

The Case for Collaboration in the Homebuilding Supply Chain

A Research Report to Highlight the
Challenges and Opportunities for Driving
Positive Workforce Development
Investment amongst
Subcontractors that supply
the Homebuilding Market
in the UK





Joint Foreword

Home Builders Federation

Home building faces major challenges in the coming years - to build more homes, maintain and further improve quality and to do all this more sustainably and efficiently. This report makes a compelling case that we will need to do things differently if we are to be successful in meeting these challenges. In particular, it highlights the need to tackle the constraints to growth faced by many existing sub-contractors and the implied barriers for new entrants to come in to the supply chain.

Having enough people with the right skills for today's and tomorrow's industry is critical to supply chain growth. This report identifies that the confidence of subcontractors in their ability to attract the right people and to invest in training for them is comparatively low and needs to be improved to sustain the growth that is needed. The report's recommendations provide valuable ideas for how we can seek to do so.

Encouragingly, it also suggests that many developers and subcontractors are embracing the need for change, including the need for more collaboration on skills. And we can see in the number of employers that are getting behind the new Homebuilding Skills Partnership that there is a willingness to take action on key areas such as attracting people to the industry, understanding training and development needs, influencing training provision and looking at training and skills in the supply chain.

We look forward to working together to tackle the issues raised by the report and to take forward its recommendations.

John Slaughter, Director of External Affairs, Home Builders Federation and Steve Radley, Director of Policy and Partnerships, CITB.

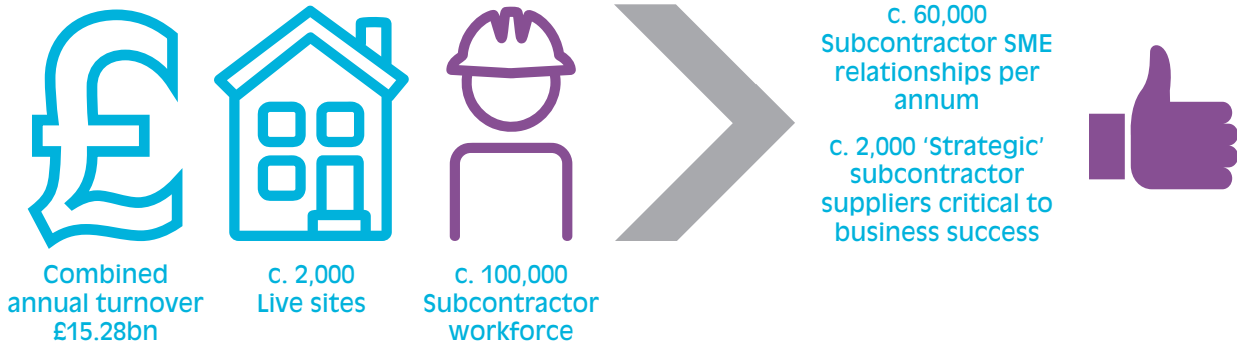
Acknowledgements

Skyblue Research Ltd would like to thank all the contributors to this study since September 2015. We hope we have managed to capture your voice in an honest and balanced way that can help create the case for more workforce development collaboration in future. Our thanks to representatives from the 20 Homebuilders, 204 subcontractor businesses, 5 Federations and 14 staff at CITB, personnel at HBF, their Careers Committee and Qualifying the Workforce Group that have helped shape the project. Thanks also to the representatives of major contractors who allowed us to compare and contrast their supply chain practices with those found in homebuilding. In particular, we would like to thank John Slaughter, Director of External Relations at HBF for managing this commission; and Steve Radley, Director of Policy and Partnerships at CITB for having the foresight to sponsor this research with the express interest in understanding how potential can be unlocked within SMEs in the homebuilding supply chain.

