



Wickes

The Voice of Britain's Building Trade

An Independent Report Commissioned by Wickes

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Introduction and Foreword

Mark Davies, Wickes Trade Category Director

“The country’s building trade is encountering a time of change and with it comes the challenges of its future development. Now is the time to identify and up-skill the next generation of tradesmen and help build stable respected businesses that can prosper, even in a challenging national economy. In research conducted by Wickes amongst 500 UK tradesmen and 2,000 UK homeowners, we uncovered building trade-centric issues which must be addressed across apprenticeships, accreditation and the much publicised Green Deal.

In response, Wickes gathered a group of key industry representatives for a roundtable discussion to uncover the most important issues for today’s building trade. Made up of key building and industry experts, roundtable delegates joined us from bodies including The Federation of Small Businesses, The Sustainable Building Organisation, The Chartered Institute of Building and The Construction Index.

The discussion which followed, not only suggested the root causes of issues identified in the Wickes research, it also touched on bold solutions around future-proofing and strengthening our sole tradesmen and an industry which currently generates 10% of our GDP. Our research findings, complemented by highlights from the roundtable event, have inspired this report.

At Wickes, our number one priority is to helpfully serve sole and SME tradesmen so that they are affordably equipped to do their jobs. However, we want to do more than just serve them through selling quality products at good prices. Our brand, with its trade heritage, gives us a platform to highlight the issues facing the sole tradesmen. It is that context, which has led us to develop this report and commit to ongoing discussions with industry insiders; we must acknowledge the pressures and concerns of local tradesmen, and in doing so, give them a voice and inspire change.”

Michael Holmes, Roundtable Chair and Editor-in-Chief, Homebuilding & Renovating, Real Homes and Period Living magazine

“The Wickes roundtable discussions present a unique opportunity for key players from across the building industry to brainstorm ideas on topics that are core to its future success, including regulation, implementation of the government’s Green Deal initiative, skills development, on-going training, and more. A number of the ideas and initiatives that arose are worthy of being fed into government policy unit ‘think-tanks’ for further consideration.”

Wickes Roundtable Attendees

CHAIR

Michael Holmes Editor-in-chief, Homebuilding & Renovating, Real Homes and Period Living magazine

PARTICIPANTS

Mark Davies	Trade Category Director, Wickes
Chris Baines	Honorary President of AECB, The Sustainable Building Organisation
Kevin Byrne	CEO, Checkatrade.com
Suzie Cave	Portfolio Manager, City & Guilds
Paul Devoy	Deputy Director, UK Commission for Employment and Skills
Colin Evans	Director, Construction Skills Council
Ted Goddard	Director, Guild of Builders and Contractors
Sara Higham	Policy Advisor, Federation of Small Businesses
Scott Johnson	Commissioner, UK Commission for Employment and Skills
Eddie Tuttle	Public Affairs and Policy Manager, Chartered Institute of Building
Karen Leigh	Assistant Director for the Business Improvement Programme, Department for Business Innovation and Skills

What the Industry said;

“The UK education system is failing to support the future of the building trade”

In 2011, the construction industry's contribution to the UK's Gross Value Added was £89.5 billion and in March of this year there were 2.04 million jobs registered within the industry¹. Despite this, the foundation of the industry is no longer secure due to a lack of practical, craft training for young people and challenges to the traditional apprenticeship system. Roundtable delegates suggested that we are fortunate to have a workforce from Eastern Europe that is currently “propping-up” the UK construction industry as red tape is restricting young people from being equipped with down-to-earth trade skills at an early enough age.

Scott Johnson

“We need to make the whole education system responsive to the demands of the small business or the tradesman. It may not always lead to a formal qualification but it will provide the added value bit of skills that we don't have at present. Small businesses need more ownership of the skills system. The processes through which the public purse funds skills and apprenticeships is too complex for the smallest of businesses to engage with.”

