

CLR-GB

Newsletter 2/2008

The **CLR-GB** Office is a platform linking CLR activities at EU and GB levels as well as trade union and academic work in GB in the field of Construction Labour Research. It will support related initiatives specific to GB.

INTRODUCTORY NOTE

It is well-documented that the British construction labour market is highly unregulated, especially when compared with our European counterparts. Commentators have, for decades, bemoaned the lack of strong institutional frameworks to ensure benign employment practices such as worker welfare, training and development, and health and safety. The characteristically voluntarist nature of British employment relations has certainly been blamed for resultant deficiencies in labour productivity and industrial development. Calls have been made to strengthen the role of institutions in regulating the labour market so as to improve on working conditions and social equity.

But much more needs to be done to effect real change beyond the mere issuance of such calls. A deeper understanding of how institutions operate and why structural mechanisms exist in the way they do is necessary before any real efforts to transform institutions can take place. In this newsletter issue, we focus our discussion on institutional dynamics surrounding the coordination and management of construction labour. Regional perspectives of ConstructionSkills observatories are presented, with a view of providing an explanation as to why we need institutions. You are also invited to participate in forthcoming events, including a CLR seminar on employee and trade union involvement in skills development, CLR-GB AGM and a research workshop on employment practices.

Paul W Chan/ CLR-GB October 2008

SKILLS AND PRODUCTIVITY OBSERVATORIES

Collecting accurate intelligence about the construction workforce is known to be extremely challenging. The transience of the workforce, reliance on self-employment and the problems of estimating the informal labour market combine to reduce the reliability of employment statistics in the sector. This is further exacerbated by the fact that larger companies in the sector are increasingly becoming 'hollowed-out' firms where the core business shifts away from operative work to one that manages the process of delivering projects. Consequently, larger firms that conventionally employ labour within the industry no longer need to engage in sophisticated workforce planning approaches that are associated with the days of direct labour. At the same time, smaller firms (usually micro organisations), which now employ a great proportion of skilled labour in the sector, do not have the resources (or even the necessity) to engage with such complicated planning techniques, relying instead on informal employment relations.

Such paradigmatic shift in the sector means that training and development activities are now seen as secondary to the core business of construction firms. The role of the then Construction Industry Training Board (now ConstructionSkills) has therefore had to rethink its *raison d'être*. Alongside this, the UK has also seen a political shift towards devolution of power to the regions. In conforming to this trend, institutions including ConstructionSkills have had to re-draw their operational boundaries to reflect such evolution. In making sense of all these economic and political changes, ConstructionSkills have since 2005 attempted to capture the dynamics of the construction labour markets. We now reflect on the efficacy of the observatory process across three of the English regions.

London perspective by Professor Linda Clarke/University of Westminster:

The latest of these events was held on 11th June. It was dominated by presentation of results of ConstructionSkills forecasts of demand. This showed a large range of projects, and sought also to take into account a possible migration reversal scenario, which would have a great impact on the Greater London situation – given that it accounts for 50% of total inward migration is accounted for by Greater London according to the Labour Force survey (significantly underestimating the number of migrants). In relation to demand, a number of participants – drawn from the sector skills council, ConstructionSkills as well as government organisations such as the Learning and Skills Council, employers and employers associations – reported particular problems in relation to housing project cutbacks. Most of the major housebuilders are not starting new projects and even closing down sites before completion.

An even more sophisticated presentation of the demand situation in London was more recently presented by Guy Hazelhurst, who has moved from his position at ConstructionSkills to the Olympic Development Authority, to the steering group of the ‘OnTrack London’ project of the Association of London Colleges London Region. Guy’s presentation gave a wonderful visual picture of where and what projects are springing up all over London in the coming years. The OnTrack project is intended to enhance the involvement and contribution of Further Education (FE) and Higher Education (HE) to the London Employment and Skills Taskforce for 2012 and ultimately the staging and delivery of the London 2012 Olympic and Paralympic Games. It is also linked with Podium, which has similar aims and will be holding a big event on 10th December 2008 at the University of Westminster (see www.ucasevents.com for details).

Both the Regional Observatory and the OnTrack meeting were short of estimates on supply, though these were at least attempted for the OnTrack event. The key problem is the unreliability of data. There is a reliance on First Year Entrants into FE figures, fraught with difficulty given high drop-out rates and the great variability of courses. Figures refer both to those in FE colleges who are unable to gain a work placement with an employer and those with employers on, for instance, day release to college as apprenticeships. In the past, in particular when there was a Standard Scheme of Construction Training, it was always possible to distinguish different types of training, to sort out those doing courses for instance for DIY purposes and those seeking to make a career in a construction trade. Now this is no longer possible, there are a variety of training routes into the sector, the educational component of training is

significantly reduced, and the industry abounds too with private training providers. No wonder supply statistics are such a nightmare!

