East Midlands Sector Skills Research

Leicestershire LSC Report

ConstructionSkills

1. Introduction

This report is part of a wide-ranging programme of skills research covering all five Learning and Skills Council areas in the East Midlands region.

In relation to each of these Learning and Skills Council areas and the East Midlands region as a whole, a series of detailed reports have been produced that focus on the present and future skill needs of different sectors of the economy. The research outputs include:

- Individual reports for each Sector Skills Council footprint

- A further set of reports covering 39 of the 67 sectors defined by the Working Futures 2 employment forecasts. These sectors have been selected with reference to their importance in terms of numbers employed regionally and at an individual LSC area level and with consideration to the value each report will add to the Sector Skill Council reports.[1]

This report focuses on the ConstructionSkills Sector footprint within the Leicestershire LSC area. The activities covered by the ConstructionSkills Sector footprint are set out in Appendix One.

The analysis contained in this report is entirely based on secondary data and includes use of data from the Working Futures 2 employment forecasts[2], National Employer Skills Survey 2005, Annual Business Inquiry 2004 and the Census 2001. Information compiled by ConstructionSkills Sector Skills Council has also been utilised.

The structure of this report is as follows:

- Current sector structure
- Sub sector analysis
- Workforce profile
- Historical trends
- Forecast employment change
- Drivers of change and key skill issues
- Human resource indicators
- Business and employment matrix

[1] A separate report setting out the full criteria for selection of reports has been produced and is available from Nottinghamshire Learning and Skills Council

[2] Working Futures: New Projections of Occupational Employment by Sector and Region, 2004, SSDA/LSC/IER/CE

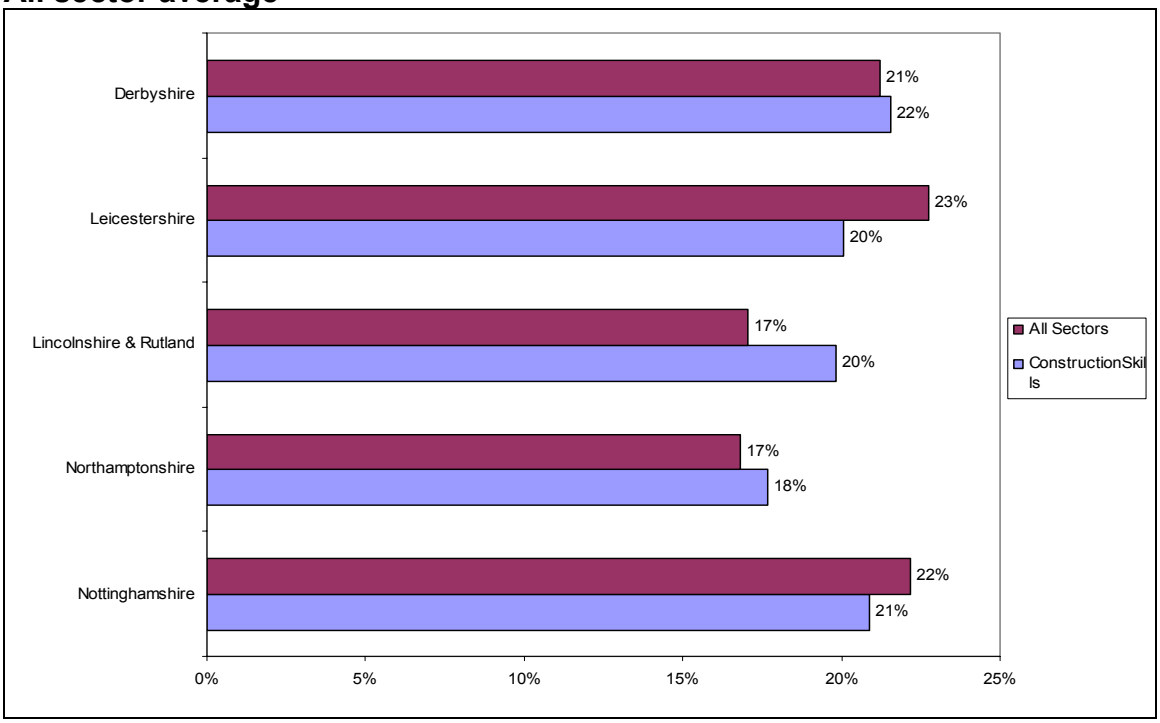
2. Current sector structure

Based on the Annual Business Inquiry 2004 there are an estimated 3,314 employers and 15,979 employees working in the ConstructionSkills sector in the Leicestershire LSC area[3].

The sector accounts for 9% of all employers in Leicestershire LSC area and 4% of total employment[4].

Chart 1 sets out the distribution of ConstructionSkills employers by LSC area within the East Midlands region and compares this with the distribution of all employers (All sectors)[5].

Chart 1: Share of total employers by LSC area; ConstructionSkills and All sector average



Source: ABI 2004

Analysis of the spatial distribution of the sector indicates that as a proportion of all ConstructionSkills employers within the East Midlands Region those in

[3] The Annual Business Inquiry figures on employment excludes those self employed and casual labour, so is likely to under-estimate the total number of people working in the sector. Working Futures 2 data which takes account of numbers self employed estimate that the total numbers working in the sector in 2004 was 28,850.

[4] The Annual Business Inquiry (ABI) estimates for employers cover all UK businesses registered for Value Added Tax (VAT) and/or Pay As you Earn (PAYE).

[5] It should be noted that the figures on all charts in this report have been rounded to the nearest full percentage, but the bars on each chart still reflect any small decimal point differences

Leicestershire account for an estimated 20% and of all ConstructionSkills employers in England, those in Leicestershire account for 1.7%

In relation to employment, the respective figures are 18% of the regional total and 1.5% of the total for England. (See Table 1 for more details).

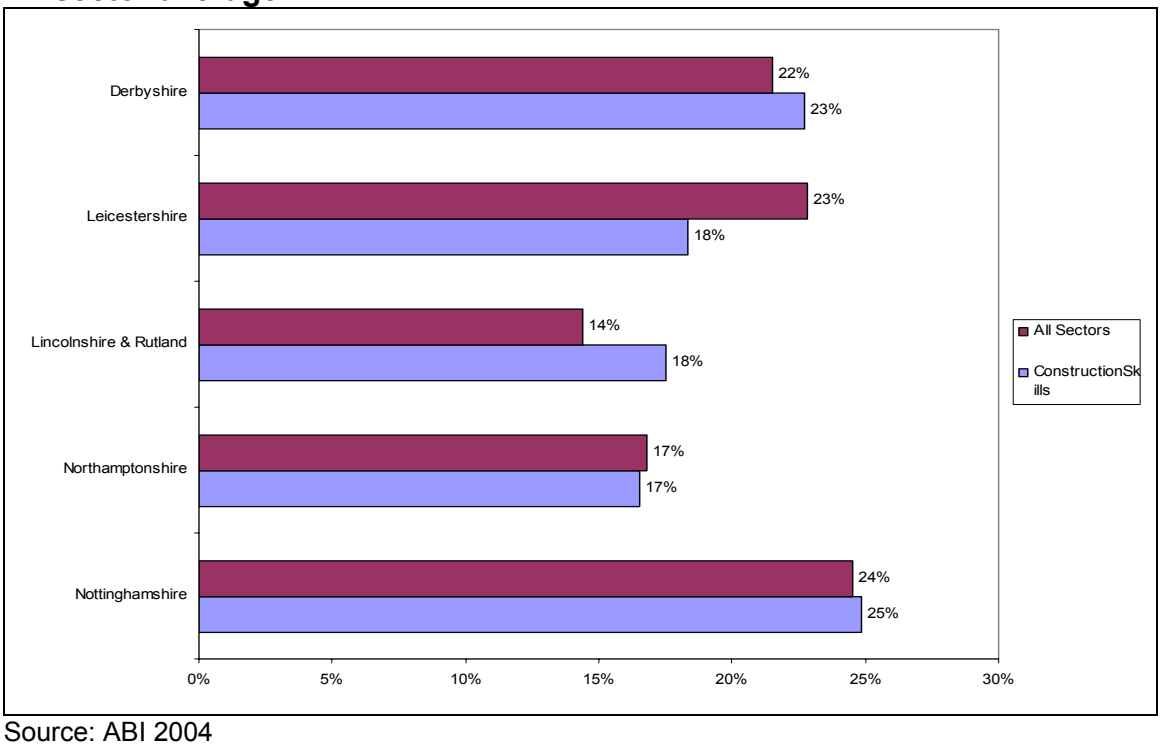
Table 1: Structure of employment and employers within ConstructionSkills; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in LSC area	As % of sector in East Midlands Region	As % of sector in England
Number of employers	3,314	9%	20%	1.7%
Number of employees	15,979	4%	18%	1.5%

Source: ABI 2004

Chart 2 sets out the distribution of ConstructionSkills employment by LSC area and compares this with the distribution of total employment (All sectors).