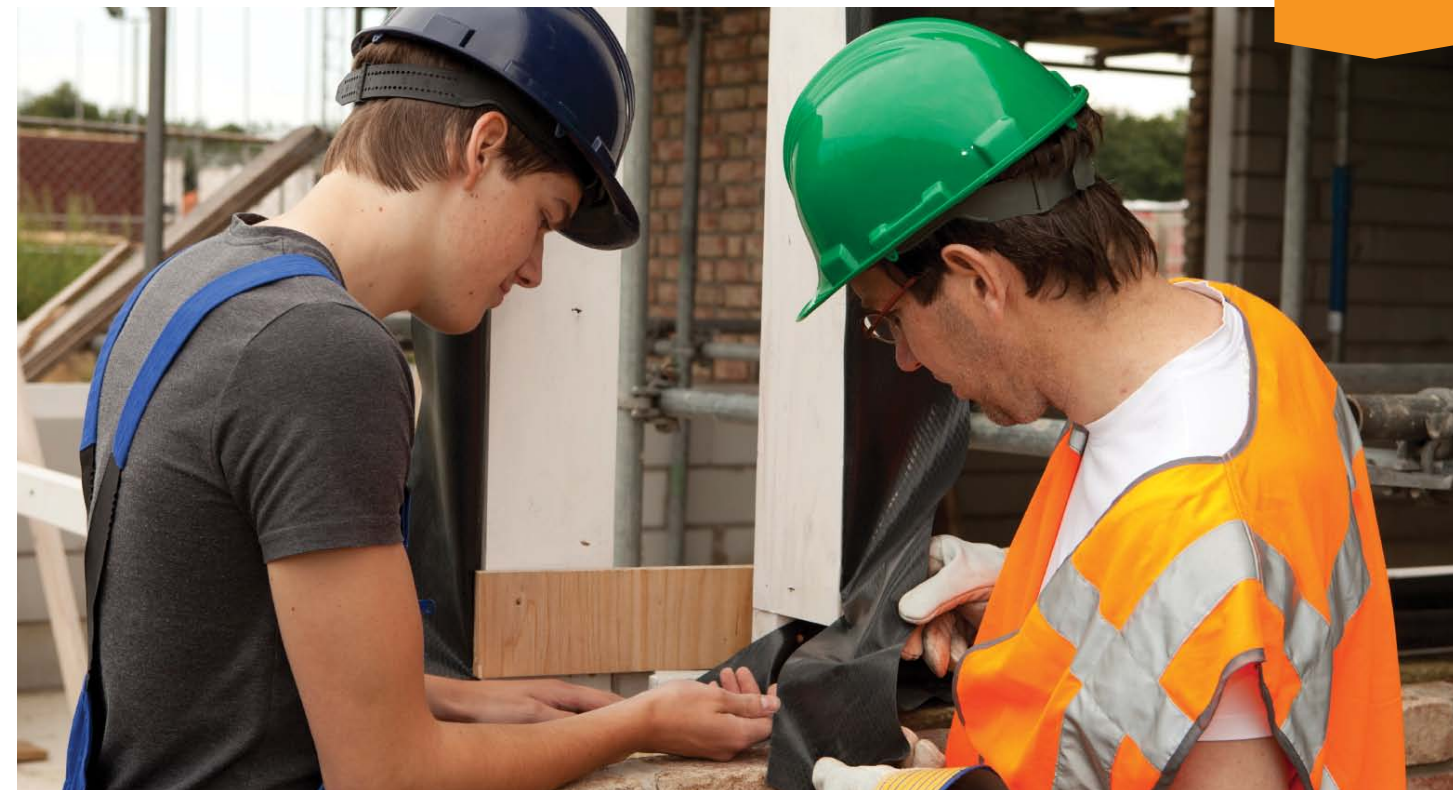
Eddie Tuttle

“We also need to enhance the construction industry to engage young people at an early age. I think there is a perception within government that the industry itself is rather old-style and does not always speak as a collective force in the way it operates or projects itself. Steps to address this are being considered as a matter of urgency and that is important given the industry's contribution to the well-being and GDP of the UK.”

Britain is now a post-industrial society and the priorities and focuses of our education system reflect this. There are no longer technical colleges training young people in practical building skills which would have led to a direct route to employment in the building and construction industry. The focus of education is around developing free thinking and young people are conditioned to aspire to get behind a computer, rather than to pick up tools on a construction site. With the TUC revealing in September that the unemployment rate is now highest among young people², we need to find a way to ensure young people are well equipped with the practical trade skills they need, otherwise it is a missed opportunity.

¹“Construction Industry” by Lucinda Maer, House of Commons Library, 13th August 2012

²The Guardian, 4th September: Unemployment highest amongst 16-24 year olds and 1 in 5 young people are seeking a full-time job or an increase in their shifts



Ted Goddard

“The majority of small and medium sized businesses are having difficulties in finding competent tradespeople, such as the core trades with skills in bricklaying, carpentry, joinery, plastering and to some extent decoration. Years ago in the dim and distant past we had really good training, core craft training. Colleges used to be called schools of building, arts and crafts...we've currently got an education system that does not provide craft trade skills and this problem is not exclusively limited to the building industry, it is also applicable for engineering, ship building, making motorcars...”

