship (NVQ Level 3).</li> </ul> <p>Both lead to NVQs, Key Skills qualifications and Technical Certificates. Very similar to England.</p>
Scotland	<p>The Scottish Building Apprenticeship Training Council Scheme (SBATC) provides young people with a commitment to employment and training over a four year period. There are 2 levels of apprenticeship depending on trade:</p> <ul style="list-style-type: none"> <li>- Apprenticeship leads to SVQ Level 2</li> <li>- Modern Apprenticeship leads to Level 3.</li> </ul>
Northern Ireland	<p>Three tiers of apprenticeship training:</p> <ul style="list-style-type: none"> <li>- Access Training (NVQ Level 1)</li> <li>- Traineeships (NVQ Level 2)</li> <li>- Apprenticeships (NVQ Level 3)</li> </ul>

Source: ConstructionSkills (2008a)

To a certain extent, the impact of political devolution to Wales, Scotland and Northern Ireland with responsibility for training being devolved to Cardiff, Edinburgh and Belfast, has deepened trends already in existence. Not only are there differences in policy, there are also differences in employer engagement. Across the UK as a whole, only 25% of construction firms offer apprenticeships (DCLG, 2007). However, some parts of the UK are significantly different to

others. Stephen Timms MP, then Minister of State for Competitiveness, acknowledged this and told the Commons BERR Committee:

In Scotland and the north, where direct employment tends to be the norm, there is very strong commitment on the part of employers and I welcome that. In the south, however, where the use of self-employed and sub-contract labour is much more common, apprenticeship opportunities are fewer...  
(Commons BERR Committee, 2008)

The Scottish Building Apprenticeship and Training Council (SBATC), was established in 1936 and is responsible for registering apprentices in Scotland's construction industry. It operates the Scottish Building Apprenticeship Scheme. The SBATC consists of equal numbers of employer and operative representatives appointed annually. There are also representatives to the council from the Construction Industry Training Board and the Convention of Scottish Local Authorities appointed in an advisory capacity.

The Scottish Modern Apprenticeship programme works in conjunction with the strong 'traditional' apprenticeship programme managed by SBATC. Industry commitment to training is much higher than elsewhere in the UK. Around 49% of construction firms in Scotland take on apprentices within the manual workforce compared to 25% in the UK as a whole (ConstructionSkills, 2007b: 5). Both the employer and apprentice commit to a four-year apprenticeship agreement (Construction Confederation, 2007: 28).

Richard Diment, Director General of the Federation of Master Builders elaborated on the regional disparities in evidence to the Commons BERR Committee (2007c). He reported a survey of members which showed that just over 20% across the UK have apprentices. However, there are big differences:

in Scotland it is 60%; in the north of England, Wales and Northern Ireland it is about one in three; in Yorkshire, in the North West and the South West it is one in four; in London and the South East it is somewhere between one in eight and one in ten.

General Secretary Alan Ritchie told the Commons BERR Committee (2007a) that it is an 'absolute disgrace' that Scotland is now training 27% of all craftsmen in the industry in the UK despite having a population of only 6 million. He explained that the reason for such disproportionate figures was because

when you come further down the country, the CIS really begins to bite and that is why you will not get the training, because you do not employ anyone.  
(Commons BERR Committee, 2007a)

Table 13 (below) provides a picture of the regional differences in terms of the proportion of the construction workforce in the region or country that is self-employed. The figures show a striking geographical variance along north-south lines.

**Table 13: Regional differences in self employment in construction (2003)**

Region/Country	% of region's construction workforce that is self-employed
Scotland	20
North East	22
Yorkshire and Humberside	30
Wales	34
East Midlands	35
North West	36
West Midlands	37
South West	44
East	44
South East	45
London	46
Great Britain	37

Source: Constructionskills (2004) Skills Needs Analysis for construction

Note: The Labour Force Survey (from which these figures are drawn) is based on region of residence, not region of employment. The number of manual workers living in and around London has declined due to high house prices, so it seems likely that there is some commuting from outside London to work on construction sites in the capital. That may explain the high proportion of construction employees in the Eastern region, with the dormitory towns of Essex.

This explanation was supported by John Slaughter, Director of External Affairs of the Home Builders Federation who told the Committee (2007b):

...there is a difference between the north and south, because a higher percentage of the workforce is probably directly employed in the north of the country; and therefore placing apprentices in your own company is easier. We had a discussion about this with some of our major members fairly recently, and they did substantiate this north/south difference. In the south, where there is a larger degree of indirect employment on site, then it is not always so easy to secure the placements from the point of view of our members, the home builders. They sometimes have to work quite hard with their contractors to take people on as apprentices.

Richard Diment of the FMB said that they were struggling to understand the reasons for the geographical disparity. He suggested that part of the explanation lay in 'the impact of the recession on the construction industry 15 years ago in which the traditions of training were maintained far more strongly in the north of the country'; and the relative perceptions of vocational and academic education in the south compared to the north (Commons BERR Committee 2007c). There are also regional variations in the qualifications of the construction workforce as Table 14 (below) shows.