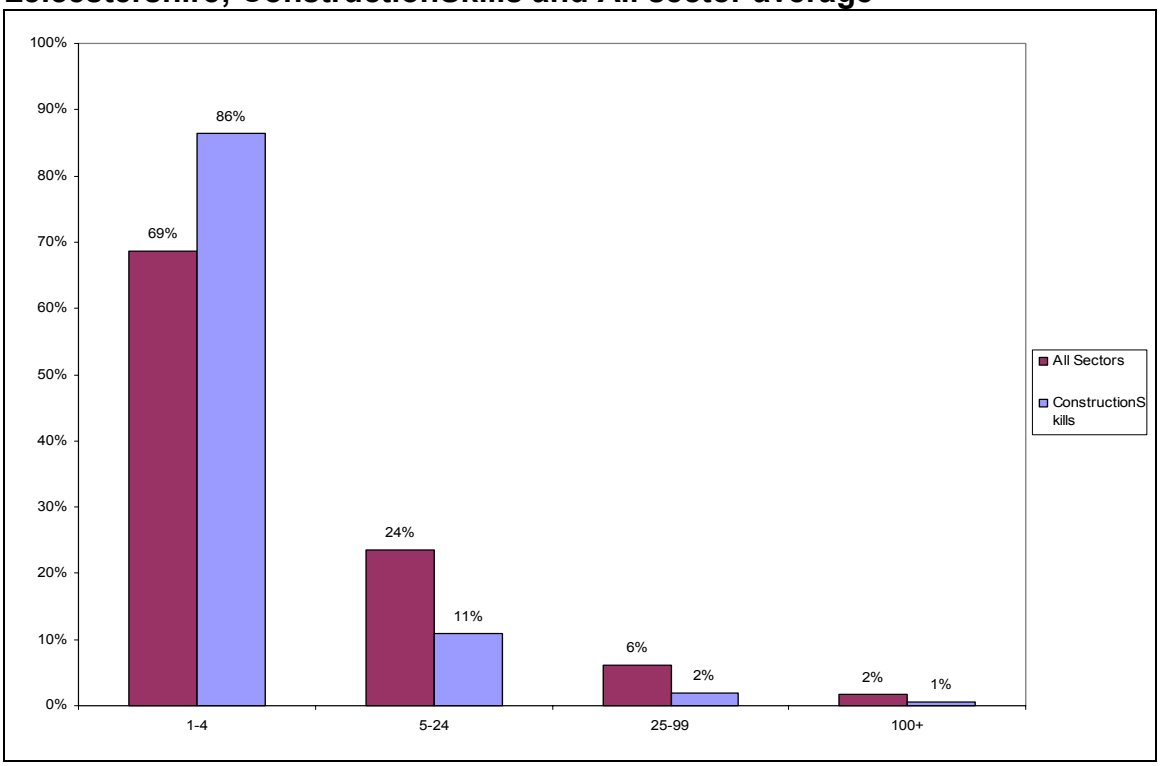
Chart 2: Share of total employment by LSC area; ConstructionSkills and All sector average



Source: ABI 2004

Chart 3 outlines the proportion of employers within different employment size bands in Leicestershire and indicates that by comparison with the average for all sectors within Leicestershire, there are relatively high concentrations of very small employers within the ConstructionSkills sector footprint (Those employing between 1-4 employees).

Chart 3: Proportion of employers by employment size band in Leicestershire; ConstructionSkills and All sector average



Source: ABI 2004

Table 2 identifies the proportion of employees working in different sized workplaces and highlights the relative concentrations of employment within very small establishments (Those employing between 1-4 employees).

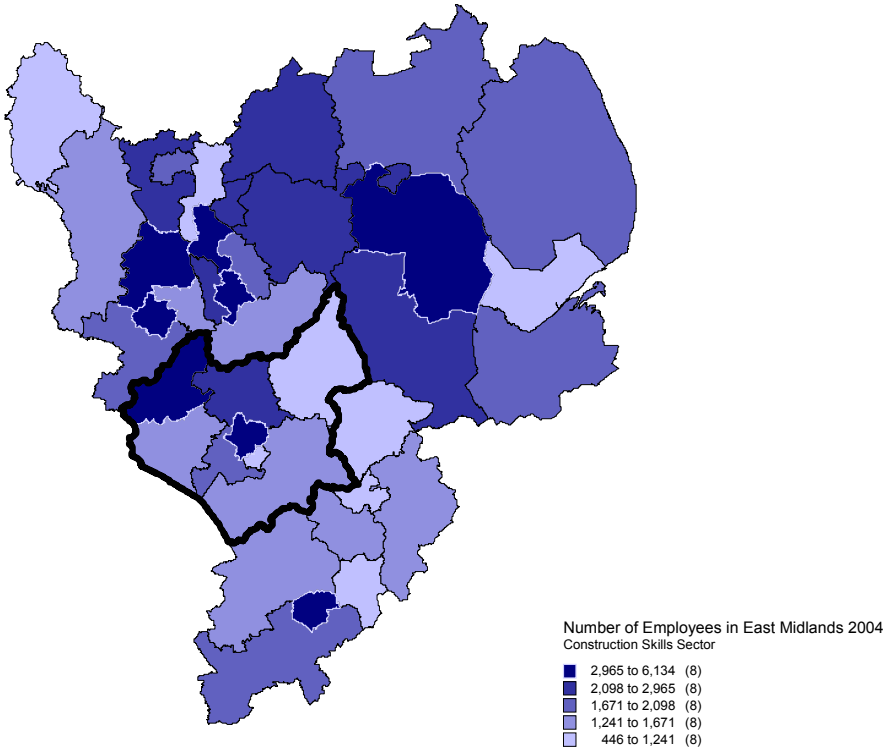
Table 2: Size structure of employment within ConstructionSkills; Number of employees within each employer size band; Leicestershire, East Midlands Region, England

	Number of employees in ConstructionSkills (LSC area)	% employees in ConstructionSkills (LSC area)	% employees in All sectors in LSC area	% employees in ConstructionSkills in East Midlands Region	% employees in ConstructionSkills in England
Number of employees (1-4 employees)	4,038	25%	11%	26%	25%
Number of employees (5-24) employees)	3,701	23%	22%	27%	26%
Number of employees (25-99) employees)	2,808	18%	24%	21%	22%
Number of employees (100+) employees)	5,432	34%	43%	26%	27%
All employees	15,979	100%	100%	100%	100%