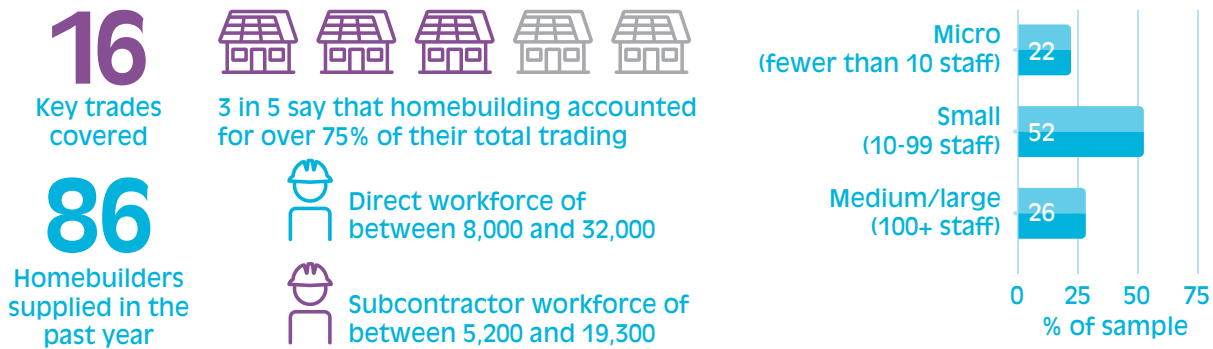
Skyblue Authors: Alan Graver, Paul Rhodes, Chris Charlton, Mike Dwyer & Sarah Eley.



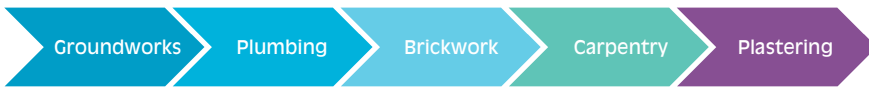
Research Participants - 20 Large UK Homebuilders