**Table 14: Comparison of UK country construction Industry Workforce Qualifications: 2003**

	England	Wales	Scotland	Northern Ireland	UK
S/NVQ level 4 & above	13%	15%	14%	9%	13%
S/NVQ level 3	21%	19%	27%	10%	21%
S/NVQ level 2	11%	12%	7%	14%	11%
Trade Apprenticeships	20%	17%	31%	45%	21%
Below S/NVQ level 2	15%	13%	7%	3%	13%
Other qualifications	9%	10%	5%	1%	8%
No qualifications	13%	14%	8%	17%	12%

Source: Office for National Statistics – Labour Force Survey. Cited in Constructionskills (2004) Skills Needs Analysis for construction

From the table it is clear that there are a number of differences around the UK (even allowing for the fact that the size of England relative to the rest disguises some major English regional variations). Apprenticeships are far more common in Northern Ireland and Scotland than elsewhere in the UK. Wales has the highest proportion of construction workers with S/NVQ level 4 and above. The construction workforce in England, Scotland and Wales is similar to each other and to that of the UK as a whole in terms of the proportion with S/NVQ level 3 and above, but Northern Ireland lags significantly behind (19% against 34% for the UK; 34% for England; 33% for Scotland; and 34% for Wales).

## **Quality of training, apprentice achievement levels and drop outs**

### **Quality**

The availability of apprenticeships is a major problem in the UK construction sector but it is not just a question of quantity, it is also a question of quality and range. The House of Lords reported that following inspection by the Adult Learning Inspectorate (ALI), many training providers had had their funding withdrawn because of the poor quality of the training provided and that in 2005–06, the ALI was highly critical of standards of training provided in construction (Lords Committee on Economic Affairs, 2007a: 31).

In construction training the concentration has been on the traditional trades (particularly the 'biblical trades' like bricklaying, carpentry etc). Contractors now need operatives who have skills associated with groundworks - driving various machinery, concreting, laying out, reading drawings. According to Clarke (2007: 190), it is difficult for young people to access training for these skills, 'which require a mixture of applied practical and theoretical skills and a great deal of investment in advanced equipment.'

Within the industry much emphasis has been placed on the Construction Skills Certificate Scheme (CSCS) as an onsite driver of quality. Chan and Dainty (2007: 377) argue that this recognition (advocating the attainment of NVQ Level 2) 'is insufficient when compared to other countries like Denmark and Germany or even Scotland where there are registration mechanisms that recognize skills at the base qualification of level 3.'

Both the Leitch Report (2006) and the recently published Government report, *World Class Apprenticeships: Unlocking Talent, Building Skills for All* (DIUS/DCSF, 2008) call for an increase in the number of apprenticeships being offered at NVQ Level 3. In the construction sector, UCATT's view (2008a) is that 'NVQ level 3 produces a fully qualified craftsman, whereas at level 2 workers only have some of the necessary skills.' Further, UCATT argues that without being fully trained, young workers will struggle to find the most skilled employment in the industry and will be forced to take lower paid jobs throughout their career.

However there is scepticism about whether this shift to NVQ Level 3 is likely. Professor Paul Ryan, King's College London told the Lords inquiry:

It is hard to see the construction industry generating a large volume of Level 3 apprenticeship training, partly because Level 2 is the target for most of the trades nowadays and it is the target and the end point for most of the traditional trades in construction, but also in terms of numbers taken on, the numbers just are not big enough to generate that level of increase in activity.  
(Lords Committee on Economic Affairs, 2007b: 101)

Many analysts such as Callender (1997) and Grugulis (2003) have gone further and criticised the NVQ framework itself as inadequate, lacking academic rigour, diluting technical content and acting as a ceiling rather than a springboard for skills development. Unwin and Fuller told the Lords inquiry that because NVQs are competence-based (compared to vocational qualifications that demand knowledge of theories and concepts) 'many qualifications can be gained through the accreditation of everyday work tasks, and often without improvement in literacy and

numeracy, or the acquisition of vocational knowledge' (Lords Committee on Economic Affairs, 2007b: 22). While agreeing that qualifications must obviously be 'fit for purpose' they argue they should also adapt to changing conceptions of skill, new technology and 'provide a platform for progression to ensure that individuals can reach their potential, but also to ensure that the country is maximising available talent' (ibid). It is claimed that the UK system has a narrow, task-based focus and that this has detrimental results in skills development. Clarke (2007: 190) illustrates the point as follows:

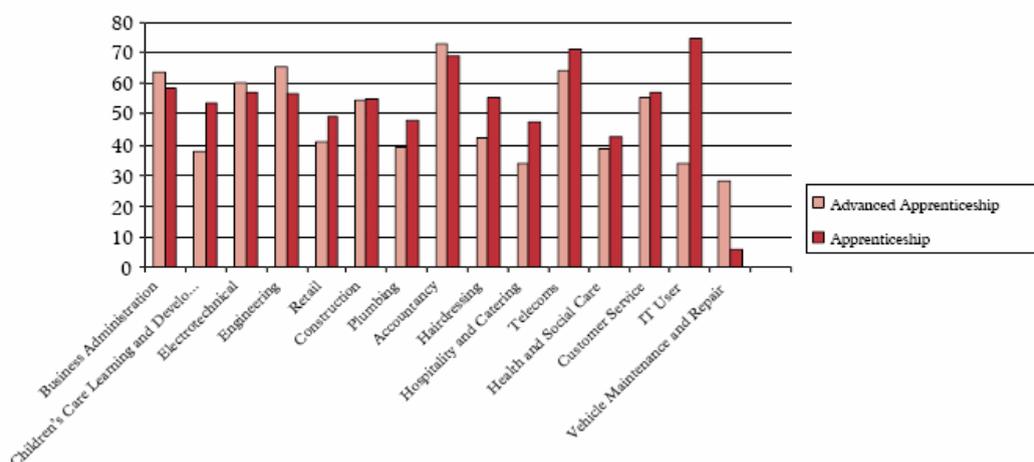
A carpenter in, for instance, the Netherlands carries out a far wider range of activities than the British carpenter, just as the bricklayer does in Germany—so the German bricklayer and the Dutch carpenter are in British terms "multi-skilled".