Source: ABI 2004

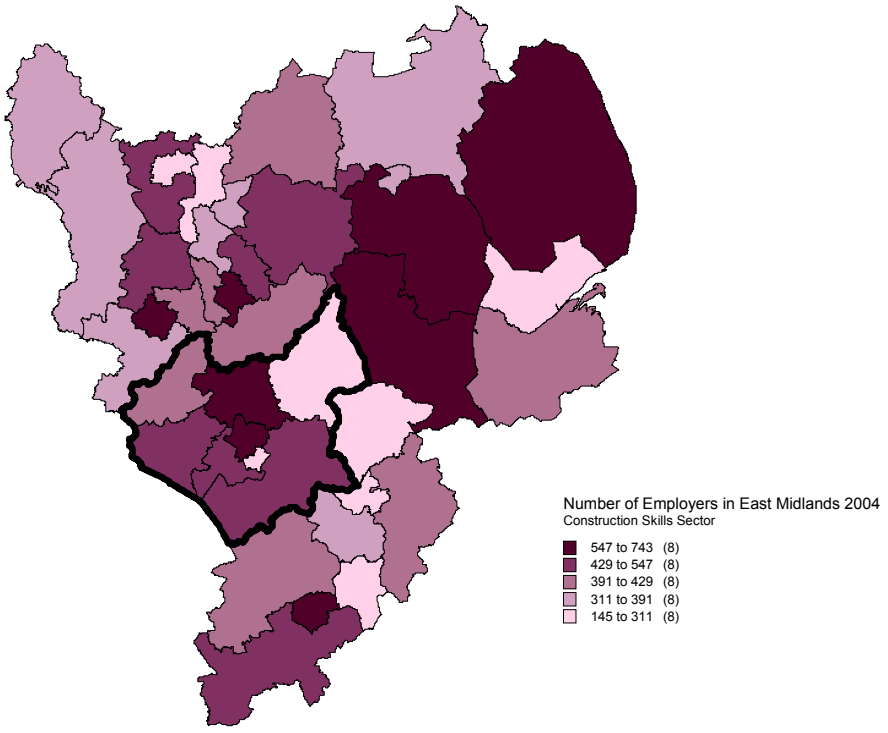
Maps 1 and 2 highlight the spatial concentrations of employees and numbers of businesses in the ConstructionSkills Sector within each local authority area within the East Midlands region. Appendix Two contains a key to all local authority names within the East Midlands region.

MAP 1



Source: Annual Business Inquiry 2004

MAP 2



Source: Annual Business Inquiry 2004

3. Sub sector analysis

Total employment within all sectors in Leicestershire represents about 1.8% of the total for England. Given that employment within ConstructionSkills within the LSC area represents 1.5% of the total for England, employment in ConstructionSkills activities within Leicestershire are somewhat under-represented.

Table 3 provides a breakdown of employment within different ConstructionSkills sub-sectors[6].

The analysis indicates that general construction accounts for an estimated 59% of all employment in ConstructionSkills activities in Leicestershire, architectural and engineering activities 19% and building trades 16%.

Table 3: Number and % of employment by ConstructionSkills sub-sector; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in ConstructionSkills sector in LSC area	As % of sub-sector in East Midlands Region	As % of sub-sector in England
Architectural and engineering activities	2,966	19%	19%	1.1%
Building trades	2,629	16%	18%	1.4%
Demolition and groundworks	111	1%	9%	0.7%
General Construction	9,412	59%	19%	1.7%
Renting of equipment	862	5%	17%	1.7%
Total for ConstructionSkills	15,980	100%	18%	1.5%

Source: ABI 2004

Table 4 provides a breakdown of employers within each ConstructionSkills sub-sector.

[6] Appendix One contains SIC definitions for each ConstructionSkills sub sector

Table 4: Number and % of employers by ConstructionSkills sub-sector; Leicestershire, East Midlands Region, England

	Number (LSC area)	As % of all in ConstructionSkills sector in LSC area	As % of sub-sector in East Midlands Region	As % of sub-sector in England
Architectural and engineering activities	828	25%	22%	1.6%
Building trades	974	29%	22%	1.9%
Demolition and groundworks	42	1%	21%	1.9%
General Construction	1,347	41%	19%	1.6%
Renting of equipment	123	4%	15%	1.6%
Total for ConstructionSkills	3,314	100%	20%	1.7%

Source: ABI 2004

Table 5 identifies sub regional concentrations of employment within different ConstructionSkills sub-sectors, using location quotients. Location quotients use the local share of national employment for the sub-sector or sector and compare it with the local share of national employment overall. The difference gives an indication of whether there is a higher level of employment in the sub-sector/sector than average, or a lower level. In this example, the average for all sectors is 1.0. Therefore, a figure for a sub-sector/sector below 1.0 indicates an under-representation of employment and a figure above 1.0 represents a relative concentration of employment.

The analysis indicates that in relation to Leicestershire LSC as a whole, there are considerable variations in the concentration of employment within different sub-sectors. Table 5 also identifies a number of relative concentrations of employment or ‘hot spots’ at a local authority area level.

Table 5: Sub regional concentrations of employment within ConstructionSkills sub sectors within Leicestershire

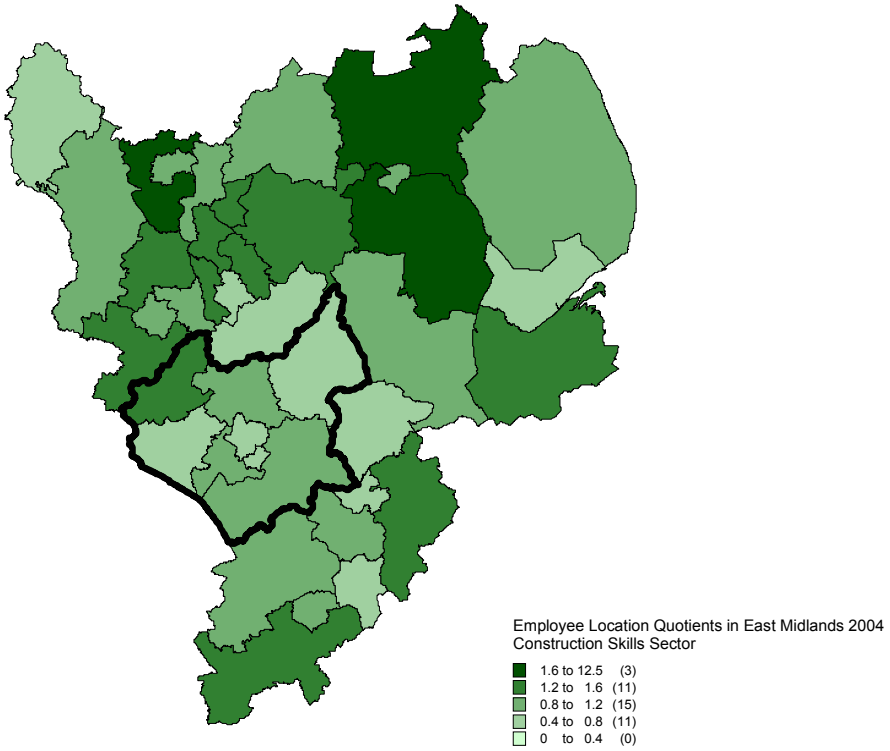
Sub-sector	Location Quotients for ConstructionSkills sub-sectors in Leicestershire[7]	Sub regional 'hot spots'
Architectural and engineering activities	0.61	
Building trades	0.77	
Demolition and groundworks	0.37	
General Construction	0.93	North West Leicestershire (2.17)
Renting of equipment	0.94	North West Leicestershire (3.13), Charnwood (1.89)
Total for ConstructionSkills	0.82	North West Leicestershire (1.54)
Total for All Sectors	1.00	

Source: ABI 2004

[7] The share of employment in England within each sub sector or sector in Leicestershire by comparison with the share of employment in England in Leicestershire of all sectors.

MAP 3

Map 3 identifies spatial differences in location quotients for the ConstructionSkills sector for each local authority area in the East Midlands region.



