

CONSTRUCTION: A CHANGING SKILLS LANDSCAPE 2.0

MARKET REPORT



FOREWORD

The past 18 months have been turbulent for many business sectors, but this is especially true for the UK construction industry. The long-lasting effects of the COVID-19 pandemic coupled with uncertainty surrounding post-Brexit trade deals mean it has been a challenging time.

Making up around 6% of the UK economy and employing around 7% of the nation's workforce, construction is a pillar of the nation (Northumbria University). It is a diverse industry that includes activities ranging from mining, quarrying and forestry, to the construction of infrastructure and buildings, the manufacture and supply of products, and maintenance, operation and disposal (UK construction industry, 2021).

In this update to our **2020 Construction Market Report** we take an in-depth look at the industry in a post-COVID-19 world. Keep reading to find out the issues facing the sector, future trends and opportunities.





THE TRUE IMPACT OF COVID-19

The construction industry is one sector that has been hit particularly hard by COVID-19, with Government guidelines putting a stop to construction in early 2020 (CHAS). Construction workers were able to return to work in May, and although the industry has recovered better than anyone could have expected, it has come with new challenges.

In their recent employer survey with over 900 respondents, CHAS found that over 70% of businesses experienced a decrease in staff during the pandemic — with nearly 20% experiencing a decrease of more than 50%. In addition, more than 80% said they had to cancel or postpone projects due to ceasing operations or a decrease in demand. The factors that had the biggest impact on construction businesses according to the survey were:

- travel or transport restrictions (42.24%)
- decreased demand (41.54%) and
- increased operating costs (40.26%)

In the first lockdown, many material supply lines for the whole of the UK were put on pause for a number of weeks — as people worried about shortages on supermarket shelves, similar panic spread to construction materials. The delays caused in the initial weeks resulted in a shortage of plasterboard, cement and many other essential construction materials (Building Specifier, 2021). After some delays caused by initial lockdown measures, many projects quickly resumed work and continued to progress, adapting swiftly to new COVID-secure working procedures (Grant Thornton, 2021). Reports have suggested record surges in the prices of timber, bricks and steel — which have been exacerbated by Brexit (The Access Group, pbc today, 2021).

BRIDGING THE GAP WITH SQA QUALIFICATIONS

There is a widely reported skills shortage in construction, with the demand for workers close to a 20 year high (Construction News, 2021). Latest figures from the Office for National Statistics (ONS) show 33,000 job vacancies for the period of April to June 2021. This has been attributed to high demand and a lack of skilled labour, made worse by the loss of a significant proportion of EU workers. The latest labour data from the ONS also showed that the average weekly earnings for people in the construction industry jumped almost 14% between April 2020, when the UK was in lockdown, and April 2021. It was the highest increase recorded in any industry. While this was seen as an incentive for many young workers, it added pressure for firms juggling rising material costs and the nationwide shortage of haulage drivers.

SQA continues to work towards bridging skills gaps in construction with our growing portfolio of recognised qualifications. We have recently added five new construction qualifications to our suite; the National Vocational Qualifications (NVQs) range from level 2 to 6 and relate to Site Supervision and Management.

In addition, our Qualifications Managers continue to engage with relevant sector bodies such as the Thermal Insulation Contractors Association (TICA) and the Highway Authorities and Utilities Committee (HAUC UK) to ensure our offering remains relevant and supportive.

The addition of these supervisory and management qualifications will also be welcomed by industry, as a recent CITB report highlights the pressures on employers with the labour shortages and rising wage costs. One employer who participated in their report was considering changing their business model to 'management-only' and sub-contracting out the non-management elements (CITB, Migration and UK Construction 2021).



We at SQA are delighted to show our continued support for the construction sector, responding to the needs of our customers with this new suite of qualifications. We will continue to listen to and engage with our customers to understand the impact of the pandemic on their businesses and how best we can support them.

Gillian Hepburn, National Manager, SQA





STREET WORKS

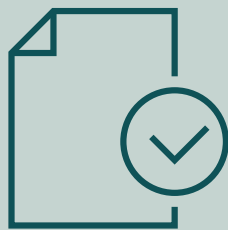
We also offer a complete suite of Street Works qualifications for operatives and supervisors working on the roads and highways. These Street Works qualifications meet the requirements of the New Roads and Street Works Act 1991 (NRSW) which requires work involving the installation, renewal, maintenance and inspection of underground apparatus in the highway to be under the control of competent persons who are in possession of a valid Street Works card. We strive to innovate, providing our customers with the tools to succeed; our Street Works qualifications can be assessed/re-assessed using SOLAR, our free, e-assessment platform for all centres. SOLAR is easy to use and allows complete flexibility in scheduling assessments with instant results, saving centres time and money.

SQA is also a regulated provider of Working in Confined Spaces qualifications; all our courses are fully mapped to meet Energy and Utility Skills Register (EUSR) requirements. Each SQA Working in Confined Spaces qualification has been developed against a national occupational standard where learners can demonstrate practical skills and knowledge to demonstrate that they are capable of working safely in a low, medium, or high risk confined space environment.

GETTING BACK ON TRACK

There are indicators that the sector is recovering well; the CHAS survey also included some encouraging findings. Over 99% of the business owners surveyed said they were at least 'somewhat confident' that their businesses and staff have successfully complied with COVID-19 Government guidelines. Furthermore, the majority of staff were back at work and employers were generally positive about the future.