Research Participants - 204 Subcontractors



Needs of Homebuilders

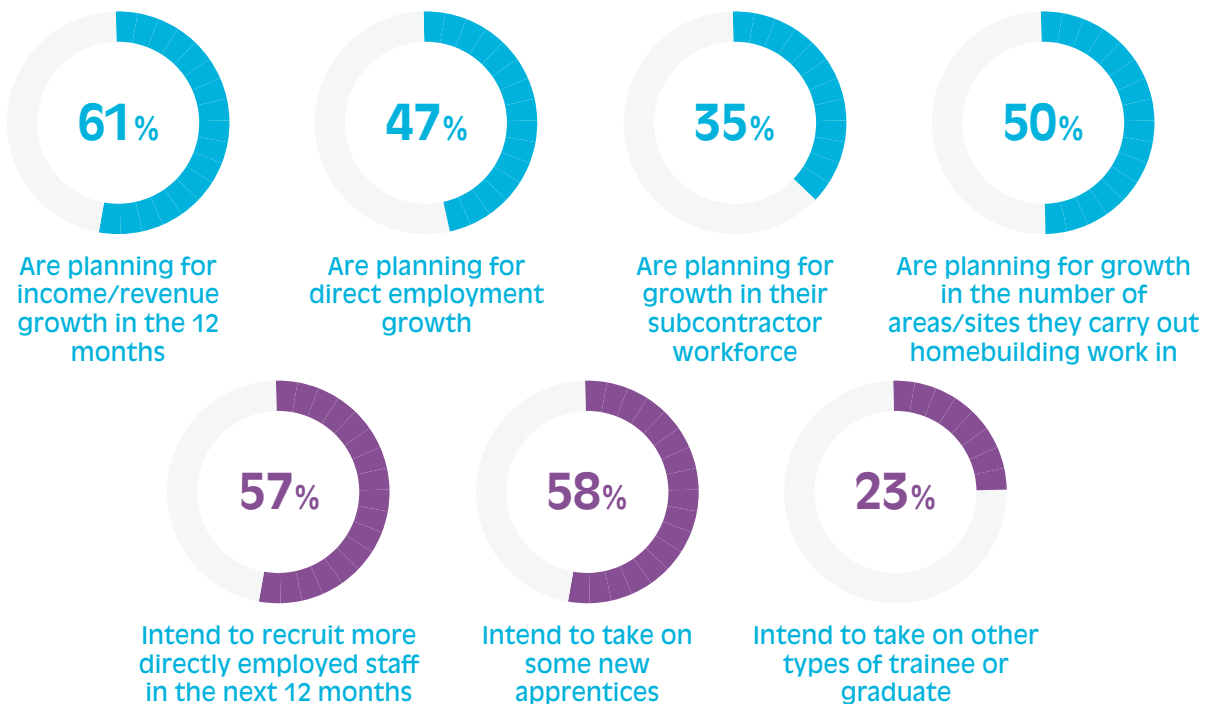


Where the majority of work packages go (£ by homebuilders)

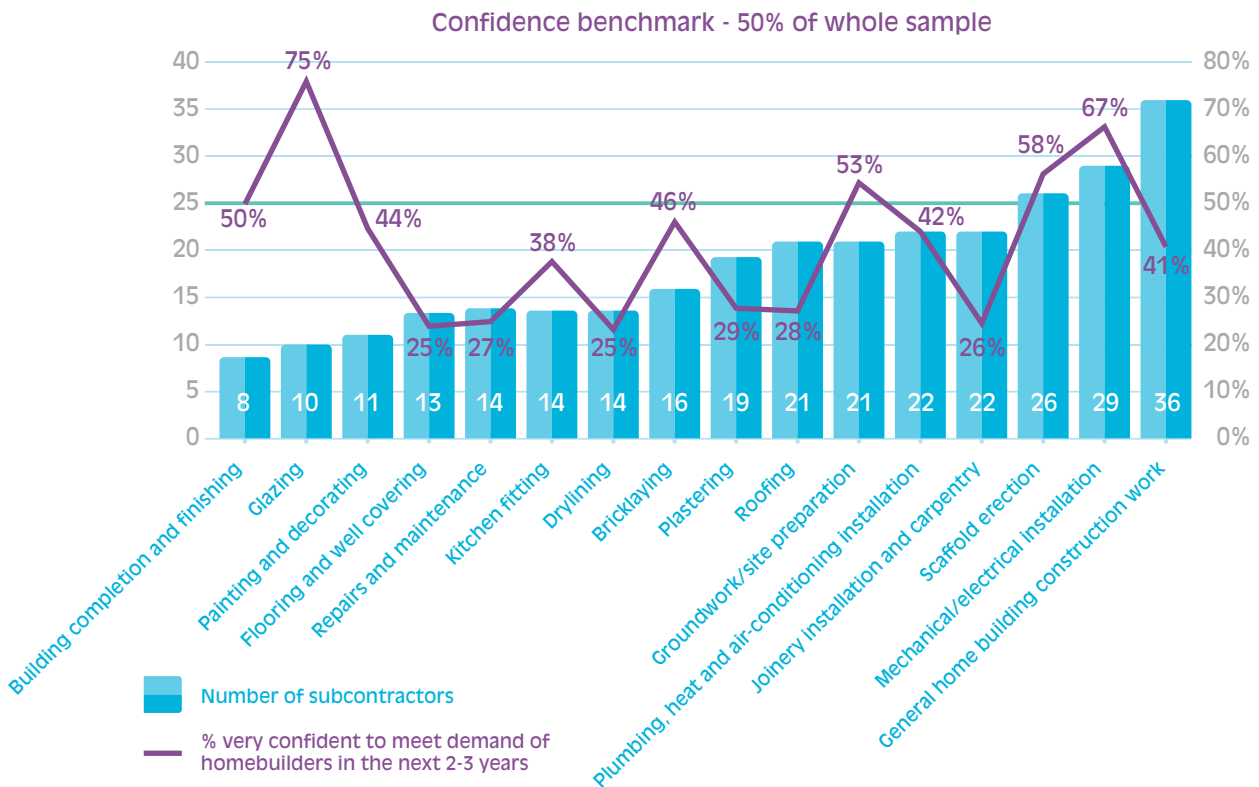


Critical shortages reported by homebuilders

Subcontractors' Growth and Ambition



1 in 2 subcontractors are very confident that they can meet the demand of homebuilders in the next 2-3 years. 1 in 2 are not.