Source: Annual Business Inquiry 2004

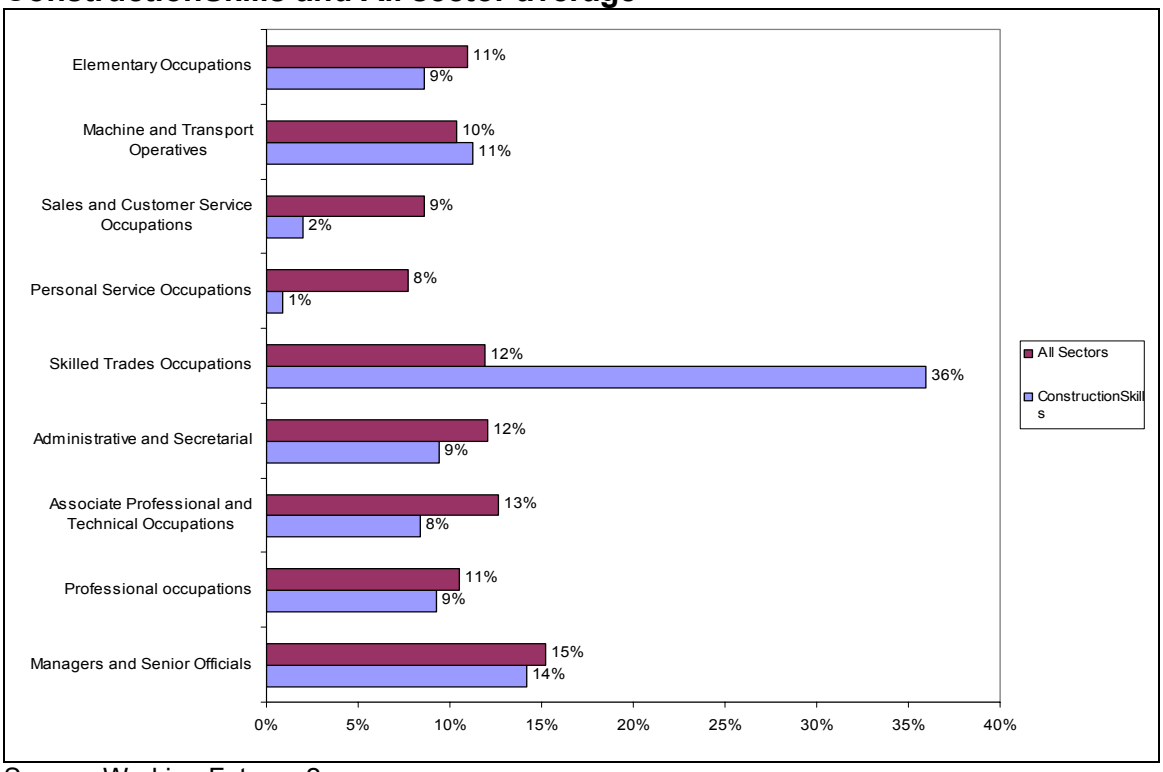
4. Workforce profile

This section examines the profile of those working within the ConstructionSkills sector in Leicestershire in relation to occupations, employment status, ethnicity, age and attainment level.

Chart 4 sets out the occupational structure and indicates that by comparison with the average for all sectors:

- A significantly higher proportion of those employed in the ConstructionSkills sector work in skilled trades occupations
- A lower proportion work in personal service and sales and customer service occupations

Chart 4: Occupational structure of employment within Leicestershire; ConstructionSkills and All sector average



Source: Working Futures 2

Table 6 indicates that by comparison with the average for all sectors within the Leicestershire LSC area[8]:

[8] The employment data relating to the workforce profile in terms of part time and full time employees, self-employment and gender is drawn from Working Futures 2 and are estimates. At an individual LSC area level these figures need to be treated with caution

- Full time and self-employed work is more prevalent within ConstructionSkills

- The workforce is predominantly male

Table 6: ConstructionSkills workforce profile summary; Leicestershire, East Midlands, England

	ConstructionSkills			Average for all sectors in LSC area
	LSC area	Regional average	Average for England	
% part time employees[9]	5%	6%	6%	28%
% full time employees[10]	58%	57%	58%	60%
% self-employed[11]	36%	37%	36%	12%
% male[12]	85%	87%	85%	54%
% female[13]	15%	13%	15%	46%
% Non-White employees[14]	4%	2%	3%	12%[15]
% employed whose highest qualification is NVQ Level 4 or above[16]	13%	13%	17%	18%
% employed whose highest qualification is NVQ Level 3	6%	6%	6%	8%
% employed whose highest qualification is NVQ Level 2	18%	18%	18%	21%
% employed whose highest qualification is NVQ Level 1	25%	24%	23%	21%
% employed with no qualifications	21%	22%	22%	24%
Other qualifications/Not known	17%	16%	14%	8%
% employed aged 16-17[17]	2%	2%	1%	2%
% employed aged 18-24	11%	10%	10%	12%
% employed aged 25-44	50%	49%	50%	50%
% employed aged 45+	38%	39%	39%	36%

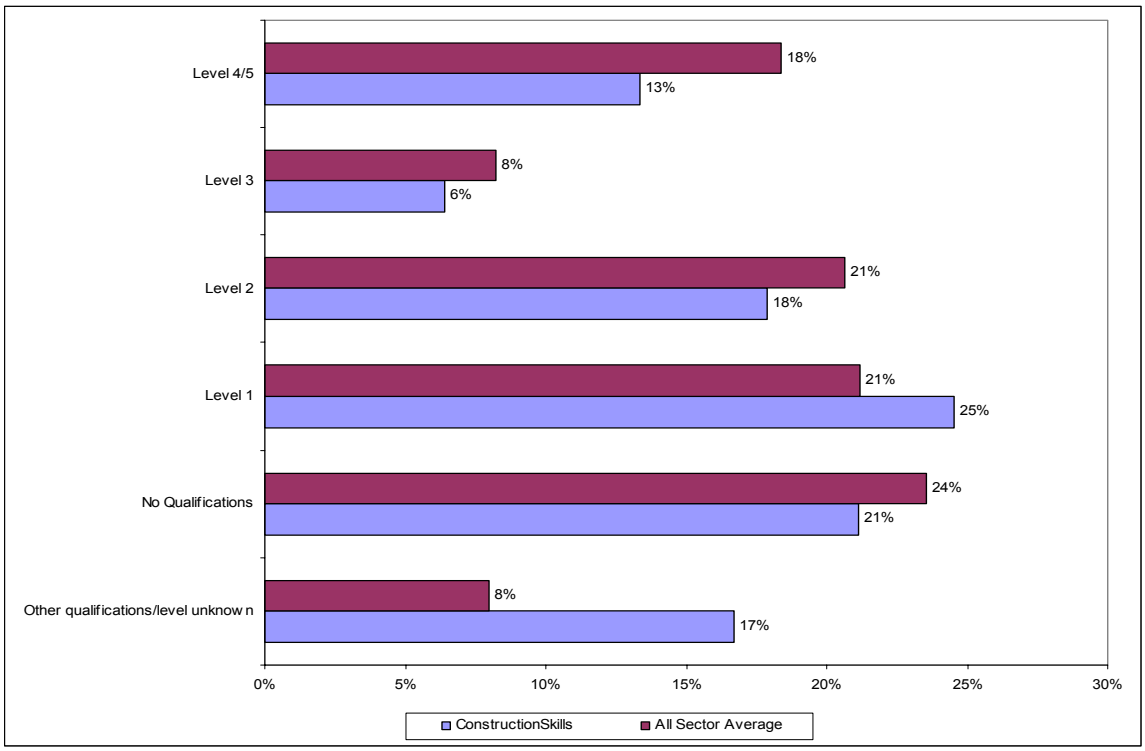
[9] Working Futures 2
[10] Working Futures 2
[11] Working Futures 2
[12] Working Futures 2
[13] Working Futures 2
[14] Census 2001. All Census data utilised is workplace based
[15] In relation to ethnicity, qualifications and age, the average for all sectors has been derived from the average for all SSC footprints
[16] All attainment level data has been derived from Census 2001.
[17] All age data has been derived from the Census 2001

It is estimated that 4% of all ConstructionSkills workers within Leicestershire are classified as Non-White, which compares with an England average of 3%. The average for all sectors in the Leicestershire LSC area is 12%.

Examination of the existing age profile of the workforce can help highlight a number of potential recruitment, retention and succession issues employers may need to address. Within ConstructionSkills the proportion of those aged 45 or more within Leicestershire is 38%. This compares with an average for all sectors in the LSC area of 36%.

In relation to workforce attainment levels, Table 6 and Chart 5 indicate that while it is estimated that 21% of the ConstructionSkills workforce within Leicestershire have no qualifications, the average for all sectors in the LSC area is 24%. At the other end of the spectrum, while an estimated 13% of the ConstructionSkills workforce in Leicestershire has attained an NVQ Level 4 or above qualification, the respective average for all Sector Skill Councils in Leicestershire is 18%.