In a changing sector, it is precisely this 'multi-skilled' capacity that is required with these skills being flexible enough to be transferred from one project to another.

## Achievement

Construction was identified by the Government as a sector with low achievement in the apprenticeship programme (DfES and LSC, 2007: 130). Figure 7 (below) illustrates the position for construction at both NVQ Level 2 and 3 in comparison with other sectors. In a study carried out by Estyn (2004), the Welsh education and training inspectorate, construction was one of the apprenticeship frameworks in which NVQ attainment was less than 50% (for foundation apprenticeships).

**Figure 7: Success rates (%) on Advanced Apprenticeships (Level 3) and Apprenticeships (Level 2) in 15 large sector frameworks, 2005–06**



Source: <http://www.apprenticeships.org.uk/partners/frameworks/apprenticeshipsdata/>. Cited in Lords Committee on Economic Affairs (2007a : 33)

With so many apprenticeships at NVQ Level 2, the issue of progression is important. The then Secretary of State for Education and Skills, Alan Johnson told the Lords inquiry into apprenticeships that in construction, 40% of apprentices go from Level 2 to Level 3 (Lords Committee on Economic Affairs, 2007b).

There are several impacts to this, not least to the earnings of the individual concerned. Research undertaken for the Department for Education and Skills shows that the Level 3 Apprenticeship 'increases the average wage of an individual working in construction by 32%, relative to an individual in construction whose highest qualification is at Level 2' (McIntosh, 2007: 1).

**Table 15: Construction Industry Workforce Qualifications: UK Highest qualification level attained in terms of NVQ equivalents and occupation, people of working age in employment (selected occupations) 2005-06**

	Workforce	NVQ level 4 & above (incl. first degree)	First degree	NVQ level 3	Trade apprenticeship	NVQ level 2	Below NVQ level 2	Other qualifications	No qualifications
Bricklayers & masons	94,867	2,272	0	27,678	35,017	8,007	9,434	3,634	8,825
Roof tilers & slaters	44,980	547	0	6,165	8,267	5,494	9,309	5,110	10,089
Plumb heating & ventilating engineers	145,616	9,434	1,839	45,272	45,806	18,776	12,676	9,363	4,290
Carpenters & joiners	221,090	12,223	3,068	67,532	73,377	22,100	17,114	10,404	18,341
Painters & decorators	126,083	7,533	2,955	20,943	36,920	10,885	16,992	10,146	22,664
Electricians & electrical fitters	145,843	10,016	1,256	56,160	50,506	15,247	8,805	3,823	1,287
Other manual	790,559	39,446	11,533	116,838	137,564	95,773	137,759	116,207	146,481
All manual	1,569,036	81,470	20,651	340,587	387,457	176,282	212,087	158,685	211,976

Source: Office for National Statistics, Labour Force Survey. Four quarter average, Summer 2005 to Spring 2006 (inclusive). Cited in ConstructionSkills (2007a) Sector Qualifications Strategy

## Apprentice drop out rates

Questioned in the House of Lords on completion rates across all sectors, Lord Triesman, DIUS Parliamentary Under-Secretary of State, reported that

the most recent provisional figures for 2006-07, collected for management information purposes, show completion rates of 65.1 per cent for apprenticeships and 64.2 per cent for advanced apprenticeships.  
(Hansard, 2008b)

There is particular concern about the completion rates for apprenticeships in construction as there have been very poor results for many years. ConstructionSkills state that current UK training and education provision does not provide enough qualified routes into construction, and note that while there seems to be sufficient FE provision for the trades, they also reveal that 'little more than half of those people who start training become qualified' (2007: 38).

The business lobby group, Apprenticeship Ambassadors Network (AAN) puts the poor level of completions down partly to CITB and the employers that support its programme not paying enough attention to key skills and the technical certificate, and instead concentrating on NVQ achievement (AAN, 2007). They also say that some training providers have recruited young people who are not suitable, or do not have the aptitude, for construction apprenticeships. Another issue is that employers are able to withdraw young people before completion without penalty. Employers frequently cite the need to deploy trainees more effectively doing 'real work' (Lords Committee on Economic Affairs, 2007b: 6).

AAN reports that as CITB has improved its working relationship with the FE colleges that provide most of the training and assessment activities on its apprenticeship programme, there has been a consequent significant improvement in successful completion rates. Completion success rates for the construction sector apprenticeship framework have steadily improved (see Table 16) but some companies have achieved markedly better results than the sector overall: Carillion's success rates were 20% above the sector rates in 2003/04 and 2004/05 and over 10% above the rate in 2005/06. Results at NG Bailey's have also been consistently above the sector average (AAN, 2007).

**Table 16: Annual construction sector apprenticeship framework completion success rates (2003/04 – 2005/06)**

Year	Construction sector apprenticeship framework completion success rates
2003/04	32%
2004/05	37%
2005/06	67%

Source: Apprenticeship Ambassadors Network, 2007

Constructionskills describes itself as managing 'more construction apprentices than any other provider' (2008b) and that it has a 77% completion rate among its apprentices. Although Constructionskills completions have grown since 2004, last year (2007) there was a drop, despite a continuing skills shortage within the sector.