Roundtable delegates suggested this situation is perpetuated further by limiting legislation and health and safety compliances which restrict young people from getting early, hands-on construction exposure. Current legislation means young people cannot begin practical, on-the-job training on building sites until they are 18 which puts them at a disadvantage to their Eastern European counterparts, who can begin this work at 15. This also has implications for the passing down of the building trades from father to son in small, family-run businesses.

Ted Goddard

“We don't seem to follow any sort of procedure to let somebody at the age of 15, for instance, start to learn something that will give them the opportunity to work in our industry, or any other industry. To start thinking about training at 18 is too late...I don't know how the industry would be running if we didn't have labourers from Eastern Europe working for us. They have been trained from the age of 15 and by the time they are 18 they have sufficient knowledge and experience to be useful. We could answer a tremendous amount of youth unemployment today if we had craft training to the level that made young people employable in our industry at the age of 18.”



Chris Baines

“At the age of 15 a career in construction is pretty unimaginable unless you have family links. The building process is completely outside most people’s experience and is therefore difficult to appreciate. Compare this with a career in industries such as retail or catering which are much more familiar to young people.”

The issue of young people having little or no practical knowledge at 18 also affects how small, independent builders view the usefulness of apprentices. The small or sole trader sees apprentices as a burden; without earlier training, they cannot add immediate value. This is especially the case at a time when the economy has put an additional strain on the trade and the construction industry - GVA figures in Q1/ Q2 of 2012 reveals it is still in decline³.

Kevin Byrne

“Tradesmen will often be up by 6:30 in the morning and be on site by 8am, they’ll finish at 4pm and arrive home exhausted. The time they have to properly consider an apprentice is simply not there. The general feeling among tradespeople is “what’s the point of taking on an apprentice anyway?” Why would they want to employ someone, pay them as an apprentice for them to leave after six months of being qualified to go and either work for a competitor or start up as a competitor themselves.”

³Q1 of 2012 the construction industry’s GVA declined by 4.0% and in Q2 it declined by 8.6%.
Output by Employment and Industry: <http://www.parliament.uk/briefing-papers/SN02786>

➤ **The Wickes research⁴ backed up this unwillingness amongst the trade to take on a modern apprentice despite the fact that the majority of those questioned originally entered the profession by this route.**



60% of respondents entered the building trade through either an official or unofficial apprenticeship.



82% of those in the building trade do not currently employ an apprentice.

⁴Research carried out by OnePoll in March 2012 amongst 500 tradesmen



What the Industry said; “Reduce VAT to protect the interests of accredited tradesman and the consumer”

When it comes to choosing a builder, homeowners make choices based on quotations, rather than accreditation – especially in the current economic climate. Accredited, skilled and registered sole traders are currently missing out on work due to competition from ‘cash in hand’ traders who avoid paying VAT.

Ted Goddard

“How many people are there that have paid cash in hand to a tradesman, whether it’s the cleaner, gardener or whoever...and the problem for legitimate builders is that they constantly lose the quotation, particularly if you’re getting two or three quotations for an extension. I promise you, you can have all the qualifications you like, if you’re charging VAT and your prices are 20% more than somebody else’s you’re not going to get the job, it’s as simple as that.”



There was also a sense among delegates that homeowners do not know what to look for in terms of skills and qualifications from their builders, largely caused by lack of a clear accreditation system in the industry itself. There is clarity, however, when it comes to gas and electricity training due to safety ramifications, and skills must be certified within larger construction projects, but the qualified sole tradesman is a challenge to identify for the homeowner.

Scott Johnson

“We have developed a very competent qualification system in this country but if you have your CSCS (Construction Skills Certificate Scheme) as a builder, consumers have no idea what any of them are...there is a lack of understanding around actual qualifications.”

➤ **The Wickes research amongst tradesmen confirmed the feeling that homeowners do not understand qualifications and do not base their hiring decisions on them.**



Only 12% of builders show their credentials to customers before starting a job.



56% did not speak to any customers about training credentials at all.



Only 31% of respondents feel it is important to show customers their qualifications in order to give them peace of mind.



15% did not think it was necessary to talk about training at all.



53% of homeowners would never or only sometimes look at a tradesman's qualifications when looking for one. The most popular qualifications to look for are a health and safety certificate (56%), an HND in construction (55%) and an NVQ in construction (55%).