Chart 5: Proportion of Leicestershire workforce by highest qualification; ConstructionSkills and All sector average



Source: Census of Population 2001

5. Historical trends

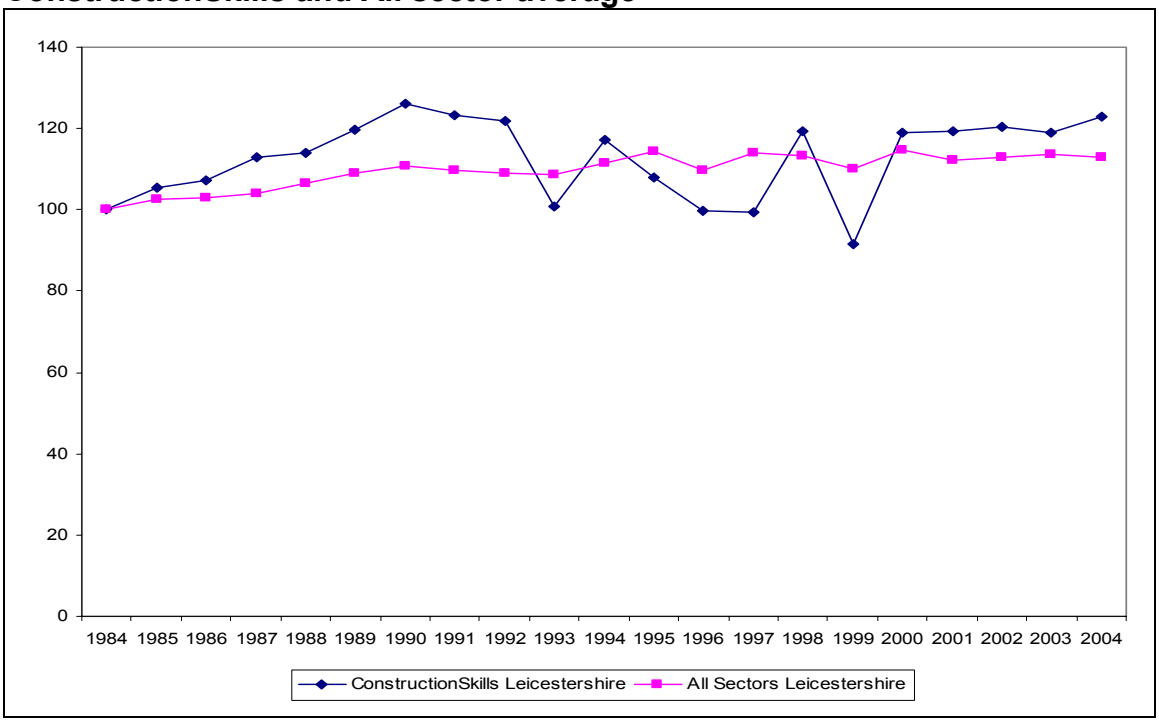
Table 7 identifies employment trends over the period 1984-2004. The analysis indicates that:

- Over the whole period 1984-2004 numbers employed within ConstructionSkills in Leicestershire changed by an estimated 5,400, or +23%. This compares with +31% for the sector in the East Midlands Region and +16% within England. The average for all sectors within Leicestershire over this period was +13%.

- Over the more recent period 1994-2004 numbers employed within ConstructionSkills in Leicestershire changed by an estimated 1,400, or +5%. This compares with +8% for the sector in the East Midlands Region and +19% within England. The average for all sectors within Leicestershire over this period was +1%.

Chart 6 outlines the year on year changes over the period 1984-2004. It shows how the growth/decline in employment in the ConstructionSkills sector compares with the growth/decline in employment across all sectors. It maps the change in employment, with the figure for both sets of data being indexed to 100 in 1984.

Chart 6: Historical employment trends in Leicestershire 1984-2004; ConstructionSkills and All sector average



Source: Working Futures 2;
Note: Both the ConstructionSkills and All sector average have been indexed to 100 in 1984

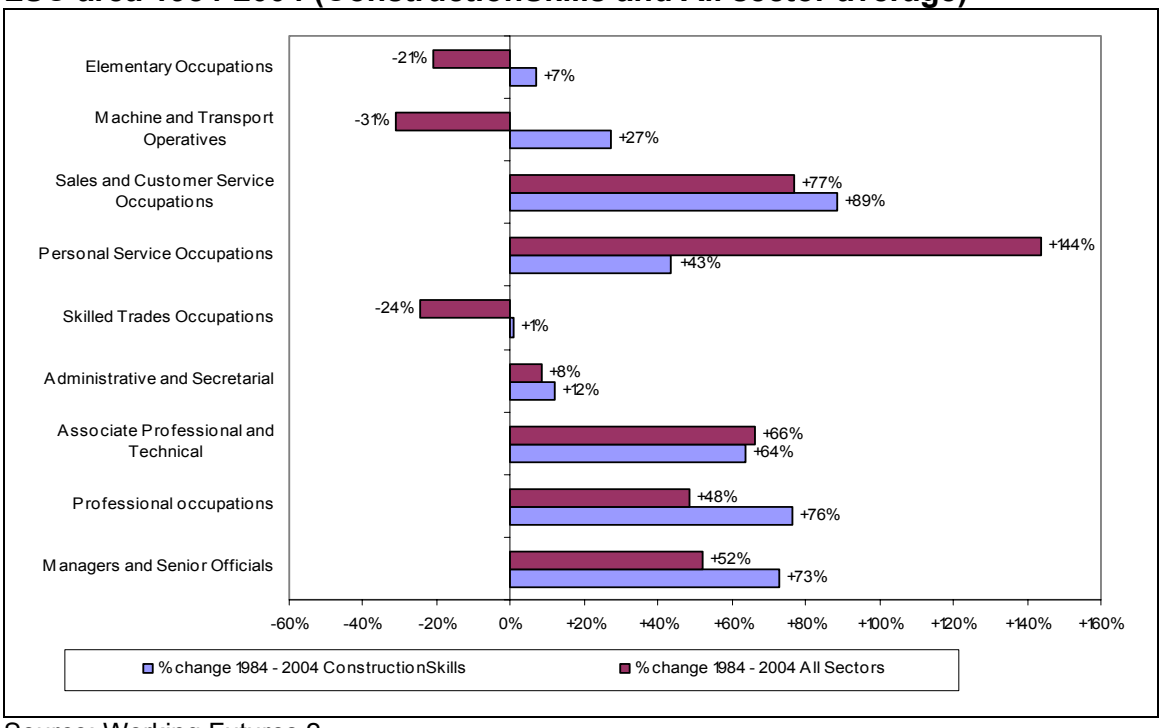
Table 7: ConstructionSkills employment trends summary 1984, 1994, 2004; Leicestershire, East Midlands, England

	LSC area Numbers	LSC area %	Regional average	Average for England	Average for all sectors in LSC area
Change in numbers employed 1984-1994	4,000	+17%	+21%	-2%	+12%
Change in numbers employed 1994-2004	1,400	+5%	+8%	+19%	+1%
Change in numbers employed 1984-2004	5,400	+23%	+31%	+16%	+13%

Source: Working Futures 2
Note: Numbers have been rounded to the nearest 50

Chart 7 sets out changes in employment by occupation and indicates that there has been growth in a number of occupational areas in the LSC area with the exception of skilled trade and machine and transport operatives.

Chart 7: % change in numbers employed by broad occupation within LSC area 1984-2004 (ConstructionSkills and All sector average)



Source: Working Futures 2

6. Forecast employment change

Table 8 and Chart 8 provide a summary of forecast employment change over the period 2004-2014.

Table 8: ConstructionSkills employment forecast summary; 2004-2014

	ConstructionSkills				Average for all sectors in LSC area (%)
	Leicestershire area (Numbers)	Leicestershire area (%)	Regional average (%)	Average for England (%)	
Change in total numbers employed	-350	-1%	-1%	+1%	+2%
Expected change part time employees	0	-2%	+0%	+14%	+9%
Change full time employees	550	+3%	+1%	+4%	+1%
Change in numbers self employed	-850	-8%	-6%	-6%	-8%
Change in numbers of males	-800	-3%	-1%	+0%	+1%
Change in numbers of females	450	+10%	-2%	+3%	+3%
Net requirement (Total numbers)	9,000	N/A	N/A	N/A	169,000
Replacement demand (Total numbers)	9,000	N/A	N/A	N/A	161,000

Source: Working Futures 2
Note: Numbers have been rounded to the nearest 50

The analysis set out in Table 8 indicates that over the period 2004-2014 it is estimated that:

- overall employment within the ConstructionSkills sector will decrease by about -350, implying an estimated change of -1% over this period. This compares with an estimated -1% in relation to the sector regionally and +1% within England. The respective figure for all sectors in the LSC area is +2%.