Constructionline also carried out a survey with 4000+ businesses — asking how buyers could help alleviate some of the pressures caused by the pandemic. The responses included:



**quicker payment of
invoices (40%)**



**relax project
deadlines (28%)**



**agree to shorter
payment terms (23%)**



**distribute work across
the supply chain (7%)**



HOUSING MARKET BOOM

In July 2020 the Chancellor introduced a stamp duty holiday aimed at stimulating economic activity by boosting transactions in the housing market so as to offset the expected effects of the coronavirus pandemic on transactions (LSE London Report, 2021). The stamp duty holiday came to an end on 30 September 2021 and has certainly been a driving force in the recent property boom. Despite the COVID-19 pandemic, 2020 saw the delivery of houses reach numbers not seen in over three decades (The Access Group, pbc today, 2021).

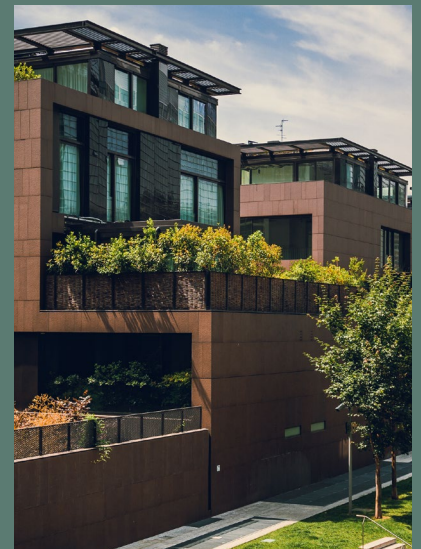
It wasn't just housing that experienced this surge — both public and private sector construction rose significantly. The Government had pledged to build over 300,000 homes per year and has heavily invested in infrastructure projects including social infrastructure targeted at communities and major rebuilding projects of schools and sixth form colleges (Gov.uk, 2021). In June 2021 the Chartered Institute of Procurement & Supply reported the fastest increase in construction activity since 1997 (Grant Thornton, 2021).



SUSTAINABILITY

At the beginning of 2021, the Government published the outcome of its 'Future Homes Standard' consultation. This looked to make changes to regulations in improving the energy efficiency of new homes. The new Future Homes Standard has stated that all new homes built from 2025 will produce 75–80% less carbon emissions than homes delivered under current regulations (pbc today, 2021). The focus on efficiency doesn't just apply to new homes — retrofitting of the UK's existing building stock is an increasingly urgent challenge that must be addressed in order to achieve the target of net zero carbon emissions by 2050 (Retrofit Skills Market Analysis, 2021). Collectively the buildings we live in are responsible for around 26% of Britain's carbon emissions (National Trust, Why Retrofit?). There is a significant shortage of skilled 'green workers' in this area which has left the Government unable to follow through with green-retrofit works across the UK, installing only 5,800 energy efficiency measures in homes compared with the 123,000 applicants (Maddyness, 2021).

SQA is actively helping to address the retrofitting skills gap with the Level 3 Award in Energy Efficiency Measures which aims to recognise the requirements of traditional buildings, interpret options for energy efficiency measures, and select appropriate efficiency measures. We also offer several qualifications in Heating & Ventilation, Air Conditioning and Refrigeration.



TECHNOLOGY AND DATA

The use of technology and data continues to be a key driver in tackling the issues mentioned above. Construction businesses can benefit significantly from investing in information management; as employers have to think carefully about allocating resources, project management software is being adopted using the latest data to aid in decision making. One recent report identified that for every £1 invested in information management a £6 labour time saving could be the result. And the benefits go much further than cost savings too — more information management can also help the industry to achieve goals in areas like sustainability (RG Group, 2021).

The use of drones is a trend that has continued to grow in the sector as firms look to reduce the number of ‘boots on site’. Drones can be utilised in a number of ways including surveying land, carrying out building surveys, site inspections and progress reports. Drones eliminate the need to gain access to hard-to-reach areas and can carry out detailed surveys in a fraction of the time it would normally take. 3D models can be georeferenced and scaled, meaning project managers can easily virtually walk through a site to understand its surroundings and measure distances and volumes without interrupting on-site work (Virtuosity, 2021).

SQA recognises the growing importance of technology in the way training and assessment takes place in the construction industry. Effective use of digital technologies can enhance the flexibility, validity, and reliability of assessment. It can reduce costs and turnaround time, for example for delivery of results. SQA is exploring how virtual reality can be used to enhance assessment for its construction qualifications.





ABOUT SQA

SQA is an international awarding body, supporting the construction sector by developing, assessing and awarding qualifications. A leader in qualifications and skills, SQA is helping to build a qualified, effective construction workforce in partnership with large employers and our network of training providers. We offer a comprehensive portfolio of qualifications in Operative, Specialisms and Technical, Supervisory and Management. In addition, we offer Working in Confined Spaces and Street Works Assessment and Re-Assessment qualifications. With over 100 years' experience, we work with employers, training providers and colleges to deliver qualifications and assessments that are developed with industry to ensure they meet today's skills requirements.

Find out more about working with SQA

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