Only 20% of homeowners questioned asked for a certificate proving a tradesman's skills before employing them.



Mark Davies

“We need to consider the importance of word of mouth recommendation verses specific qualifications...”

So, if consumers are not basing their trade hiring decisions on qualifications, but rather on price, where does this leave the homeowner and the skilled, honest sole trader? Industry insiders were in agreement that this situation, with the added pricing pressures wrought by the recession, is putting the homeowner at risk as well as the livelihood of tradesmen.

What can be done to protect the qualified tradesman and the homeowner? Roundtable delegates challenged the current government regulations suggesting that a simple solution was to reduce the VAT rate to 5%.

Michael Holmes

“It is very difficult for the consumer...perhaps they just assumed their builder was below the threshold for VAT when they paid cash in hand, it is a difficult thing to enforce. The contrary argument would be to have a reduced rate of VAT, that's the way it works in France. If we were to encourage the government to have a 5% VAT rate on all home improvement work then the registered contractors would feel the relief, and that for me is the key to regulating the industry.”

Ted Goddard

“Tradesmen have got to pay VAT when they go into Wickes to pick up their materials but if they are registered, they can charge it back. If they are only charging the homeowner 5% VAT on a project the balance is probably about right. This would result in more tradesmen becoming VAT registered, which means the revenue would be much greater and the government would actually get more money.”

What the Industry said; “The Green Deal – The hidden opportunity”

The government’s Green Deal is still under development and its efficacy in fighting climate change has been widely debated. What is the average tradesman’s opinion of the initiative? The Wickes research revealed that amongst sole and SME tradesmen there is apathy and ignorance around the scheme. Of those tradesmen that said they understood the scheme and had heard about it, a large number admitted they do not have the skills required to make Green Deal adaptations.



At the point of surveying, 70% of tradesmen had not heard of the Green Deal.



Of those who had heard about it, 74% confessed that they would not currently feel sufficiently informed to be able to advise their customers on the necessary adaptations.



62% of those surveyed said they do not have the skills required to make Green Deal adaptations.



Despite this, 57% of respondents did not want to take a course to become accredited for the Green Deal and when asked if part-funding for a training scheme would encourage them, 62% said no.



Roundtable discussions on the Green Deal led with a feeling that tradesmen will only become interested in the scheme once there is a tangible demand for it amongst consumers. This demand must first be galvanised by communicating the financial incentives involved.

Scott Johnson

“The financial incentive is currently unclear for the consumer as it is based on paying back a loan with speculative energy savings. This makes it very difficult for the consumer to justify an investment of £10,000.”

There was also a sense that if the Green Deal is part of a wider, environmental drive by the government, attitudes as well as household utilities must be changed.

Kevin Byrne

“...there are lots of things that will make the actions of a tradesman change. The two big ones for me are consumer demand and if it was enforced by the government.”

To be involved in Green Deal related installation, tradesmen will need to be qualified. Delegates believed this would help benchmark a new standard of qualifications for the building trade and “press the reset button” on the industry’s accreditation issues. As well as practical installation training, it was felt that tradesmen should be equipped to use the Green Deal as an opportunity to generate more work.

In this regard, the training requirements of the Green Deal could also provide a useful access point for young apprentices. Instead of training tradesmen in the new legislation, apprentices themselves could be trained and so bring added value to busy sole traders. A more reciprocal relationship between apprentices and tradesmen could then be established. Another way this could work would be through young apprentices swapping social media expertise in return for hands on work experience.

Eddie Tuttle

“I think for the industry itself a huge issue is going to be consumer service and providers having the right skills in place to deliver. I also think that consumer confidence is key and that the reputation of the industry is not harmed by disreputable contractors.”

Ted Goddard

“The first thing is you’ve got to sell it to consumers. You need to say it is a benefit to you, you’re going to save some money...the consumer wants to know what’s in it for me.”

Scott Johnson

“Tradesmen need to be encouraged to act as an unofficial sales and marketing force...”



Industry insiders also felt the government should look further afield than individual homeowners to enable the deal to make a real impact. The Green Deal will work best through big projects (such as the updating of entire streets) run by bigger management structures which would then require the services of the smaller traders. The scheme could help initiate an entire new project management arm of the construction industry and also help tackle the 95% of existing UK housing stock in need of updating.

Chris Baines

“A scheme such as the Green Deal might begin to have more impact if it could be applied in a coordinated way, for whole streets, or through portfolio property managers such as universities. However, this would require the input of project managers capable of coordinating the work of a range of suppliers and small businesses across a number of sites, and this facility is very rare in the UK industry.”

Mark Davies

“...the sheer quantity of work that is going to need to happen over the coming years on the refurbishment of existing UK housing stock is a major opportunity for the next generation of tradesmen. There’s also a view that says that without small, independent builders/ tradesmen being involved, there’s no way there exists the capacity to do it.

The only show in town really in terms of environmental impact is the improvement of existing stock. All the focus has been on new builds but the 95% of housing stock which was there 10-20 years ago will still be there for another 20 years. That is what really needs to be upgraded.”



Conclusion:

Industry Soundbites

Wickes roundtable delegates were asked to share their top-line views on the one key area they believe could strengthen the building and construction industry in the UK today.

A reduction in the VAT rate

Michael Holmes: Chair, and Editor-in-Chief, Homebuilding & Renovating, Real Homes and Period Living magazine

“I will kick-off with the 5% VAT rate. I just think this is a no-brainer for the government. I think bringing the industry within some kind of regulation and control would be hugely positive. Cutting the tax on home improvement, energy efficiency, bathroom conversions etc. would provide a huge boost for the industry. It would also encourage investment in our sub-standard housing stock.”

Kevin Byrne: CEO, Checkatrade.com

“The reduction in VAT should just focus on the labour rate. If 0% VAT was implemented on labour alone it would remove the two tier system on which trades operate. It would remove the temptation of the classic “I’ll do it for cash” to try and secure the job.

In times of recession this would boost the economy and bring a level playing field for trades when quoting which is clearly needed.”

Better regulation

Colin Evans: Director, Construction Skills Council

“Whilst I’m not personally hugely in favour of lots of licences to practice, I think more regulation would help in the way that it would drive skills and go hand-in-hand with tackling the black market.”



Training

Scott Johnson: Commissioner, UK Commission for Employment and Skills

“For me, it’s about how we transfer the current skill provision and make it driven by SME’s and construction businesses to suit their needs, rather than having an output that doesn’t fit the bill. The point about how that’s funded is the key way to change that. If you’re just dropping money into the providers, without any link to the outcomes or the demands that’s placed upon the provider, then you never change the system, so it’s very important.”

Paul Devoy, Deputy Director, UK Commission for Employment and Skills

“Young people are willing to go to work in the morning, but they have to be given something to get up for. Willingness does not wait. We cannot waste ambition. In doing this we risk losing a whole generation of talent.”

Suzie Cave: Portfolio Manager, City & Guilds

“There is a drive from government for young people to have a more general education, rather than specialising in specific vocational trades, which is the opposite of what we have talked about today. Although it’s crucial to consider what the industry really wants, the current education system is driven largely by funding. Colleges and the FE sector are unlikely to deliver training if it’s not funded, because of the cost implication. It’s a balance that we need to look at carefully.”

Ted Goddard: Director of the Guild of Builders and Contractors

“I think that a very beneficial thing to the industry would be for there to be craft training from the age of 15. To have that training available would be terrifically beneficial to the industry and the country, because we would not need to import tradespeople from other countries.”

Changing industry image

**Chris Baines: Honorary President of AECB,
The Sustainable Building Association**

“We are agreed that the image of the industry needs to have greater appeal for young people. It needs to measure up to their ambitions. The scope for construction to contribute in a positive way to a more environmentally sustainable future may be a good way of making the connection. The current generation of school leavers have far greater environmental awareness than my generation had, and highlighting the environmental influence of people in the construction industry would be very worthwhile. It may not have occurred to many potential recruits.”



An incentive for tradesmen to up-skill

Mark Davies: Trade Category Director, Wickes

“There are a number of different areas that people have spoken about, whether it's about highlighting the inadequacies of the UK housing stock, or whether it's about celebrating the industry and attracting new blood. All of these, for me, have got a role to play in incentivising tradesmen to up-skill.”

Driving industry change

**Eddie Tuttle: Public Affairs and Policy Manager,
The Chartered Institute of Building**

“The government has focused initial attention on ‘localism’ and with changes aimed at the planning regime. How these are implemented at a local level will be one of the true tests for localism in action. On the wider policy front government is keen to drive efficiency through its construction strategy and the implementation of Building Information Modelling (BIM). This will become a key and a potential driver for huge change based on efficiency and precision construction. We also need to preserve and evolve the skills base in the industry particularly for when we come out of the current economic downturn and the professional bodies, Wickes and other retailers all have a crucial role to play in this.”