- part time employment within the ConstructionSkills sector will reduce, with an estimated change of -2% over this period. This compares with an estimated 0% change in relation to the sector regionally and +14% within England. The respective figure for all sectors in the LSC area is +9%.

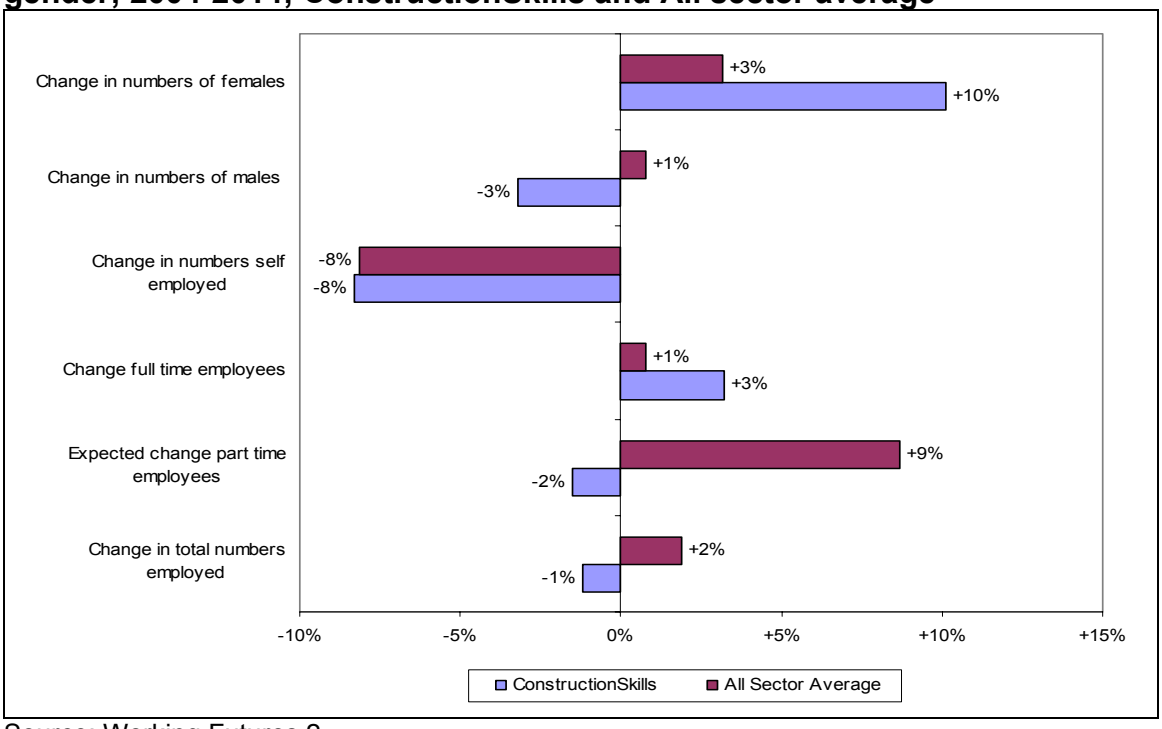
- full time employment within the ConstructionSkills sector will increase by about 550, implying an estimated change of +3% over this period. This compares with an estimated +1% in relation to the sector regionally and +4% within England. The respective figure for all sectors in the LSC area is +1%.

- self-employment within the ConstructionSkills sector will decrease by about -850, implying an estimated change of -8% over this period. This compares with an estimated -6% in relation to the sector regionally and -6% within England. The respective figure for all sectors in the LSC area is -8%.

- male employment within the ConstructionSkills sector will decrease by about -800, implying an estimated change of -3% over this period. This compares with an estimated -1% in relation to the sector regionally and +0% within England. The respective figure for all sectors in the LSC area is +1%.

- female employment within the ConstructionSkills sector will increase by less than 450, implying an estimated change of +10% over this period. This compares with an estimated -2% in relation to the sector regionally and +3% within England. The respective figure for all sectors in the LSC area is +3%.

Chart 8: Forecast change in numbers employed by nature of work and gender; 2004-2014; ConstructionSkills and All sector average

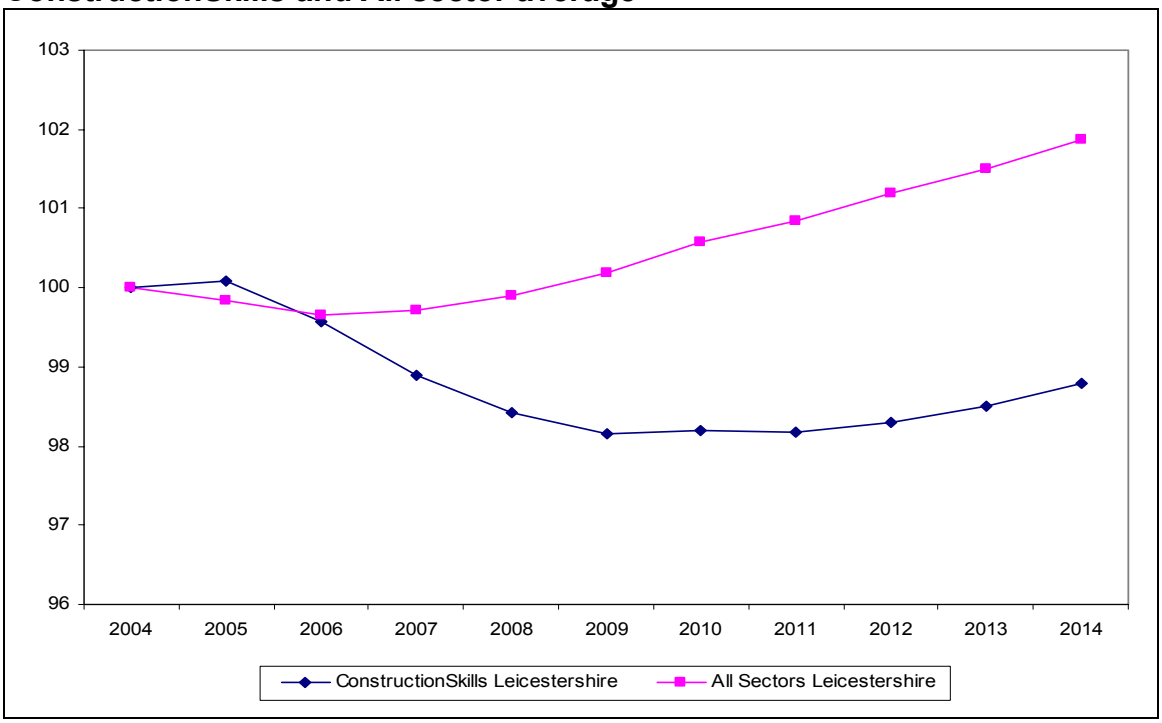


Source: Working Futures 2

The forecasts set out in Table 8 and Chart 8 indicate that in addition to the net decrease in numbers employed within ConstructionSkills in Leicestershire over the period 2004-2014 there are likely to be an additional 9,000 workers required as a result of replacement demand, as people retire, move into other jobs in the sector or leave the sector altogether. This implies a net requirement for workers over the whole period 2004-2014 of about 9,000 workers, or an average annual net requirement of about 900 workers[18]. This accounts for about 5.3% of the total estimated annual net requirement for all sectors in Leicestershire.

Chart 9 outlines year on year forecast changes within the Leicestershire ConstructionSkills sector for the period 2004-2014 and compares these trends with the all sector average, forecast by indexing both sets of data to 100 in 2004. The chart indicates that the Leicestershire ConstructionSkills sector is likely to under perform the all sector average over this period.