**Table 17: Constructionskills apprenticeship completions in England**

Year	Number of completions
2007	5,319
2006	5,454
2005	3,805
2004	1,536

Source: email from Constructionskills 6 March 2008

Constructionskills recorded 5,317 completions in 2007. Some caution is required with these figures. Completion is counted both when reaching NVQ2 and when reaching NVQ3, so it is possible for the same apprentice to be counted in one year when they reach NVQ2 and then to be counted again in a following year's figures if they reach NVQ3. According to data supplied to UCATT (2008b) by Constructionskills, the breakdown of completions in 2007 was 3,826 at NVQ2 and 1,531 at NVQ3 (there is a discrepancy in the total as it adds to more than 5,317).

## **Part 4: Some examples of apprenticeships schemes abroad**

Britain has long been seen as a poor provider of vocational education and training (VET) compared with other European countries. Ryan and Unwin (2001) reported that in 1998 there were between 119,000–177,000 apprentices in the UK (dependent on the data source used). This represented about half of a per cent of the total UK workforce. In comparison Germany had 1.7 million in apprenticeships, or around 4% of the total German workforce. Comparing the flow on to apprenticeship schemes, Ryan and Unwin found that whereas 63% of the relevant age cohort took up apprenticeships in Germany, in the UK the figure was just 14%. Apprenticeships also generally were of greater duration in Germany and a higher proportion of German apprentices completed with a vocational qualification at level 3 or above (76% compared to 50% in the UK). A much greater degree of construction work is not recognised and unqualified in Britain compared to some other countries. For example, groundwork, concreting, paving, machine operation and cladding are all recognised skilled areas in Germany and the Netherlands but still seen and rewarded as labourer's work in the UK (Clarke, 2005). This contributes to the fact that only around 36% of the British manual construction workforce is qualified to NVQ Level 3, compared with 83 percent in Germany (Clarke, 2005).

One of the criticisms of the British system is that the college-based routes (like the PLA) offer little hope of gaining the practical experience necessary to gain employment and the work-based routes offer little prospect of developing wider knowledge (Brockman et al, 2007). Some critics argue that NVOs are themselves part of the problem in that they have too narrow a concept of skill, geared to the carrying out of a set of tasks (Clarke, 2005).

One method of bridging this gap is shown by the so-called 'dual system' in operation in Germany, Austria and Switzerland. Apprentices under the German dual system, for example, are employed but also remain in education. The programme of work-based development is combined with simulated workshop-based training in a specialist centre, both of which are sequenced and integrated with a more academic and civic element (Brockman et al, 2007). The key to its success lies in that fact that it is developed and governed by all of the actors involved – employers, trade unions, educationalists and government – as might be expected in a system with a strong tradition of social dialogue.

While employed by a firm, the apprentices are classified as employees and allocated places as vocational educatees (Auszubildene). They take part in a combined programme of work and study that lasts between two and four years. It aims to develop a broad-based, integrated occupational capacity (berufliche Handlungsfähigkeit). These employment places are related to one of 350 recognised occupations in Germany. The knowledge, technical skill and social and individual characteristics of these occupations are clearly set out and the subject of negotiations between unions and employers as the social partners (Brockmann, 2007).

There is a clear division of labour between the workplace, training centre and college and the three elements complement one another, as follows:

**Table 18: The dual system**

Location	Role
The classroom based college	Handles the underpinning theoretical knowledge for the occupation but also, and importantly, the continuing civic and general education.
The workshop/training centre	Aims to apply and embed knowledge in a relatively safe, controlled, simulatory practical environment.
The workplace	Responsible for context-specific knowledge and supervised work, gradually involving the young employee in more and more responsibility as he or she gains in experience and maturity and is better able to apply the theoretical elements of their vocational education to their workplace activity.

Source: derived from Brookman et al

The objective is to go beyond a narrowly task-focussed approach to training and instead to develop employees capable of using their judgement and acting independently. They should be able to plan and evaluate their own work, engage in team-working within and across occupational boundaries in the sector. This model of vocational education with its integration of theoretical and practical work has a proven record of success. However, it is vulnerable to some of the same problems facing UK apprenticeships (Brockman et al, 2007). It requires individual employers being willing to offer places. This has become more of a problem for several reasons:

- the modern workplace may be considered too dangerous for a young and inexperienced person;
- the equipment may be too valuable; and
- the activities undertaken by any one firm may be too narrow to provide the grounding for an occupation.

In the Netherlands, the solution adopted to meet this problem is to organise vocational education on the basis of groups of employers. These have responsibility for group training centres and are therefore able to offer a range of activities that would not be possible for an individual company. However, even this requires employer willingness to participate, and so there is an increasing tendency to take two routes – based both in the college and the workshop – as in Denmark.

The German system has evolved in order to meet the changing demands of work and technology. It has enhanced the relevance and applicability of theoretical knowledge to workplace practice. In the 1990s 'learning fields' were introduced as part of a move away from traditional subject-based towards practice-oriented learning, based upon the needs of the occupation. They also introduced self-organised and project-based learning. These new approaches are intended to help to develop the apprentice into a skilled worker able to deal with complex and unpredictable work situations, with a flexible and innovative approach (Brockman et al, 2007). It contrasts with the emphasis in the model dominant in the UK of a

concentration on the ability to perform narrowly prescribed tasks. Brockman et al (2007) argue that the key differences between the dual system and the English system are:

- integration of the different elements of the VET programme and assessment of these;
- joint negotiation of the scheme with employers, trades unions and educationalists;
- the broad-based nature of the VET and the resulting qualification, including the range of activities encompassed by each occupation and the inclusion of civic education;
- the 3 locations – VET school, training centre and workplace.

