

Addressing The Homebuilding Capacity Challenge

HBF Policy Conference

27th March 2025

Cast



1.5 Million Homes.....?



Politicians Are Playing Hard Hat Bingo...But Will They Get A Full House?

Most Don't Think So And It's Clear The Planning System Is Not The Only Problem

Bricklayer shortage threatens UK's housing plans

The number of builders is at its lowest since 1998. Experts call for more training to tackle the government's ambitious proposal to create 1.5 million new homes

The builder shortage challenging the government's growth plans

The UK's population growth is far outpacing the size of its construction workforce, according to an analysis carried out for Sky's Sunday Morning With Trevor Phillips.

Skills review says 'fundamental reset' needed to recruit and retain construction workforce

Can we build it? No - because Britain may not have enough workers

Rayner's housing plan at risk as construction sector warns UK does not have workers to build 1.5 million homes

Exclusive: The construction industry has poured cold water on the government's plans to fix the housing crisis, saying a failure to tackle a growing recruitment crisis is 'not only short-sighted but also dangerous'

Labour already 'playing catch-up' on housing target, says building skills expert

Some Uncomfortable Reading For The Government Landed at End of January 2025



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Corporate report

2023 Industry Training Board (ITB) review

Review into the role and effectiveness of the Construction Industry Training Board (CITB) and the Engineering Construction Industry Training Board (ECITB).

2023 Industry Training Board (ITB) review

Transforming the construction workforce

January 2025

Made Worse By Timing of Government's Pro-Growth Announcements

Reeves backs Heathrow expansion saying third runway is 'badly needed'

'Europe's Silicon Valley' at heart of government's growth plans, Rachel Reeves to announce

Abingdon: Rachel Reeves backs plans for massive reservoir

'Build baby build', says PM as he sets out nuclear plan

Can We Build Everything That Politicians Are Promising?



- How well?
- How long?
- How expensive?

Summary of Findings & Conclusions

- The **industry has effectively been over trading** in growth periods and this risks getting worse as structural resource base shrinks
- There is no hard capacity ceiling on output – project certainty & outcomes just deteriorate in a boom period
- Some parts of industry are very good at welcoming political intent on growth ambitions (ie workload!) but less good at being honest about capacity to deliver!



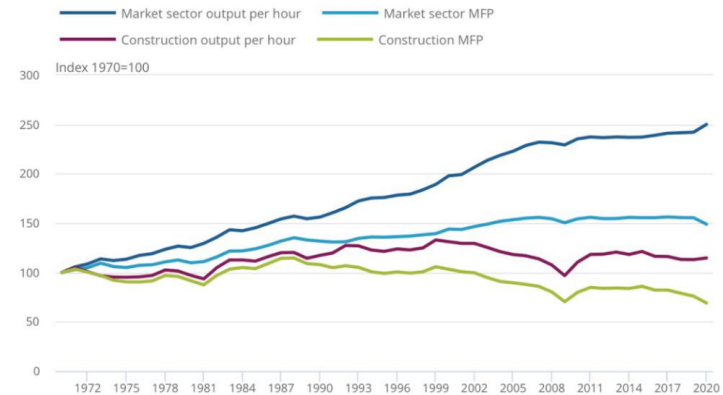
Summary of Findings & Conclusions

- Unprecedented risk now emerging in relation to **declining workforce size and resiliency**
- This is being driven by demographics, societal change, technological trends and changing end client and regulatory requirements

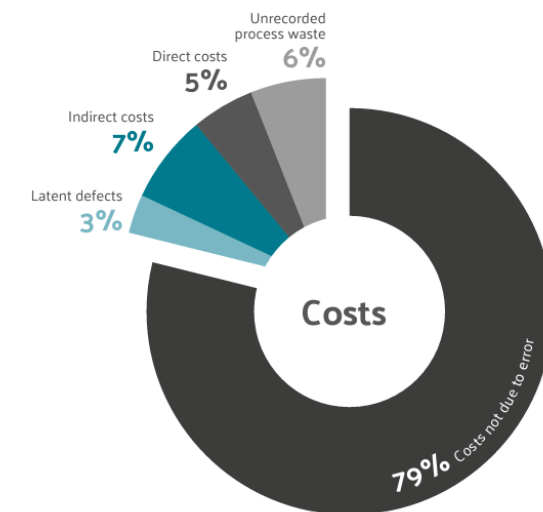


Summary of Findings & Conclusions

- There will be **continued reliance on labour intensity combined with poor industry productivity** and a low propensity to modernise
- This now threatens long term industry growth potential and risks driving **unsustainable wage inflation**
- The current outlook also **increases risk of quality and safety issues** due to structural capacity shrinking and possible competence dilution as experienced and capable workers retire or exit the industry