Chart 9: Indexed forecast employment change 2004-2014; ConstructionSkills and All sector average



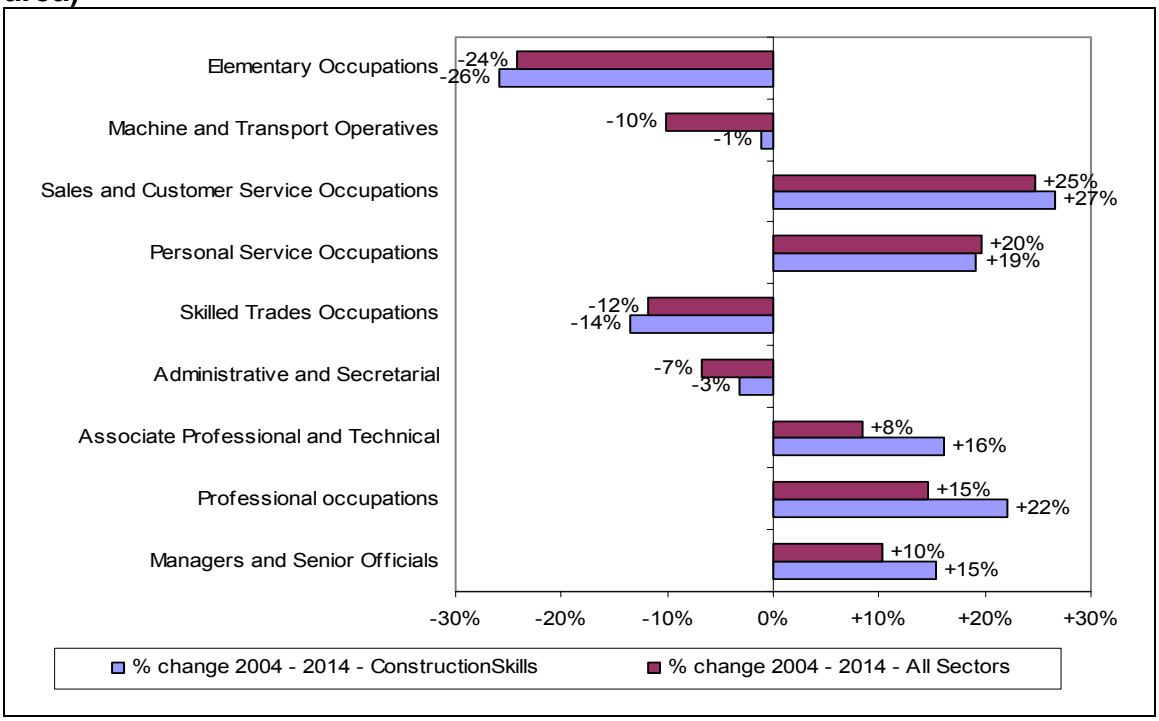
Source: Working Futures 2;
Note: Both the ConstructionSkills and all sector average have been indexed to 100 in 2004

[18] The actual annual net requirement will of course vary from year to year

Chart 10 identifies forecast change by occupational area over the period 2004-2014 and compares expected trends within the ConstructionSkills sector with the all sector average within Leicestershire.

All occupational areas within the Leicestershire ConstructionSkills sector are expected to experience growth, with the exception of elementary, administrative and secretarial and skilled trade occupations, which are expected to experience net decline.

Chart 10: Forecast change 2004-2014 by main occupational categories within LSC area; (ConstructionSkills and All sector average for LSC area)



Source: Working Futures 2

7. Drivers of change and key skill issues

Key drivers of change

The Sector Skills Agreement for England used evidence obtained from employer surveys, econometric models and expert witness to identify the five most significant drivers which influence demand[19]. These are:

- **The economy** – this is the prime driver for change across the industry. Continuing demand for good quality housing, hospitals, schools, commercial premises, roads and infrastructure is set to grow over the period up to 2010.

- **The pressure from clients to improve performance** – a major review, sponsored by the Deputy Prime Minister, concluded that whilst there are many high performing companies, the industry as a whole needed to improve its performance significantly in such areas as safety, productivity and customer satisfaction.

- **Innovation and new technology** – a recent report on *Innovation, Skills and Productivity* suggests that the industry needs to be more innovative to deal with the changes demanded by clients; take advantage of the opportunities presented by suppliers; and deal with external pressures such as demographics and legislation.

- **Sustainability** – The impact of the Government's new UK Sustainable Development Strategy, the Sustainable Communities Plan, the Egan report on Skills for Sustainable Communities, the new Sustainable Buildings Code and the Secure and Sustainable Buildings Bill will all need to be factored into how we support future industry skills development.

- **Legislation** – the construction industry is under legislative pressure from all levels of government; European Government, particularly in employment legislation; the UK Government, particularly in the improvement of public services with the introduction of procurement frameworks and measurement of best value; sustainability and environmental impact.

In terms of current activity the construction industry has enjoyed a period of strong demand, which has translated into sustained growth. This growth varies by sub sector and by region with distinct sectoral characteristics and considerable differences in the contribution of each nation and region. It is therefore important that any measures taken to meet the demand are built around these two dimensions.

[19] The Sector Skills Agreement for Construction, England 2005 – 2010, ConstructionSkills

Within the East Midlands different employment forecasts provide somewhat differing outlooks for the sector in terms of future employment prospects,[20] but all projections highlight high levels of replacement demand.

Based on forecasts for output growth and an assumed annual productivity growth rate of 1%, it is estimated that the East Midlands needs to recruit and train 32,500 new workers between 2004 and 2008[21].

Whilst the overall long-term outlook is for a more settled rate of growth for the East Midlands region, ConstructionSkills believes that construction output in the region is set to be 13.6% higher in 2008 (in real terms) than in 2003.

However, ConstructionSkills do not believe that future demand is just about delivering even more construction. It is considered that clients are increasingly looking for contracts that offer best value in terms of higher standards of work, better contractor relationships and a greater commitment to training local people.

This demand for improved and sustainable performance will have a significant impact on future skills needs — such as better integration and management of the supply chain, and greater ability to harness new technologies and innovative processes. This also needs to be set against the reality of an industry dominated by small and medium-sized enterprises (SMEs). In the East Midlands, 89% of construction firms have fewer than 10 employees[22].

Key skill issues

ConstructionSkills have also highlighted the fact that the lack of trained people continues to impact on business, with 82% of local construction companies surveyed in the East Midlands in 2004 reporting difficulties in recruiting skilled labour (compared with 74% for Great Britain overall)[23].

Employers continue to experience significant problems recruiting appropriate skilled staff. Skills shortages are very high in the sector, accounting for 56% of vacancies, well above the 24% regional average across all industries.

Many employers also identify deficiencies in skills amongst their current workforce, with 9.2% of employers identifying lack of workforce skills as an issue, or about 16,000 people with such skill gaps.

Available evidence[24] indicates that only about half of employers in the sector have funded or arranged training for their staff over the past 12 months.

[20] For example, future work is needed at a national level to reconcile the differences between the Working Futures model used by the LSC and Summit Skills, and the Experian/ CITB model.
[21] Altogether Stronger, Action for Skills East Midlands, ConstructionSkills
[22] Altogether Stronger, Action for Skills East Midlands, ConstructionSkills
[23] CITB-ConstructionSkills Employers' Skills Needs Survey, October 2004
[24] National Skills Employer Survey

Employers' recruitment practices and the image of the sector are highlighted as key factors which contribute to current under-representation of women and ethnic minority groups.

ConstructionSkills estimate that women currently account for approximately 10% of the total employment in the industry, but only 1% of manual employment and 31% of non-manual employment. This makes the manual portion of the sector amongst the most gender imbalanced in the UK economy[25].

The proportion of visible ethnic minorities in construction employment has shown positive growth, however, the 3% working in construction is still significantly lower than the 8% present in the total working population[26].

If employers are to effectively tackle skill deficiencies evident in the sector it will be important to recruit from all groups in the labour market and take active steps to improve the image of the sector amongst those groups currently under-represented.

It is estimated that there are 28,000 people working in the sector who do not hold any qualifications (16% of all of those in employment). Despite this, qualification attainment in the workforce is close to the regional average for level 1 and level 2 qualifications, although there are smaller proportions holding higher level qualifications.

The Sector Skills Agreement for Construction highlights a number of other key messages for providers nationally, which are equally applicable within the East Midlands Region:

- The current apprenticeship framework is not perceived as meeting needs of either the industry or the individual. ConstructionSkills, its partners and stakeholders have a key role to play here.

- The current structure of NVQs is seen to be too inflexible – there is a great deal of support for a more unitised approach, in which ConstructionSkills can act as a catalyst.

- Assessment regimes need to be more flexible and user friendly without losing the necessary rigour.