However it is possible to make drastic changes in a relatively short period of time. Asked to name a country that should be looked at as an example of good practice, Professor Ryan told the Lords inquiry that they should consider Ireland as it is both geographically close and 'took its apprenticeship system from this country and it is only in the last 15 years that it has followed a continental route; before that Ireland did everything we did a couple of years later' (Lord Committee on Economic Affairs, 2007b: 105). Ryan explained that the Irish apprenticeship system had a broader base than that of the UK and the programmes were all 3 to 4 years in length, with 'serious funding for off-the-job away-from-the-workplace technical training and vocational education in three large blocks during those four years. In that sense the government makes sure that the technical education gets taught.'

He said that he believed that if the construction industries of Ireland and the UK were compared today, the expectation would be that the average construction craft worker in Ireland would be better educated and more skilled than their UK counterpart and that this would inevitably result in higher quality construction (ibid).

## Part 5: What is to be done?

One of the key problems, perhaps *the* problem in the provision of apprenticeships in the construction sector is that training is employer-led in a sector in which the majority of employers are not prepared to meet the responsibilities of leadership. Too many short-term gains for individual firms are taking priority over the long term interests of the sector and the country, not to mention the workforce. As Grugulis (2003: 470) observes: 'It may be appropriate to question the centrality of employers in the current vocational training system'. She says that it is like expecting those responsible for communicating a disease to heal it.

Constructionskills, whose effectiveness is hamstrung by the fact that it relies on employer goodwill (2008b: 6-7) has identified ten key skills issues to meet the needs of the industry and to enable it to cope with the growing and changing demands placed upon it:

- Engaging more employers in training and increasing the number of work placements
- Changing the face of construction by recruiting from a diverse pool of talent
- Improving the skills base and competence through client-led demand, enhancing industry's responsiveness to technical change and productivity improvement
- Accommodating, understanding and supporting construction's diverse sectors
- Integrating supply chains and fostering multidisciplinary working within them
- Making sustainability a reality in construction
- Minimising skills gaps and shortages in both craft and professional occupations, particularly in management and leadership
- Balancing the flexibility provided by high levels of self-employment with the challenges caused by lower investment in skills and qualifications
- Providing data to identify and plan for local or occupation-specific skills and labour shortages
- Influencing funding support away from training that falls short of industry requirements, focusing resources on NVQ Level 2 and 3 qualifications.

Much of this is uncontroversial but unfortunately, too much of it relies on exhortation and a faith in the ability of employers to set aside short term individual advantage for long term gain across the economy. Despite ten years of solid growth in the construction sector, establishing a relatively stable platform upon which such exhortations might have been expected to be acted on by employers, today we face the same sort of problems in terms of the quantity and quality of construction apprenticeships as a decade ago. And, perhaps most importantly, we see the same sort of unwillingness of employers to engage in the programme through taking on apprentices.

To break the cycle of insecure employment, poor training prospects and skill shortages requires a combination of different approaches which could be gathered under three headings:

- The need for genuine social dialogue
- A positive role for Government and the public sector
- Recruitment in non-traditional areas
- Improvements in vocational education and training in construction

## ***The need for genuine social dialogue***

Given the failures of employer-led vocational education and training in construction, it is more than time to reassess the position and take a more inclusive approach. Everyone who is involved in, or who has an interest in vocational education within construction should be involved and should work closely together. There needs to be far closer relationships between FE colleges and employers for example. But the most important actor that is effectively excluded or at the least marginalised is organised labour. The unions have to be directly involved. To a certain extent there is a recognition of this already. UCATT is involved in the cross-industry taskforce set up to push for more apprentice places. The taskforce involves Government, employers and the unions. From time to time ministers pay tribute to the unions' work on training such as UCATT's involvement with Lewisham College and the George Brumwell Learning Centre:

As key partners of ConstructionSkills, the unions also have an important role to play in assisting the provision of construction workplace learning, with exemplar projects such as the Canary Wharf learning centre.  
(DCLG, 2007: 95)

However, while the unions are not completely ignored, they are not full partners. This is in stark contrast to the much more successful systems of vocational education and training in Germany and Scandinavia and even in the UK in earlier decades. Indication of the change in this country can be seen with reference to the CITB. When it was set up in 1964, the governing body had equal employer and union representation. Today there are just two union members out of 24 (see Table 7) giving the employers a huge majority. Similarly, the National Joint Council for the Building Industry (NJCBI), a joint union-employer body, was the registration institution for apprenticeships as they were part of the collective agreement. Modern Apprenticeships are not covered by collective bargaining and therefore not subject to any kind of social dialogue. In Scotland, apprenticeships are still registered with the Scottish Building Apprenticeship and Training Council – a body with equal numbers of employers and union representatives. This, together with the lower level of false self-employment, is undoubtedly a key factor in the quality and quantity of apprenticeships available in Scotland.

