

Construction and building services



Overview of construction and building services in the Highlands and Islands

The smooth and efficient operation of the construction and building services sectors is very important both for creating and maintaining employment opportunities and developing the economy and infrastructure of the Highlands and Islands. The sectors encompass a wide range of actions and occupations from site preparation, house building and infrastructure construction to repair, maintenance and conservation of old and historic buildings. Building services covers a range of complementary occupations and activities including electrical, plumbing, heating, ventilation, air conditioning and refrigeration.

The sectors have been particularly buoyant in recent years due to the rapid expansion of centres of population, most notably Inverness, and the injection of additional funds from the Scottish Executive into a wide range of infrastructure projects ranging from hospitals to roads. In addition, the influx of migrant workers and other factors has added to the growth in demand for new private and affordable housing with associated infrastructure and amenities such as new schools. The strong economy has also led to many new commercial private enterprise sites being developed and quickly filled. A recent study has confirmed that all this activity is likely to be sustained over at least the next five years with demand for skilled workers continuing to outstrip supply, potentially leading to both higher costs and delays in project delivery.¹

Employment

- The construction and building services sectors employ 192,600 in Scotland.² The Highlands and Islands workforce represents 9.7%³ of construction and building services employment in Scotland, around 18,500 employees.
- Building services employment in Scotland comprises: electro technical (18,000); plumbing (4,000); and heating, ventilation, air conditioning and refrigeration (2,500).⁴
- Typical full-time hourly pay (excluding overtime) of employed construction and building services workers was £9.53 in the Highlands and Islands in April 2006, 4% lower than the typical full-time weekly wage of £9.91 across all sectors.⁵
- Total employment in the sectors in Scotland is forecast to grow by an average of 8% annually to 2010 (6,310 recruits each year). One fifth of these jobs are expected to be for wood trades.⁶

¹ Highlands and Islands construction and building services contracts study, Ekos, 2005

² Construction Skills Network: Blueprint for UK construction skills 2006-2010 (ConstructionSkills)

³ ABI 2005 (excludes self-employed)

⁴ SummitSkills 2005

⁵ Annual survey of hours and earnings (ASHE) 2006, ONS

⁶ Construction Skills Network: Blueprint for UK construction skills 2006-2010 (ConstructionSkills)

Business units

- The construction and building services sectors in the Highlands and Islands includes around 2,000 individual businesses,⁷ up to half of which are sole traders. 94% of businesses in the sectors employ less than 10 people.⁸

Output

- Output in the construction and building services sectors in the Highlands and Islands was £1.1 billion in 2004, an increase of 41% since 2001.⁹
- Gross Value Added (GVA) from the construction and building services sectors in the Highlands and Islands in 2004 was £449m, or £37,740 per employee (compared with GVA per employee across all industries in Scotland of £42,200).¹⁰

Product markets

In Scotland, construction output by main sub-sectors is as follows: repair and maintenance work (34%); private housing (24%); commercial (17%); public non-residential (10%); infrastructure (8%); industrial (4%); public housing (3%).¹¹

Workforce/skills

- Construction and building services jobs in the Highlands and Islands are more likely than average to be full-time (92%) and held by males (87%).¹²
- Almost one third of employees are self-employed.¹³
- Shortage of experienced tradespeople, eg plumbers, electricians, bricklayers, plasterers, roofers and stonemasons. There is also a shortage of managerial and surveying staff.¹⁴
- Uptake of construction-related Modern Apprenticeship training programmes is increasing, including among workers aged 24+, but intake is restricted by current capacity of colleges.¹⁵
- 19% of Scotland's construction apprentices are recruited in the Highlands and Islands, whereas only 10% of Scottish employment in the sector is in the Highlands and Islands.¹⁶
- Employment of migrant workers is filling some of the gaps, but particularly where squads are employed there can be health and safety issues related to language/communication barriers.¹⁷

⁷ Highlands and Islands construction and building services contract study (EKOS, 2005) / CITB-ConstructionSkills)

⁸ ABI 2005 (excludes self-employed)

⁹ ABI/2 Scottish Executive 2006 (excludes self-employed)

¹⁰ ABI/2 Scottish Executive 2006 (excludes self-employed)

¹¹ Construction Skills Network: Blueprint for UK construction skills 2006-2010 (ConstructionSkills)

¹² ABI 2005 (excludes self-employed). 63% of all jobs in the Highlands and Islands are full-time, and 47% are held by males

¹³ CITB-ConstructionSkills, 2007

¹⁴ CITB-ConstructionSkills, 2007

¹⁵ HIE / CITB-ConstructionSkills, 2007

¹⁶ CITB-ConstructionSkills, 2007

¹⁷ HIE / CITB-ConstructionSkills, 2007

SWOT analysis

The following analysis illustrates the main issues facing the development of the construction and building services sector in the Highlands and Islands.

Strengths

- This is a buoyant sector which has shown significant growth in recent years
- Good prospects in short to medium term, and further expansion anticipated
- Construction and building services have an improving image among potential industry entrants
- In Scotland new projects planned between 2007-2012 have an estimated value of £13.4bn¹⁸
- A mobile workforce exists which is able to travel to local areas
- Willingness to recruit migrant labour to address people shortages

Weaknesses

- Shortage of labour leading to recruitment problems and potential delays in project deliveries, expected to continue until at least 2010
- Problem of capacity in training establishments – restricting intake of apprentices
- Skills gaps, particularly at managerial and supervisory level, and in traditional skills such as stonemasonry where workforce is ageing – this impacts on the delivery of heritage/restoration projects
- Some large-scale projects go to contractors located outwith the Highlands and Islands
- Reluctance by some small employers to recruit non-school leavers

Opportunities

- Scope to develop further linkages with other European countries with available workforce
- Work linked to infrastructure projects supported by the 2007-2013 EU structural funds assisted programme
- Work linked to the growing renewable energy sector (eg wind, hydro, solar and marine energy)
- Continuation of housing and commercial property boom around Inverness, eg Inverness Airport
- Industry and colleges to work in partnership to ensure demand for training in industry is met by adequate availability and standard of supply
- Coordination between employers to minimise potential skills/labour shortages
- Opportunities to secure good quality recruits from outwith normal gender/age groups, eg, through improving image of industry

Threats

- In the medium to long term, the sectors are closely allied to the overall state of the economy
- Open tendering systems may lead to competition from abroad for work in the area
- Potential displacement of local workforce to major events such as the 2012 Olympic Games site in London
- Timescales involved in planning department decisions can affect continuity of projects
- Availability of migrant labour may encourage certain employers to reduce/cease expensive apprenticeship training
- A rise in the 'kit' housing method could potentially undermine the value of the Modern Apprenticeship

¹⁸ Construction Skills Network research 2006

Priorities for action

- Work with partners to produce Highlands and Islands partnership action plan for 2007-10
- Consider developing the Highlands and Islands element of new Scottish Construction, Innovation and Excellence Centre
- Progress renewables skills training in Highlands and Islands
- Continue to support efforts by colleges in area to secure extra resources from Scottish Funding Council and encourage sharing of equipment between colleges
- Consider supporting more innovative solutions to training, such as mobile training units
- Consider support for training for migrant workers to address current language and health and safety issues