

Terms of reference: Homes for Londoners Board sub-group - Construction skills

Context

The construction sector is a major employer in the capital, but 90,000 skilled workers are expected to retire from their construction jobs in London between 2012 and 2022, with total demand for new skilled workers in the capital reaching 133,000 during this period. The result of the referendum on membership of the European Union is expected to increase pressure on labour availability in a sector which heavily relies on non-British workers.

Whilst there may be a temporary slow-down in commercial development which could create some slack in the labour market, the need to approximately double housing delivery is potentially constrained by labour availability. The Farmer Review¹ reports that pressure on labour availability is already having an impact on housing delivery in the UK, leading to capacity-induced cost inflation for construction and so endangering project viability in some cases. This suggests that there is a need to not only address skills shortages and the supply of labour, but also to move to new, less labour intensive methods of housing construction (e.g. pre-manufacturing homes offsite) in order to underpin the step-change in housing delivery required in London.

In the March 2015 Budget government announced that it would be *“devolving further powers to the Mayor of London, including over skills... which will allow the Mayor to... tailor decisions over skills provision to London’s needs”*. No formal devolution deal has been signed yet, but London government is revisiting a broader set of asks around skills devolution including devolving 16-19 skills funding, retention of unspent revenue by London’s Apprenticeship Levy-paying employers to create more apprenticeships, and devolution and management of careers information, advice and guidance activity.

The Mayor has a manifesto commitment to create a Construction Academy and the Deputy Mayor for Housing & Residential Development is keen to explore how we can best support approaches to pre-manufacturing homes.

Issues for consideration by the sub-group

- How can the supply of skills training better meet the needs of construction employers throughout their supply chains and how can these needs be better and more consistently articulated?
- What needs to happen in order for more young people, and women in particular, to choose to enter the construction industry?
- How can construction become more attractive as a career?
- How can the planning system and new housing developments better support the provision of training and apprenticeship opportunities?
- What developer-led models of skills provision already exist in the UK and elsewhere that can be replicated?
- How can skills devolution and the Apprenticeship Levy be utilised as an opportunity to deliver the construction sector’s priorities?

¹ An independent review of the UK’s construction labour model by Mark Farmer, commissioned by BEIS and CLG: <https://www.gov.uk/government/publications/construction-labour-market-in-the-uk-farmer-review>

- How can the sub-group help to inform the development of the proposals for the Mayor's Construction Academy Scheme?
- What are the likely impacts of the EU referendum decision on overseas labour in London's construction industry?
- What are the implications for the supply of skills of a shift to pre-manufacturing of homes?

Outputs

The sub-group should prepare a report for the Homes for Londoners Board highlighting their findings, with a particular focus on any proposals to improve skills provision and promote industry capacity, along with any recommendations on change or devolution required from central government. This report should also be shared with the Skills for Londoners Taskforce.

Format/research methods

This project will not require any new primary research. Any additional information required will be sourced through desk research, interviews, roundtables or other engagement with organisations involved in skills provision and, even more importantly, employers with a need for skilled workers. The Board will be supported by a briefing document prepared by London Councils and the GLA.

Membership: Homes for Londoners Board sub-group - construction skills

1. Cllr Peter John OBE (Leader, Southwark Council and Executive Member for business, skills and Brexit, London Councils) (Chair)
2. Mayor Sir Steve Bullock (Mayor of Lewisham and Executive Member for Housing, London Councils)
3. Cllr Ravi Govindia CBE (Leader, Wandsworth Council)
4. Jules Pipe CBE (Deputy Mayor, Planning, Regeneration and Skills, GLA)
5. Jo Negrini (Chief Executive, Croydon Council)
6. Mark Mitchener (Managing Director, Rydon)
7. Steve Trusler (Accommodation Sector Leader (Europe), Laing O'Rourke)
8. Victoria Whittle (Head of Ready2Work, Affinity Sutton)
9. Andy Carson (Operations Director, Berkeley Homes)
10. Suzannah Nichol MBE (Chief Executive, Build UK)
11. Brian Berry (CEO, Federation of Master Builders)
12. Mark Farmer (CEO, CAST)
13. David Montague CBE, (Chair, g15 and Chief Executive, L&Q)
14. Gemma Bourne, (Head of Social Sustainability and Lendlease Foundation, Lendlease)
15. Yvonne Kelly (Principal & CEO, Barking & Dagenham College)
16. Robbie Erbmann (Head of Housing Strategy, TfL)