The UK is out of step with the leading economies of Europe by failing to involve the trade union movement in the development of training policy and provision within construction. The failings of the employer-led system are obvious to all, based as they so often are on short term considerations. By contrast, unions and their members have a long term view of developing skills throughout the working life of the construction worker. From both a practical and policy basis, the unions have a lot to offer in involvement in apprenticeships. UCATT now has considerable expertise built up through its use of the Union Learning Fund and the network of UCATT Union Learning Reps, in assisting construction workers in identifying skills needs and operating as a signpost to direct members to the best source of education and training for their development. The union should be closely involved in the apprenticeship programme – in terms of policy: setting standards, monitoring quality, grant criteria and the design of training courses.

## ***A positive role for Government and the public sector***

With a determined lead from Government, the situation could be changed, as has been done in Ireland. It requires the Government to use its power to enforce current legislation, identify and implement any new legislation where necessary and use its procurement capacity in a much more focused and effective way. Markets can be shaped, industrial cultures changed, labour processes amended and vocational education and training systems redesigned and improved. Government not only has responsibility for policy making and funding for apprenticeships, it also has two additional important roles in relation to construction apprenticeships:

- As a direct employer of apprentices in public sector organisations
- As a customer of construction firms, able to influence behaviour through public sector procurement policy

These are crucial levers which, together with the enforcement of the laws that exist and the bringing forward of new legislation where necessary, offer the possibility of massive and positive change. The CIS system which permits two types of 'self-employment' within construction (the only sector where this is the case) is deeply flawed. UCATT General Secretary Alan Ritchie told the Commons BERR Committee (2007a), that CIS certificates are given out too readily:

There has to be a stringent background report of individuals coming forward to say they are self-employed and there should be some sort of evidence to prove they are actually self-employed. Any one can go to the Inland Revenue today and get a CIS certificate

The current system should be replaced by a single self-employed tax status in which all self-employed are paid gross and are responsible for their own tax affairs. Her Majesty's Revenue and Customs (HMRC) should remain responsible for issuing certificates of eligibility for this single self-employed status (Harvey and Behling, 2008). This would help to drive out false self-employment, bring in much-needed revenue to the Exchequer and remove one of the most damaging features of the construction industry. The Government should also ensure the implementation of the Working Time Directive, the National Minimum Wage and sponsor a crackdown on construction gangmasters exploiting migrant workers.

New legislation should be introduced for the possession of CSCS to be made mandatory and phased in on all sites – public and private – with training provided. The Government should also review the issues covered under the statutory bargaining procedure so as to include skills and training (TUC, 2005).

The most effective lever for change is likely to be the market power of the public sector through procurement. Government at all levels is the largest customer of the construction sector and yet does not sufficiently use its position to improve the future prospects for the sector. It can influence the behaviour of construction companies. Its procurement programme could be a key driver in improving the performance of the industry in a number of ways. This is recognised within the industry and some have called on the Government to exercise its market power more effectively. James Wates, Chairman of the Construction Confederation (Construction Confederation, 2007: 8) wrote that the Government:

should encourage and reward those suppliers who have improved health and safety, who look after their workforce, who train and upskill them, who are improving quality and who are giving better value.

The Government itself concedes that in relation to apprenticeship take-up:

there is currently little systematic effort to encourage companies winning large government contracts to avail themselves of this most effective route to increase the skills of their workforce.  
(DIUS/DCSF, 2008: 33)

Whether it be UK Government departments, the devolved administrations, local authorities or other public bodies, billions of pounds worth of contracts could be used to change the way the sector operates. There is already precedent set by this Government. The Office of Government Commerce (OGC, 2006b) now requires that Government departments should use only those contractors employing a CSCS registered workforce. Research has shown that apprenticeships have an impact on a contractor on the general level of competence, productivity, innovation and health and safety (Kenyon, 2005; Harvey, 2001; Winch, 1998:). If direct employment on quality grounds and full apprenticeship schemes were preconditions for Government contracts, contractors would quickly reconfigure employment and training patterns within the sector.

As TUC Deputy General Secretary, Frances O'Grady told the Lords inquiry (Lords Committee on Economic Affairs, 2007b: 81):

...government is the single biggest purchaser of construction in this country. It seems to me we have got some leverage there that is not being used and should be, because it is perfectly legitimate and complementary to set good economic goals about our competitiveness and good social goals about wishing to see greater fairness and equality of opportunity.

This applies throughout the public sector. One of the consequences of the sell off of council housing under the Conservative governments of the 1980s and 1990s was that local authority direct labour construction capacity was run down and with it, their apprenticeship programmes. The damage to construction training associated with this could be reversed to a certain extent if all new social housing (in whatever sector) was required to use direct labour. There is evidence that there are trends in this direction already. According to Clarke and Herrmann (2007: 525), compared to firms in the private housing market:

firms in the social housing sector have a higher level of direct employment, lower levels of subcontracting and a wider range of HR policies in place. They also train more and make much more use of Respect for People KPIs and toolkits and partnering arrangements.

The authors argue that this shows the impact on employment policies of public sector clients and of the possibilities of contract compliance. Section 106 of the 1990 Town and Country Planning Act provides for councils to impose planning obligations, which could be (and sometimes are) related to apprenticeship training (Kenyon, 2005) and this provision could be used more widely and enforced more rigorously.

Around 50% of the construction workforce are covered by, or are employed under contracts that abide by, collective agreements in the sector (Gribbling and Clarke, 2006). The Working Rule Agreement (WRA) for the Construction Industry is the main agreement and covers pay, hours, holidays, sick pay, benefit schemes, grievance and disciplinary procedures, termination of employment, trade unions, health, safety and welfare. In the absence of the sort of extension mechanism that exists elsewhere in Europe, employers' organisations and Government should encourage contractors to abide by the terms of the WRA and public authorities should use adherence to it as a measure of a quality contractor in tendering exercises.

