

# Construction Industry Labour Model Study

Nick Boles, Minister for Skills, and Brandon Lewis, Minister for Housing and Planning, have asked the Construction Leadership Council (CLC) to investigate the labour model in the construction industry and develop an action plan to address the skills pressures and other constraints that limit housebuilding and infrastructure development in the UK. The CLC have commissioned Mark Farmer (former Head of Residential at Arcadis) to lead the work. It will build on the vision outlined in the *Construction 2025* sector strategy and the commitments made to developing capacity and capability in the sector. An advisory panel will be appointed to provide additional expert input.

The starting point for this work is the recent *People and Money* report, which sets out a number of capacity issues that the sector faces. It identified training as a complicated area for the construction sector due to very high levels of self-employment and the fragmentation of the supply chain. The report also set out how the construction labour model provides only weak long-term incentives for subcontractors to invest in training. It found that the current model creates barriers to the greater use of off-site construction.

To inform its examination of the construction labour market, the CLC is keen to hear views and receive evidence from interested parties, in particular on the following topics:

- Evidence of how the construction labour model and recruitment practices impact on incentives for skills development in the sector (including in the supply chain) and on the introduction of more novel techniques such as off-site construction.
- What business models and other arrangements could better support skills and skills pipelines in the sector?
- What measures could improve wider incentives for capacity investment and the introduction of new ways of working?
- What are the barriers and enablers to greater use of off-site construction?
- How could the range of participants in the UK housing market be broadened, including through the better introduction of institutional funds?

Submissions on these topics can be made sent to [construction.enquiries@bis.gsi.gov.uk](mailto:construction.enquiries@bis.gsi.gov.uk) by **29 February 2016**.

Respondents may wish to focus on a particular part of the sector and we are happy to take submissions on this basis.

The CLC will report to Government in spring.

Full terms of reference and links to key background papers are published below.

## Terms of reference

The construction industry is essential to the delivery of the Government's ambitions to increase levels of house building and to improving the UK's economic and social Infrastructure. However the sector is characterised by recurrent skills pressures, associated with its widespread reliance on extensive sub-contracting and recruiting skilled labour project-by-project.

Nick Boles, Minister for Skills, and Brandon Lewis, Minister for Housing and Planning, have asked the Construction Leadership Council to work with Mark Farmer to identify actions which will address this, focusing on what measures will help lead house-building and other construction firms to ensure they have the skills, and the skills pipelines, that they need. They will take recent work, including his own report (with Simon Rawlinson) *People and Money*, as a starting point. The work will also examine the barriers and enablers to the greater use of off-site construction, specifically in housing.

The work will engage with construction stakeholders and take account of current practices in the sector, including what factors affect the use of and reliance on native and migrant labour, and of existing arrangements in place to support skills in construction including college and FE training, Levy systems and apprenticeships.

The Construction Leadership Council will report to Nick Boles and Brandon Lewis in the spring of 2016.

## Background papers

Listed below are links to key papers that form the background to the study:

[People and Money](#) (Mark Farmer and Simon Rawlinson, Arcadis 2015)

[Construction 2025](#) (BIS 2013)

[UK Construction: an economic analysis of the sector](#) (BIS 2013)

[Supply Chain Analysis into the Construction Industry](#) (BIS 2013)

[Never Waste A Good Crisis](#) (Andrew Wolstenholme, Constructing Excellence 2009)