- There is a lack of a clear and flexible education-career ladder from school-based programmes through initial skills formation at FE and HE level to ongoing continuous professional development - to support lifelong learning in construction. ConstructionSkills has a key role to play in developing the linkages.

[25] The Sector Skills Agreement for Construction, England 2005 – 2010, ConstructionSkills
[26] The Sector Skills Agreement for Construction, England 2005 – 2010, ConstructionSkills

Future action on skills in the East Midlands

In January 2005, the East Midlands Centre for Constructing the Built Environment (EMCBE) was launched to help set the strategic direction on skills issues for construction in the region.

The EMCBE is a partnership between CITB-ConstructionSkills, CIC East Midlands, Constructing Excellence, the Learning and Skills Council (LSC), Loughborough University, East Midlands Regional Assembly, the East Midlands Development Agency (main funder), employers and other key stakeholders in the region. EMCBE will be the key player in ensuring fully aligned and focused delivery of the regional Sector Skills Agreement.

ConstructionSkills believes that the most significant challenges to be tackled through the Sector Skills Agreement are:

Shaping up the Industry's Business Performance

- Securing a significant increase in the number of companies investing in the planned training and development of their workforce.

- Developing the leadership and management skills needed to manage and work within integrated supply chains.

- Identifying and delivering the skills needed for the future growth of the industry – including new working practices, processes, technologies and materials.

Brushing up the Industry's Existing Skills

- Delivering a major development in the capacity and capability of On Site Assessment and Training Programme.

- Ensuring the specialist sector has access to the training and development it needs.

- Addressing the challenges posed by the increasing use of migrant labour.

Stepping up the Quality of Qualified New Entrants

- Finding placements to enable young people wishing to join the industry to acquire the necessary work based practice.

- Encouraging more women and ethnic minorities to join and stay in construction.

- Ensuring there are enough graduates with the right skills, knowledge and understanding.

Infrastructure in Support of these Priorities

- Establishing *'The Construction Skills Network'* to provide industry forecasting capability to enable informed forward planning and well considered and agreed solutions.

- Developing a Sector Qualifications Strategy that will ensure a well-planned and structured approach to the development of qualifications and progression pathways which meets sector and learner needs.

8. Human resource indicators

Table 9 is based on the results of the National Employer Skills Survey (NESS) 2005. In order to ensure the data utilised is reasonably robust, all analysis is restricted to a regional or national level.

Table 9: ConstructionSkills Human Resource indicators summary

	East Midlands Construction Skills average	England Construction Skills average	Average for All sectors in East Midlands
% employers reporting skill gaps	14%	13%	16%
Skill shortage vacancies (SSVs) as a % of all vacancies	41%	36%	20%
% employers reporting hard to fill vacancies	6%	8%	5%
Hard to fill vacancies as a % of all vacancies	48%	48%	29%
% employers undertaking training over the previous 12 months	60%	58%	66%
% employees undertaking training over the previous 12 months	72%	60%	84%
% establishments with a business plan	46%	43%	55%
% establishments with a training plan	34%	32%	47%
% establishments with a training budget	22%	22%	34%
% of establishments that formally assess whether individual employees have gaps in their skills	51%	45%	56%
% of establishments formally assess the performance of employees who have received training and development	35%	58%	46%
Employer engagement score[27]	37.6	40.1	47.6

Source: National Employer Skills Survey 2005
Note: The sample size for data from NESS at a detailed sector level is likely to be too small at an LSC level. All data has been weighted

[27] This has been compiled by summing the % of establishments with a business plan, establishments with a training plan, establishments with a training budget, establishments that formally assess whether individual employees have gaps in their skills and establishments that formally assess the performance of employees who have received training and development divided by 5

Table 9 compares the ConstructionSkills sector within the East Midlands with the respective figures for England and also the average for all sectors within the East Midlands region. The analysis indicates that in relation to:

- the proportion of employers reporting skill gaps, the figure for ConstructionSkills within the East Midlands region of 14% compares with a figure for ConstructionSkills in England of 13% and an average for all sectors in the East Midlands region of 16%

- the proportion of employers reporting hard to fill vacancies, the figure for ConstructionSkills within the East Midlands region of 6% compares with a figure for ConstructionSkills in England of 8% and an average for all sectors in the East Midlands region of 5%

- reported skill shortage vacancies as a proportion of all vacancies, the figure for ConstructionSkills within the East Midlands region of 41% compares with a figure for ConstructionSkills in England of 36% and an average for all sectors in the East Midlands region of 20%

- hard to fill vacancies as a proportion of all vacancies, the figure for ConstructionSkills within the East Midlands region is 48% compared with a figure for ConstructionSkills in England of 48% and an average for all sectors in the East Midlands region of 29%

- the proportion of employers undertaking training over the previous 12 months, the figure for ConstructionSkills within the East Midlands region of 60% compares with a figure for ConstructionSkills in England of 58% and an average for all sectors in the East Midlands region of 66%

- the proportion of employees undertaking training over the previous 12 months, the figure for ConstructionSkills within the East Midlands region of 72% compares with a figure for ConstructionSkills in England of 60% and an average for all sectors in the East Midlands region of 84%

A number of indicators of levels of employer engagement have been utilised as part of the analysis. A composite employer engagement score based on five different indicators has been derived, these being the % of establishments with a business plan, establishments with a training plan, establishments with a training budget, establishments that formally assess whether individual employees have gaps in their skills and establishments that formally assess the performance of employees who have received training and development.

The composite employer engagement score provides an indication of the overall commitment of employers to these human resource planning and management techniques. The analysis indicates that the East Midlands ConstructionSkills sector has an overall score of 37.6, compared with 40.1 for ConstructionSkills in England and an All Sector regional average of 47.6.

9. Business and employment matrix

Table 10 sets out a series of business and employment indicators for ConstructionSkills in Leicestershire. Each of these indicators has also been set in the context of a ranking of all 25 Sector Skills Councils in Leicestershire, which provides an SSC ranking (1-25) for ConstructionSkills in relation to each indicator.

Table 10: Business and employment matrix

Indicator	Construction Skills	SSC Ranking
Number of businesses 2004	3,314	2
Numbers employed 2004	28,850[28]	2
% change in numbers employed 1984-2004	+23%	17
Absolute change in numbers employed 1984-2004	+5,400	6
Expected % change in numbers employed 2004-2014	-1%	13
Expected absolute change in numbers employed 2004-2014	-350	16
Expected absolute replacement demand 2004-2014	+9,000	3
Skill Shortage Vacancies as a % of all vacancies 2005	41%	1
% of employers reporting skill gaps 2005	14%	16
% workforce with no qualifications	21%	15
% employed whose highest qualification is NVQ Level 1	25%	4
% employed whose highest qualification is NVQ Level 2	18%	19
% employed whose highest qualification is NVQ Level 3	6%	18
% employed whose highest qualification is NVQ Level 4 or higher	13%	15
% non-white employees 2001	4%	23
% employees aged 45+	38%	9
An occupational employment change score[29]	0.14	18

[28] This figure is derived from Working Futures 2 and is an estimate that includes employees and those working on a self employed basis. The figure therefore differs from data derived from the Annual Business Inquiry – It is rounded to the nearest 50

[29] This occupational employment change score has been developed in order to provide an indication of the extent of occupational restructuring expected to occur in the future within different sectors. The score is derived from Working Futures 2 data and is calculated by summing each element of expected occupational change (using broad occupational groupings) over the period 2004-2014 and expressing this as a ratio in relation to total numbers employed in 2004 in all occupations within ConstructionSkills. The direction of change in occupational employment, whether negative or positive is treated as positive when calculating this ratio. The score provides an indication of the extent of expected occupational restructuring, with the highest scores pointing to a greater level of expected occupational restructuring.

Appendix One

Activities covered by the ConstructionSkills Sector footprint

SSC industry	Sub sectors	SIC sub sector definitions
ConstructionSkills [45.1, 45.2, 45.32, 45.34, 45.4, 45.5, 71.32, 74.2]	Building trades	4532, 4534, 4541, 4542, 4543, 4544, 4545
	Renting of equipment	4550, 7132
	Architectural and engineering activities	7420
	Demolition and groundworks	4511, 4512
	General Construction	4521, 4522, 4523, 4524, 4525

Appendix Two