Contract compliance could be used, more widely as UCATT has argued (2007) to ensure that all public sector contracts included the following:

- Direct employment and the implementation of a maximum 48 hour week
- Adherence to the terms and conditions of industry agreements
- Representation for trade unions on the project including full time conveners
- Well financed welfare conditions
- A high level commitment to safety on the job
- Training for workers to achieve CSCS accreditation of all site workers
- Language training for migrant workers

There are concerns that any element of contract compliance would breach the terms of UK or EU procurement law. However, there may be more room for manoeuvre here than has been assumed (Cavalier, 2008). Imaginative approaches as adopted by the Greater London Authority under the last mayor produced some very positive outcomes within the bounds of current legislation. Under the Conservatives' 1988 Local Government Act, the terms and conditions of employment by contractors of their workforce were deemed to be 'non-commercial matters' and ineligible for inclusion in public contracts. Under the Local Government Best Value (Exclusion of non-commercial consideration) Order 2001 (SI 2001/909), the considerations relating to terms and conditions of employment by contractors of their workers ceased to be 'non-commercial matters' in relation to best value authorities, to the extent that they are relevant:

- 'to the achievement of best value'; and
- where they are relevant for the purposes of a TUPE transfer.

However the limits to this change and the possible narrow legal interpretation has unnecessarily complicated the position and Part II of the Local Government Act 1988 should be repealed entirely.

EU Council Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supplies contracts and public service contracts states that:

...contract performance conditions are compatible with this Directive provided that they are not directly or indirectly discriminatory and are indicated in the contract notice or in the contract documents.

(Official Journal of the European Union, 2004: Recital 33)

It goes on to list examples of the types of contract performance conditions permitted, including on-site training, employment of people encountering difficulties in integration, measures to

tackle unemployment, the protection of the environment and compliance with core ILO Conventions.

The UK Government's advice on the policy and legal framework (DfES, nd: 2) explains that

Where skills' gaps have been identified in a particular market, recognition of this deficit and a plan to address areas of weakness may be useful in ensuring a sufficiently skilled market and adequate workforce capability for future procurements.

All that is required by the Directives is that specifications are non-discriminatory – in other words they could be met by companies across the European Union, and that the specification adheres to the relevant specific rules on the use of EU and other standards. Within this there is scope for the inclusion of a range of broader issues in procurement, provided that the requirements:

- are relevant to the subject matter of the contract;
  - do not undermine the need to secure value for money for the contracting authority in awarding the contract;
  - are non-discriminatory and transparent;
  - where the EU rules apply, are consistent with the criteria allowed under the Directives/UK regulations for each stage of the procurement process
- (DfES, nd: 3).

What is not permitted are the inclusion of so-called 'secondary requirements' - criteria or conditions, which are not relevant to the subject of the contract and which undermine value for money for the taxpayer. However, it is arguable that direct employment by contractors of their workers (rather than false self-employment) is not only relevant to a construction contract in terms of quality of work but would also offer taxpayers value for money – both in terms of the individual contract and in the wider area of tax revenue, training and skills.

It is not entirely clear how much leeway there is available under EU law but this will have to be tested. There may also need to be some amendments to UK legislation. But the key point is that the UK Government has historically taken a very narrow interpretation of the relevant legislation – a self-limiting approach which could be reversed with the political will to do so. A recent positive development from the Government is the publication of the OGC's new procurement guidance (2008). In contrast to previous OGC advice, the guidance on addressing social issues in procurement provides examples of what is possible rather than a list of what is prohibited. There are also important lessons to be learnt from the experience in Northern Ireland where procurement is routinely used for social issues (Equality Commission for Northern Ireland, 2008). This should be built upon and developed further.

### ***Recruitment in non-traditional areas***

A major new effort needs to take place to extend the recruitment pool used by the construction sector. The Government should convene a task group involving employers, unions, the FE sector, representatives of Black and Minority Ethnic organisations, and the Equality and Human Rights Commission with a remit to draw up proposals as to how diversity within the industry can be driven forward. Some employers (particularly in the public sector) have used a number of different methods to encourage non-traditional sectors to consider construction as a career. Some of these have been outlined by the EOC (2005).

Part of the remit of the new National Apprenticeship Service (NAS) will be to liaise with employers and intermediary bodies such as Education Business Links to help young people at key stage 4 who are interested in apprenticeships to gain relevant work experience opportunities, especially the sorts of activities undertaken on an apprenticeship. The NAS will have a particular focus on helping young people to explore 'non-traditional' areas - for example, potential female apprentices will be encouraged to look at construction apprenticeships (DIUS/DCSF, 2008: 31).

The TUC (2008b) has made a number of proposals about increasing diversity in apprenticeships that have relevance to the construction sector, including:

- using procurement policy to promote equality in apprenticeships
- targets for Sector Skills Councils (SSCs), which could be linked to Government funding of SSCs
- extending statutory rights to collective bargaining over training
- expansion of adult apprenticeships
- exploration of how the public sector gender equality duty can be used to ensure gender equality in apprenticeships.