The National Observatory

On 30th September 2008 another Construction Skills Network National Observatory was held, an event which seemed to mark a turning point. The financial crisis has set in and much of the meeting was taken with explaining what this means and the impact it might have for construction. It was perhaps more global even than national! Demand forecasts from the ConstructionSkills model were presented with even more of a warning note than in previous sessions. Unlike previous sessions too, there was an attempt to present supply figures. Unfortunately these gave such an extremely misleading picture that they were withdrawn. It seems that a single, comprehensive, high rather than variable quality, and carefully regulated system of construction VET needs to be established before we ever again have the picture of what training is going on that they had in earlier decades of the CITB!

East Midlands perspective by Professor Andrew Dainty/Loughborough University:

The East Midlands, whilst relatively small in terms of construction output and employment, provides an interesting example of the challenges inherent in attempting to establish an accurate picture of regional labour supply and demand as a basis for planning and policy decision making. Within the East Midlands most construction activity is centred on the three major cities of Nottingham, Leicester and Derby, although the region also includes the large rural counties of Lincolnshire and Northamptonshire. Recent figures presented to the CSN reveal a relatively modest growth forecast for the region and an average annual recruitment requirement that is one of the lowest in the UK. Although the region is set to benefit from the Building Schools for the Future programme and some major retail developments, the downturn in the housing sector and the general reduction in output is likely to maintain a relatively modest level of output and construction employment in the region. Nonetheless, there remains concerns amongst CSN participants as to how to sustain the supply of high quality new entrants to the sector.

The East Midlands CSN meetings are often used as a forum to discuss action on skills supply within the region. Much of the discussion in the past has related to the effectiveness of local initiatives in addressing local skills concerns, and the need to roll these out to other areas within the region. However, there is widespread acknowledgement amongst participating stakeholders that it is very difficult to engage employers within such a geographically large and

fragmented region. Historically, a rather parochial attitude has pervaded the region with regards to labour market initiatives, and very little activity has been organised in a pan-regional way. A recurrent concern has also been the need to ensure involvement from those based in the areas which are geographically less proximate to the region's three major cities. It would appear from the discussions at the CSN that Regional Development Agency (RDA) geographical demarcations do not resonate with many of the industry's organisations and networks who are organised across RDA boundaries. Indeed, given its geographical position in the centre of the country, demand and supply in neighbouring regions is equally significant to understanding the labour market dynamics of the East Midlands.

In order to try to address the lack of a regional identity, and to promote collective action on skills, ConstructionSkills has recently redeveloped their East Midlands engagement strategy. They have instituted a new reference group which will combine the work of the CSN with their regional skills forum. This group, which is due to meet for the first time in late October this year, will include stakeholders from both the demand and supply side and will provide a more integrated forum for the discussion of labour market forecasts and for debating wider policy issues which flow from these analyses. This initiative should be augmented by the RDA's (the East Midlands Development Agency) decision to grant the sector priority status within their Regional Economic Strategy. As part of this they have funded the creation of the East Midlands Centre for constructing the Built Environment (EMCBE) to provide a focus for much of the industry's performance improvement activities and to help co-ordinate action between the construction-related bodies which operate within the region. The EMCBE have a strong focus on skills and are working with emda and ConstructionSkills to initiate new programmes for both understanding skills needs and for addressing them within the region. Together, EMCBE and ConstructionSkills should begin to accelerate progress towards understanding skills demand and supply, and in developing policies for achieving a more sustainable supply of skilled workers for the region in the future.

North East perspective by Paul W Chan/Northumbria University:

The North East of England is consistently one of the worst performing English regions when it comes to economic indicators. Until recently, it is like the forgotten child as the country forges ahead with economic progress. This is certainly the feeling that participants in the North East skills and productivity observatory exudes. Roundtable discussions reveal a discontent with the relatively low economic forecasts

for turnover and new orders for the region (indicators that matter in the accurate forecasting of labour requirements). At each meeting, participants are usually quick to highlight forthcoming projects in the region to demonstrate the buoyancy of the regional construction industry, although it is difficult to ascertain as to whether this is merely talking up of the regional sector without reference to data on planning permissions that have gone through. This is perhaps one of the benefits of the observatory process; that is, it allows for exchange of dialogue between industry and public institutions. Such dialogue is necessary given the limitations of statistics about the construction labour market mentioned above.