Workforce Challenges and Solutions



3 in 5 intend to recruit more direct employees in the next 12 months



3 in 5 intend to take on Apprentices in 2016 (there is demand for 500-600 Apprentices in this sample of firms)



1 in 2 subcontractors that do or wish to take on new staff report difficulties recruiting direct employees



2 in 5 subcontractors that do or wish to take on apprentices report difficulties recruiting them (and frustrating drop-out rates)



1 in 7 report difficulty training and developing existing staff in new things (e.g. modern methods, new technology)



1 in 5 subcontractors did not think this theme (future skills) was relevant to them or had not thought of it before

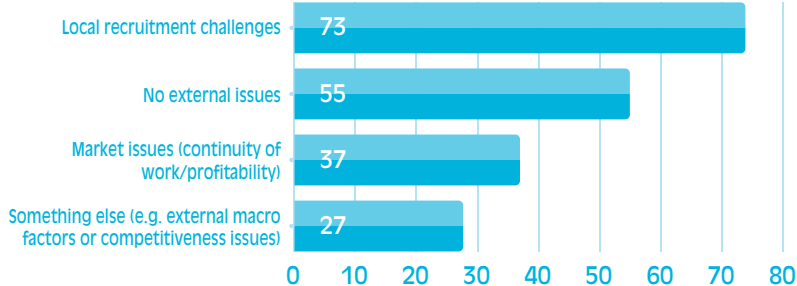


1 in 8 report difficulty training existing staff to meet skills/compliance requirements



1 in 4 subcontractors (that directly employ staff) report difficulty keeping hold of good staff as long as they would like

Challenges to growth by theme (193 respondents)



55
Responses
Biggest single issue:
Lack of good qualified experienced trades in the local area meaning businesses can't get the subcontractors they need

Research Background

The homebuilding sector is anticipating a sustained period of growth as it seeks to meet the demand for new housing across the UK. This will create the need for a significantly larger skilled, qualified and motivated workforce. But who, and how,

exactly, will these new jobs be recruited, selected, trained and retained? To what extent will large homebuilders take ownership for supporting their supply chains through growth? And what are the workforce development challenges within the supply chain that might be addressed through collaboration? Whilst the view is that the sector

will need to grow further to 2020, there is a great deal of uncertainty about the different behaviours, attitudes and future practices of not only the largest homebuilders, but importantly for this research, their supply chain of subcontractors to achieve national, regional and local growth ambitions together.

