

Helping Britain work: Skills + Infrastructure

The case for skills and infrastructure

- Improving social mobility through skills training is important not only from a social cohesion standpoint but also to address the UK's aging engineering base and stubborn productivity gap. Within this, apprenticeships are central given how increasingly structured and accessible they are, offering opportunities for people from all backgrounds.
- Infrastructure is a key employer of apprentices. In the transport sector alone, around 2,000 new apprentices have been taken on each year since 2016, with this annual figure set to rise as high as 5,000-8,000 by 2022¹.
- Investment in infrastructure is widely acknowledged as being one of the best ways of stimulating the economy and driving employment and other social value benefits, from training and employing the long-term unemployed and people with convictions, to boosting local small, medium and micro businesses, reducing air pollution and improving green spaces in the local area. Infrastructure investment delivers benefits which far outweigh the initial investment: every £1 spent generates at least £2.84 in total economic activity².
- The UK construction and infrastructure industry is critical to the economy. It contributes c.7% of GDP to the national economy and employs 3 million people – c.10% of the workforce³. It also builds and maintains the infrastructure we all rely on, from roads and railways to schools, hospitals, houses, power stations and flood defences.
- In spite of their importance to the economy, both skills development and key industries like construction and infrastructure are being held back by a paralysis of decision-making.

Our skills asks

1. Fix the Levy - Apprenticeships can and should play a core role in addressing the economy's skills gaps, but as it is currently designed, the Apprenticeship Levy does not deliver for the construction and infrastructure industry. The Levy must be fully reviewed, as the Government committed to doing, and must be changed to ensure that it is fit for purpose and delivering the skilled workforce the economy needs. Our recommendations on how the Levy should be amended are set out in our paper Building the Future: Reshaping the Apprenticeship Levy⁴.
2. The industry also needs an immigration system which delivers for the construction and infrastructure sector. That immigration system must be flexible enough to allow the industry to access the skilled workers it needs to build these hugely complex, challenging schemes where there is a shortfall of UK workers – which there will be.
3. We welcome the fact that the Government will consult on the £30,000 minimum salary threshold proposed in the Immigration White Paper. In our view, there must be greater flexibility than the White Paper suggests: there must be an approach which allows the construction industry to access the skilled workers it cannot source domestically.
4. We also encourage the Government to consider extending the length of the proposed temporary visas. 12 months is not long enough to offer meaningful assistance with the delivery of large-scale infrastructure. It would mean losing people who have developed specific knowledge and skills relating to a bespoke scheme, and having to then begin again with new people. We propose extending the visas to at least 2 years.

¹ The Strategic Transport Apprenticeship Taskforce

² LEK Consulting

³ BES

⁴ <https://www.balfourbeatty.com/media/317854/building-the-future.pdf>

Our infrastructure asks

5. Vital decisions on key infrastructure schemes such as HS2, new nuclear power stations and Heathrow expansion which have been put off, must be made as soon as possible to enable industry to retain and train the skilled workforce it needs to deliver them.
6. More broadly, decisions on large infrastructure schemes must be made more quickly and in a way which delivers certainty to companies and enables workforce planning and investment in training and innovation. We must see an end to the “will they, won’t they” approach the UK takes to schemes at the moment, which hampers investment and growth, and only makes infrastructure more expensive to deliver in the long-term.
7. The National Infrastructure and Construction Pipeline, which currently acts as a list of ambitions, should be backed up with a more tightly defined list of projects that are approved for delivery and will definitely go ahead. The Government’s National Infrastructure Strategy, which is expected to be announced at the next Spending Review, must also include firm commitments the industry can base investment plans on.
8. There has been a positive shift in Government procurement in the past few years across commissioning authorities, away from contracts awarded solely on price to those which take social value into account. These changes must be adopted more quickly and across the piece by the whole of the public sector, to ensure that the construction industry which currently faces an uncertain future, can thrive and become more resilient.