Yet, this still falls short of genuine industrial democracy. As with any network, it is often a challenge to attract members beyond the usual suspects. Also, the employee voice is marginalised without proper representation from the trade unions (there is still a sense that the image of unions is still recovering from the turbulent industrial relations of the 1970s). Even more surprising is the lack of representation of employers round the table. This is represented by employer representative groups and one or two SMEs. Whilst it is neither possible nor practical to bring in everybody to the table, the efficacy of representation at the observatories still needs to be verified. So, what's left of participation is a handful of education and training providers (regional colleges, universities and a handful of private training consultants) waiting in anticipation for the presentation of quantitative results of labour requirements so they can plan what their forthcoming intake of students/trainees will be.

The statistics are, of course, not without problems. First, the use of the Labour Force Survey leads to inaccuracies resulting from sampling problems. Second, the employment of labour coefficients (crudely defined as standard output rates based on analysis of labour productivity) fails to account for variability in labour output that exists in reality because of varying skills levels even within each trade. Third, there is little mention at the meetings of how training and education supply, and how skills-in-use at the workplace, are actually responding to the quantitative nature of these skills shortages. In the North East observatories, participants are almost always reminded of the 'fact' that the region is the largest and most successful in terms of training provision in the FE sector. The observatory is making some inroads in this respect. Supply figures have now been consolidated from the Learning and Skills Council (LSC), and this will be fed back at the Autumn observatory meetings in 2008. We are perhaps becoming more intelligent about labour market intelligence in the sector.

SEMINAR ON EMPLOYEE AND TRADE UNION INVOLVEMENT IN VET AND CLR-GB AGM

This seminar is jointly organised by the University of Westminster (School of the Built Environment and Westminster Business School) and CLR-GB, and will take place on Thursday 27 November 2008 in Room CG79 the University of Westminster, 35 Marylebone Road, London NW1 5LS (opposite Madame Tussauds and near Baker Street tube station).

10.30am	Registration and welcome		UoW
10.45am	The importance of employee involvement in VET - A historical perspective - The trade union view - The employers' view	Howard Gospel Caroline Smith Joe Johnson	Kings College TUC CECA Director of Training
11.45am	Learning, education and employee involvement - Between Formal and Informal Systems of Skills Development - Promoting employee control over VET - Education, learning and the application of knowledge	Paul Chan Dave Tarren Chris Winch & Michael Brockmann	Northumbria Uni Working Lives Inst Kings College UoW
12.45pm	Lunch		
1.45pm	Examples from mainland Europe - The important role of trade unions in VET in the Netherlands - Trade Union involvement in VET in Europe	Joep Jansen Jonathan Winterton	Fundeon, NL Uni of Toulouse
2.30pm	Examples from different sectors - Science based manufacturing industries - Electrical contracting	John Holton Steve Brawley	Cogent SSC Electrical JIB
3.15pm	Tea/coffee		
3.30pm	Round table discussion: How can employee and trade union involvement in VET be improved	Paul Mackney the Tom Hardacre	NIACE Assoc. Dir ConstructionSkills Unite
4.30	Finish		
4.45pm	CLR GB AGM		

If you would like to attend, please contact:

Linda Clarke: 0207 911 5000 x 3158 or
clarkel@wmin.ac.uk (see
<http://www.westminster.ac.uk/page-17052>)

WORKSHOP ON EMPLOYMENT PRACTICES IN NEW ORGANISATIONAL FORMS IN CONSTRUCTION

Hosted by: Northumbria University in conjunction with University of Westminster (Westminster Business School and School of the Built Environment) supported by ARCOM, CLR, The British Council and Platform Bèta Techniek, to be held on Wednesday 10 December 2008 in the HRM Suite, Room M215, University of Westminster, 35 Marylebone Road, London NW1 5LS

This workshop seeks to bring together researchers to debate and discuss on employment practices in new organisational forms in labour-intensive industries for the benefit of European Construction Industry. Potential topics to be discussed could include the identification of affordances and challenges to, and future scenarios of, construction labour relations and how we employ and manage people in the construction sector.

All doctoral and post-doc researchers are welcome to attend, and especially those working in the areas of employment relations, employment practices and human resources management and development. If you are interested in attending, or making a presentation, then please contact: Paul Chan, Email: paul.chan@northumbria.ac.uk, with a view to submit a short paper (c. 6-pages long) by Wednesday 19 November 2008.

To Our Readers:

The CLR-GB Newsletter is the organ of exchange for CLR in Great Britain. This function depends on the co-operation of its readers. The editors ask everybody who is interested in construction labour to contribute with information and commentaries. Please contact:

CLR-GB Office:
Professor Linda Clarke
Westminster Business School
University of Westminster
35 Marylebone Road
London NW1 5LS

phone: 020 9115000 ext. 3158
email: clarkel@wmin.ac.uk

Or

Dr. Paul W Chan
School of the Built Environment
Northumbria University
Ellison Place
Newcastle upon Tyne NE1 8ST
phone: 0191 227 4219
email: paul.chan@northumbria.ac.uk