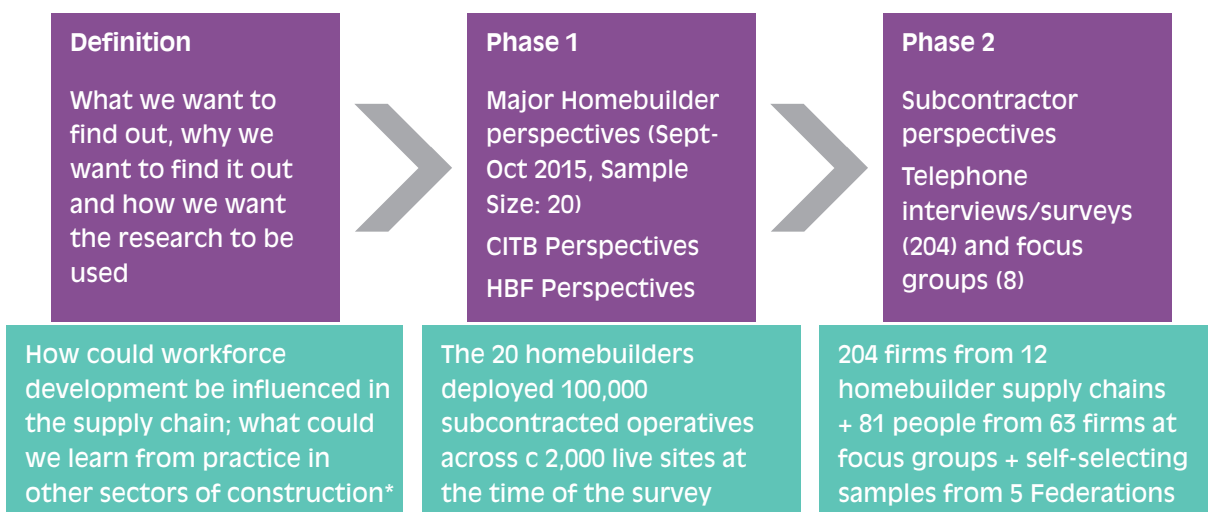
Research Purpose

The Homebuilders Federation (HBF) on behalf of its members therefore approached the CITB (who have funded this project) to undertake research that would help:

- Identify the current and future growth ambitions of large homebuilders and the extent to which they will, or could, drive and support their supply chain
- Identify the perceived barriers to invest in training, skills and Apprenticeships amongst sub-contractors that belong to the supply chains of the major and larger homebuilders.
- Identify perceptions about skills issues and training and development needs in relation to recruitment, skills and training.
- Identify what support these subcontractors might need in future from homebuilders, CITB (where eligible for support), HBF and the new Homebuilding Skills Partnership (HSP) in terms of meeting workforce development challenges.
- Identify the future amongst the sub-contractors whose main business activity is homebuilding.

Method and Scope

Independent research was conducted in phases by Skyblue Research Ltd between September 2015 and April 2016 as follows:



*See list of research contributors on the inside back cover.

Executive Summary

- Without increased collaboration between homebuilders and their subcontractors, the potential to identify, and then support increased capacity and capability in the current supply chain will be limited in the next 3 years. Subcontractors have greater choice about which developers to work with at present, and are looking for prompt payment, fair treatment, safe, well-managed site conditions and trusting relationships. Those that do invest in their workforce wish to see that investment recognised and rewarded through the procurement approach of homebuilders that tender out for work.
- Without increased collaboration within and between homebuilders and their supply chains, the potential for systemic labour and skills shortages remains for this economic cycle; and for so long as there is no change in the pattern of homebuilding with intense competition for skills at half year and year end periods, subcontractor loyalty will likely be a transactional commodity. Better workload planning, lead times and longer term negotiated contracts could help emulate the beneficial partnering arrangements observed in supply chains in the wider construction sector.
- The opportunity for the homebuilding sector to convert its current culture and strategic mind-set from one that is formulated around **supply chain procurement**, to variable levels of **supply chain management** to one of more proactive and consistent **supply chain development** is considerable. Chief Executives of large homebuilders can influence this change by incentivising their regional business units to create advantage by becoming 'customers of choice' to their subcontractors, and opening up their in-house training infrastructure to key suppliers and those who wish to grow.
- Not all subcontractors wish to grow through homebuilding, but two thirds do, and for now, only 1 in 5 say they receive any practical support for workforce development from the homebuilders they supply. They are not always certain what training and development they need, nor do they anticipate what might be required 3-5 years from now. But 3 in 5 have demand for Apprentices (a latent demand that deserves support), want specific support to take on older workers, wish to see localised, more contemporary training course content, would be receptive to blended learning options and seek increased visibility on the future pipeline of work they might win in order to increase the investment risk they might take to employ and develop their workforce. Local solutions and activation are critical to success.
- The case for collaboration is strong because homebuilders and subcontractors appear to want the same kind of outcomes; profitable work, positive reputations, safe and productive sites. Whilst good practice can always be found if you search for it, this study finds that subcontractors and homebuilders believe there is so much more that could be achieved towards these aims through a series of co-ordinated solutions aimed at increasing quality, sustainability, productivity and commercial success.
- Proactive workforce development that is embedded into homebuilders' supply chain strategies, activated at local levels, with the support of CITB, the HSP, interested Federations and other stakeholders can play a huge part in bringing long-term dividends to the industry; save money; increase the skills base; improve site efficiency; and improve the quality of learning and image of the sector. In this way both capacity and capability is raised, meaning that the growth potential of the supply chain can be better unlocked.