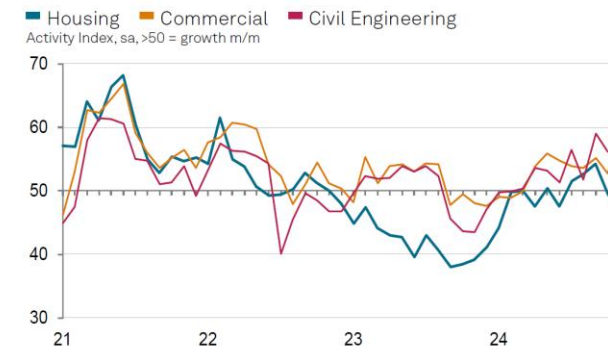


The true cost of error



Summary of Findings & Conclusions

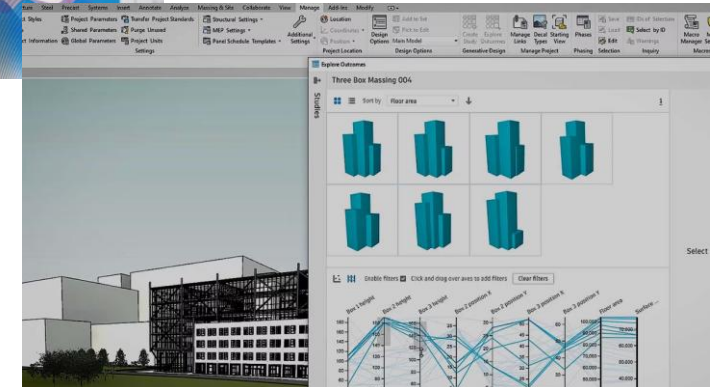
- The **continued exposure of construction to amplified economic cyclicality** is a major risk of further hollowing out
- **There is a basic workforce utilisation challenge** in terms of how to better forecast demand and how to better connect available workforce supply with those often-volatile demands
- This in turn needs **more stable pipeline**



Source: S&P Global PMI. ©2024 S&P Global.

Summary of Findings & Conclusions

- **Site based labourers, tradespersons, supervisors and managers** are the workforce segment with the biggest risk of future shortages
- This cohort is also likely to have **less potential for near term major technological automation potential** and step change productivity improvements
- This contrasts with what possibly could be **significant near-term future impacts on certain professional, technical and knowledge-based workers**



Summary of Findings & Conclusions

- There will be **no 'big bang' impact of MMC** on site workforce numbers especially with the failure of the volumetric single family housing market
- Innovation in production & site labour intensity reductions through MMC will be **incremental and hybrid in nature**
- This trend will still have **significant skills implications** on existing & new job roles & will change workforce projections



Summary of Findings & Conclusions

- Current activity related to **industry image improvement**, new entrant attraction and diversification **is largely not working**
- New entrant inflow is likely mostly related to pre-16 academic outcomes, societal and cultural trends or family and other personal influences
- Diversity & inclusion problems are deep seated especially for site workforce and there is uncoordinated & tokenistic activity happening
- There is a real possibility that the industry **has a natural and predisposed level of new entrant flow** that is difficult to influence but can be better harnessed



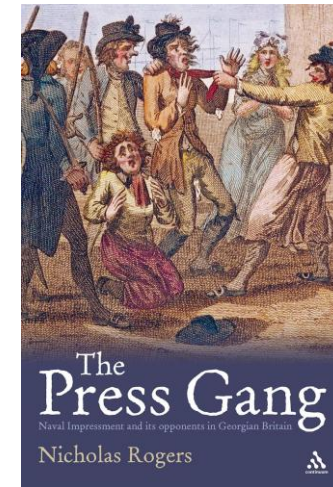
Summary of Findings & Conclusions

- **The industry seems to have high entry attrition** on taking on new entrants – a ‘leaky pipeline’
- It also seems **incapable of increasing apprenticeship & trainee numbers beyond a certain threshold** an ‘absorption’ problem
- We should ‘**plug the leaks and make the sponge hold more water**’ before we go press ganging for more kids
- **Setting higher & higher notional targets** for step changing the number of new starters **is not realistic**



Summary of Findings & Conclusions

- There is **too much focus on increasing new entrants**
- Emulating the armed services with a **TV/ social media campaign is unlikely to move the dial**
- There is more to be gained from a **whole of workforce approach** – new entrants & more from existing