### ***Improvements in vocational education and training***

The availability of sufficient apprenticeships to meet the needs of the sector is a serious problem. Of equal urgency is the need to improve the quality of the apprenticeships on offer. Part 3 of this paper included a discussion on quality and touched on the range of activities covered, the limitations of the NVQ, the need for a broader basis for the apprenticeship. The system also needs to be simplified and comprehensive with the practical and theoretical aspects more closely integrated.

Further Education colleges need adequate funding for staffing levels, staff training and equipment. The workshops must be equipped with the materials and kit required for modern construction training. The tutors themselves need regular training in construction sector innovation so as to prepare trainees for work and there needs to be a tutor/trainee ratio that allows work with smaller groups and therefore improved quality tuition. In evidence to the Lords inquiry Clarke (2007: 190) identified three elements of vocational education in construction:

- a theoretical element, as provided by FE colleges;
- a simulated element, through workshops, which can be jointly run; and
- a practical element, which can be provided by one employer, or better still a range of employers, and also by setting up special training sites, with skilled craft workers to show young people what to do.

One of the reasons cited for employer unwillingness or inability to offer apprenticeships is that a single employer may not be able to offer the range of experience necessary for a high quality scheme. Similarly, it is difficult to get good quality training in some construction activity like groundworks. In Germany, in order to meet this problem, the Government equips training centres and workshops enabling a wide variety of skills to be developed and machinery to be used. Clarke (2007: 190) argues the way that this allows the Government workshops to 'train for innovation whilst employers train for the market.'

## Conclusions

Construction is a key sector of the economy – not just in terms of the number of people employed within it; but also because of its relationship to private sector growth and to the quality of public service provision. The employer-led system of vocational education and training has failed abysmally, leading to a skills crisis which could have damaging economic effects beyond the construction sector itself. No Government can afford to allow this failure to continue, and it does not have to do so.

The short termist approach of too many employers in the sector is poisoning the prospects for future long term success. This requires urgent action by the Government to remedy this as the employers have proved singularly incapable of doing it themselves. Involving all social partners (especially the unions) much more closely in the policy and provision of vocational education and training, will go a long way to introducing a longer term perspective. It would also be likely to provide a driver to improve the standard and range of training available, as construction unions have an interest in ensuring that members and potential members are not only trained for the tasks in hand but are trained and able to cope with the changing skills demands of the industry in the future.

By using the Government's market power through procurement policy at every level, it can encourage the reconfiguration of the sector around direct employment, the return of a responsible approach to apprenticeships for the training of tomorrow's cohort of skilled workers, and a concerted effort to open up recruitment among non-traditional areas of the population – utilising the largely untapped pool of women, ethnic minorities and older workers.

A virtuous circle needs to be created (or recreated) of excellent training, direct employment in to decent work helping to generate a well paid, high skill, high productivity industry with buildings of the highest quality. The alternative is to watch while the skills base declines and good employers are undercut by the bad through ever increasing poaching of skilled workers, and ad hoc measures relying on a dwindling supply of skilled migrant labour are used to try and stem the downward spiral. But this is not inevitable. Positive change is not only possible but essential in order to safeguard the future of the industry, but it requires the political will to do so.

## Annex: Recipients of CITB-ConstructionSkills support for training (over £200,000 during 2007)

Recipient	£'000
Carillion*	6,323
- CITC £5,634,000	
- Other £689,000	
Balfour Beatty	2,726
Morgan	2,462
Taylor Wimpey	2,436
Kier	2,046
Barratt	2,006
Persimmon	1,459
Edmund Nuttall	1,432
Laing O'Rourke	1,379
Morrison	1,123
Rok	943
Keepmoat	869
H B Civil and Building Services* (all CITC)	848
Galliford Try	805
Interserve	727
Bellway	705
Amey	676
Sir Robert McAlpine	611
Alfred McAlpine	567
Skanska	556
May Gurney	526
Seddon	524
R G Carter	521
Hewden	521
Shepherd	509
Costain	500
Bovis Lend Lease	488
Grantrail	475
Bell	472
H B G	416
Miller	374
Ainscough	341
Brandon Hire	331
Alfred Bagnall	318
SGB Services	309
Vinci	304
Ashtead	299
Aggregate Industries	291

<b>Recipient</b>	<b>£'000</b>
Ringway	268
Mitie	264
Wates	262
J N Bentley	261
Fitzpatrick	253
Inspace	251
Bowmer & Kirkland	241
Roger Bullivant	237
Willmott Dixon	220
Redrow	217
H S S	215
Clancy	211
Heyrod	209
Murphy	203
	<b>41,530</b>
Other recipients	129,302
<b>Total payments</b>	<b>170,832</b>

Source: CITB-ConstructionSkills (2008) Annual Report and Accounts 2007

\* These employers operate managing agencies for the Construction Industry Training Centres (CITC) and therefore had access to higher levels of New Entrant Training grants.

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## Acronyms

AAN - Apprenticeship Ambassadors Network

BERR - Department for Business, Enterprise and Regulatory Reform

CIOB - Chartered Institute of Building

CITB – Construction Industry Training Board

DCLG – Department of Communities and Local Government

DCSF – Department for Children, Schools and Families

DfES - Department for Education and Skills

DIUS - Department for Innovation, University and Skills

EMA - Education Maintenance Allowance

FMB - Federation of Master Builders

GDP - the total market value of goods and services produced within a given period after deducting the cost of goods utilised in the process of production.

KPI – Key Performance Indicator

LSC – Learning and Skills Council

NVQ – National Vocational Qualification

OGC - Office of Government Commerce

SSC – Sector Skills Council