Recommendations

Opportunity 1

Creating more responsive subcontractor supply chains in homebuilding

Homebuilders

- Give greater visibility to the future pipeline of work at regional levels.
- Reduce the half year and year end pressures.
- Identify each subcontractor that has capacity to grow and prioritise support for these firms.
- Pay promptly and increase CSR supply chain commitments.

Subcontractors

- Be proactive in seeking out homebuilders' workload plans for the next year; attend their events.
- Be active in accessing financial support available to recruit Apprentices so that a future pipeline of talent is continuously built within the supply chain.

CITB

- Consider engaging with the HSP on a nationally co-ordinated programme of supply chain collaboration events which would see CITB personnel raising awareness of, and giving advice and guidance to, subcontractors at agreed regional/local level events.
- Provide brokerage support and the skills matching service to those subcontractors saying they require support to become more responsive to homebuilder needs.
- Encourage support for 'growth aspirant' subcontractor micro and small businesses who wish to grow the % of homebuilding business activity to 2020 making use of channels such as Structured and Flexible Funds (particularly the Skills and Training Fund for smaller companies).

Homebuilding Skills Partnership and other Stakeholders

- Involve the supply chain in designing solutions that emerge as a result of the Homebuilding Skills Partnership's 'Attract' Action Group which will seek to co-ordinate a sector-wide image, attractiveness and recruitment campaign.
- Promote best practice and practical toolkits that subcontractors can apply.
- Co-ordinate an industry bid to support growth aspirant SMEs starting with those in this sample.

Opportunity 2

Improving subcontractor supply chain quality in homebuilding

Homebuilders

- Make the training infrastructure they have in place for their directly employed workforce available to a greater proportion of their key subcontractors and those who aspire to grow.
- Agree a national supply chain strategy which embeds 'workforce development', supplier codes of conduct/charter and agreed resource to make blended learning opportunities available.
- Consider mandating half day learning sessions for all key suppliers on commencement of significant contracts.
- Explore the appetite for more e-learning and coaching solutions.
- Explore opportunities for collective bargaining with Managing Agencies and Colleges to meet Apprentice demands.

Subcontractors

- Put themselves forward for a (free) Homebuilding Training and Development Needs Analysis visit which will help identify areas that can improve quality.
- Seek feedback from homebuilder performance reviews to identify areas for improvement, and invest in training or development, or site behavioural training to increase capability.
- Commit to using the new homebuilding specific resources available from the Supply Chain Sustainability School.
- Join the HSP and champion the ambitions of the Supply Chain Collaboration Group, especially where it will need local 'champions' in future.

CITB

- As part of the 'Right Training for Construction' Strategy and ongoing development of the 'Supply and Demand' evidence base, work with the homebuilding sector to provide an assessment of the key shortfalls to tackle i.e. relevance, accessibility and quality of training provision at an agreed local level (e.g. with each LEP area) to meet local demands.
- Ensure the Strategic Partnership Directors at CITB are aware of this research and the opportunity to work together to identify a small number of prioritised localities towards which joint investment could be targeted in future.
- Explore any potential for a National Skills Academy for Construction inspired approach to support developers embed skills and employment planning at scale across multiple UK sites in a co-ordinated way.