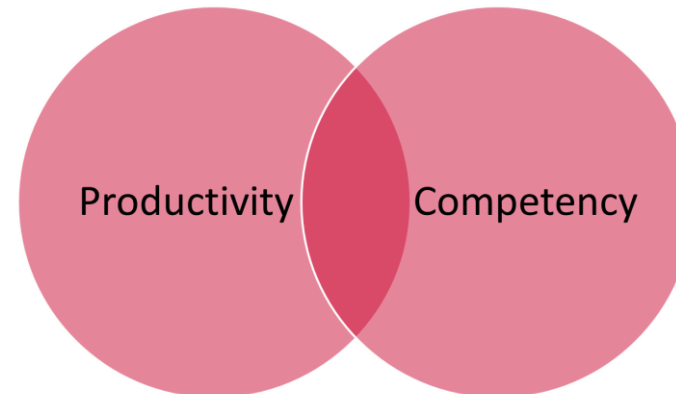
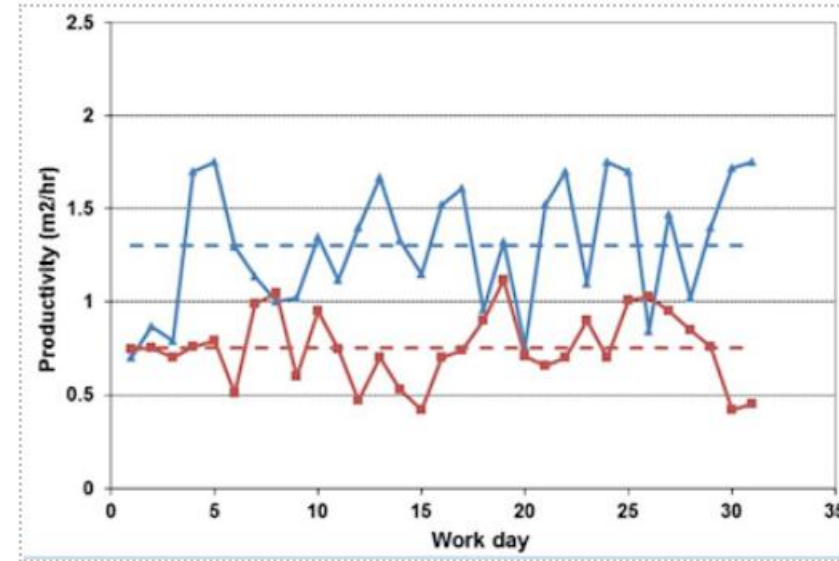


Summary of Findings & Conclusions

- There is a reasonable inference that **improved competency results in improved productivity**

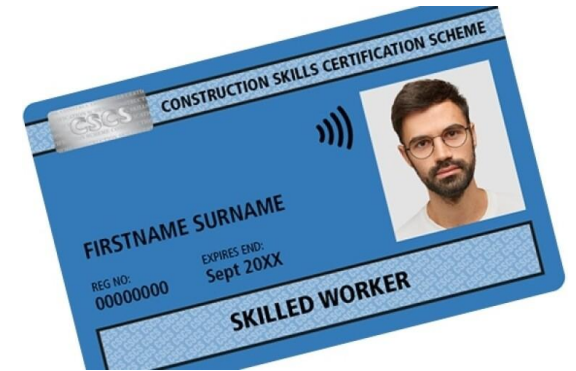
- Considering how to **influence both measures could therefore help industry capacity and capability**

Figure 18: Effect of quality and training of labour force⁴⁵



Summary of Findings & Conclusions

- Competency is at the heart of **Building Safety & new Building Regulations Compliance**
- **Corporate competency is not the same as individual competency**
- Competency & resource is **even more important for the checkers, regulators & policers!**

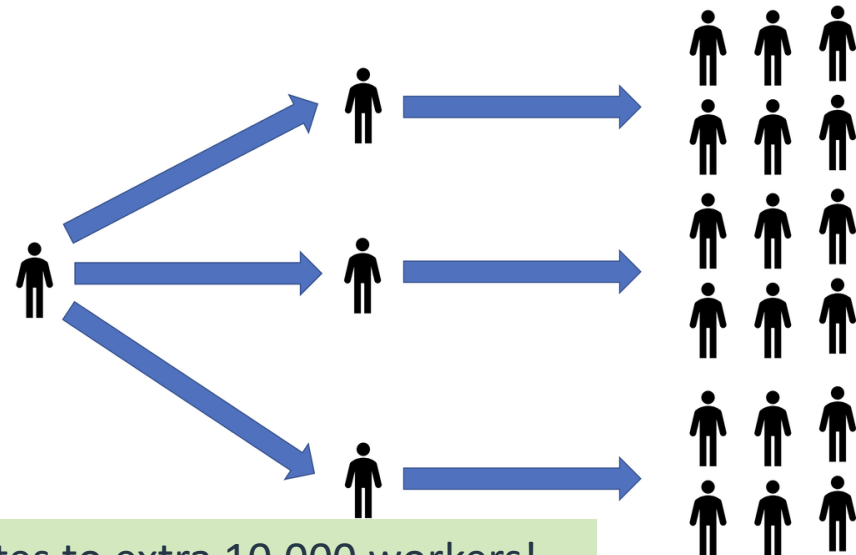


Solutions & Recommendations

Thematic Recommendations

Whole Workforce Approach

- **Upskilling & Reskilling** Of Existing Workforce
- Programmatic & **at scale** interventions
- Focus on **competency & productivity**
- **Innovative & flexible** skills to improve worker mobility & flexibility & **green, tech & MMC bolt on 'modules'**
- **Focus on multipliers** – ie site foremen & supervisors
- Applied **across PAYE & self employed** workforce



Thematic Recommendations

Flexible Career Pathways

- **To Improve trainee absorption** into the industry
- **Accelerate & think beyond linear & traditional apprenticeship formats** - modular
- **Make productive & work ready quicker** to aid business case for employment
- **Innovative providers** – ie NHBC multi-trade skills hubs
- Think about **multi-skilling** options
- Improve **route from trade to technical & management**
- **Allow kids to change direction** part way through a course



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Press release

Apprenticeship reforms set to turbocharge economic growth



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New research shows apprenticeships contribute £25bn to England's economy, with reforms announced during National Apprenticeship Week set to boost growth.

Press release

New skills hubs launched to get Britain building



Thousands more apprentice construction workers will be hired each year to build homes and kickstart growth, through new skills hubs funded by industry leaders

Thematic Recommendations

Digital Workforce Planning

- *“How many workers do we need, when & where and with what skills?”*
- **AI driven data analytics of risk graded combined public and private pipeline** (not planning permissions)
- **Gap analysis** – current to projected workforce differentials – look forward not backwards
- **Factor in disruptive trends** – ie technology, green, MMC
- **Inventory of current workforce linked to passporting**



Thematic Recommendations

Digital Skills Passport

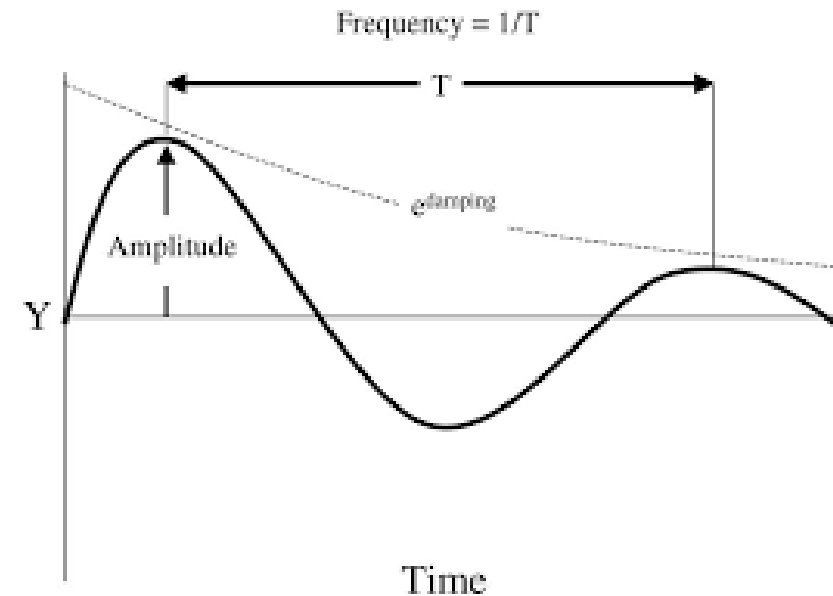
- **Build on existing H&S carding** platforms – unify and augment outreach – one version of the truth, digital and anti-fraud designed
- **Move from site safety to job competency** – skills, knowledge, experience & behaviour
- Ensure equivalence of experience can be tested to **avoid losing time served competent workers**
- Ensure **dynamic and current**
- **Link to flexible & funded upskilling & reskilling** programmes
- **Implement & police across whole workforce** – PAYE & self-employed, all trades, technicians & professionals



Thematic Recommendations

Government to use public procurement and planning conditions more intelligently to drive better workforce outcomes & use pipeline to smooth demand

- **Think beyond 'box ticking'** apprenticeship start or SME engagement statistics on public contracts or planning conditions
- **Focus on long term individual outcomes** and joining dots with other initiatives
- Drive skills passporting through **mandatory compliance**
- **Longer term and counter cyclical public investment & housing policy**



Government Response



2023 Industry Training Board (ITB) review

Department for Education's response to the recommendations of the review

January 2025

Department for Education response to each recommendation

The review sets out 63 recommendations across 17 key findings. The Secretary of State has accepted 35 without amendment, partially accepted or accepted in principle 25 recommendations subject to further scoping and chosen a different approach for the remaining 3 recommendations.

Industry Response

David Thomas

Group Chief Executive
Barratt Redrow

“The construction industry has had a long-standing challenge on skills, a challenge that we have to overcome if we’re to build 1.5 million high quality homes over the next five years. Construction offers varied and rewarding career options and we must think differently if we’re to attract and grow the talent we need to be successful.

“Therefore, we support Mark Farmer’s thoughtful review, and the recommendations designed to enable CITB to fully focus on the training and upskilling required to drive industry-wide competency and increase productivity. There is no quick fix, but alongside the HBF sector skills plan, the creation of Skills England and the new Growth and Skills Levy, this is a positive step towards creating the skilled workforce required to build the homes the UK needs.”

Chris Carr

Managing Director
Carr & Carr Builders
President of Federation of Master Builders

“Mark Farmer’s review of the two Industry Training Boards is a vital step toward addressing the construction industry’s skills crisis. The skills gap has hindered economic growth and the ability to complete critical infrastructure projects and housing targets.

“The Transforming the Construction Workforce report advocates for a radical overhaul of training, including in areas like retrofitting, to align with the evolving needs of the industry.

“I support the report’s call for modernising occupational and qualification standards but also acknowledge that the CITB is already making strides forward and hope the Government will implement some or all its recommendations to meet our infrastructure and housing goals.”

Leo Quinn

Group Chief Executive
Balfour Beatty

“This report provides a timely, thorough analysis as the sector considers the Consensus. However, its recommendation of an overhaul and merger of the two ITBs should be seen as the last chance to get this right. After years of reforms and reprieves, skills shortages continue to hold back this economically critical industry.

“With the Growth and Skills Levy approaching, the risk of duplication and inefficiency grows. The priority is clear: we must have a system that delivers real results.”

Jennie Daly

CEO
Taylor Wimpey

“I am delighted to see the thorough work that has gone into this review at a time when it is imperative to address skills gaps in the construction workforce to meet the UK’s future housing needs.

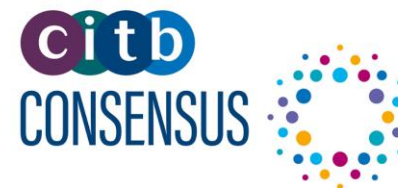
“A focus on upskilling the entire workforce, rather than solely new entrants, including the introduction of an industry-wide digital skills passport scheme, could have a transformative impact on our workforce planning capabilities and allow the sector to build resilience.”

Mark Allnutt

Executive Director - Europe
Greystar

“Planning reform must be supported by measures to resolve the bottlenecks around construction, which are driving up costs and increasing uncertainty. It can cost 30% more to develop a build to rent scheme in the UK versus the USA, so we have to address outdated models and embrace innovation.

“Modular housing is one of a number of important delivery methods that present an opportunity to deliver high quality homes at speed while addressing the growing skills gap and the challenges posed by an ageing workforce. Bold steps must be taken to acknowledge and tackle the skills crisis to drive innovation.”



Rob Perrins

Chief Executive
Berkeley Group

“The Government has made a hugely positive start to its pro-growth, pro-homebuilding agenda and is working hard to enable businesses like Berkeley Group to invest with greater certainty and confidence.

“As housing delivery begins to recover, we need the industry and Government to work together to address the serious skills and workforce challenges that have hampered our productivity for far too long. This review provides a valuable blueprint for future collaboration and a more joined-up and flexible skills system that supports many more people into truly rewarding and successful built environment careers.”

But The Hard Work Lies Ahead. Ignoring Skills Will Be The Biggest Mistake Government & Industry Can Make



versus



Contact us

Cast is a specialist construction consultancy providing solutions for developers, investors, policymakers and the supply chain. We are focused on helping deliver great homes and places viably whilst also addressing bigger economic, societal and environmental challenges.



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