Homebuilding Skills Partnership and other Stakeholders

- Share widely the development work being undertaken in 2016 by the 'Occupational Working Group' to identify industry standards for critical roles.
- Ensure the 70 firms showing interest in this research are 'first customers' of the new Homebuilding Training and Development Needs Analysis tool and service in 2016/2017.
- Co-ordinate collective investment bids and business cases to establish at least 3 local 'HSPs' between 2016 and 2020 that will support a critical mass of subcontractors that aspire to grow and improve their capability in homebuilding.
- Revisit solutions suggested in 2013 <http://www.homebuilding-skills.com/> where they still feel relevant in 2016.

Recommendations

Opportunity 3

Driving financial benefits through greater levels of collaboration

Homebuilders

- Be inspired by supply chain development practice in other parts of the construction sector, with procurement, incentives and programmes that emphasise innovation, sustainability, supervisory and management capabilities and behaviours.
- Explore the potential for bespoke productivity-focused programmes such as the 'Good to Great' pilot funded by the UK Commission for Employment and Skills that might be co-ordinated across a number of large homebuilders and their growth aspirant suppliers at scale.
- Help shape the design and promotion of industry standards and vocational learning to support subcontractors in supply chains.
- Joint effort to meet latent demand for Apprentices.

CITB

- Be ready to receive co-ordinated bid(s) from the HSP to take the multiple solutions identified through this research forward from 2017-2020 so they are joined up and cost effective for the industry.
- Look at opportunities for effective On Site Assessment and Training (OSAT) opportunities where this is most needed and appreciated in the sector.
- Explore opportunities for helping homebuilders and those subcontractors looking to grow with recruitment support for older workers.
- Make a joint effort to meet latent demand for Apprentices identified in this research.
- Maximise Grant reform, Structured and Flexible Funding routes to support collective bids submitted by the HSP over time.
- Communicate new opportunities and investment priorities to the sector around CITB's approach to support training e.g. any changes to the scope of Training Plans in future.

Subcontractors

- Where they exist, maximise support via Regional Training Groups and Federations at local levels.
- Be proactive to join the Homebuilding Skills Partnership in 2016/17 in order to connect to the various workforce development solutions that will be promoted and developed through that vehicle in the 2016-2020 period.
- If local 'Homebuilding Skills Partnerships' evolve, be proactive in joining such Partnerships as they can likely join up industry needs for skills with local training provision.
- Joint effort to meet latent demand for Apprentices.

Homebuilding Skills Partnership and other Stakeholders

- Empower the new Supply Chain Collaboration Group to prioritise this report's many solutions.
- Use this research as an evidence base from which to then create collective bids to address identified workforce challenges.
- Consider early prioritisation of co-ordinated efforts to raise the capabilities of site managers employed by homebuilders in parallel with the capabilities of supervisors employed by subcontractors.
- Target those specialist trades, where homebuilders believe they are most critical in terms of shortage and value, and where those firms are reporting least confidence to grow to homebuilder demands in the next 3 years.
- Seek supply chain input to formulating training requirements and standards.

1. Disseminate the findings of this research to stakeholders that need to know about it and who can be encouraged to collaborate on the small number of key areas.

2. Use the evidence to develop bids and investment cases to secure the support required by subcontractors in this study. Route these bids through the HSP as a collective where possible to achieve scale and impact.

3. Galvanise subcontractors to be proactive in accessing the support available and joining the Partnership to become active users of new solutions developed over time.

4. Commission follow up research in 2016/17 to address the questions raised by this study e.g. the quality and relevance of training to meet the sector's needs; as well as repeat this study in 2018 to see if anything has changed.

5. Influence and positively shape the use of CITB's resources and expertise to support the homebuilding sector in future, especially in respect of Grant Reform and its Structured and Flexible Fund processes.

6. Consider how best to activate solutions at local levels – including on-site - where the subcontractors do their business and need to access the labour market and training provision to solve their most pressing workforce challenges.

More generally, the greatest opportunity presented by this research is by co-ordinating actions through the brand new Homebuilding Skills Partnership who can: